

13 October 2026

For announcement to ASX

Energy Fuels Inc. (the **Company**) (NYSE American: UUUU, TSX: EFR, ASX: EF2) furnished the attached Current Report on Form 8-K to SEDAR+ on 13 October 2026 at approximately 6:30 p.m. U.S. Eastern Time. The Form 8-K was initially filed on an elective basis with the United States Securities and Exchange Commission (**SEC**) on 13 October 2026.

The SEC filing can be found on:

- EDGAR at: <https://www.sec.gov/edgar/browse/?CIK=1385849&owner=exclude>
- the Company website at: <https://investors.energyfuels.com/sec-filings>

The TSX/Canadian filing can be found on SEDAR+ at: <https://www.sedarplus.ca>

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Authorised for release by:

Julia C. Hoffmeier, Vice President, Legal and Corporate Secretary of Energy Fuels Inc.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 13, 2026**

ENERGY FUELS INC.

(Exact name of registrant as specified in its charter)

Ontario
(State or other jurisdiction
of incorporation)

001-36204
(Commission
File Number)

98-1067994
(IRS Employer
Identification No.)

225 Union Blvd., Suite 600
Lakewood, Colorado, United States 80228
(Address of principal executive offices) (ZIP Code)

Registrant's telephone number, including area code: **(303) 974-2140**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common shares, no par value	UUUU EFR	NYSE American LLC Toronto Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

As previously reported in a [Current Report on Form 8-K dated June 26, 2026](#) (the "**VAC Announcing 8-K**"), Energy Fuels Inc. (the "**Company**" or "**Energy Fuels**" or "**we**" or "**us**" or "**our**"), entered into an agreement and plan of merger on June 23, 2026 with the parties named in the VAC Announcing 8-K (the "**Merger Agreement**") pursuant to which Energy Fuels will acquire 100% of VAC Group B.V., Ara VAC TOPCO US LLC and their respective consolidated subsidiaries (collectively, "**VAC**") from Ara Partners (the "**VAC Acquisition**").

Consummation of the VAC Acquisition remains subject to the satisfaction or waiver of certain customary closing conditions specified in the Merger Agreement and as described in the VAC Announcing 8-K. If the VAC Acquisition is consummated, we will be required to disclose information regarding the consummation of the VAC Acquisition in a Current Report on Form 8-K as required by Item 2.01.

As previously reported in a [Current Report on Form 8-K dated August 28, 2026](#) (the "**ASM Closing 8-K**"), a wholly owned subsidiary of Energy Fuels, EFR Critical Materials Pty Ltd. ("**Energy Fuels Bidder**"), completed the acquisition of all of the ordinary shares of Australian Strategic Materials Limited ("**ASM**") pursuant to a Scheme Implementation Deed dated January 21, 2026, as amended on March 13, 2026, by and among Energy Fuels, the Energy Fuels Bidder and ASM (the "**ASM Acquisition**").

The purpose of this Form 8-K is to (i) disclose the entry into the Merger Agreement Amendment (as defined below); (ii) supplement the Company's material disclosure pertaining to the business and operations of ASM, post-ASM Acquisition; (iii) supplement the Company's disclosure pertaining to the business and operations of VAC, which would be material to the Company if the VAC Acquisition closes as contemplated; (iv) disclose the planned departure of Energy Fuels' Chief Legal Officer and Executive Vice President, Global Government Relations; (v) provide certain historical financial statements of VAC, which would be material to the Company if the VAC Acquisition closes as contemplated; and (vi) provide unaudited pro forma financial information of the Company giving effect to the VAC Acquisition and the completed acquisition of ASM, which would be material to the Company if the VAC Acquisition closes as contemplated, as described in the ASM Closing 8-K. The unaudited pro forma financial information included in Exhibit 99.3, as it pertains to ASM, is being provided on a voluntary basis and in conformity with Article 11 of Regulation S-X.

Energy Fuels (inclusive of ASM) and VAC, on the assumption the VAC Acquisition closes as contemplated, are together defined as the "**Combined Company**" in this Form 8-K.

Item 1.01. Entry into a Material Definitive Agreement.

On October 13, 2026 the parties to the Merger Agreement in connection with the VAC Acquisition entered into a First Amendment to Agreement and Plan of Merger (the "**Merger Agreement Amendment**"), for the purpose of amending and clarifying certain provisions of the Merger Agreement, including with respect to an ongoing dispute with a customer regarding a commercial supply agreement, the potential settlement of such dispute, repayment of certain indebtedness and potential purchase price adjustments related to the foregoing to reflect any loss in value related to such agreement or any debt so repaid.

The foregoing description of the Merger Agreement Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement Amendment, which is filed as Exhibit 2.1 to this Current Report on Form 8-K, and is incorporated herein by reference.

Item 8.01. Other Events.

Supplemental Disclosure

This Item 8.01 contains disclosure that has not previously been filed by the Company. This disclosure is intended to supplement rather than replace the Company's previous disclosures, except to the extent explicitly amended by this Form 8-K. Accordingly, the disclosure in this Item 8.01 should be read in conjunction with the Company's previous disclosures, including the disclosure contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "**FY25 Form 10-K**") and the Company's quarterly reports for the quarters ended March 31, 2026 (the "**Q1 Form 10-Q**") and June 30, 2026 (the "**Q2 Form 10-Q**").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 8-K contains “forward-looking statements” and “forward-looking information” within the meaning of applicable United States (“**U.S.**”) and Canadian securities laws (collectively, “**forward-looking statements**”), which may include, but are not limited to, statements with respect to Energy Fuels’: anticipated results and progress of our operations in future periods; planned exploration, development and operation of our mineral properties; plans related to our business, including continued uranium production and the expansion of our rare earth element (“**REE**”) and heavy mineral sands (“**HMS**”) initiatives; our continued development of capabilities for the commercial separation of REEs at our White Mesa Mill (the “**White Mesa Mill**” or the “**Mill**”) in Utah, U.S.; development activities at our Bahia HMS and REE Project in Brazil (the “**Bahia Project**”); our reclamation activities at our Kwale HMS Project in Kenya (the “**Kwale Project**”); development activities at our Vara Mada REE and HMS Project in Madagascar (the “**Vara Mada Project**”) and our newly acquired REE project located in New South Wales (“**NSW**”), Australia (the “**Dubbo Project**”); any expectations regarding the Company’s metal and alloy capabilities through its newly acquired Korean Metals Plant located in South Korea (“**KMP**”); any expectation that the Company will expand its metal and alloy-making capacity, as planned, through an American Metals Plant (“**AMP**”); any expectations with respect to the Company’s ability to successfully integrate its new metal and alloy capabilities and, on the assumption the VAC Acquisition completes, its new magnet-making capabilities, into its existing business, including any expectations as to future profitability or the potential for added margins resulting from further vertical integration; any expectation that the ASM Acquisition and/or pending VAC Acquisition will move the Company closer to offering a resilient full REE supply chain through a fully integrated mine-to-magnet rare earth business or platform; any expectation that the proposed acquisition of VAC will be completed as planned or at all; any expectation that the Company’s growth strategy will be realized; any expectation pertaining to the potential earn-in of up to a 49% joint venture interest in the Donald REE and HMS Project in Australia (the “**Donald Project**”); any expectation that positive final investment decisions (“**FID**” or “**FIDs**”) will be made for the Vara Mada Project, Donald Project, Dubbo Project and/or Bahia Project, or that any such projects will be developed or developed as planned; any expectations regarding the Company’s ability to acquire other feed sources for REE recoveries as may be needed to meet its production expectations; plans related to the potential recovery of radioisotopes at the Mill for use in targeted alpha therapy (“**TAT**”) medical treatments; any expectation that the planned expansions at the Mill to enable the large-scale production of separated light and heavy REE oxides will be completed as expected, or at all; any plans related to the acquisition of additional uranium, uranium/vanadium, REE or HMS mineral properties; any expectations with respect to the conditional U.S. Office of Strategic Capital loan commitment of up to \$725 million of senior-secured debt with a 20-year tenor (the “**OSC Conditional Loan**”), as previously reported in the VAC Announcing 8-K; any expectations regarding production levels, costs, margins and timing; historic and estimated mineral resources and mineral reserves, as defined in 7 CFR Subparts 220.1300 and 228.601(b)(96) (collectively, “**S-K 1300**”) and in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”) (together, “**Mineral Resources and Mineral Reserves**”); the application, maintenance and renewal of material rights, licenses and permits; any expectations regarding political or government stability and regulatory conditions in jurisdictions in which we operate; any expectations regarding the formalization of fiscal and other terms applicable to the Vara Mada Project with the Government of Madagascar through an investment agreement, amendments to existing laws or other mechanisms on a timely basis or at all; and any expectations regarding the outcome(s) of any pending or future litigation, disputes and/or allegations. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, schedules, assumptions, future events or performance (often, but not always, identified by words or phrases such as "expects," "does not expect," "is expected," "is likely," "budgets," "scheduled," "forecasts," "intends," "anticipates," "does not anticipate," "continues," "plans," "estimates," "believes," or similar expressions or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would" "might," or "will" be taken, occur or be achieved) are not statements of historical fact and are forward-looking statements.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, no assurance can be given that such expectations will prove to be correct, and forward-looking statements included in, or incorporated by reference into, this Form 8-K should not be unduly relied upon.

Readers are cautioned that it would be unreasonable to rely on any forward-looking statements as creating any legal rights, that such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, and that actual results are likely to differ, and may differ materially, and objectives, plans and strategies may differ or change, from those expressed or implied by the forward-looking statements as a result of various factors. Such risks and uncertainties include, but are not limited to: global economic risks, including the occurrence of pandemics or other widespread health emergencies, political unrest or wars, or the imposition of tariffs or other trade restrictions that affect global markets; cybersecurity risks associated with critical and other highly sensitive minerals of international interest; litigation risks; risks associated with the restart, ramp-up and operation of our uranium, uranium/vanadium and REE and HMS mines and processing facilities; risks associated with our commercial production of separated REE oxides and the planned expansion of such production; risks associated with the exploration, permitting and development of the Vara Mada Project, the Donald Project, the Dubbo Project and/or the Bahia Project, in addition to the Company's existing undeveloped uranium projects; risks associated with the reclamation and pending closure of the Kwale Project; risks associated with the KMP and planned AMP; risks associated with the potential recovery of radioisotopes for use in the Company's TAT initiatives; risks associated with successfully completing and integrating business and mineral acquisitions; risks associated with joint ventures; international risks, including geopolitical and country risks; risks associated with negotiating and maintaining satisfactory fiscal and stability arrangements and obtaining foreign government approvals on a timely basis or at all, including expropriation risks; risks associated with the failure of the Government of Madagascar to formalize suitable fiscal and other terms applicable to the Vara Mada Project through an investment agreement, amendments to existing laws or other mechanisms, on a timely basis or at all; risks related to the Vara Mada Project associated with social unrest and political instability in Madagascar; risks associated with increased regulatory requirements applicable to our operations, including in new international jurisdictions; risks generally encountered in the exploration, development, operation, closure and reclamation of mineral properties and processing and recovery facilities; risks associated with the REE activities and the Company being able to obtain adequate supplies of monazite and/or mixed rare earth carbonate ("**MREC**") feed materials for its existing and planned operations; risks associated with integrating and realizing benefits, including anticipated synergies from the ASM Acquisition and pending VAC Acquisition; risks associated with taxes in certain ASM and VAC operating jurisdictions; risks related with the results of operations which are affected by the market prices of REEs, HMS, uranium and vanadium; risks that some of the Company's mineral properties may never be put into a state of production; risks that the Company will need to continuously add to its Mineral Reserve and Mineral Resource base and/or expand its uranium recycling program, which includes the processing of uranium from uranium-bearing materials not derived from natural or native ores ("**Alternate Feed Materials**") ; risks associated with new metals and alloys initiatives; risks associated with anticipated new magnets initiatives; risks associated with the ability to attract, develop and retain qualified management, Board members, skilled miners and other key personnel critical to the success of our business; and risks relating to the pro forma financial information of Energy Fuels (inclusive of ASM) and VAC not being indicative of the actual financial condition of the Combined Company.

The following information pertains to the outlook and conditions currently known to the Company that could have a material impact on its financial condition. Other factors may arise in the future that are currently not foreseen by management of the Company that may present additional risks, including risks that the Company currently believes are immaterial. Current and prospective shareholders of the Company should carefully consider these risk factors in conjunction with the risk factors contained in the FY25 Form 10-K, the Q1 Form 10-Q and the Q2 Form 10-Q when making investment decisions.

Our failure to successfully address any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common shares (the "**Common Shares**") and CHES Depositary Interests ("**CDIs**") may fluctuate widely. We cannot assure you that we have or will successfully or fully address these risks or other unknown risks that may affect our business.

Market, Industry and Other Data

This Form 8-K contains estimates, projections and other information concerning our industry, our business and the markets for our products. Information based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research, as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry and general publications, government data, and similar reputable sources.

RISK FACTORS

In addition to the risk factors set out under the headings "Risk Factors" in our FY25 Form 10-K and "Risk Factors" in our Q2 Form 10-Q, the Combined Company is, or will be, as applicable, subject to the following risks:

Risks of entering into the Merger Agreement and VAC Acquisition

We may face new tax risks in certain VAC operating jurisdictions.

VAC has operations and conducts business in Germany, Slovakia, Malaysia, Finland, China, and other parts of the world, in which our subsidiaries do not currently operate or conduct business in. Taxation laws in these jurisdictions can be complex, subject to varying interpretations and applications by relevant tax authorities and are continuously subject to changes and revisions. In addition, following the VAC Acquisition, we may be subject to tax liabilities that may exist at VAC or that may arise in connection with the VAC Acquisition which are currently unknown. Any unexpected taxes imposed on us could have a material and adverse impact on our financial position.

Risks relating to the Company's business and operations following the ASM Acquisition

The Company's business and industry are subject to business and operation risks, including risks that are outside of its control, which could negatively impact the Company's actual results. These risks include, but are not limited to, those set out below:

a. The Company may fail to successfully integrate and fail to realize benefits, including synergies from the ASM Acquisition.

On and from the closing date of the ASM Acquisition, the Company expects to pursue strategies, operational objectives and benefits, including synergies. There is a risk that the Company may not achieve its strategies, operational objectives and/or anticipated benefits (in whole or in part), or that they will be delayed. This may occur due to matters beyond the control of the Company or resulting from changes in circumstances or strategies. A failure to achieve these strategies, operational objectives and benefits could have an adverse impact on the Company's operations, financial performance and financial position.

b. The Company may face new tax risks in certain ASM operating jurisdictions

ASM has operations and conducts business in South Korea where Energy Fuels and its subsidiaries have previously not carried on business, which could now impact the Company's tax circumstances. Taxation laws in South Korea are complex, subject to varying interpretations and applications by the relevant tax authorities and are continuously subject to changes and revisions. Having completed the ASM Acquisition, the Company is potentially subject to tax liabilities arising in connection therewith that are currently still being identified and understood. Any unexpected taxes imposed on the Company could have a material adverse impact on its financial position.

c. Results of operations are significantly affected by the market prices of REEs, HMS, uranium, vanadium, and metals and alloys and magnets, which are subject to substantial price fluctuations.

The Company's earnings and operating cash flow are particularly sensitive to the long- and short-term changes in the market prices of REEs, uranium, vanadium, metals and alloys and HMS, and their components, including the prices for ilmenite, rutile and zircon, which could impact planned production levels or the feasibility of production of HMS and monazite from the Bahia Project, Vara Mada Project, Donald Project and any other HMS projects, or the feasibility of production of potential metal oxides and mixed REE intermediate products from the Dubbo Project, which could, in turn, impact supply for the Company's planned integrated mine-to-magnet critical materials production. Among other factors, these prices also affect the value of the Company's Mineral Resources, Mineral Reserves and inventories, as well as the market price of the Common Shares and CDIs.

Market prices are affected by numerous factors beyond the Company's control. With respect to uranium, such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear incident or fear of a nuclear incident and general anti-nuclear sentiment; reprocessing of used reactor fuel, the re-enrichment of depleted uranium tailings and the enricher practice of underfeeding; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons, the premature decommissioning of nuclear power plants and from the build-up of Japanese utility uranium inventories as a result of the Fukushima incident) by governments and industry participants; uranium supply, including from other secondary sources; production levels and costs of production, and government actions such as any plans included in a U.S. president's fiscal budget and those taken pursuant to the U.S. Uranium Reserve Program.

With respect to vanadium, such factors include, among others: demand for steel; the potential for vanadium to be used in advanced battery technologies; political and economic conditions in vanadium producing and consuming countries; world production levels; and costs of production.

With respect to REEs, such factors include, among others: demand for REEs; political and economic conditions in REE producing and consuming countries; REE-bearing ore supply from secondary sources; interest in the international purchase of MREC, separated REE oxides and other REE products, absent a U.S.-based separation facility; public and political responses to REE initiatives at the Mill; governmental investment in domestic REE infrastructure; world production levels; costs of production; risks associated with foreign governmental actions, policies, laws, rules, regulations and foreign state-subsidized enterprises with respect to REE production and sales, which could impact a) REE prices available to the Company, b) its access to world and domestic markets for the supply of REE-bearing ores, and c) the sale of MREC, other separated REE products, metals, alloys, and upon the closing of the VAC Acquisition as contemplated, magnets, and services to world and domestic markets; and other government actions, including licensing and import/export requirements.

With respect to HMS, such factors include, among others: demand for titanium minerals and zircon; political and economic conditions in HMS producing and consuming countries; other government actions, including licensing and import requirements; geopolitical factors; world production levels; exploration, mining, processing, refining and other costs of production; grades of HMS ore bodies being mined; scale of mining method; growth in end-use demand for titanium minerals and zircon, including GDP growth in consuming countries; available mineable deposits and upgrading facilities; currency fluctuations; and other market demand and supply dynamics.

With respect to metals and alloys, such factors include, among others: commodity prices and price fluctuations; engineering, construction, processing and mining difficulties, upsets and delays; permitting and licensing requirements and delays; changes to regulatory requirements; legal challenges; competition from other producers; government and political actions or inactions; and risks associated with carrying on business in foreign jurisdictions, including the risk of expropriation; market factors, including future demand for metals and alloys products.

Other factors relating to the prices of uranium, vanadium, REEs, heavy mineral concentrate (“HMC”), HMS products and metals and alloys and, upon the completion of the VAC Acquisition as contemplated, magnets (collectively, the “Goods”) include: levels of supply and demand for a broad range of industrial products; substitution of new or different products in critical applications for the Company’s existing and planned products; expectations with respect to the rate of inflation; the relative strength of the U.S. dollar and of certain other currencies; tariffs, subsidies or other trade barriers; interest rates; global or regional political or economic crises; regional and global economic conditions; and sales of the Company’s Goods and services. If prices are below the Company’s cash costs of extraction or recovery and remain at such levels for any sustained period, or if adequate profit margins cannot be made, the Company may determine that it is not economically feasible or advisable to continue commercial extraction, recovery or processing at any or all of the Company’s projects or other facilities and may also be required to look for alternatives other than cash flow to maintain the Company’s liquidity until prices recover. The Company’s expected levels of uranium, vanadium, REEs, HMC and HMS product recovery, metals and alloys, and upon the closing of the VAC Acquisition as contemplated, magnet production and other business activities are dependent on its expectation and the industry’s expectations of the Company’s Goods, which may not be realized or may change. In the event the Company concludes that a significant deterioration in expected future Goods prices has occurred, it will assess whether an impairment allowance is necessary which, if required, could be material.

The Company's profitability is directly related to the market prices of Goods recovered. The Company may, from time to time and where available, undertake commodity and currency hedging programs with the intention of maintaining adequate cash flows and profitability to contribute to the long-term viability of the business. The Company anticipates selling forward in the ordinary course of business if, and when, it has sufficient assets and recovery to support forward sale arrangements and forward sale arrangements are available on suitable terms. There are, however, risks associated with forward sale programs. If the Company does not have sufficient recovered product to meet its forward sale commitments, it may have to buy or borrow (for later delivery back from recovered product) sufficient product in the spot market to deliver under the forward sales contracts, possibly at higher prices than provided for in the forward sales contracts or potentially default on such deliveries. In addition, under forward contracts, the Company may be forced to sell at prices that are lower than the prices that may be available on the spot market when such deliveries are completed. Although the Company may employ various pricing mechanisms within the Company's sales contracts to manage its exposure to price fluctuations, there can be no assurance that such mechanisms will be successful. There can also be no assurance that the Company will be able to enter into additional term contracts for future sales of Goods prices or in quantities that would allow the Company to successfully manage its exposure to price fluctuations.

d. Some of the Company's mineral properties may never be put into a state of production.

In addition to the Vara Mada Project, Donald Project, Bahia Project and Dubbo Project as described above, depending on REEs, HMS, uranium and vanadium prices, some of the Company's mineral properties may never be put into a state of production. Only three of the Company's properties – the Vara Mada, Pinyon Plain and Sheep Mountain Projects – contain Mineral Reserves as defined under S-K 1300 and NI 43-101, as well as the Donald Project, in which Energy Fuels owns a 15.3% interest as of the date of this Form 8-K. Because the probability of an individual prospect ever having Mineral Reserves is uncertain, the Company's other properties may not contain any Mineral Reserves. Even if Mineral Reserves are identified, depending on commodity prices, the Company may not put a property into a state of production due to insufficient capital or for other reasons. Any funds spent on exploration, construction, development, extraction and recovery on any properties that are not put into production may be lost. The Company does not know with certainty that "economically recoverable" uranium, vanadium, REEs, HMC and/or HMS products exist on its properties. Further, although Energy Fuels is undertaking uranium extraction activities at the Mill and is mining at current commodity prices, the lack of established Mineral Reserves on a number of the properties means that it is uncertain as to the Company's ability to continue to generate revenue from its operations. The Company may never discover additional uranium, vanadium, REEs, HMC or HMS products in commercially exploitable quantities and, depending on commodity prices, its identified deposits currently classified as Mineral Resources may never qualify as commercially mineable Mineral Reserves.

The exploration and, if warranted, construction or development of mineral deposits involve significant financial and other risks over an extended period, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenditures are required to establish Mineral Reserves by drilling and to construct mining and processing facilities at a site. The Company's operations and activities are subject to the hazards and risks normally incident to exploration and production of uranium, precious and base metals, HMC and HMS products, any of which could result in damage to life or property, environmental damage and possible legal liability for such damage. While the Company may obtain insurance against certain risks, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's future earnings and competitive position and, potentially, its financial viability.

e. The Company faces risks associated with its REE activities.

There are risks inherent to the Company's REE activities, which include the following:

- The risk of achieving and maintaining an adequate supply of monazite, MREC and/or other REE feed for processing at the Mill and for downstream production of metals, alloys and magnets. Energy Fuels' Bahia Project is currently at the exploration and permitting stage and is not an operating mine. A similar risk applies to the Dubbo Project, which is currently in the development stage. There is no certainty that the Dubbo Project will be capable of producing REE feed or other mixed rare earth intermediate product capable of processing at the Mill. The same consideration applies to the Vara Mada Project and the Donald Project which are not yet operating mines. As a result, the Company does not currently own its own operating monazite-bearing mine(s) and is completely dependent on contractual arrangements for its REE feed sources at this time. There can be no guarantee that the Company will be able to secure adequate monazite or MREC supply or other REE feed sources over the long term at suitable prices or that the Bahia Project, Vara Mada Project, Donald Project or Dubbo Project will be developed into operating monazite-producing mines. In addition, the price the Company may be required to pay for monazite sands, MREC and other REE feedstocks is subject not only to commercial factors but also to the risk of influence by foreign policy and/or foreign state-owned enterprises. The Company will assess potential acquisitions of, and investments in, additional companies, businesses, mines or resource properties and joint ventures with mine or resource property owners, including opportunities at various stages of the supply chain that are complementary or adjacent to Energy Fuels' current operations.

Energy Fuels is currently in various stages of considering, and in some cases discussing and negotiating with counterparties in relation to, such acquisition, investment and joint venture opportunities. As at the date hereof, Energy Fuels has not entered into any binding agreements with respect to any material transactions for the procurement of additional feedstock, and there is no certainty and no assurance can be given whether any definitive agreements will be entered into in relation to any material acquisition, investment or joint venture opportunities in the future. Further, even if any such definitive agreements are entered into in the future, no assurance can be provided as to whether any material transactions will ultimately be completed.

Any additional equity financing required for any future material acquisitions, investments or joint ventures (whether to fund cash consideration or issued directly as consideration under the relevant transaction), including in connection with the VAC Acquisition, may be dilutive to shareholders and any debt financing, if available, may involve restrictions on financing and operating activities. In addition, if any such acquisitions, investments or joint ventures are completed, the Company may be exposed to risks specific to the acquired business or asset, including risks relating to operations, regulatory compliance, technology, supply chains, markets, management, integration, or other factors that differ from, or are outside of, the Company's historical areas of experience, and such risks could adversely affect the Company's business, financial condition, results of operations and prospects;

- The risk that further exploration, permitting and development work on the Bahia Project, Vara Mada Project, Donald Project and Dubbo Project may result in a determination by the Company that developing a mine on any of those properties is not feasible;
- Increases in the supply of REEs through the addition of new mines and/or REE processing facilities could increase the global supply of REEs and reduce the price of REEs and REE products. Sustained reductions in the price of REEs would be expected to materially impact the Company's returns from its REE initiatives and could render them infeasible; and
- The risks associated with the Company's ability to successfully develop and commercialize the Dubbo Project, expand the KMP as planned and permit and develop the planned AMP. These include technical risks, contractual risks associated with counterparties, access to funding, competition and market factors and access to services, infrastructure and government approval, amongst other relevant risks.

f. The Company may need additional financing in connection with the implementation of its business and strategic plans from time to time.

The exploration, construction, development and acquisition of mineral properties and the ongoing operation of mines and other facilities, including the Vara Mada Project, Donald Project, Bahia Project, Dubbo Project, and the planned AMP and/or a potential expansion of the KMP, and the ongoing construction of the Phase 1 Circuit expansion and the proposed Phase 2 Circuit at the Mill, requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing and/or other means. The Company may accordingly need further capital to take advantage of further opportunities or acquisitions. The Company's financial condition, general market conditions, volatile REE, HMC, HMS product, uranium, vanadium and metals, alloys and magnet markets, volatile interest rates, legal claims against the Company, a significant disruption to the Company's business or operations, or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. Further, volatility in the credit markets may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or may affect the Company's ability, or the ability of third parties it seeks to do business with, to access those markets. Continued volatility in equity markets, specifically including energy and commodity markets, may increase the costs associated with equity financings due to a low share price and may create the potential need for the Company to offer higher discounts and other forms of value (e.g., warrants). There can be no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, if at all, or that the Company will be successful in meeting its loan repayment obligations.

- g. The Company will need to continuously add to its Mineral Reserve and Mineral Resource base and expand its sources of Alternate Feed Materials.*

Most of Energy Fuels' mineral properties do not contain any Mineral Reserves under S-K 1300 and NI 43-101.

Energy Fuels' material uranium Mineral Resources are located at the Nichols Ranch in-situ recovery ("ISR") Project, the Pinyon Plain Project, the Roca Honda Project, the Sheep Mountain Project, the Bullfrog Project and the La Sal Project. These projects will be the Company's primary sources (and potential sources) of current and expected future uranium concentrates. Unless other Mineral Resources or Mineral Reserves are discovered or extensions to existing resource bodies are found, sources of extraction, production and recovery for uranium concentrates will decrease over time as the current Mineral Resources and Mineral Reserves contained at the Pinyon Plain and Sheep Mountain mines are depleted. There can be no assurance that the Company's future exploration, construction, development and acquisition efforts will be successful in replenishing the Mineral Resources or finding or developing Mineral Reserves.

In addition, while Energy Fuels believes that many of the Company's properties will eventually engage in extraction or mining activities, such as the Roca Honda, Bullfrog, Sheep Mountain, Bahia Project, the Vara Mada Project, the Donald Project and the Dubbo Project, there can be no assurance that they will be placed into such activities, or that they will be able to replace current extraction or mining activities. Energy Fuels also recovers uranium by processing Alternate Feed Materials at the Mill. There can be no assurance that additional sources of Alternate Feed Materials will be forthcoming in the future on commercially acceptable terms or otherwise, or that the Company will be successful in receiving all required regulatory approvals, licenses and permits on a timely basis to allow for the receipt and processing of any such Equivalent Feed Materials or Alternate Feed Materials.

In addition, Energy Fuels relies, or will rely, on monazite for the Phase 1 Circuit and proposed Phase 2 Circuit production at the Mill. There can be no assurance that additional sources of monazite or other REE sources, such as MREC, will be forthcoming in the future on commercially acceptable terms or otherwise, or that the Bahia Project, the Vara Mada Project, the Donald Project and/or the Dubbo Project, which are currently in various phases of exploration, permitting and development, will be commercially profitable for the Company.

h. The Company Faces Risks Associated with New Metals and Alloys Initiatives.

There are risks related to our newly acquired metals and alloys initiatives, including:

- The risk that the Mill proves incapable of separating monazite, MREC or other feed materials into REE oxides for use in ASM's metallization facilities, as required to meet production expectations or at all;
- The risk that the Company is not capable of producing neodymium/praseodymium ("NdPr") metal, dysprosium ("Dy") metal terbium ("Tb") metal samarium ("Sm") metal or other metals on a commercial basis, or at all;
- The risk that raw materials, including fluorinated materials, necessary for making REE metals are not readily available or are not available at a reasonable cost as required for the commercial production of REE metals;
- The risk that the Company is not capable of producing neodymium/iron/boron ("NdFeB") alloys, ferro-dysprosium ("Fe-Dy") alloys, samarium/cobalt ("SmCo") alloys or other alloys required for REE magnet-making on a commercial basis or at all;
- The risk that raw materials necessary for making REE alloys are not readily available or are not available at a reasonable cost as required for the commercial production of REE alloys;
- The risk that equipment required for the production of REE metals and alloys is not readily available at reasonable cost and on a timely basis as required for the planned expansion of the KMP or the planned AMP or otherwise for the commercial production of REE metals and alloys;
- The risk that the Company will be unable to make REE metals and alloys on a cost-effective basis;
- The risk of competition from other existing and new global REE metal and alloy makers;
- The risk of technical developments that makes the Company's operations less competitive;
- The risk that potential purchasers of the Company's metals and/or alloys, such as other magnet makers, will develop or acquire their own metal and/or alloy-making capability, thereby reducing the demand from third parties for the Company's metals and alloys;
- The risk that the Company is unable to sell REE products to end-users at multiple stages at reasonable commercial prices that generate margins for the Company;
- The risk that the Company is unable to expand metal and alloy making in South Korea as planned and/or into the U.S. with the planned AMP, including the risks that the Company is unable to obtain relevant and timely government permits;
- The risk that the planned expansions to the KMP will not be constructed on a timely basis or at all, or if constructed will not operate on a cost-effective, commercial basis;
- The risk that the planned AMP will not be constructed on a timely basis or at all, or, if constructed, will not operate on a cost-effective, commercial basis;

- The risk that the Company's metal and alloy making actions will not translate into increased margins, cash flows, or market share for the Company and its shareholders;
- The risk that the Company is unable to enhance vertical integration, margin capture, and/or market share across the REE value chain; and
- The risk that, for the foregoing reasons, the Company is unable to close a critical strategic gap in western/western-allied global supply chains for magnet applications.

i. The Company Faces Risks Associated with New Magnet-Making Initiatives, if the VAC Acquisition Closes as Contemplated

There are risks related to our new magnet-making initiatives, if the VAC Acquisition closes as contemplated, including:

- The risk that the KMP and/or planned AMP proves incapable of producing REE metals and alloys for use in VAC's magnet-making facilities, as required to meet production expectations or at all;
- The risk that raw materials, including NdPr metal, Dy metal, terbium ("Tb") metal, samarium metal, other metals and resulting NdFeB, Fe-Dy and other alloys, necessary for making REE magnets are not readily available or are not available at a reasonable cost as required for the commercial production of REE magnets at VAC's existing and planned facilities at the volumes anticipated, or at all;
- The risk that equipment required for the production of REE magnets is not readily available at reasonable cost and on a timely basis as required for the planned expansion of VAC's magnet making facilities or otherwise for the commercial production of REE magnets;
- The risk that the Company will be unable to make REE magnets on a cost-effective basis or to sell magnets to end-users at reasonable commercial prices that generate sufficient margins for the Company on a fully integrated mines-to-magnets basis;
- The risk that the Company will be unable to successfully obtain new magnet-making contracts;
- The risk that the demand from REE magnet end-users desiring a resilient supply chain is less than expected, resulting in the inability of the Company to sell a sufficient number of REE magnets at sufficient margins to meet the Company's expectations or to otherwise result in a viable integrated REE supply chain;
- The risk of competition from other existing and new global and domestic REE magnet makers, resulting in VAC not being able to fill its existing magnet-making capacity and planned future magnet-making capacity;
- The risk of technical developments that makes the Company's operations less competitive;
- The risk that demand for REE magnets decreases, including as a result of changes in consumer preferences, or technical innovation resulting in new competitive products that can satisfy consumer needs at less cost;
- The risk that geopolitical forces and foreign and domestic government actions can adversely impact the market for REE magnets, including through oversupply of magnets reducing magnet prices or otherwise impacting the demand for the Company's magnet products;
- The risk that the Company's magnet-making actions do not translate into increased margins, cash flows, or market share for the Company and its shareholders;
- The risk that the Company is unable to enhance vertical integration, margin capture, and/or market share across the REE value chain;

- The risk of government-imposed restrictions or conditions on magnet sales arising from foreign investment reviews or other regulatory approvals, which could limit market access, reduce revenues, and diminish anticipated benefits of the transaction.
- The risk that, for the foregoing reasons, the Company is unable to close a critical strategic gap in western/western-allied global supply chains for magnet applications; and
- The risk that VAC's existing crystalline and rapid solidification soft magnetic business lines do not continue to expand as expected and/or generate sufficient margins.

Risks relating to the unaudited condensed combined pro forma financial information of the Combined Company's business and operations

- a) The unaudited condensed combined pro forma financial information of Energy Fuels (now inclusive of ASM) and VAC may not be indicative of the actual financial condition of Energy Fuels upon a successful VAC Acquisition.*

The unaudited condensed combined pro forma financial information of Energy Fuels, following the ASM Acquisition and pending a successful VAC Acquisition, is presented for illustrative purposes only to show the effects of the ASM Acquisition and pending VAC Acquisition on a combined basis and should not be considered to be an indication of the financial condition or results of operations of Energy Fuels upon a successful VAC Acquisition. For example, the unaudited condensed combined pro forma financial information has been derived from the historical consolidated financial statements of Energy Fuels and certain adjustments and assumptions have been made regarding Energy Fuels after giving effect to the ASM Acquisition and pending the VAC Acquisition. The information upon which these adjustments and assumptions have been made is preliminary, and these types of adjustments and assumptions are difficult to make with complete accuracy, as other factors may affect the results of operations or financial condition of Energy Fuels following a successful VAC Acquisition. In addition, the unaudited condensed combined pro forma financial information does not reflect all costs expected to be incurred in connection with the ASM Acquisition and upon a successful VAC Acquisition. For example, the incremental costs incurred in integrating ASM and VAC are not reflected in the pro forma financial information.

The unaudited condensed combined pro forma financial information is based on assumptions regarding Energy Fuels and VAC's circumstances prior to the VAC Acquisition, and actual events occurring before the successful closing of the VAC Acquisition (the "**Closing**") which may differ from those assumptions. The unaudited condensed combined pro forma financial information reflects certain assumptions regarding the terms of the pending VAC Acquisition and the financial, contractual, operational and other circumstances of Energy Fuels, ASM and VAC. There can be no assurance that those assumptions will remain accurate prior to Closing. In particular, prior to Closing, the Merger Agreement may be amended, supplemented, waived or terminated, including with respect to the consideration payable, transaction structure, closing conditions, representations, covenants or other material terms. In addition, Energy Fuels or VAC's capital structure, indebtedness, financing arrangements, interest rates, liquidity, cash balances or other sources and uses of funds may change before Closing, including as a result of additional borrowings, repayments, refinancings, amendments or defaults.

VAC's existing contracts, may change, terminate, expire, be renegotiated or become subject to different terms before Closing. Energy Fuels and/ or VAC may further incur transaction-related, financing, restructuring, integration, litigation or other costs that are not reflected in the unaudited condensed combined pro forma financial information and the Closing as a result of changes in market conditions, economic conditions, interest rates, foreign exchange rates, regulation, competition, customer demand, supply chain or other factors. e-VAC Magnetics LLC is involved in a dispute with a customer regarding a commercial supply agreement. Energy Fuels' estimate of purchase consideration and preliminary purchase price allocation under Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805") has made certain assumptions regarding the expected outcomes of this dispute including a reasonable settlement amount, which has been reflected in a purchase price adjustment for the VAC Acquisition in the event this settlement amount is not achieved. If the outcome of the dispute is less than such assumptions, then the difference will be compensated for via this price adjustment, and if the outcome of the dispute exceeds expectations, the difference will accrue to VAC, which would be for the benefit of the Company upon completion of the VAC Acquisition.

As a result, the actual financial condition and results of operations of the Company following the VAC Acquisition may not be consistent with, or evident from, the Company's financial information. The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect Energy Fuels' financial condition or results of operations following implementation of the VAC Acquisition.

DESCRIPTION OF BUSINESS

The ASM Acquisition (Implemented August 28, 2026)

As previously reported in the ASM Closing 8-K, a wholly owned subsidiary of Energy Fuels (the "**Energy Fuels Bidder**") completed the acquisition of all of the ordinary shares of ASM pursuant to a Scheme Implementation Deed dated January 21, 2026, as amended on March 13, 2026, by and among Energy Fuels, the Energy Fuels Bidder and ASM.

Overview of ASM

ASM was, and remains under Energy Fuels, an Australian emerging vertically integrated producer of rare earth metals and alloys for use in advanced and clean energy technologies. ASM is developing the Dubbo Project in central western NSW, Australia, as well as expanding the KMP in Ochang, South Korea, both of which are described in further detail below.

Dubbo Project

The Dubbo Project is expected to provide a long-term, secure resource of REEs and potentially other critical minerals. Located in NSW, Australia, the Dubbo Project is a globally significant resource of Nd, Pr, Dy, Tb, and other critical minerals including zirconium ("**Zr**"), niobium ("**Nb**") and hafnium ("**Hf**").

Pending its successful development, the Company expects resources from the Dubbo Project to be mined, separated and refined onsite to initially produce a mixed REE intermediate product. Once operational, the Company plans to evaluate the opportunity to produce a range of critical metal oxides and mixed chlorides. The mixed REE intermediate product from the Dubbo Project is expected to be separated into rare earth oxides at the Mill and further processed into metals and alloys at the KMP, and potentially an AMP, and, upon closing of the VAC Acquisition as contemplated, into REE magnets at VAC's existing and/or planned expanded facilities. In addition, any mixed REE intermediate product not required for the Company's internal use could be sold directly to western/western-allied global customers.

The mining lease for the Dubbo Project was granted to a wholly owned subsidiary of ASM on December 18, 2015 and expires on December 18, 2036. Through its newly acquired, wholly owned subsidiary Toongi Pastoral Company, the Company owns 3,456 hectares of land where Mining Lease 1724 is located. The entirety of the Dubbo Project Measured Mineral Resource Estimate, mine and required processing facilities are expected to all be located within the boundaries of the mining lease. A depiction of the geographical area of the Dubbo Project is set out below:



It is intended that the Dubbo Project will use water for construction and operations sourced from the Macquarie River and the Upper Macquarie River Alluvial Aquifer. ASM holds sufficient river and groundwater licenses (including some high-security licenses) for approximately two GL per annum in the Cudgegong-Macquarie Water Sharing Plan to develop the Dubbo Project as a one-million tonnes per annum (“**Mtpa**”) operation. The results of the Australian Joint Ore Reserves Committee (“**JORC**”)-compliant Heap Leach Scoping Study released to the Australian Stock Exchange by ASM on July 11, 2025 disclosed average production targets for years 3-15, totalling 1,242 tonnes per annum (“**tpa**”) of REE oxides comprising:

- NdPr oxide: 1,157 tpa;
- Tb oxide: 13 tpa; and
- Dy oxide: 72 tpa.

The above numbers are historical in nature and should not be considered current Mineral Resources as defined under S-K 1300 or NI 43-101. The Company is currently preparing a Pre-Feasibility Study on the Dubbo Project compliant with both S-K 1300 and NI 43-101.

(i) ***History***

The Dubbo Project was first initiated by Alkane, which secured an exploration license over the Toongi deposit in 1987. Subsequent drilling and metallurgical test work between 1999 and 2002 confirmed the deposit's uniform grade and demonstrated that a sulfuric acid roast and leach process could effectively treat the ore - an important breakthrough given the silica-related challenges encountered in comparable deposits. Although the project was temporarily deferred in 2003, Alkane continued advancing the technical foundations of the project, including construction of a pilot-scale demonstration plant at ANSTO in 2008. This work enabled the development of a flowsheet capable of producing discrete products across light and heavy REEs, Zr, Hf and Nb.

Building on these results, a series of technical and economic studies were undertaken over the following decade. A Definitive Feasibility Study (the "**DFS**") was completed in 2013 by TZ Minerals International, building on earlier studies by TZMI (2011) and SNC Lavalin (2002). Further engineering input was provided by Hatch in 2015 and GHD Ltd. in 2017, culminating in the Maiden Ore Reserves Report released in 2017. These studies collectively confirmed the project's technical viability and established the basis for future development.

To accelerate development, ASM was subsequently demerged from Alkane and assumed responsibility for progressing the Dubbo Project. ASM completed an Optimisation Feasibility Study (the "**OFS**") in 2021, resulting in an updated Ore Reserves Estimate later that year. The OFS incorporated significant enhancements to the flowsheet following extensive collaboration with ANSTO, improving overall recoveries and process efficiency. It also assessed a processing circuit designed to produce a comprehensive suite of high-value oxides across the REEs (both heavy and light) as well as Zr, Nb and Hf and incorporated infrastructure upgrades to strengthen ESG performance, including a chlor-alkali plant, brine concentrator and rail refurbishment.

(ii) ***Project studies***

In 2024, ASM launched the Rare Earth Options Assessment (the "**REOA**") to evaluate alternative pathways for developing the Dubbo Project. The goal of the REOA is to identify lower-capital, shorter implementation options for recovering both light rare earths (Nd, Pr) and heavy rare earths (Dy, Tb) as high-purity, separated oxides.

A key opportunity emerging from this work is the potential to deliver the Dubbo Project in phases - beginning with a first phase focused on REE recovery and a second phase to target the broader suite of critical minerals in the Dubbo Project deposit.

The REOA identified several technically viable options, particularly heap and atmospheric tank leaching. These methods have the potential to remove the need for a capital- and energy-intensive acid bake in the initial development phase, significantly simplifying the process flowsheet.

To assess these options, ASM conducted extensive metallurgical test work, including scoping variability tank leach and bottle roll tests across different zones of the Dubbo Project deposit. In July 2025, ASM successfully completed and released the Heap Leach Scoping Study as part of the REOA work program. The Heap Leach Scoping Study provides a high-level economic evaluation (+/- 50%) of a heap leach, REE-focused first phase implementation of the Dubbo Project and represents a transformative shift in the Dubbo Project's development approach. The heap leach approach eliminates complex initial processing stages, simplifying construction and accelerating the pathway to cash flow generation. This approach offers a more agile and targeted entry point, aligning with current market priorities while potentially reducing initial capital requirements.

Since the release of the Heap Leach Scoping Study, ASM made substantial progress across multiple technical workstreams in support of delivering a Pre-Feasibility Study (the "PFS") specific to the heap leach process. Completion of the PFS is being accelerated by leveraging ASM's extensive prior technical and engineering work.

Korean Metals Plant and potential American Metals Plant

The KMP, located in South Korea, is the Company's current REE metals and alloys metallization facility. Since opening in 2022 under ASM, the KMP has established itself as a strategically important, independent source of western/western-allied based REE metallization and alloying capacity. The buildings and equipment at KMP are owned by ASM, while the underlying land is leased. Certain equipment at KMP is subject to retention requirements and restrictions on disposal. As well, certain KMP assets are subject to approval from the government of South Korea prior to being transferred, exchanged, leased, pledged, or used outside of certain approved business purposes.

The plant has twelve total installed furnaces (including the eight installed in 1H 2026) and one strip caster with an installed alloy nameplate production capacity of approximately 1,300 tpa neodymium-iron-boron ("NdFeB") alloy. The facility is designed for a full nameplate capacity of 3,600 tpa of NdFeB alloy, which is expected to be enabled through a Phase 2 ramp-up involving installation of additional furnaces (eight of which were installed in H1 2026) and a second strip caster, which was purchased and is currently being installed at KMP.

Demand continues to grow for KMP products amid heightened geopolitical uncertainty and global efforts to diversify critical material supply chains, particularly from global magnet manufacturers and original equipment manufacturers (the "OEMs"), reflecting the growing importance of secure, western/western-allied supply alternatives. This has translated into ongoing and new customer discussions globally for the Company. In parallel with this rising demand, operational performance at the KMP has strengthened, with steadily increasing alloy output and consistent sales growth demonstrating the facility's maturing capability and market traction. This rising demand is expected to provide an outlet for any metal and/or alloy making capacity not required for the Company's internal needs once the VAC Acquisition closes as contemplated.

To support growing customer demand, ASM initiated a phased expansion of the KMP. Phase 2 ramp-up activities are progressing, including the installation of eight additional furnaces in H1 2026 that will maximise output of NdPr metal. A second strip caster with 2,000 tpa capacity was ordered and is currently being installed at the KMP. The second strip caster along with the existing operational strip caster will raise the total strip cast capacity at the KMP to 3,600 tpa. Funding of the Phase 2 expansion was fully funded from ASM's recent successful capital raise. Early planning has also commenced for a potential Phase 3 expansion, which could lift total nameplate capacity to around 5,600 tpa, positioning the KMP as a cornerstone asset in global rare earth supply chains and a key enabler of the energy transition and advanced manufacturing markets. The Phase 3 expansion will be conditional on internal and external demand for metals and alloys, taking into consideration additional capacity that would be available at an AMP if developed as planned.

The KMP achieved a significant milestone in ASM's heavy rare earth strategy with the first commercial sales of Tb and Dy – two of the most technically challenging and strategically important REEs. These initial shipments, delivered to Neo Performance Materials' new permanent magnet facility in Narva, Estonia, validate ASM's technical capability and have contributed to a surge in enquiries from global manufacturers seeking reliable heavy rare earth supply partners. To meet this demand, and to satisfy the Company's internal demands upon closing of the VAC Acquisition as contemplated, ASM is actively expanding its heavy REE production capacity and is targeting commencement of commercial-scale heavy REE metal production in 2027.

Further to the operational success of the KMP, ASM has explored the strategic expansion of its metallization capability and the extension of its vertically integrated strategy through the proposed AMP. The AMP is expected to leverage U.S. government focus on supply chain vulnerability and domestic production capabilities in the rare earth and metallization market to position the Company to address critical U.S. supply chain needs and strengthen the enduring partnership between the U.S. and Australia. The AMP is expected to replicate proprietary alloy production processes, NdPr metallization and advanced heavy rare earth metallization techniques to focus on NdFeB alloy production from separated rare earths (NdPr, Dy, Tb), which are critical to defense and clean energy applications and represent acute supply chain vulnerabilities in the U.S. The proposed AMP has an initial nameplate production capacity of 2,000 tpa (with the ability to expand to 4,000 tpa) of alloy. The Company remains engaged with U.S. and state government agencies and funding bodies to meet relevant permitting and funding requirements, to identify and select the optimal location for the AMP, and to negotiate and understand state incentives available for such facility. If the VAC Acquisition closes as contemplated, the AMP could potentially be located in Sumter, South Carolina, adjacent to VAC's existing REE magnet-making facility.

Implications of the ASM Acquisition for Energy Fuels

Strategic Rationale and Plans

With the ASM Acquisition, the Company aims to further establish itself as a first tier, globally competitive critical materials company focused on REE, HMS, uranium, vanadium, and metals and alloys and, upon the successful closing of the VAC Acquisition as contemplated, magnet production, thereby supporting western/western-allied supply chain resilience for defense, clean energy and advanced manufacturing sectors, in part by closing a critical strategic gap in global supply chains for magnet applications, including automotive, robotic, energy and defense technologies.

By integrating REE mining and REE separation with downstream REE metal and alloy conversion, the Company has established a vertically integrated supply chain, expected to capture value across multiple stages of the REE value chain by potentially enhancing margin capture, reducing supply chain friction and exposure to third-party processing bottlenecks and improving the Company's ability to respond to market demand.

Through the ASM Acquisition, Energy Fuels sees an opportunity to expand the range of REE products available to both customer bases by combining Energy Fuels' U.S.-based REE oxide production capabilities at its Mill with the KMP's downstream metal and alloy manufacturing capability, being one of the few operating western/western ally facilities currently producing REE metals and alloys, including NdPr, Dy and Tb metals and NdFeB and Dy-Fe alloys.

The ASM team's proven skills and intellectual property also allow the Company to potentially expand its REE metal and alloy capacity into the U.S. through the permitting and development of a planned AMP intended to have initial nameplate production capacity of 2,000 tpa of alloy with the ability to expand up to 4,000 tpa of alloy. The Mill, as the only U.S. facility capable of separating monazite into both light and heavy REE oxides, is expected to produce and supply REE oxides to both the KMP and, potentially, an AMP.

The Company expects to advance pre-feasibility work at the newly acquired Dubbo Project in NSW, Australia. The Dubbo Project's REE JORC-compliant mineral resource estimates, particularly NdPr, Dy and Tb, complement Energy Fuels' existing REE feedstock strategy and provide an important long-term supply of REEs required for advanced permanent magnet applications. As a part of this work, the Company expects to evaluate the production of a mixed REE intermediate product at the Dubbo Project for subsequent processing into separated NdPr, Dy and Tb oxides at the Mill. Leveraging the Mill's existing separation capability has the potential to significantly simplify the processing flowsheet of the Dubbo Project. If production of an intermediary mixed REE product at the Dubbo Project is determined to be feasible, based on evaluations the Company expects to perform, the Dubbo Project is expected to strengthen the Company's pipeline of potential REE development projects. This pipeline currently includes the Donald Project, Vara Mada Project and Bahia Project, which, upon their respective development, subject to successful permitting and commissioning, are intended to supply feed materials to support the planned Phase 2 Circuit expansion of the Mill's REE oxide separation capacity. If production of such an intermediary product at the Dubbo Project is determined not to be feasible, then the Company intends to continue evaluating the feasibility of other means of bringing the Dubbo Project into production.

Subject to permitting and financing, the Company plans to expand its current nameplate capability at the Mill to process up to approximately 10,000 tonnes of monazite/xenotime per year into the production of approximately 1,000 tpa of NdPr oxide (in its existing Phase 1 facility), to a further expanded nameplate capability of approximately 60,000 tpa of monazite/xenotime (or the equivalent amount of MREC or the equivalent) per year into approximately 6,000 tpa of NdPr, 200 tpa of Dy and 60 tpa of Tb (in its existing Phase 1 facility and future Phase 2 facility). On going expansions at the KMP from its existing 1,300 tpa REE installed NdFeB alloy-making nameplate capacity to 3,600 tpa NdFeB alloy-making nameplate capacity would allow the facility to accept REE oxides produced at the Mill from monazite/xenotime mined from the Donald Project, subject to a positive FID on that project, for conversion into REE metals and alloys for sale to third-party purchasers, or, upon closing of the VAC Acquisition as contemplated, for use at VAC's existing and planned magnet-making capacity for the production of REE magnets by the Company.

Current ASM Employees

ASM's workforce continued their pre-acquisition roles following the ASM Acquisition. Key members of ASM's senior leadership team remain employed with the Company following the ASM Acquisition. Rowena Smith, former Managing Director and Chief Executive Officer of ASM, continues to be employed by the Company following the ASM Acquisition and is entitled to receive certain retention incentive arrangements.

Headquarters

Post-ASM Acquisition, the Company's head office continues to be in Lakewood, Colorado, U.S. ASM's team in West Perth, Australia is now operating on a combined basis with Energy Fuels' Perth-based HMSRE division out of the Company's existing office in Perth.

The Pending Acquisition of VAC

As previously reported in the VAC Announcing 8-K, Energy Fuels entered into a Merger Agreement pursuant to which Energy Fuels expects to acquire 100% of VAC. Consummation of the VAC Acquisition remains subject to the satisfaction or waiver of certain customary closing conditions specified in the Merger Agreement and as described in the VAC Announcing 8-K. As noted above, the parties to the Merger Agreement entered into that certain Merger Agreement Amendment dated October 13, 2026, which is filed as Exhibit 2.1 to this Current Report on Form 8-K.

Overview of VAC

VAC is a manufacturer of magnetic materials and product solutions, headquartered in Hanau, Germany. Founded in 1923, VAC develops, manufactures, and sells specialized alloys, materials, parts, components, permanent magnets, and applied magnetic solutions. VAC has undergone several ownership transitions, including and most recently by Ara Partners in October 2023. Through these transitions, VAC has maintained its position as one of the largest Western manufacturers of advanced magnetic materials. VAC's products are used across a range of end markets, including automotive and electrified mobility, industrial automation, defense and aerospace, renewable energy and power electronics.

VAC's business is organised into three divisions:

Rapid Solidification - designs and manufactures soft-magnetic alloys (amorphous and nanocrystalline) on an industrial scale. The product portfolio consists of magnetic cores, inductive components, and current sensors through to complete assemblies, serving customers in industrial power electronics, automotive, solar technology, charging infrastructure for electric vehicles, and aerospace and defense applications; In FY2025, the Rapid Solidification division generated revenue of approximately €156 million (approximately US\$176 million, based on an average exchange rate of 1.1518 euros per U.S. dollar for FY2025), representing approximately 48% of VAC's total revenue. The division's gross margin was approximately 21.5% in FY2025.

Crystalline – designs and manufactures soft-magnetic alloys (NiFe, CoFe) used across industries including automotive, industrial, defense and aerospace, and renewable-energy applications. Alloys are melted in vacuum induction furnaces at the Hanau plant and manufactured in the form of strips, wires, and further processed products, including stamped parts, rotor and stator assemblies, and precision sensor components. In FY2025, the Crystalline division generated revenue of approximately €91 million (approximately US\$104 million, based on an average exchange rate of 1.1518 euros per U.S. dollar for FY2025), representing approximately 28% of VAC's total revenue. The division's gross margin was approximately 18.5% in FY2025.

Permanent Magnets – develops and manufactures high-performance sintered REE permanent magnets, including NdFeB (VACODYM®) and samarium-cobalt (“SmCo”) (VACOMAX®) magnets, as well as magnet assemblies. These products are used primarily in automotive (including electric vehicle (“EV”) traction motors), industrial, defense and aerospace applications. VAC is one of a limited number of manufacturers producing sintered REE permanent magnets at scale outside of Asia. In FY2025, the Permanent Magnets division generated revenue of approximately €79 million (approximately US\$89 million, based on an average exchange rate of 1.1518 euros per U.S. dollar for FY2025), representing approximately 24% of VAC's total revenue. The division's gross margin was approximately 10.4% in FY2025.

Implications of the VAC Acquisition for Energy Fuels

VAC is a magnetics company with over 100 years of production expertise, more than 400 patents, upwards of 1,000 customers, and operating magnet production facilities in North America, Europe and Asia, including a magnet facility in Sumter, South Carolina, U.S. with capacity to produce 2,000 tpa of permanent magnets, scalable to 12,000 tpa. Over the last decade, VAC has produced and shipped more than one billion rare earth permanent magnets. VAC's product portfolio spans both permanent magnets (sintered NdFeB and SmCo) and soft magnetics (amorphous and nanocrystalline alloys, cobalt-iron and nickel-iron products), enabling integrated cross-selling among electrification and industrial applications. Approximately 85% of VAC's output is produced to customer specifications, reflecting deep design-in relationships built over decades, including customer partnerships averaging over 30 years with their largest accounts.

Corporate Structure

Upon Closing, VAC will become a wholly owned subsidiary of Energy Fuels and will cease to be a privately held company.

Strategy

Following Closing, the Company's strategy will be to bring together Energy Fuels' upstream REE assets, including REE mining projects and existing separation and metal and alloy-making capacity, with VAC's downstream REE magnet manufacturing expertise. The acquisition of VAC is intended to add the downstream magnet-manufacturing component to the Company's planned mine-to-magnet platform. This represents the last stage of mine-to-magnet vertical integration for Energy Fuels, which, together with the recently completed ASM Acquisition, would complete a fully western/western-allied-origin rare earth supply chain from its prospective feedstock projects through to finished permanent magnets. By internalizing magnet manufacturing, the Combined Company expects to capture additional margins on each kilogram of rare earth material processed.

The Combined Company aims to serve western/western-allied customers globally in the automotive, aerospace and defense, robotics, data centers, electronics and industrial automation sectors.

The combined platform includes: feedstock supply from the "shovel ready" Donald Project in Australia (subject to a FID, which is now targeted for Q4 2026) and from Energy Fuels' other prospective feedstock projects, including the Vara Mada Project and Bahia Project, which are intended to supply additional feed materials to the Mill upon development; processing and separation at the Mill; metals and alloy production at the KMP and planned AMP; and permanent magnet manufacturing and assembly at VAC's European facilities and Sumter plant.

VAC serves a diversified range of end markets. Based on FY2025 revenue, VAC's end-market exposure, from its three divisions, was approximately as follows:

- **Industrial:** Largest end market, including industrial automation, drives, power electronics, and installation technology.
- **Automotive (General):** Nearly a quarter of VAC's revenue is from the production of components for internal combustion engine vehicles and general automotive electronics.
- **Automotive (EV):** Growing segment, including EV traction motors, charging infrastructure, and battery management systems.
- **Aerospace & defense:** Growing segment, particularly in the permanent magnets division, supported by increasing western defense spending.
- **Alternative Energy:** Includes solar/PV inverters and renewable energy applications.
- **Other:** Includes consumer electronics, luxury watches, medical equipment, and other specialty applications.

Dividend Framework

Energy Fuels has not declared cash dividends on its Common Shares to date. Energy Fuels anticipates that it will retain any earnings to support operations and to finance the growth of the Company's business. Therefore, the Company does not expect to pay cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Company's Board of Directors (the "**Board**") and will be dependent on the financial condition, operating results and capital requirements of the Company, and other factors that the Company's Board deems relevant.

Current VAC Employees

VAC's workforce is expected to continue in their existing roles following the Closing, with no currently anticipated changes that would be material to the business.

Headquarters

After Closing, the Company's head office will continue to be its existing corporate offices in Lakewood, Colorado, U.S. VAC's existing office in Hanau, Germany will continue to operate and is currently intended to be the principal office of the Company's magnet division.

Expected Synergies Resulting from the Acquisition of VAC

Following completion of the VAC Acquisition, the Combined Company is intended to be vertically integrated across the full REE value chain - from mining projects and separation (Energy Fuels' White Mesa Mill and Donald Project) through metals and alloys production (ASM's KMP and planned AMP) to finished permanent magnet manufacturing (VAC's European facilities and Sumter magnet plant). This vertical integration is intended to enable the Combined Company to:

- capture value at each conversion step in the supply chain – from ore to separated oxide, oxide to metal/alloy, and metal/alloy to finished magnet – rather than participating only in one or a subset of the manufacturing steps;
- internalize the upstream margin on REE feedstock currently paid to third-party suppliers by sourcing separated REE oxides and metals from within the Combined Company's own operations rather than purchasing them at market prices;
- reduce exposure to third-party supply chain disruptions and pricing volatility, particularly given recent foreign export restrictions on certain REE alloy forms that have required VAC to restructure its procurement arrangements (including sourcing REE oxides from European and U.S.-based suppliers and engaging intermediary processors for alloy refinement); and
- strengthen pricing power with end customers by creating a fully traceable, western/western-allied-origin, mine-to-magnet supply chain applicable to the aerospace, defense and automotive sectors, as suggested by western pricing.

Key Manufacturing Operations

VAC's manufacturing operations are spread across multiple facilities, with approximately 3,500 full-time employees as of December 31, 2025. The principal manufacturing facilities comprise:

(a) **Hanau, Germany.**

The Hanau site serves as VAC's headquarters and primary production hub. Founded in 1923, the facility covers all three divisions (Rapid Solidification, Crystalline, and Permanent Magnets) and serves as a supplier of base material to downstream facilities in Slovakia, China and Malaysia. The Hanau site also houses VAC's principal research and development ("R&D") capabilities. Approximately 85% of VAC's inventory is held at the Hanau site. The facility includes vacuum induction furnaces for alloy melting and a vertically integrated manufacturing chain from raw material processing through to finished components and assemblies.

- (i) **Production Capacity**
1. Melt Shop: 8,000 tpa
 2. Cold Rolling: 6,000 tpa
 3. Rapid Solidification: 3,950 tpa
 4. Permanent Magnets: 1,000 tpa

(b) **Sumter, South Carolina, U.S.**

The Sumter facility is a purpose-built manufacturing facility situated on an approximately 80-acre site in Sumter, South Carolina, which VAC is currently in the process of expanding to 224 acres through an additional land purchase. Initial production commenced in the fourth quarter of 2025. The facility has been designed to support potential phased expansion of capacity across subsequent phases. The Sumter facility has received U.S. government financial support, including federal investment tax credits under Section 48C of the Internal Revenue Code. The facility, operated through wholly owned subsidiary e-VAC Magnetics LLC, has current capacity to produce 2,000 tonnes per annum of permanent magnets, scalable to 12,000 tonnes per annum.

The facility can increase capacity to 4,000 tonnes per annum and does not require any additional infrastructure to accommodate this expanded capacity. To expand to 12,000 tonnes per annum, VAC would be required to invest additional capital, which would only be invested if additional contracts for increased magnet offtakes by third parties were secured to justify the expansion.

The Sumter facility was constructed in connection with an offtake agreement that is currently the subject of a contractual dispute (see *Management's Discussion and Analysis of Financial Condition and Results of Operations of Ara VAC IE Aggregator, LP - Recent Developments - Customer Contract Dispute*, below). Energy Fuels was aware of this dispute during the negotiation of the Merger Agreement, and the parties incorporated a purchase price adjustment to account for the matter.

The Sumter facility currently has available production capacity to support the existing offtake agreement in full; to the extent such offtake agreement does not remain in place on its existing terms, the Sumter facility will have capacity to onboard new customer contracts. Depending on customer-specific technical specifications and operational requirements, any new contracts may require significant incremental capital expenditures by the Company, which would be taken into account in contract negotiations with any such new customers.

(c) ***Ulvila, Finland***

The Ulvila facility specializes in the production of permanent magnets and magnet assemblies, including both SmCo and NdFeB magnets. The facility was acquired through the acquisition of Neorem Magnets Oy in 2007 and contributed approximately 3.3% of VAC's total FY2025 revenue, with most sales relating to locally manufactured products.

(i) **Production Capacity**

1. Permanent Magnets: 500 tons

(d) ***Horna Streda, Slovakia***

The Horna Streda facility is a multi-purpose production site supporting all three divisions. The site produces cores, components, magnets and soft-magnetic parts, including downstream processing and component assembly. The facility was founded in 1998 and has recently undergone expansion, with growth capital expenditure in FY2025 primarily directed toward the acquisition of adjacent buildings to secure optionality for future capacity expansion.

(i) **Production Capacity**

1. Rapid Solidification: Slitting (633 tpa)
2. Crystalline: 230,000 hours
3. Permanent Magnets: PCU26 (23,500 hours), PCU32 (32,300 hours)

(e) ***Pekan, Malaysia***

The Malaysian facility manufactures cores, current sensors and components primarily for automotive and electrical safety applications within the Rapid Solidification division. The facility was established in 1984 and provides toll manufacturing services, with raw materials and work-in-progress remaining owned by VAC's German entity Vacuumschmelze GmbH & Co. KG.

(f) ***Shenyang, China***

VAC holds 100% in Vacuumschmelze China Magnetism (Shenyang) Co. Ltd. (CN), which produces components and current sensors for power-electronics and electrical safety applications within the Rapid Solidification division. VAC has operated production facilities in Shenyang, China, since 1994 - initially in cooperation with a local partner and, since 2001, as an independent company under the name of VACUUMSCHMELZE China Magnetism (Shenyang) Co., Ltd.

(i) **Production Capacity**

1. Current Sensors (26,000,000 pcs)
2. Components (2,830,000 hrs)

VAC also holds a 49% equity interest in SANVAC (Beijing) Magnetism Co. Ltd., a joint venture with Beijing Zhong Ke San Huan High-Tech Co., Ltd., which produces NdFeB permanent magnets and magnetic assemblies. The joint venture was established pursuant to a Joint Venture Contract dated January 17, 2005.

Research and Development

VAC's principal R&D capabilities are housed at the Hanau, Germany headquarters. Total capitalized R&D costs amounted to approximately €8.9 million, €6.3 million and €3.5 million in FY2023, FY2024 and FY2025, respectively. The decline in capitalized R&D in FY2024 and FY2025 reflects the partial reallocation of engineering and development capacity to support the build-up of the e-VAC facility in Sumter South Carolina, rather than a structural reduction in underlying R&D capability.

VAC holds more than 400 patents across its product portfolio. The company's R&D activities focus on the development of advanced magnetic materials, manufacturing processes and application-specific solutions across its three divisions.

Senior Management

As of the date of this Current Report on Form 8-K, the senior management personnel of VAC are:

Senior Management Personnel	
Dr. Erik Eschen <i>Chief Executive Officer</i>	Dr. Eschen brings extensive professional experience in management to VAC. Prior to joining VAC, Dr. Eschen held leadership positions in international industrial organizations, including serving as CFO of the EMEA Division of Keller Group and holding roles at Bilfinger Berger and Deutsche Bahn. Eschen holds a PhD in Strategic Management and Diploma in Business Management from the Freie Universität Berlin.
Jürgen Wössner <i>Chief Financial Officer</i>	Mr. Wössner has extensive experience in finance and executive leadership roles across the automotive and industrial sectors. Prior to joining VAC, Mr. Wössner served as Group CFO for Allgaier Automotive GmbH and as CFO and Chairman of the Management Board at Felss Group. Mr. Wössner holds a Diploma in Business Management from the University of Stuttgart.
Gregor Eipert <i>Chief Operating Officer</i>	Mr. Eipert has extensive experience in industrial engineering and operational leadership roles. Prior to joining VAC, Mr. Eipert served as Head of Business Unit Stamping and Managing Director for Feintool, and as COO & CSO of Kienle + Spiess. Mr. Eipert holds a Master of Science in Industrial Engineering from the Berlin University of Applied Sciences and Technology.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ARA VAC IE AGGREGATOR, LP

The following discussion and analysis of the financial condition and results of operations of Ara VAC IE Aggregator, LP ("the Group", or "IE Aggregator") should be read together with the annual consolidated financial statements and the unaudited interim condensed consolidated financial statements, included elsewhere in this Form 8-K, and "Risk Factors."

Overview

The Group is a global manufacturer of magnetic materials and product solutions, headquartered in Hanau, Germany, with operations across Europe, Asia and North America. The Group specializes in engineered magnetic materials used in automotive and electrified mobility, industrial automation, defense and aerospace, renewable energy, power electronics and medical applications. The Group consists of Ara VAC TopCo GmbH and its subsidiaries and Ara VAC TopCo US LLC and its subsidiaries, each directly and indirectly controlled by IE Aggregator. The Group's ultimate parent is Ara Fund III GP, Ltd., Cayman Islands, which exercises control through Ara VAC Holdings, Ltd. and Ara VAC Blocker, SLP.

The Group has more than one hundred years of experience in the field of materials science. Product development within the Group is highly specialized and focused on meeting individual customer requirements.

The Group is active in a wide variety of growth markets and technology segments and develops, manufactures, and sells specialized alloys, materials, parts, components, permanent magnets and applied magnetic solutions. The Group's product range includes a wide range of advanced semi-finished products and components. These are used in a variety of areas and industries, such as automotive systems, industrial automation and robotics, alternative energy as well as aerospace, defense, and logistics, tracking and medical technology. The Group is a global group of companies with numerous production sites in Europe and Asia and a research and development center in Germany.

The Group operates in three business divisions, which follow the value-added approach and depict the actual production and value-added processes contained in the respective end products:

Rapid Solidification - designs and manufactures soft-magnetic alloys (amorphous and nanocrystalline) on an industrial scale. The product portfolio consists of magnetic cores, inductive components, and current sensors through to complete assemblies, serving customers in industrial power electronics, automotive, solar technology, charging infrastructure for electric vehicles, and aerospace and defense applications;

Crystalline - designs and manufactures soft-magnetic alloys (NiFe, CoFe) used across industries including automotive, industrial, defense and aerospace, and renewable energy applications. Alloys are melted in vacuum induction furnaces at the Hanau plant and manufactured in the form of strips, wires, and further processed products, including stamped parts, rotor and stator assemblies, and precision sensor components; and

Permanent Magnets - develops and manufactures high-performance sintered rare-earth permanent magnets, including neodymium-iron-boron (VACODYM®) and samarium-cobalt (VACOMAX®) magnets, as well as magnet assemblies. These products are used primarily in automotive (including EV traction motors), industrial, defense, and aerospace applications. VAC is one of a limited number of manufacturers producing sintered rare-earth permanent magnets at scale outside of Asia.

Recent Developments

On June 23, 2026, IE Aggregator, together with Ara VAC Holdings, Ltd. and Ara VAC Blocker, SLP, entered into an Agreement and Plan of Merger (the “Agreement”) with Energy Fuels Inc. (“Energy Fuels”) pursuant to which Energy Fuels will acquire 100% of the equity interests in Ara VAC TopCo GmbH (“German TopCo”) and Ara VAC TopCo US LLC (“US TopCo”) through a series of merger transactions for total cash and equity consideration with an implied equity value of approximately \$1.9 billion. The transaction remains subject to customary closing conditions, including regulatory approvals, and is expected to close in the next 12 months.

The Group’s management believes the proposed transaction represents a significant strategic milestone for the Group and its stakeholders. Until the transaction closes, the Group will continue to operate its business in the ordinary course while working to satisfy the conditions necessary to complete the transaction.

Upon completion of the transaction, IE Aggregator is expected to remain in existence and retain the equity consideration received from Energy Fuels. As a result, the transaction is expected to represent the disposition of IE Aggregator’s operating business in exchange for cash and equity interests in Energy Fuels rather than liquidation of IE Aggregator. The Group’s management will continue to monitor developments related to the transaction and evaluate any resulting impacts on its operations, financial position, liquidity and capital resources.

Customer contract dispute

During the six months ended June 30, 2026, e-VAC Magnetix LLC, a subsidiary of the Group, became involved in a dispute with a customer regarding a commercial supply agreement. The dispute first arose in April 2026. The customer purported to provide official notice of termination of the commercial supply agreement on July 1, 2026. On July 7, 2026, e-VAC Magnetix LLC commenced arbitration proceedings, seeking a declaration that the termination was wrongful under the express terms of the commercial supply agreement, together with an award of the payments the customer is obligated to make to e-VAC Magnetix LLC over the remaining life of the commercial supply agreement. Management continues to evaluate the matter and its potential implications for e-VAC Magnetix LLC’s future operations including in its liquidity and scenario planning processes. Given the early stage and ongoing nature of the proceedings, the ultimate outcome remains uncertain. Refer to Note 2, *The Group’s ability to continue as a going concern* to the unaudited interim condensed consolidated financial statements for additional information.

Trends and Key Factors Affecting Performance

The Group's results of operations, financial condition and liquidity have been, and may continue to be, affected by a number of factors, including demand across the end markets served by the Group's business divisions, the ramp-up and operating performance of e-VAC Magnetics, LLC's permanent magnet production facility in the United States, fluctuations in rare earth raw material costs, energy, freight and labor costs, foreign currency exchange rates, the Group's indebtedness, changes in the Group's supply chain, and general economic, geopolitical and trade conditions. The Group's future performance may also be affected by the outcome of the customer contract dispute described above and by the proposed transaction with Energy Fuels, including the timing and satisfaction of the conditions to closing and the effect of the transaction and integration process on the Group's business, customers, suppliers and employees. For additional information regarding the proposed transaction and factors that may affect the combined business following completion of the transaction, see the sections entitled "Recent Developments" and "Risk Factors" included elsewhere in this Form 8-K.

Components of Results of Operations

Revenues

The Group generates revenue through the development, manufacture and sale of high-end magnetic materials, alloys, and applied products. The Group operates in three business divisions: Rapid Solidification, Crystalline and Permanent Magnets. Products for each of these divisions are sold to multiple markets, including automotive, energy conversion and distribution, installations, automation and drives, communication, aerospace and transportation, and to customers across multiple geographies. The Group's products are often designed and manufactured in development cycles with highly integrated customer-built processes, mainly with large customers. The Group's sources of revenue are divided into five geographic locations (Germany, Europe excluding Germany, North America, Asia Pacific and Rest of World). Revenue from the sale of goods is recognized generally at the point in time when control transfers to the customer, usually upon delivery. For customer contracts that require the Group to deliver a series of goods, revenue is recognized over time, generally in the amount to which the Group has a right to invoice.

Cost of sales

Cost of sales primarily consists of personnel expenses, direct materials and services, royalties, utilities, consumables and maintenance, freight, IT services and communication costs allocated to production and manufacturing activities, professional fees, bad debt allowances, depreciation and amortization and other production related costs.

Distribution expenses

Distribution expenses primarily consist of personnel expenses, professional fees, sales commissions and advertising expenses, depreciation and amortization, IT services and communication costs allocated to distribution activities, and travel expenses.

Administrative Expenses

Administrative expenses primarily consist of personnel expenses, professional fees, depreciation and amortization, training and recruitment expenses, travel expenses, IT services and communication costs allocated to administrative functions, insurance expenses, and other administrative expenses.

Research and development expenses

Research and development expenses primarily consist of personnel expenses, depreciation and amortization, travel expenses, IT services and communication costs allocated to research and development activities, utilities, consumables and maintenance, and other R&D expenses. Research and development expenses are presented net of government grants recognized as a reduction of qualifying research expenses.

Other income

Other income consists mainly of foreign exchange gains from operating activities.

Other expenses

Other expenses consist mainly of losses from the disposal of fixed assets, foreign exchange losses from operating activities, and one-time structuring fees associated with the sale of a §48C tax credit.

Finance income

Finance income consists primarily of financing foreign exchange gains, interest income, income from amortization of interest-bearing loans, and fair value changes of embedded derivatives.

Finance expenses

Finance expenses primarily consist of interest expense on third-party borrowings, financing fees, expenses from modification of interest-bearing loans, amortization expenses from interest-bearing loans, expenses from fair value changes of embedded derivatives, interest expense on employee benefit obligations, amortization of deferred assets, lease-related interest expenses and financing foreign exchange losses.

Income taxes

Income taxes consist of current and deferred income taxes recognized in profit or loss. Deferred taxes related to items recognized in other comprehensive income are recognized in other comprehensive income.

Comparison of the six months ended June 30, 2026 to June 30, 2025***Consolidated Results of Operations***

The following table sets forth a summary of the Group's consolidated results of operations for the periods indicated, and the changes between periods.

	For the six months ended June 30,		2026 vs. 2025 Change	
	2026	2025	Change	Change
	kEUR	kEUR	kEUR	%
Revenue	211,489	156,863	54,626	34.8%
Cost of sales	(194,704)	(165,722)	(28,982)	17.5%
Gross profit / (loss)	16,785	(8,859)	25,644	289.5%
Distribution expenses	(9,323)	(8,444)	(879)	10.4%
Administrative expenses	(35,238)	(10,946)	(24,292)	221.9%
Research and development expenses	(3,459)	(2,523)	(936)	37.1%
Other income	6,310	8,978	(2,668)	(29.7%)
Other expense	(9,544)	(3,658)	(5,886)	160.9%
Operating loss	(34,469)	(25,452)	(9,017)	35.4%
Finance income	3,627	1,411	2,216	157.1%
Finance expenses	(34,326)	(37,896)	3,570	(9.4%)
Loss before tax	(65,168)	(61,937)	(3,231)	5.2%
Income taxes	7,744	17,122	(9,378)	(54.8%)
Loss after tax	(57,424)	(44,815)	(12,609)	28.1%
<i>Supplemental depreciation and amortization information</i>				
Depreciation and amortization expense	31,681	26,503	5,178	19.5%

Revenues

Revenues for the six months ended June 30, 2026 increased by kEUR 54,626, or 34.8%, compared to the six months ended June 30, 2025. The increase was primarily driven by the commencement of commercial operations at e-VAC Magnetics, LLC's new production facility, which contributed additional Permanent Magnet revenue of kEUR 38,050, primarily in North America during the period. Revenue from the Group's existing Permanent Magnets operations also increased by kEUR 10,225 compared to the prior-year period, reflecting continued growth in demand across Europe, North America and other global markets. Revenues in the Crystalline division also increased by kEUR 5,694, primarily driven by an increase in demand, while revenues in the Rapid Solidification division remained relatively consistent with the prior-year period.

Cost of sales

Cost of sales for the six months ended June 30, 2026 increased by kEUR 28,982, or 17.5%, compared to the six months ended June 30, 2025. The increase was primarily attributable to higher production and sales volumes, particularly within the Permanent Magnets division, and a customer-specific expected credit loss allowance related to the ongoing customer dispute. Cost of sales increased at a lower rate than revenue, resulting in an improvement in gross margin from negative 5.6% to positive 7.9%. The increase in the margin is primarily driven by the commencement of commercial operations at e-VAC Magnetics, LLC's new production facility.

Distribution expenses

Distribution expenses increased by kEUR 879, or 10.4%, for the six months ended June 30, 2026 compared with the six months ended June 30, 2025. The increase was primarily attributable to higher personnel and sales-related costs associated with the growth in revenues during the period.

Administrative expenses

Administrative expenses for the six months ended June 30, 2026 increased by kEUR 24,292, or 221.9%, compared to the six months ended June 30, 2025. The increase was primarily driven by higher professional fees associated with strategic and transaction-related initiatives, including legal, audit, accounting and tax services. Legal expenses incurred during the period were primarily related to an ongoing customer dispute discussed in the Recent Developments section above. Administrative expenses also increased due to higher share-based payment expense related to the equity incentive plan and salary and wages costs resulting from the commencement of commercial operations at e-VAC Magnetics, LLC's new production facility.

Research and development expenses

Research and development expenses increased by kEUR 936, or 37.1%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. The increase was primarily attributable to higher personnel costs and depreciation and amortization associated with the Group's research and development activities.

Other income and other expenses

Other income for the six months ended June 30, 2026 decreased by kEUR 2,668, or 29.7%, compared to the six months ended June 30, 2025, while other expenses for the six months ended June 30, 2026 increased by kEUR 5,886, or 160.9%, compared to the six months ended June 30, 2025. The movements were primarily driven by operating foreign exchange gains and losses, as well as a one-time structuring fee of kEUR 2,340 recorded in other expenses in connection with the sale of a §48C tax credit.

Finance income

Finance income for the six months ended June 30, 2026 increased by kEUR 2,216, or 157.1%, compared to the six months ended June 30, 2025. The increase was primarily driven by income from amortization of interest-bearing loans and higher foreign exchange gains on financing activities during the period. This favorable impact was partially offset by a decrease in the fair value changes of embedded derivatives.

Finance expenses

Finance expenses for the six months ended June 30, 2026 decreased by kEUR 3,570, or 9.4%, compared to the six months ended June 30, 2025. The decrease was primarily driven by a one-time kEUR 11,538 debt modification loss recorded in the prior period. The decrease was partially offset by higher interest expenses on third-party loans as additional drawings were made during the current period and a higher expense resulting from the fair value changes of embedded derivatives.

Income taxes

Income tax benefit for the six months ended June 30, 2026 decreased by kEUR 9,378, or 54.8%, compared to the six months ended June 30, 2025. The lower tax benefit was primarily attributable to a less favorable effective tax rate in the current period, largely resulting from a change in the amount of unrecognized tax losses.

Comparison of the Years Ended December 31, 2025 and 2024

Consolidated Results of Operations

The following table sets forth a summary of the Group's consolidated results of operations for the periods indicated, and the changes between periods.

	2025	2024	Change	Change
	kEUR	kEUR	kEUR	%
Revenue	325,052	353,539	(28,487)	(8.1%)
Cost of sales	(347,089)	(392,757)	45,668	(11.6%)
Gross profit / (loss)	(22,037)	(39,218)	17,181	(43.8%)
Distribution expenses	(17,789)	(17,130)	(659)	3.8%
Administrative expenses	(23,218)	(24,170)	952	(3.9%)
Research and development expenses	(7,158)	(8,483)	1,325	(15.6%)
Other income	11,633	3,930	7,703	196.0%
Other expense	(7,315)	(6,524)	(791)	12.1%
Operating loss	(65,884)	(91,595)	25,711	(28.1%)
Finance income	3,009	8,434	(5,425)	(64.3%)
Finance expenses	(58,545)	(31,719)	(26,826)	84.6%
Loss before tax	(121,420)	(114,880)	(6,540)	5.7%
			-	
Income taxes	33,566	18,122	15,444	85.2%
Loss after tax	(87,854)	(96,758)	8,904	(9.2%)
<i>Supplemental depreciation and amortization information</i>				
Depreciation and amortization expense	54,792	58,860	(4,068)	(6.9%)

Revenues

Revenues for the year ended December 31, 2025 decreased by kEUR 28,487, or 8.1%, compared to the year ended December 31, 2024. The decrease was primarily driven by the geopolitical environment of the U.S.-China trade conflicts, related uncertainty for the European Union, and a weakening global economy. The decline was concentrated in two divisions: Rapid Solidification revenues fell by approximately 8%, mainly reflecting lower electronic article surveillance volumes; and Crystalline revenues decreased by kEUR 13,330, or 12.8%, driven by weaker demand in consumer and automotive semi-finished products and in current sensors for both solar applications and electric vehicle charging infrastructure. Permanent Magnets revenues remained broadly stable and declined by kEUR 1,488, or 1.9%, year over year.

Cost of sales

Cost of sales for the year ended December 31, 2025 decreased by kEUR 45,668, or 11.6%, compared to the year ended December 31, 2024. The decrease was primarily driven by the sell-through of inventory in 2024 recorded at fair value as part of purchase accounting in 2023, resulting in a non-recurring recognition of approximately kEUR 34,474. The year-over-year decrease was further influenced by lower revenue and corresponding reductions in variable costs, partially offset by improved gross margins due to favorable raw material pricing and lower personnel costs following workforce reductions in manufacturing operations.

Distribution expenses

Distribution expenses for the year ended December 31, 2025 increased by kEUR 659, or 3.8%, compared to the year ended December 31, 2024. The increase was primarily driven by higher social security costs, professional fees, increased travel expenses related to the North American expansion initiative, and one-time IT transition costs. These increases were partially offset by lower personnel costs and reduced sales commissions and advertising expenses.

Administrative expenses

Administrative expenses for the year ended December 31, 2025 decreased by kEUR 952, or 3.9%, compared to the year ended December 31, 2024. The decrease was primarily driven by lower personnel costs and professional fees resulting from the non-recurrence of strategic advisory costs incurred in the prior year, partially offset by higher insurance expense and slightly higher IT service and communications costs related to one-time IT transition activities.

Research and development expenses

Research and development expenses for the year ended December 31, 2025 decreased by kEUR 1,325, or 15.6%, compared to the year ended December 31, 2024. The decrease was primarily driven by increased government grant income recognized as a reduction to R&D expenses, which increased to kEUR 3,252 in 2025 from kEUR 218 in 2024. As a result, R&D expenses decreased despite the Group's continued investment in research and development activities during the year.

Other income and other expenses

Other income for the year ended December 31, 2025 increased by kEUR 7,703, or 196.0%, compared to the year ended December 31, 2024, while other expenses for the year ended December 31, 2025 increased by kEUR 791, or 12.1%, compared to the year ended December 31, 2024. The movements were primarily driven by operating foreign exchange gains and losses.

Finance income

Finance income for the year ended December 31, 2025 decreased by kEUR 5,425, or 64.3%, compared to the year ended December 31, 2024. The decrease was primarily attributable to fair value movements in embedded derivatives associated with the Group's term loans. In 2024, these instruments generated a fair value gain of kEUR 5,779 that was recognized within finance income, whereas in 2025, their fair value declined, resulting in a loss recognized within finance expenses.

Finance expenses

Finance expenses for the year ended December 31, 2025 increased by kEUR 26,826, or 84.6%, compared to the year ended December 31, 2024. The increase was primarily driven by a kEUR 11,538 modification loss recognized in connection with the August 2025 amendment of the Group's credit agreement, which was contractually deemed effective as of June 30, 2025. The increase was also attributable to unfavorable fair value movements on embedded derivatives associated with the Group's term loans, which resulted in higher finance expenses in 2025 compared to the prior year, as well as increased financing foreign exchange losses resulting from currency movements on the Group's foreign-currency borrowings.

Income taxes

Income tax benefit for the year ended December 31, 2025 increased by kEUR 15,444, or 85.2%, compared to the year ended December 31, 2024. The increase was mainly attributable to favorable movements in temporary differences and the remeasurement of deferred tax balances following enacted tax law changes in Germany, partially offset by current income tax expense and certain tax losses and interest carryforwards for which no tax benefit was recognized.

Liquidity and Capital Resources

The Group's principal liquidity requirements include funding working capital, capital expenditures, debt service, and other operating obligations. The Group has historically funded these requirements through cash generated from operations, cash on hand, borrowings under our financing arrangements and contributions from our shareholders.

As of June 30, 2026, the Group had available liquidity of EUR 69.5 million, consisting of EUR 43.7 million of cash and cash equivalents and approximately EUR 25.8 million of undrawn commitments under the Group's third-party revolving credit facilities. The undrawn commitments consisted of EUR 10.0 million available under the EUR 35.0 million German revolving credit facility and approximately EUR 15.8 million available under the USD 18.0 million US revolving credit facility.

Management regularly evaluates the Group's liquidity position, projected cash flows, covenant compliance and available sources of funding under a range of operating scenarios. This assessment includes reasonably possible downside scenarios and available mitigating actions, including working-capital initiatives, liquidity-management measures, shareholder support and other actions available under the Group's financing arrangements.

Taking into account available liquidity, the letters of comfort provided by the Ara Funds, related party loan financing received prior to issuance of the interim condensed consolidated financial statements and other mitigating actions available to management, management concluded that the Group has adequate resources to continue its operations for at least twelve months from the date of issuance of the interim condensed consolidated financial statements. See Note 2, *The Group's ability to continue as a going concern* to our unaudited interim condensed consolidated financial statements for additional information regarding management's going-concern assessment.

Interest-Bearing Loans and Borrowings

The Group's principal borrowing arrangements consist of the German term loan and revolving credit facility, the US term loan and revolving credit facility, and a related-party short term loan arrangement. See Note 24, *Financial assets and liabilities* to the Group's audited consolidated financial statements and Note 12, *Financial assets and liabilities* to the Group's unaudited interim condensed consolidated financial statements for additional information.

German Debt Facilities

On October 5, 2023, the Group entered into a syndicated lending arrangement which included a term loan (the "Term Loan") and a revolving credit facility (the "Revolving Credit Facility"). The Term Loan principal of kEUR 165,000 has a maturity date of October 5, 2028. The Revolving Credit Facility carries a total commitment of kEUR 50,000, with a maturity date of April 5, 2028, and can be drawn with cash or bank guarantee utilizations. The Term Loan carries a variable interest rate of three-month EURIBOR, subject to a 3% floor plus a margin of 8% per annum, while the Revolving Credit Facility carries a variable interest rate of three-month EURIBOR plus a margin of 4% per annum. In August 2025, the Group amended the syndicated lending arrangement, effective as of June 30, 2025, and reduced the total commitment of the Revolving Credit Facility to kEUR 35,000 maturing on April 5, 2028. In addition, it was amended to capitalize paid-in-kind (PIK) interest of 2.5% per annum on the term loan until maturity.

During the six months ended June 30, 2026, the Group made a EUR 16.0 million repayment on the term loan using a portion of the proceeds from the monetization of the §48C tax credits, consisting of EUR 14.4 million of principal, EUR 1.0 million of PIK interest, EUR 0.4 million of accrued interest and EUR 0.2 million of prepayment fees. As of June 30, 2026, the carrying amount of the term loan was EUR 164.7 million.

The revolving credit facility was undrawn as of December 31, 2025. During the six months ended June 30, 2026, we drew EUR 17.0 million in January 2026 and EUR 8.0 million in May 2026. As of June 30, 2026, EUR 25.0 million was outstanding and EUR 10.0 million remained available under the facility.

U.S. Debt Facilities

In September 2024, e-VAC Magnetics, LLC entered into a syndicated credit agreement providing for a USD 300.0 million construction facility, a USD 18.0 million revolving credit facility and a USD 17.0 million debt-service-reserve letter-of-credit facility. The construction facility was established to fund eligible costs associated with the development of the Group's permanent magnet production facility in Sumter, South Carolina and converts into a term loan with increasing nominal amount upon satisfaction of specified project-completion and operational conditions. During the six months ended June 30, 2026, the construction facility was converted into a term loan requiring quarterly repayments of 4.0% per annum. Borrowings bear interest at variable rates based on daily simple secured overnight financing rate ("SOFR") or an alternate base rate, plus a fixed margin of 3%. The term loan has a maturity date of March 31, 2031.

As of December 31, 2025, the USD 300.0 million term loan was fully drawn, with a euro-equivalent principal balance of EUR 255.3 million. As of June 30, 2026, the term loan remained fully drawn, with a euro-equivalent principal balance of EUR 263.3 million. As of June 30, 2026, the USD 18.0 million revolving credit facility under the US Credit Agreement was fully available, representing approximately EUR 15.8 million (in equivalent of USD 18.0 million) of undrawn borrowing capacity.

Related-Party Loan Agreement

During the six months ended June 30, 2026, the Group entered into a related-party loan arrangement with an affiliate of its indirect shareholders and received principal advances totaling USD 7.5 million. Borrowings bear interest at 8.0% per annum and mature 363 calendar days from the date of each advance. The loan is repayable in cash, including accrued interest, on the final repayment date through the distribution waterfall prior to distributions to holders of ordinary and preference equity interests. If the loan remains unpaid by maturity, the outstanding principal and accrued interest automatically convert into equity interests at fair value split between ordinary and preference interests using the same proportions as the contributing lender's existing interests.

As of June 30, 2026, EUR 6.6 million (in equivalent of USD 7.5 million) was outstanding.

Covenant Compliance

The German and U.S. financing arrangements contain customary affirmative and negative covenants and events of default. The German facilities include a leverage-ratio covenant and a minimum-liquidity covenant of EUR 10.0 million. As of June 30, 2026, Ara VAC BidCo GmbH and e-VAC Magnetics, LLC were in compliance with the applicable covenants under their respective financing arrangements.

Shareholder Commitments

Subsequent to June 30, 2026 and prior to the issuance of the interim condensed consolidated financial statements, the Ara Funds, as indirect shareholders of the Group, advanced an additional USD 28.4 million in loans to the Group. Furthermore, in June 2026, Ara Fund III, LP, Ara Fund III-B, LP, Ara Fund III-AIV, LP, Ara Fund III-A, SCSp and Ara Fund III-C, SCSp (together the “Ara Funds”) provided two letters of comfort, both covering the period through September 30, 2027:

- a letter of comfort in favor of Ara VAC TopCo GmbH, under which the Ara Funds undertake to provide sufficient financial means to enable the Group to fulfil its payment obligations as they fall due and to maintain compliance with the financial covenants under the Senior Facilities Agreement, limited to an aggregate maximum amount of EUR 43.5 million; and
- a letter of comfort in favor of e-VAC Magnetics, LLC, under which the Ara Funds undertake to provide sufficient financial means to enable e-VAC Magnetics, LLC to fulfil its payment obligations as they fall due, without any monetary limitation.

Such financial support may be provided by way of equity contributions, shareholder loans, or contributions to the capital reserve.

Derivatives

Certain of the Group’s financing arrangements contain contractual features that are accounted for separately from the related host debt instruments as embedded derivatives. These embedded derivatives are measured at fair value through profit or loss and are classified within Level 3 of the fair value hierarchy because their valuation incorporates significant unobservable inputs, including credit spreads, volatility and the probability and timing of potential exit events. Changes in the fair value of these instruments have resulted in and may continue to result in material finance income or finance expenses.

The Groups also enters into interest-rate swaps, foreign exchange forward contracts and commodity derivative contracts to manage its exposure to fluctuations in interest rates, foreign currency exchange rates and commodity prices. The interest-rate swaps are designated as hedging instruments within a cash flow hedge accounting, while the foreign exchange forward contracts and commodity derivatives are not designated for hedge-accounting purposes. The Group uses derivative instruments for risk-management purposes and not for speculative or trading purposes. See Note 24, *Financial assets and liabilities* to the Group’s audited consolidated financial statements and Note 12, *Financial assets and liabilities* to its unaudited interim condensed consolidated financial statements for additional information.

Material Cash Requirements

The Group’s material cash requirements primarily consist of debt-service obligations, lease liabilities, capital expenditure and working-capital requirements. As of June 30, 2026, the Group had commitments of EUR 1.3 million for the acquisition of property, plant and equipment, compared with EUR 1.3 million as of December 31, 2025. The Group expects to fund its material cash requirements through cash generated from operations, available cash, borrowings under our financing arrangements and shareholder support. See Note 12, *Financial assets and liabilities* and Note 15, *Commitments and contingencies* to the Group’s unaudited interim condensed consolidated financial statements for additional information regarding our borrowings, capital commitments and contingencies.

Cash Flows

The following table summarizes the Group's cash flows and cash and cash equivalents for the periods indicated:

	Six months ended June 30,		Year Ended December 31,	
	2026	2025	2025	2024
	kEUR	kEUR	kEUR	kEUR
Net cash provided by (used in) operating activities	30,103	(19,386)	3,884	19,685
Net cash used in investing activities	(35,703)	(91,591)	(183,667)	(174,124)
Net cash provided by financing activities	33,431	120,085	162,859	110,617
Net increase (decrease) in cash and cash equivalents	27,831	9,108	(16,924)	(43,822)

Cash Provided by Operating Activities

Net cash provided by operating activities increased to kEUR 30,103 for the six months ended June 30, 2026, compared with net cash used in operating activities of kEUR 19,386 for the six months ended June 30, 2025. This change was primarily attributable to proceeds from the sale of the transferable tax credit resulting in net proceeds of kEUR 81,546 offset by an increase in trade receivables.

Net cash provided by operating activities decreased to kEUR 3,884 for the year ended December 31, 2025 from kEUR 19,685 for the year ended December 31, 2024. The decrease was primarily attributable to unfavorable working-capital movements, as the prior year benefited from a significant reduction in inventories, primarily due to the sell-through of previously acquired inventory in 2023 that was originally recorded at fair value as part of purchase accounting, which carries a higher cost basis than inventory acquired through normal operations. This overall decrease was partially offset by improved operating results.

Cash Used in Investing Activities

Net cash used in investing activities decreased by kEUR 55,888, from net cash used in investing activities of kEUR 91,591 for the six months ended June 30, 2025 to kEUR 35,703 for the six months ended June 30, 2026. This improvement was primarily driven by lower capital expenditures for property, plant and equipment, which decreased by kEUR 68,793 compared to the prior period, as construction of the Sumter production facility neared completion during the first half of 2026. In contrast, capital expenditures in the prior-year period were elevated due to the continued build-out of the facility and related equipment.

Net cash used in investing activities increased by kEUR 9,543 from kEUR 174,124 during the year ended December 31, 2024 to kEUR 183,667 during the year ended December 31, 2025. The increase was primarily driven by higher capital expenditures related to the continued expansion of the Group's permanent magnet production facility in Sumter County, South Carolina. In addition, government grant proceeds declined compared to the prior year.

Cash Provided by Financing Activities

Net cash provided by financing activities decreased by kEUR 86,654 from kEUR 120,085 for the six months ended June 30, 2025 to kEUR 33,431 for the six months ended June 30, 2026. The change was primarily driven by lower proceeds from borrowings, which changed by kEUR 88,011 due to an additional draw on the USD term loan in 2025 compared to smaller draws related to a revolving credit facility and a related party loan in 2026. The Group also made higher principal payments in the first half of 2026 compared to the first half of 2025, as the Group made a principal repayment of kEUR 14,384 related to a payment on the German debt facility, as well as principal payment on the US revolving credit facility equivalent to approximately kEUR 8,652. In addition, interest and financing fees paid increased by kEUR 4,723 due to the higher outstanding debt as of June 2026 compared to June 2025. These cash outflows were partially offset by higher equity contributions in the current period.

Net cash provided by financing activities increased by kEUR 52,242 from kEUR 110,617 during the year ended December 31, 2024 to kEUR 162,859 during the year ended December 31, 2025. The increase was primarily driven by higher borrowings to support the continued expansion of the Group's permanent magnet manufacturing facility in Sumter County, South Carolina. This was partially offset by lower equity contributions from shareholders and higher payments of interest and financing fees.

Critical Accounting Estimates

The Group's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. Preparation of the consolidated financial statements requires the Group's management to make judgments, estimates and assumptions that impact the reported amount of net sales and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. The Group considers an accounting judgment, estimate or assumption to be critical when the estimate or assumption is complex in nature or requires a high degree of judgment and the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements. The Group's management believes that significant estimates, judgments, and assumptions are used in the assessment of impairment of non-financial assets, employee benefit obligations, the fair value of embedded derivatives, income taxes and deferred tax assets, transferrable investment tax credits, and the capitalization of development costs. The Group's management periodically reviews the Group's estimates and makes adjustments when facts and circumstances dictate. To the extent that there are material differences between these estimates and actual results, the Group's financial condition or results of operations will be affected. Additional information regarding the Group's significant accounting policies, estimates, judgments, and assumptions is included in Note 4, *Significant accounting judgments, estimates and assumptions* of our audited consolidated financial statements.

Recently Issued and Adopted Accounting Standards

Recently issued and adopted accounting pronouncements are described in Note 3, *Summary of significant accounting policies* to the Group's audited consolidated financial statements and Note 1.4, *New standards, interpretations and amendments* to our unaudited interim condensed consolidated financial statements included elsewhere in this Form 8-K.

Quantitative and Qualitative Disclosures About Market Risk

The Group's future income, cash flows, and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The primary market risks the Group is exposed to include foreign currency risk, interest rate risk and commodity price risk. For more information, see Note 24.3, *Financial instruments risk management objectives and policies* to the Group's audited consolidated financial statements.

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to manage its foreign currency risks and interest rate risks, respectively. Interest rate swaps are designated as cash-flow hedging instruments, while forward currency contracts and commodity derivatives are not designated as hedging instruments.

Departure of Chief Legal Officer and Executive Vice President, Global Government Relations

On September 28, 2026, Nathan Longenecker informed the Company of his decision to depart the Company following a transition period expected to conclude on December 15, 2026, or such earlier date as may be mutually agreed by the parties. Mr. Longenecker will continue to serve as Chief Legal Officer and Executive Vice President, Global Government Relations during the transition period and assist with the orderly transition of his responsibilities.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business or Funds Acquired.

The audited consolidated financial statements of Ara VAC IE Aggregator, LP and its subsidiaries as of December 31, 2025 and 2024 and January 1, 2024, and for the years ended December 31, 2025 and December 31, 2024 and the notes thereto are filed as Exhibit 99.1 hereto and incorporated by reference herein, as required by Rule 3-05 of Regulation S-X.

The unaudited interim condensed consolidated financial statements of Ara VAC IE Aggregator, LP and its subsidiaries for the six months ended June 30, 2026 and June 30, 2025 and the notes thereto are filed as Exhibit 99.2 hereto and incorporated by reference herein, as required by Rule 3-05 of Regulation S-X.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of June 30, 2026 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 and the six months ended June 30, 2026 and the notes thereto are filed as Exhibit 99.3 hereto and incorporated by reference herein, as required by Article 11 of Regulation S-X.

The information included in Exhibit 99.3, as it pertains to ASM, is being provided on a voluntary basis and in conformity with Article 11 of Regulation S-X.

(d) Exhibits.

[2.1†](#) [First Amendment to Agreement and Plan of Merger, dated as of October 13, 2026, by and among VAC Group B.V., Ara VAC Blocker, SLP, Ara VAC Holdings, Ltd., Ara VAC TOPCO US LLC, Ara VAC IE Aggregator, LP, Energy Fuels Inc., Energy Fuels Holdings Corp.](#)

[23.1](#) [Consent of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft](#)

[99.1](#) [Audited Consolidated Financial Statements of Ara VAC IE Aggregator, LP and its subsidiaries as of December 31, 2025 and 2024 and January 1, 2024, and for the years ended December 31, 2025 and December 31, 2024](#)

[99.2](#) [Unaudited Interim Condensed Consolidated Financial Statements of Ara VAC IE Aggregator, LP and its subsidiaries for the six months ended June 30, 2026 and June 30, 2025](#)

[99.3](#) [Unaudited pro forma condensed combined balance sheet as of June 30, 2026 and unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 and the six months ended June 30, 2026](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

† The annexes to the First Amendment to Agreement and Plan of Merger have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Energy Fuels agrees to furnish supplementally copies of the omitted annexes to the U.S. Securities and Exchange Commission or its staff upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Corporation has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENERGY FUELS INC.
(Registrant)

Dated: October 13, 2026

By: /s/ Nathan Bennett
Nathan Bennett
Chief Financial Officer

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER

October 13, 2026

This First Amendment (this "Amendment") to that certain Agreement and Plan of Merger, dated as of June 23, 2026 (the "Merger Agreement", as amended by this Amendment and as may be further amended, restated or otherwise modified from time to time in accordance with its terms, the "Agreement"), by and among VAC Group B.V., a private limited company organized under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands and registered with the Dutch trade register under number 42036655 ("Ara VAC Dutch TopCo"), Ara VAC TOPCO US LLC, a limited liability company organized under the laws of Delaware ("Ara VAC US TopCo" and together with Ara VAC Dutch TopCo, the "Acquired TopCos"), Ara VAC IE Aggregator, LP, a limited partnership organized under the laws of Ireland ("Holder"), Ara VAC Blocker, SLP, a separate limited partnership organized under the laws of Jersey ("Blocker"), Ara VAC Holdings, Ltd., a limited company organized under the laws of Ireland ("Ara HoldCo" and, together with Blocker, the "Minority Holders," and collectively with Blocker, Holder and (before the Closing) the Acquired TopCos, the "Ara Parties"), Energy Fuels Inc., a company continued under the Business Corporations Act (Ontario) ("Parent"), Merger Sub HoldCo, a Canadian unlimited liability corporation to be formed prior to Closing under the laws of a province of Canada determined by Parent, acting reasonably ("Merger Sub HoldCo"), Dutch Merger Sub, a private limited company to be organized under the laws of the Netherlands, to have its official seat in Amsterdam, the Netherlands and to be registered with the Dutch trade register ("Dutch Merger Sub"), Energy Fuels Holdings Corp., a Delaware corporation ("US Merger Sub HoldCo"), US Merger Sub I, a Delaware corporation to be formed ("US Merger Sub I") and US Merger Sub II, a Delaware limited liability company to be formed ("US Merger Sub II" and, together with US Merger Sub I, the "US Merger Subs," and, collectively with US Merger Sub I and the Dutch Merger Sub, the "Merger Subs" and collectively with Parent, Merger Sub HoldCo, US Merger Sub HoldCo and the other Merger Subs, the "Parent Parties"). The Ara Parties and the Parent Parties are each sometimes referred to herein as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, the Ara Parties and the Parent Parties entered into the Merger Agreement on June 23, 2026;

WHEREAS, pursuant to Section 10.02(a) of the Merger Agreement, any provision of the Merger Agreement may be amended if such amendment is in writing and is signed by each Party; and

WHEREAS, the Parties desire to amend the Merger Agreement and acknowledge and clarify certain matters as provided herein, including with respect to e-VAC's ongoing dispute with a customer regarding a commercial supply agreement, the potential settlement of such dispute, the repayment of e-VAC's Credit Agreement (as defined in Annex B), and potential purchase price adjustments related to the foregoing to reflect any loss in value related to such agreement or any debt so repaid.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and in the Merger Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows.

AGREEMENTS

1. Definitions and References. Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to them in the Agreement.

2. Amendment of Section 1.01 - Definitions. Section 1.01 of the Merger Agreement is hereby amended to include the following definitions in alphabetical order:

"Credit Agreement" has the meaning set forth in Annex B.

"e-VAC Repayment Amount" has the meaning set forth in Annex B.

3. Amendment of Section 2.10 - Closing Deliverables and Payments.

(a) Section 2.10(a)(i) of the Merger Agreement is hereby deleted in its entirety and replaced with the following:

"(i) pay, or cause to be paid, on behalf of Dutch Merger Sub or US Merger Sub I, the Cash Consideration (less the Holdback Amount, the e-VAC Repayment Amount, and, if applicable, the Specified Escrow Amount) to Holder (or its designee) as set forth in the Final Closing Statement, by wire transfer of immediately available funds, in accordance with and to the bank account(s) designated in the Final Closing Statement;"

(b) Existing Sections 2.10(a)(iv), (v), (vi), (vii) and (viii) (and any cross-references to such sections throughout the Merger Agreement) are hereby renumbered as Sections 2.10(a)(v), (vi), (vii), (viii) and (ix), respectively.

(c) Section 2.10(a) of the Merger Agreement is hereby amended to include the following text as Section 2.10(a)(iv):

"(iv) pay, or cause to be paid, to the Administrative Agent (as defined in the Credit Agreement), on behalf of the Secured Parties (as defined in the Credit Agreement), payment in the amount equal to the e-VAC Repayment Amount, in full satisfaction of all Secured Obligations (as defined in the Credit Agreement) outstanding under the Credit Agreement, by wire transfer of immediately available funds to the account or accounts designated in the Final Closing Statement;"

4. Amendment of Section 2.09 - Leakage; Final Closing Statement. Section 2.09(a) of the Merger Agreement is hereby amended to add the following at the end of clause (B): ", (C) the e-VAC Repayment Amount, together with the applicable payoff letter delivered by the Administrative Agent (as defined in the Credit Agreement) (or on its behalf) and the wire transfer instructions for the payment of the e-VAC Repayment Amount", and the immediately following clause (C) is hereby revised to be clause (D).

5. Amended and Restated Annex B, Annex B to the Merger Agreement is hereby deleted in its entirety and replaced with the Amended and Restated Annex B attached hereto as Annex A (the "Amended and Restated Annex B").

6. Amendment of Section 7.04 - Confidentiality. The second sentence of Section 7.04 of the Merger Agreement is hereby amended (a) to replace the words "Evaluation Material" with the words "Confidential Information" and (b) to add the following after the words "Governmental Authorities": "(including the U.S. Office of Strategic Capital)".

7. Amendment of Section 10.15 - Setoff. Section 10.15 of the Merger Agreement is hereby amended to add the following clause (iii) immediately following clause (ii) thereof: "and (iii) the e-VAC Repayment Amount to be paid by Parent to the Administrative Agent (as defined in the Credit Agreement) on behalf of the Secured Parties (as defined in the Credit Agreement) pursuant to Section 2.10(a) (iv)."

8. Clarification of Cash Consideration Definition. For the avoidance of doubt, the payment of the e-VAC Repayment Amount to the Administrative Agent (as defined in the Credit Agreement) on behalf of the Secured Parties (as defined in the Credit Agreement) at Closing pursuant to Section 2.10(a)(iv) of the Agreement shall not constitute an "amount determined in accordance with Annex B" for purposes of clause (vii) of the definition of "Cash Consideration" in Section 1.01 of the Merger Agreement, and shall not result in any reduction to the Cash Consideration.

9. Savings Clause. The Parties acknowledge and agree that (a) except as expressly provided in this Amendment, all terms and provisions of the Merger Agreement and the other Transaction Documents remain unmodified and in full force and effect; and (b) this Amendment shall not, in any way whatsoever: (i) impair, prejudice or otherwise adversely affect the rights of any Party under the Agreement, (ii) amend, limit or otherwise modify any provision of the Merger Agreement other than as expressly set forth herein, or (iii) constitute any course of dealing or other basis for altering any obligation of the Parties under the Agreement or the other Transaction Documents.

10. Cross-Reference Update. Each reference to the "Agreement," "herein," "hereof," "hereunder" or words of similar import in the Agreement, and each reference thereto in any Transaction Document, shall mean the Merger Agreement as amended by this Amendment.

11. Incorporation of General Provisions. The provisions of Article 10 of the Agreement apply to this Amendment, *mutatis mutandis*.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

VAC GROUP B.V.

By: /s/ Erik Eschen

Name: Erik Eschen

Title: Director

By: /s/ Jürgen Wössner

Name: Jürgen Wössner

Title: Director

ARA VAC BLOCKER, SLP

By: Ara Fund III GP, Ltd.

Its: General Partner

By: /s/ Karthik Narasimhan

Name: Karthik Narasimhan

Title: Director

ARA VAC HOLDINGS, LTD.

By: /s/ Sean Power

Name: Sean Power

Title: Director

ARA VAC TOPCO US LLC

By: Ara VAC IE Aggregator, LP

Its: Sole Member

By: Ara Fund III GP, Ltd.

Its: General Partner

By: /s/ Karthik Narasimhan

Name: Karthik Narasimhan

Title: Director

[Signature Page to First Amendment to Agreement and Plan of Merger]

ARA VAC IE AGGREGATOR, LP

By: Ara Fund III GP, Ltd.

Its: General Partner

By: /s/ Karthik Narasimhan

Name: Karthik Narasimhan

Title: Director

ENERGY FUELS INC.

By: /s/ Ross Bhappu

Name: Ross Bhappu

Title: President and Chief Executive Officer

ENERGY FUELS HOLDINGS CORP.

By: /s/ Ross Bhappu

Name: Ross Bhappu

Title: President and Chief Executive Officer

[Signature Page to First Amendment to Agreement and Plan of Merger]

ANNEX A

[***]

Annex B-1

[***]

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-217098, 333-205182, 333-194900, 333-226654, 333-254559, 333-278611, and 333-286685) and in the Registration Statements on Form S-3 (Nos. 333-278193 and 333-226878) of Energy Fuels Inc. of our report dated June 19, 2026 relating to the financial statements of ARA VAC IE Aggregator, LP, which appears in this Current Report on Form 8-K.

Frankfurt, Germany
October 13, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

/s/ Daniel Spengemann
Wirtschaftsprüfer
(German Public Auditor)

/s/ Larisa Geppert
Wirtschaftsprüferin
(German Public Auditor)

Report of Independent Auditors

To the Management of Ara VAC IE Aggregator, LP

Opinion

We have audited the accompanying consolidated financial statements of Ara VAC IE Aggregator, LP and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2025 and 2024 and January 1, 2024, and the related consolidated statement of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the years ended December 31, 2025 and 2024, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and January 1, 2024, and the results of its operations and its cash flows for the years ended December 31, 2025 and 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Frankfurt am Main, June 19, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

/s/ Daniel Spengemann

Wirtschaftsprüfer

(German Public Auditor)

/s/ Larisa Geppert

Wirtschaftsprüferin

(German Public Auditor)

Consolidated Financial Statements
December 31, 2025

ARA VAC IE Aggregator, LP

Consolidated statement of profit or loss
for the Financial Years ended December 31

	Note	2025 kEUR	2024 kEUR
Revenue	8	325,052	353,539
Cost of sales	9	(347,089)	(392,757)
Gross loss		(22,037)	(39,218)
Distribution expenses	10	(17,789)	(17,130)
Administrative expenses	11	(23,218)	(24,170)
Research and development expenses	12	(7,158)	(8,483)
Other income	13	11,633	3,930
Other expense	14	(7,315)	(6,524)
Operating loss		(65,884)	(91,595)
Finance income	15	3,009	8,434
Finance expenses	16	(58,545)	(31,719)
Loss before tax		(121,420)	(114,880)
Income taxes	17	33,566	18,122
Loss after tax		(87,854)	(96,758)
Attributable to:			
Loss attributable to non-controlling interest	29	(9,170)	(10,151)
Loss attributable to equity holders of the parent	29	(78,684)	(86,607)
		(87,854)	(96,758)

Consolidated statement of comprehensive income (loss)

for the Financial Years ended December 31

	Note	2025 kEUR	2024 kEUR
Profit (loss) for the year		(87,854)	(96,758)
Other comprehensive income (loss)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	3 h)	(10,024)	7,418
Net gain (loss) on cash flow hedges	24.1	(5,253)	6,465
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax)		(15,277)	13,883
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain (loss) on defined benefit plans	27	7,596	3,763
Net comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods (net of tax)		7,596	3,763
Other comprehensive (loss) income for the year, net of tax		(7,681)	17,646
Total comprehensive (loss) income for the year, net of tax		(95,535)	(79,112)
Attributable to:			
Equity holders of the parent	29	(86,923)	(69,593)
Non-controlling interests	29	(8,612)	(9,519)

Consolidated statement of financial position

as of

		December 31, 2025	December 31, 2024	January 1, 2024
Assets	Note	kEUR	kEUR	kEUR
Current assets				
Cash and cash equivalents	18	15,586	34,687	76,204
Restricted cash	18	2,951	12,195	440
Trade and other receivables	19, 24.1, 31	30,404	42,028	33,869
Inventories	20	96,535	97,680	152,099
Prepaid income tax		1,035	4,298	676
Transferable tax credit	32	87,005	-	-
Other financial assets	24.1	111	26	-
		233,627	190,914	263,288
Non-current assets				
Restricted cash	18	-	2,588	-
Property, plant and equipment	21	430,965	365,974	222,858
Right-of-use assets	22	4,866	4,544	3,951
Intangible assets	23	330,292	358,254	386,202
Other financial assets	24.1	15,068	23,853	7,057
Deferred financing costs	24.2	1,008	1,408	-
Deferred tax assets	17	13,618	11,365	3,490
		795,817	767,986	623,558
Total Assets		1,029,444	958,900	886,846
Liabilities and Equity				
Current liabilities				
Interest bearing loans and borrowings	24.2	36,828	8,278	7,128
Trade and other payables	24.2, 25, 31	60,479	55,207	45,550
Short-term lease liabilities	22	2,205	2,023	1,904
Contract liabilities	8	21,560	26,034	16,368
Current income tax liabilities	17	594	1,332	1,070
Employee benefit obligations	27	14,515	17,011	16,810
Current other financial liabilities	24.2	-	76	249
Provisions	26	6,265	9,264	15,573
		142,446	119,225	104,652
Non-current liabilities				
Interest bearing loans and borrowings	24.2	413,605	256,012	162,525
Employee benefit obligations	27	127,941	140,265	149,516
Long-term lease liabilities	22	2,817	2,738	2,291
Provisions	26	65	130	200
Uncertain tax position	17	12,978	9,541	-
Deferred tax liabilities	17	89,395	122,150	141,275
		646,801	530,836	455,807
Equity				
Partners' capital	29	432,847	407,980	346,416
Accumulated losses	29	(193,733)	(115,049)	(28,442)
Other comprehensive losses / income	29	(5,650)	2,589	(14,425)
Equity attributable to equity holders of the parent		233,464	295,520	303,549
Non-controlling interests	29	6,733	13,319	22,838
Total Equity		240,197	308,839	326,387
Total Liabilities and Equity		1,029,444	958,900	886,846

Consolidated statement of changes in equity

		Partners' capital	Accumulated losses	Actuarial gains/losses	Cash flow hedge reserve	Foreign currency translation reserve	Total equity attributable to partners of the parent	Non-control ling interests	Total equity
	Note	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
At January 1, 2025		407,980	(115,049)	(6,748)	6,465	2,872	295,520	13,319	308,839
(Loss) for the period		-	(78,684)	-	-	-	(78,684)	(9,170)	(87,854)
Other comprehensive (loss)	24.1, 28, 29	-	-	6,829	(5,253)	(9,815)	(8,239)	558	(7,681)
Total comprehensive (loss)			(78,684)	6,829	(5,253)	(9,815)	(86,923)	(8,612)	(95,535)
Capital contributions	29	24,867	-	-	-	-	24,867	2,026	26,893
At December 31, 2025		432,847	(193,733)	81	1,212	(6,943)	233,464	6,733	240,197
At January 1, 2024		346,416	(28,442)	(10,131)	-	(4,294)	303,549	22,838	326,387
(Loss) for the period		-	(86,607)	-	-	-	(86,607)	(10,151)	(96,758)
Other comprehensive income/ (loss)	24.1, 28, 29	-	-	3,383	6,465	7,166	17,014	632	17,646
Total comprehensive income/ (loss)		-	(86,607)	3,383	6,465	7,166	(69,593)	(9,519)	(79,112)
Capital contributions	29	61,564	-	-	-	-	61,564	-	61,564
At December 31, 2024		407,980	(115,049)	(6,748)	6,465	2,872	295,520	13,319	308,839

Consolidated statement of cash flows

for the Financial Years ended December 31

	Note	2025 kEUR	2024 kEUR
Loss after tax		(87,854)	(96,758)
Adjustments to reconcile profit to cash generated from operations			
Depreciation and amortization expense	21, 22, 23	54,792	58,860
Income taxes	17	(33,566)	(18,122)
Finance income/expenses, net	15, 16	55,536	23,283
Gains/losses on sales and disposals of non-current assets	21, 22, 23	3,230	408
Change in current assets and liabilities			
Inventories	20	1,145	54,419
Trade receivables	19	1,261	2,078
Trade payables	25	10,386	12,343
Current provisions	26	(2,999)	(6,308)
Other current receivables	19, 24.1	(28)	(414)
Other current liabilities	24.2, 25	(12,159)	7,008
Long-term provisions	26	(5,905)	(8,959)
Income taxes paid / (received)	17	1,157	(4,575)
Other non-cash items		18,888	(3,578)
Net cash provided by operating activities		3,884	19,685
Investing activities			
Purchases of property, plant, and equipment and intangibles	21, 23	(214,110)	(199,146)
Proceeds from government grants	21, 32	16,352	38,351
Interest received	15, 24.2	2,258	1,014
Change in restricted cash	18	11,833	(14,343)
Net cash used in investing activities		(183,667)	(174,124)
Financing activities			
Proceeds from equity contributions	29, 24.2	26,893	61,564
Interest paid, other	16	(938)	(1,506)
Proceeds from borrowings	24.2	176,198	92,515
Interest and financing fees paid	16, 24.2	(35,414)	(39,456)
Cash payments for the principal portion of the lease liability	22	(3,638)	(2,262)
Interest related to lease liabilities	22	(242)	(238)
Net cash provided by financing activities		162,859	110,617
Cash and cash equivalents at the beginning of the period	18	34,687	76,204
Effect of exchange rate changes on cash and cash equivalents		(2,177)	2,305
Net increase (decrease) in cash and cash equivalents		(16,924)	(43,822)
Cash and cash equivalents at the end of the period	18	15,586	34,687

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Notes to the consolidated financial statements

Note 1: General information

Ara VAC IE Aggregator, LP ("IE Aggregator" or "Group") is a limited partnership governed by the laws of Ireland located at 32 Molesworth Street, Dublin 2, Ireland, registered with the Irish Companies Registration Office.

The Group consists of Ara VAC TopCo GmbH ("German TopCo") and its subsidiaries and Ara VAC TopCo US LLC ("US TopCo") and its subsidiaries, each directly and indirectly controlled by IE Aggregator. IE Aggregator owns 89.9% of the interests in German TopCo and 100% of the interest in US TopCo. The remaining 10.1% of German TopCo is held by Ara VAC Blocker, SLP and Ara VAC Holdings, Ltd, having respectively 1.6% and 8.5% interests and are presented as non-controlling interests. IE Aggregator constitutes the parent and therefore prepares the consolidated financial statements for the Group.

The Group is engaged in the manufacture of magnetic alloys, components and related product solutions for a range of technological and industrial applications. Its operations span Europe, Asia and North America, with key manufacturing and research and development sites across these regions. Its products serve industries including automotive, industrial automation, energy, defense and medical technology. The Group's ultimate parent is Ara Fund III GP, Ltd., Cayman Islands which exercises control through Ara VAC Holdings, Ltd. and Ara VAC Blocker, SLP. Neither the direct owners nor the ultimate controlling entity prepares consolidated financial statements available for public use. Accordingly, there is no higher-level parent that produces publicly available consolidated financial statements.

Note 2: Basis of preparation

2.1 Financial reporting framework

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise stated in the accounting policies, and are presented in euros (EUR), rounded to the nearest thousand (kEUR), unless otherwise indicated.

IFRS 1 ("First Time Adoption of IFRS")

These consolidated financial statements, for the year ended December 31, 2025, are the first consolidated financial statements the Group has prepared in accordance with IFRS Accounting Standards as issued by the IASB. Each legal entity prepared its financial statements in accordance with local generally accepted accounting principles ("Local GAAP"). Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as of December 31, 2025, together with the comparative period data for the year ended December 31, 2024, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Group's consolidated opening statement of financial position was prepared as of January 1, 2024, the Group's date of transition to IFRS. Historically, consolidated financial statements were not prepared under local GAAP, consequently, these are the first consolidated financial statements prepared and a reconciliation from Local GAAP to IFRS is not presented. The Company has not elected to apply any of the optional exemptions available under IFRS 1. Accordingly, all applicable IFRS standards have been applied fully retrospectively.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2025. Subsidiaries are entities that are controlled by the Group. Control exists when the Group has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect those returns.

Subsidiaries are consolidated from the date on which control is obtained and continue to be consolidated until the date on which control ceases. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group balances, transactions, income and expenses are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Amounts recorded in OCI, a component of equity, include exchange differences on translation of foreign operations, net gain (loss) on cash flow hedges and remeasurement gain (loss) on defined benefit plans. Exchange differences on translation of foreign operations and net gain (loss) on cash flow hedge amounts are reclassified to profit or loss in future periods as applicable, while defined benefit remeasurements are not subsequently reclassified. Any investment retained is recognized at fair value.

2.3 The Group's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared on a going concern basis.

Customer Dispute

Subsequent to December 31, 2025, and prior to the issuance of these consolidated financial statements, e-VAC Magnetics LLC, a subsidiary of the Group, became involved in a dispute with a customer regarding a commercial supply agreement that represents a substantial component of e-VAC Magnetics LLC's expected future revenues and operating plans. The dispute primarily relates to the calculation of compensation for underutilized production capacity under different contractual frameworks. Given the early stage of the discussions, the outcome of the dispute, including whether the agreement will be terminated and the amount and timing of any compensation, remains uncertain and cannot currently be reliably estimated. For the purposes of its liquidity planning, management has considered scenarios that include a potential termination of the agreement; however, actual outcomes may differ materially from those assumptions.

Liquidity and Covenant Compliance

At December 31, 2025, the Group held available liquidity of EUR 57.4 million, comprising cash and cash equivalents of EUR 15.6 million and undrawn committed credit facilities of EUR 41.8 million. The undrawn facilities consist of EUR 35.0 million under the German syndicated revolving credit facility (held at the level of Ara VAC BidCo GmbH) and approximately EUR 6.8 million representing the undrawn portion of the USD 18.0 million revolving credit facility under the US Credit Agreement (held at the level of e-VAC Magnetics LLC).

A sensitivity analysis of the Group's current liquidity planning through the end of 2027, including reasonably possible downside cases, indicates that the cash expected to be on hand exceeds the minimum liquidity requirements over the planning horizon, taking into account the mitigating actions described below as well as the letters of comfort and equity contributions provided by the Ara Funds. However, due to the continuing difficult market environment and the uncertainty surrounding the customer dispute with e-VAC Magnetics LLC, there remains a risk that actual results may fall below plan.

The financial covenants under the Group's external financing arrangements are not imposed at the level of Ara VAC IE Aggregator LP, but apply at the level of the respective borrowers within the Group:

- The EUR 165.0 million syndicated term loan and the related EUR 35.0 million revolving credit facility held at the level of Ara VAC BidCo GmbH. ARA VAC BidCo GmbH is required to deliver quarterly compliance certificates confirming adherence to the financial covenants under the facility agreement, namely a leverage ratio covenant (net debt to pro-forma EBITDA, calculated on an LTM basis) and a minimum liquidity covenant of EUR 10.0 million.
- The USD 300.0 million construction/term loan and the related USD 18.0 million revolving credit facility under the US Credit Agreement held at the level of e-VAC Magnetics LLC, which is subject to its own customary financial and non-financial covenants (including covenants relating to financial statement audit requirements, compliance with laws, bankruptcy events, and payment defaults).

As of December 31, 2025, both Ara VAC BidCo GmbH and e-VAC Magnetics LLC were in compliance with all financial covenants under their respective financing arrangements. No financial covenants are imposed at the level of Ara VAC TopCo GmbH, Ara VAC TopCo US LLC or Ara VAC IE Aggregator LP.

Scenario Liquidity Planning and Shareholder Commitments

The Group's assessment included scenario analyses and considerations of reasonably possible downside cases for the Group, together with available mitigating actions, including the committed support under the letters of comfort, customer dispute resolution alternatives, working capital measures, liquidity management actions, and other actions available under the Group's financing arrangements. Prior to the issuance of these financial statements, the Ara Funds, as indirect shareholders of the Group, contributed an additional EUR 48.7 million in equity to the Group. Furthermore, in June 2026, Ara Fund III, LP, Ara Fund III-B, LP, Ara Fund III-AIV, LP, Ara Fund III-A, SCSp and Ara Fund III-C, SCSp (together the "Ara Funds") provided two letters of comfort, both covering the period until June 30, 2027:

- a letter of comfort in favor of Ara VAC TopCo GmbH, under which the Ara Funds undertake to provide sufficient financial means to enable the Group to fulfil its payment obligations as they fall due and to maintain compliance with the financial covenants under the Senior Facilities Agreement, limited to an aggregate maximum amount of EUR 43.5 million; and
- a letter of comfort in favor of e-VAC Magnetics, LLC, under which the Ara Funds undertake to provide sufficient financial means to enable e-VAC Magnetics, LLC to fulfil its payment obligations as they fall due, without any monetary limitation.

Such financial support may be provided by way of equity contributions, shareholder loans, or contributions to the capital reserve. Taking into account the letters of comfort provided by the Ara Funds, the EUR 48.7 million in equity contributions received prior to issuance, the Group's available liquidity position, and the mitigating actions within management's control, management has concluded that the Group has adequate resources to continue its operations for a period of at least twelve months from the date of issuance of these financial statements. Accordingly, management has determined that no material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

Management is evaluating strategic alternatives, including a potential disposal of the business as a whole. In this context, multiple scenarios have been analyzed. Management has assessed that a potential sale does not give rise to any impairment risk under IAS 36 for the existing assets; accordingly, no impairment losses are expected.

Note 3: Summary of significant accounting policies

The significant accounting policies applied in the preparation of the Group's consolidated financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position as current and non-current.

Assets are classified as current when they are expected to be realized or consumed in the normal operating cycle, are held primarily for the purpose of trading, are expected to be realized within twelve months after the reporting date, or are cash or cash equivalents, unless they are restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period. All other assets are classified as non-current.

Liabilities are classified as current when they are expected to be settled in the normal operating cycle, are held primarily for the purpose of being traded, are due to be settled within twelve months after the reporting period, or when the Group does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The consideration transferred is measured at the fair value on the acquisition date. Acquisition-related costs are expensed as incurred and presented within administrative expenses.

At the acquisition date, the Group recognizes and measures the identifiable assets acquired and liabilities assumed at fair value and assesses their classification and designation based on the contractual terms, economic conditions, and other relevant circumstances at that date.

Goodwill represents the excess of

- the fair value of the consideration transferred,
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previously held equity interest in the acquired entity

over the fair value of the net identifiable assets acquired.

If, after reassessment, the fair value of the identifiable net assets acquired is more than the aggregate consideration transferred, the resulting gain from a bargain purchase is recognized immediately in profit or loss.

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in:

- the principal market for the asset or liability; or
- the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Valuation procedures are performed for significant assets and liabilities such as derivatives. At each reporting date, the Group analyzes the movements in the values of assets and liabilities that are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

d) Revenue recognition

Revenue recognition from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). Revenue is recognized when, or as, the Group satisfies a performance obligation by transferring control of a promised good or service to a customer, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The customer obtains control of the promised good or service when the customer has the present ability to direct the asset's use and obtain substantially all of its remaining economic benefits.

The Group manufactures the products itself and transfers control of those products directly to its customers. Accordingly, the Group provides its own goods to the customer and does not arrange for another party to supply the goods and therefore acts as a principal. The payment terms are generally agreed with 30 to 60 days. The Group typically provides warranties as required by law. These assurance-type warranties are accounted for as a provision at the time a claim is raised by the customer. Invoicing occurs in accordance with terms defined in individual purchase orders and project agreements. Payment terms are strictly linked to contractual triggers primarily on delivery of product, ensuring that the recognition of receivables corresponds to the completion of specific transaction stages as agreed with the customer. The Group does not incur incremental costs to obtain or fulfill contracts that require capitalization as assets. All such costs are recognized in the consolidated statement of profit or loss in the period in which they arise.

The Group operates in three business divisions, which include Rapid Solidification, Crystalline and Permanent Magnets (PM). The Group also operates in multiple markets, including automotive, energy conversion and distribution, installations, automation and drives, communication, aerospace and transportation, amongst others with a customer base that is spread across multiple geographies.

The Group generates revenue from the sale of products manufactured as part of its ordinary business activities. The products are subject to customer-specific modifications; however not all components are highly customized and such customization typically occurs at a late stage of the manufacturing process. Contracts are typically established through binding purchase orders that define quantities, pricing, and delivery terms. Framework agreements set general commercial terms but do not create enforceable rights on their own.

The Group's products are often designed and manufactured in development cycles with highly integrated customer-built processes. Mainly with large customers, the Group often signs framework agreements. In these cases, customers place orders based on these contracts. Revenue from the sale of goods is recognized generally at the point in time when control of the product is transferred to the customer - usually on the delivery of goods. For customer contracts which oblige the Group to deliver a series of goods, revenue is recognized over time. However, in this case, the Group applies the practical expedient IFRS 15.B16 and recognizes revenue in the amount to which it has the right to invoice, since the Group has the right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

Contract assets are the rights to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, contract assets are recognized for the earned consideration that is conditional.

Trade receivables represent the Group's rights to an amount of consideration that is unconditional.

Contract liabilities represent the obligations to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due to) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, Contract liabilities are recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

e) Government grants

Grants from government bodies are recognized when there is reasonable assurance that the Group will comply with the conditions attached and that the grants will be received. The Group applies International Accounting Standard ("IAS") 20 by analogy to account for investment-type transferable tax credits received in connection with qualifying capital expenditures, which involves significant accounting judgment described in *Note 4*. In accordance with IAS 20, management has elected to measure such transferable tax credits at fair value at initial recognition, as non-monetary grants are generally measured at fair value, refer to 3f) Transferable Investment Tax Credits below.

The Group distinguishes between government grants accounted for in accordance with IAS 20 (or IAS 20 by analogy for investment-type incentives) and other forms of funding that do not meet the definition of government grants.

The Group also receives government assistance from government entities in connection with qualifying capital investment and infrastructure projects. Government grants related to the acquisition or construction of property, plant, and equipment are recognized when management concludes that it is probable that the conditions attached to the grants will be satisfied and that the grants will be received. Such grants are recorded using a net presentation method as a reduction of the carrying amount of the related qualifying property, plant, and equipment. Accordingly, the benefit of government grants recorded as reductions of property, plant, and equipment is recognized in earnings prospectively over the estimated useful lives of the related assets through reduced depreciation expense.

Grants related to income are recognized in profit or loss on a systematic basis over the periods in which the related costs are recognized.

f) Transferable Investment Tax Credits

The Group receives transferable investment tax credits related to qualifying capital investments under Section 48C of the Internal Revenue Code. These credits are transferable and not linked to the Group's taxable income and can be monetized by sale to third parties regardless of the Group's tax position. The Group has determined that they fall outside the scope of IAS 12 and are accounted for as government grants by analogy to IAS 20.

Recognition. A transferable tax credit is recognized when there is reasonable assurance that the Group will comply with the conditions attached to the credit and that the credit will be received. This typically occurs when the qualifying capital expenditure has been incurred and the credit has been allocated by the Internal Revenue Service.

Initial measurement. In accordance with IAS 20 applied by analogy, management has elected to measure such credits at fair value at initial recognition. Fair value is determined based on observable market pricing derived from executed arm's-length sale agreements. The fair value of the credit is recognized as a reduction of the carrying value of the related property, plant and equipment and as a transferable tax credit asset representing the right to monetize the credit by transfer to a third party. The credit asset is classified as current when the Group expects to complete the sale within twelve months of the reporting date. The reduction in the carrying value of property, plant and equipment is recognized in profit or loss over the useful life of the related asset through reduced depreciation expense.

Sale. A sale of transferable tax credits is recognized once the closing conditions specified in the relevant transfer agreement are met. Upon closing, the credit is derecognized in exchange for the cash consideration received. Transaction and structuring fees contingent on the closing of the sale are recognized in administrative expenses at the closing date.

Compliance. Transferable §48C credits are subject to ongoing compliance with applicable program requirements, including Prevailing Wage and Apprenticeship requirements. Any estimated cure payment obligations or recapture exposures arising from non-compliance are recognized as a liability in administrative expenses when probable and reasonably estimable.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity and not in the statement of profit or loss is recognized outside profit or loss. Management periodically evaluates positions taken in the tax returns in cases where applicable tax regulations are subject to interpretation and reflect the effects of such uncertainties in the measurement of current income tax assets and liabilities in accordance with IAS 12.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled, it is probable that the temporary differences will not reverse in the near future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against those deductible temporary differences and the carried forward of unused tax, credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be made to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination but not satisfying the criteria for separate recognition at that date, are recognized subsequently if current information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (if it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Since January 1, 2024, the Pillar Two legislation has been in force. The analysis for the 2025 reporting period revealed no indications of any material impact under this legislation. The Group is therefore not materially affected by the scope of global minimum taxation according to the Organization for Economic Co-operation and Development ("OECD") Pillar Two model regulations. As a consequence, no provisions for Pillar Two income taxes were recognized. The Group applies the exemption from recognizing deferred taxes in connection with Pillar Two income taxes.

Uncertain tax position

Uncertain tax positions are measured based on the most likely amount method in accordance with IFRIC 23 Uncertainty over Income Tax Treatments, as management believes this method provides the best prediction of the resolution of the uncertainty. The uncertain tax position relates to tax grants in the US. The grants proceeds were not recognized into taxable income in the 2024 and 2025 tax years.

h) Foreign currencies

The Group's consolidated financial statements are presented in thousands of euros ("kEUR"). Items in the financial statements of each Group entity are measured using that entity's functional currency. The functional currency of each Group entity is the local currency of the jurisdiction in which it operates, as revenues and costs are primarily denominated and settled in local currencies. The functional currency of each entity is included in *Note 6*.

Step 1 - Translation into the functional currency

Foreign currency transactions are initially recognized in the functional currency at the spot exchange rate at the transaction date. At the reporting date, monetary assets and liabilities are translated using the rates of exchange prevailing at the period-end closing rate, and exchange differences are recognized in the consolidated statement of operations as profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the dates of the initial transactions and are not subsequently remeasured.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined, with the resulting foreign exchange differences recognized consistently with the recognition of the fair value changes.

Step 2 - Translation into the Group's presentation currency (euro)

For Group entities whose functional currency is not the reporting currency being euro ("EUR"), the results and financial position are translated into the Group's presentation currency as follows: assets and liabilities are translated into euro at period-end exchange rates, revenues and expenses are translated into euro using average exchange rates for the period and equity items are translated into euro using the historical exchange rates for the period, meaning the exchange rates in effect at the dates when the underlying equity transactions occurred. Retained earnings are translated using the historical exchange rates applicable to the underlying equity movements, while exchange differences arising on translation of foreign operations are recognized in accumulated other comprehensive income/(loss) in equity and reclassified to profit or loss on disposal of the foreign operations. Average exchange rates for a period are used only when they approximate the exchange rates at the dates of the transactions.

Cash flows arising from transactions in foreign currencies are translated into the functional currency using exchange rates at the dates of the cash flow. For the purpose of the consolidated statement of cash flows, cash flows of foreign operations are translated into euro using average exchange rates for the period where these approximate the exchange rates at the dates of the cash flows. Cash and cash equivalents denominated in foreign currencies are translated at period-end exchange rates, and the effect of exchange rate changes on cash and cash equivalents is presented separately in the consolidated statement of cash flows.

i) Cash dividend

The Group recognizes a liability, measured at the amount of cash payable, to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Group. As per the corporate laws of the respective countries, a distribution is authorized by the Board of Directors at subsidiary level or the general partner at the parent company level. A corresponding amount is recognized directly in equity as a reduction of retained earnings for dividends declared before the reporting period.

j) Property, plant and equipment

Purchased and self-constructed assets

Property, plant and equipment ("PPE") is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of self-constructed assets comprises costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as directly attributable materials and labor as well as directly attributable overheads. General administrative expenses and other costs that cannot be directly attributed to the construction of the assets are expensed as incurred. Purchased software that is integral to the functionality of the related item of plant and equipment is capitalized as part of that asset. Purchased software becomes integral when the related item of plant and equipment would not be able to function or would not deliver its intended output without the purchased software.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Capitalization commences when expenditures for the asset and borrowing costs are incurred and activities necessary to prepare the asset for its intended use or sale are in progress. Capitalization is suspended during extended periods in which active development is interrupted but is not suspended during periods in which there are temporary delays in active development. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Where parts of an item of PPE have costs that are significant in relation to the total cost of the item and have different useful lives or patterns of consumption of economic benefits, they are depreciated separately over their respective useful lives. This component approach is applied for purposes of determining depreciation and does not necessarily require separate presentation of each component as a separate asset. The gain or loss on disposal of an item of PPE is determined by comparing the proceeds from disposal with the carrying amount of the respective item of property, plant and equipment and is recognized net within other income or other expenses.

Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts only if it is probable that future economic benefits associated with the item will flow to the Group and that the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

Depreciation is calculated on a straight-line method to allocate cost, net of residual values, over the estimated useful lives as follows:

	Useful Life Range
Buildings	10 - 50 years
Machinery and equipment	3 - 20 years

Land is measured at cost and is not depreciated.

k) Intangible assets

The Group invests significant resources into the research and development of new and innovative alloy systems, technologies, and products. This enables the Group to develop products based on either specific needs or requirements of customers.

The Group distinguishes research activities from development activities based on the stage of the project. Research activities are performed to obtain new scientific or technical knowledge and are expensed as incurred. Development activities begin when research findings are applied to a plan or design for the production of new or substantially improved products or processes

Development costs that are directly attributable to design and testing of identifiable and unique products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use or sale
- management intends to complete the product and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the product will generate probable future economic benefits
 - probable future economic benefits are assessed based on the expected customer demand and whether expected revenues or cost savings are likely to exceed planned costs
- adequate technical, financial, and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

The cost of internally generated intangible assets comprises directly attributable costs, such as materials, direct labor, and a systematic allocation of directly attributable production overheads.

Purchased software that is integral to the operation of an item of property, plant and equipment is included in the cost of that asset. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use, or when substantially all development activities are complete and the asset is capable of operating in the manner intended by the Group.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Significant judgments applied in determining whether development costs meet the capitalization criteria are described in *Note 4*.

l) Development costs, patents, trademarks and other rights

The assets consisting of development costs, patents, trademarks, and other rights developed or acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses, if any. All of the Group's intangible assets have finite useful lives.

Intangible assets - Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only if it results in an enhancement of the future economic benefits of the asset beyond its originally assessed standard of performance and the cost of the expenditure can be measured reliably. All other subsequent expenditure is recognized as an expense as incurred.

Intangible assets - Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date they are available for use. The useful lives of intangible assets are based on the period over which the asset is expected to generate future economic benefits for the Group, taking into consideration expected usage, technological and commercial obsolescence, and product life cycles. The estimated useful lives are as follows:

	Useful lives
Customer relationships and contract intangibles	12-15 years
Patents, trademarks and other rights	4-17 years
Development costs	2-20 years

Amortization is recorded in cost of sales. Capitalized development costs of 2.7% are amortized over 2 years, 40.9% are amortized between 5-8 years, 19.2% between 10-12 years, 23.3% between 14-15 years and 13.9% between 17-20 years.

m) Investment in joint ventures

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

n) Leases

The Group mainly leases buildings, office equipment (e.g. printers) and vehicles. Rental contracts are typically made for fixed periods but may have extension options.

The Group recognizes a liability for making lease payments (i.e., lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Group recognizes an interest expense on the lease liability and depreciation expense on the right-of-use asset. The right-of-use assets are presented in the balance sheet in a separate line.

Contracts may contain both lease and non-lease components. In case of vehicles the Group elected not to separate lease and non-lease components and instead to account for these as a single lease component. The Group applied this practical expedient, permitted by IFRS 16.15, consistently to the entire vehicle asset class.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For the calculation of costs of debt, the Group used returns on bonds with a comparable rating.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset when lease terms change, including upon reassessment of extension, purchase or termination options.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs incurred by the Group, and
- the estimated costs of dismantling and removing the underlying asset and restoring the site, as required under the lease terms.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term may include periods covered by extension or termination options. Those options are included in the determination of the lease term when the Group is reasonably certain to exercise them. The assessment is made at the commencement date and is reassessed only upon the occurrence of a significant event or change in circumstances within the Group's control. A change in the lease term resulting from a reassessment of extension or termination options is accounted for as a remeasurement of the lease liability and corresponding right-of-use asset, as applicable, and not as a lease modification.

The exemption to recognize payments, which are associated with leases of low-value assets, on a straight-line basis as an expense in profit or loss, is applied by the Group on a lease-by-lease basis.

Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. The Group does not apply the short-term lease exemption under IFRS 16 and therefore recognizes a right-of-use asset and a lease liability for all short-term leases.

o) Financial assets

Initial recognition, classification and initial measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, either as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. Financial assets are classified on initial recognition based on (i) the Group's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset. The Group's financial assets are primarily classified as:

- Financial assets measured at amortized cost ("FAAC")
- Financial assets at fair value through profit or loss ("FVTPL")

The Group does not hold any financial assets classified as fair value through other comprehensive income (FVOCI) as of December 31, 2025 or December 31, 2024.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows

and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" test).

The Group classifies cash and cash equivalents, trade receivables not subject to factoring and other financial receivables as well as other financial assets as measured at amortized cost.

All other financial assets are classified as measured at fair value through profit or loss. These include not only derivative financial instruments but also trade receivables that are to be sold to the factor under a factoring agreement.

At initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets measured at fair value through profit or loss, for which transaction costs are recognized in profit or loss as incurred. Trade receivables are initially measured at the transaction price determined in accordance with IFRS 15 unless they contain a significant financing component.

Subsequent measurement

The measurement of financial assets depends on their classification, as described below:

Financial assets measured at amortized cost

After initial recognition, financial assets measured at amortized cost are measured using the effective interest rate ("EIR") method and are subject to expected credit loss ("ECL") impairment. The Group recognizes ECLs in accordance with IFRS 9 for financial assets measured at amortized cost.

Interest income calculated using the EIR method on loans, deposits and other financial assets measured at amortized cost (excluding short-term trade receivables without a significant financing component) is presented in finance income. Short-term trade receivables without a significant financing component are measured at the transaction price and do not accrue EIR interest. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The carrying amount of trade receivables approximates their fair value due to their short maturities.

Impairment of financial assets

The Group assesses expected credit losses (ECLs) for all financial assets measured at amortized cost as well as contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies the simplified approach of IFRS 9 in calculating ECLs. In applying the simplified approach, the Group assesses expected credit losses based on historical loss experience. Based on this assessment, management concluded that expected credit losses were insignificant as of the reporting date

For all other financial assets measured at amortized cost, the Group applies the general expected credit loss model in accordance with IFRS 9. Under this approach, financial assets are initially classified as Stage 1 and are subject to 12 month expected credit losses, representing expected credit losses arising from default events that may occur within 12 months after the reporting date. If there has been a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2, lifetime expected credit losses are recognized and interest revenue is calculated on the gross carrying amount. Financial assets that are credit impaired are classified as Stage 3 and continue to be measured using lifetime expected credit losses. At Stage 3, interest revenue is calculated on the carrying amount after deducting the loss allowance.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include, among others, derivatives, that are not designated as effective hedging instruments. The Group may use derivative financial instruments, such as interest rate swaps, to hedge cash flow risks associated with floating interest rate debt. Where derivatives are designated in hedge accounting relationships, the Group applies IFRS 9 hedge accounting; otherwise, derivatives are accounted for at FVTPL. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Offsetting

Within the Group, financial assets and liabilities are generally not offset on the balance sheet because the necessary conditions are not met.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Factoring of trade receivables

For factoring transactions, the Group assesses whether trade receivables can be derecognized in full in accordance with IFRS 9. If the conditions for derecognition are not met and the Group has neither fully transferred nor substantially retained the risks and rewards, the Group recognizes these financial assets to the extent of its continuing involvement. At the same time, the Group also recognizes an associated liability.

p) Financial liabilities

Initial recognition, classification and initial measurement

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, financial liabilities are classified in accordance with IFRS 9 as either:

- financial liabilities measured at amortized cost ("FLAC"); or
- financial liabilities measured at fair value through profit or loss ("FVTPL").

Financial liabilities measured at amortized cost comprise trade payables, other financial liabilities due to third parties and interest-bearing loans and borrowings. The Group's financial liabilities at FVTPL comprise derivative financial liabilities. All financial liabilities are initially measured at fair value and, for financial liabilities subsequently measured at amortized cost, net of directly attributable transaction costs. All trade payables and other financial liabilities due to third parties are due within one year.

Embedded derivatives

The Group assesses hybrid financial liabilities and contracts with a non-financial host contract for the existence of embedded derivatives. Embedded derivatives are separated from the host contract and accounted for as stand-alone derivatives if (i) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, (ii) the embedded feature meets the definition of a derivative, and (iii) the hybrid financial instrument is not measured at fair value through profit or loss in its entirety. The host debt instrument continues to be accounted for as a financial liability measured at amortized cost, whilst the separated embedded derivative is classified as measured at fair value through profit or loss. Depending on the fair value at inception and in subsequent periods, the separately accounted for embedded derivative may represent a financial asset or a financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss ("FVTPL"):

Financial liabilities measured at FVTPL are recognized in the balance sheet at fair value; net changes in fair value are recognized in the statement of profit or loss.

Financial liabilities measured at amortized cost ("FLAC"):

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium, fair value of bifurcated embedded derivatives at issuance and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expense in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss. According to IFRS 9, the terms are substantially different if the discounted present value of the cash flows under the new terms (including any fees paid net of any fees received) differs at least by 10% from the discounted present value of the remaining cash flows of the original financial liability, both discounted by using the original effective interest rate. If the difference is less than 10%, this quantitative test points to a modification as opposed to an extinguishment, and the difference is recognized as a modification gain or loss.

q) Derivative financial instruments and hedge accounting

The Group may use derivative financial instruments, including foreign exchange forward contracts, interest rate swaps and commodity derivatives to manage exposures to foreign exchange risks, interest rate risk and commodity price risks. The Group does not hold any derivatives for speculative purposes.

Derivatives may be in an asset or liability position depending on changes in market conditions. Derivative financial instruments are recognized as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. On the balance sheet, derivative financial instruments are reported under other financial assets or other financial liabilities. The full fair value of a derivative is classified as a long-term asset or long-term liability if the remaining term of the derivative exceeds twelve months from the reporting date, and as a short-term asset or short-term liability if the remaining term of the derivative is less than twelve months of the reporting date. Fair value changes in derivatives that are not designated hedging instruments are recognized in the consolidated statement of profit or loss. Fair value changes of commodity derivatives are recognized in cost of goods sold, and fair value changes of foreign exchange forward contracts are recognized in other operating expenses or other operating income.

The Group assesses whether contracts contain embedded derivatives. For financial assets within the scope of IFRS 9, embedded derivatives are not separated; instead, the classification of the entire instrument reflects its contractual cash flow characteristics ("SPPI") and the business model. For hybrid financial liabilities and for non-financial host contracts, embedded derivatives are separated and accounted for at FVTPL if (i) the economic characteristics and risks are not closely related to those of the host, and (ii) the hybrid instrument is not measured at FVTPL in its entirety.

The Group has interest rate swaps in effect, which are designated as cash flow hedging instruments. The Group uses interest rate swaps to manage its exposure to variability in cash flows associated with changes in interest rates on variable-rate debt. Changes in fair value of interest rate swaps are recorded in profit or loss, except for the effective portion of changes in fair value, which is recognized in OCI and reclassified to profit or loss in the same period or periods during which the hedged transactions affect profit or loss. Cash settlements related to the Company's interest rate swaps are included in financing activities in the statement of cash flows. The Group documents the hedging relationship and the risk management objective at inception and assesses hedge effectiveness on an ongoing basis.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

r) Inventories

Inventories are measured using the weighted average cost method, under which the cost of each item is determined as the average cost of all similar items available for sale during a period, weighted by the number of units purchased at each price. Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises of direct materials, direct labor and a systematic allocation of variable and fixed overheads, based on normal operating capacity. Abnormal amounts of wasted materials, labor or other production costs are excluded from inventory cost, and administrative overheads that do not contribute to bringing inventories to their present location and condition are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are measured at the lower of cost and net realizable value; write-downs to net realizable value are recognized as cost of sales in profit or loss in the period in which they occur. Where the reasons for a write-down no longer exist, the amount of the write-down is reversed in the period of the reversal, limited to the original write-down amount.

s) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of profit or loss.

The Group tests acquired goodwill for impairment annually and whenever there is an indication of impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

t) Cash, cash equivalents and restricted cash

Cash and cash equivalents in the statement of financial position comprise cash on hand, cash at banks and cash equivalents. Cash equivalents are short-term, highly liquid financial assets that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. Cash and cash equivalents are measured at amortized cost, which approximate fair value due to their short-term nature, and are available for use by the Group.

Cash deposits that have restrictions governing their use are classified as restricted cash, current or non-current, based on the remaining length of the restriction. See *Note 18*. The Company had a restricted cash balance of kEUR 2,951 and kEUR 14,783 as of December 31, 2025, and 2024, respectively. The cash is restricted due to a payment guarantee arrangement required under a construction contract with a vendor.

u) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past obligating event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. There is a level of uncertainty related to provisions, primarily relating to the timing and amounts of future outflows, which include evolving factors such as investigations, contractual terms, and regulatory requirements. The Group manages this uncertainty by applying a best-estimate approach based on available evidence at the reporting date, including historical experience and probability assessments, while continuously reassessing and updating estimates as new information emerges. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Group determined that discounting is not applied to provisions, as the time value of money does not significantly affect the measurement given the amounts and short settlement periods of the underlying provision obligations.

v) Pensions and other post-employment benefits

Defined benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses excluding amounts included in net interest on the net defined benefit, are recognized immediately in the statement of financial position

with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other long-term service benefits

The Group's net obligations in respect of long-term service benefits other than pension plans are calculated by estimating the amounts of future benefits that employees have earned in return for their service in the current and prior periods.

These obligations consist of the anniversary payments provision and the provision for old age part-time. The provisions are calculated using the projected unit credit method. The discount rate is the yield at the date of the balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The effects due to changes in actuarial assumptions for the valuation of anniversary benefits, old-age part-time provisions and early retirement obligations are recognized directly in statements of profit and loss. The fair value of any related financial asset is deducted in determining the net obligation recognized in the statement of financial position.

w) Share-based payments

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest because of the satisfaction of non-market-based vesting conditions or service conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year. Details regarding the share-based payments arrangements are further presented in *Note 30*.

x) New and amended standards and interpretations

Initial application of IFRS, interpretations, and amendments in the financial year:

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Management has performed a specific assessment of currency exchangeability risks across the Group's operating jurisdictions, including China, and concluded-based on documented analysis-that the amendments do not have a material impact on the Group's financial performance, financial position, or cash flows.

IFRS Accounting Standards, interpretations, and amendments issued, but not yet to be applied:

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which is effective for annual reporting periods beginning on or after 1 January 2027; early adoption is permitted with disclosure. IFRS 18 replaces IAS 1 and primarily affects the presentation and disclosure of financial performance. The standard requires entities to classify all income and expenses in the statement of profit or loss into five categories (operating, investing, financing, income taxes, and discontinued operations) and to present defined subtotals, including operating profit or loss and profit or loss before financing and income taxes. IFRS 18 does not change the recognition or measurement of assets, liabilities, income, or expenses. Accordingly, adoption is expected to affect presentation (including format and subtotals) and disclosures, with no impact on net income, equity, or total cash flows. However, there will be an impact regarding management-defined performance measures (MPMs), for which the assessment is ongoing. Consequential amendments to IAS 7 will require updates to the presentation of the statement of cash flows, including the use of operating profit or loss as the starting point under the indirect method.

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7; which introduce an additional test in assessing the SPPI criteria for certain financial assets with contractual terms that change the contractual cash flows based on a contingent event that is not related directly to basic lending risks or costs, and clarify the characteristics of contractually linked instruments and how they differ from financial assets with non-recourse features. The amendments also introduce additional disclosures for investments in equity instruments designated at fair value through other comprehensive income ("FVOCI"), and financial instruments not measured at FVTPL with certain contingent features. In addition, the amendments clarify the timing of recognition and derecognition of financial assets and financial liabilities and introduce a derecognition exception for financial liabilities settled using an electronic payment system. The amendments are effective reporting periods beginning on or after January 01, 2026. Early adoption is permitted. The amendments are not expected to have a material impact on the Group's financial statements.

In general, the IASB announced annual improvements to IFRS Accounting Standards, such as for IFRS 1 First-time adoption of International Accounting Standards, addressing potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. Further improvements have been announced for e.g. IFRS 7 Financial Instruments disclosures, IFRS 9 Financial Instruments as well as IFRS 10 Consolidated Financial Statements.

In December 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to contracts referencing nature-dependent electricity, such as power purchase agreements. The amendments clarify the application of the own-use requirements and introduce additional disclosure requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted. Based on management's current assessment, the adoption of these amendments is not expected to have a material impact on the Group's consolidated financial statements. There are no other new standards, amendments to existing standards or new IFRIC interpretations that are not yet effective that are expected to have a potential future impact on the Group.

Note 4: Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments and to use estimates and assumptions that affect the application of accounting policies, thus influencing the financial statements of the Group, including the determination of the functional currency of foreign operations.

These estimates and underlying assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, which inform judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are continuously reviewed by management.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue Recognition

The Group applies judgment in identifying performance obligations in customer contracts and in determining whether revenue is recognized at a point in time or over time. This assessment includes evaluating the terms of framework agreements and purchase orders, the transfer of control of goods to the customer, and whether the Group has an enforceable right to payment for performance completed to date. Judgment is also applied in assessing whether arrangements contain distinct goods or services and in determining the appropriate presentation of related contract assets and contract liabilities.

Taxes

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against those deferred tax assets, unused tax losses and unused tax credits can be utilized. The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Assessment of the realization of the deferred tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. If the Group has recent losses, the Group recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that sufficient taxable temporary differences exist or there is other evidence that sufficient taxable profit will be available. Further details on taxes are disclosed in *Note 17*.

Government grants

The accounting for government grants involves judgment, particularly in determining whether amounts are within the scope of IAS 20 (including by analogy) , and in assessing whether the recognition criteria are met. Judgment is also applied in evaluating the conditions attached to grants, including compliance requirements and the risk of repayment, as well as in determining the timing of recognition. Estimation may be required where the amount of the grant depends on future qualifying expenditures or other variables. Changes in these judgments could affect the timing and amount of income recognized and the carrying value of related assets. In addition, management considers whether certain arrangements fall outside the scope of IAS 20 and may instead be accounted for under IFRS 9 or IAS 38, depending on the nature of the underlying rights.

Transferable investment tax credits

The accounting for transferable investment tax credits involves judgment, particularly in determining the appropriate accounting framework. Management assesses whether such credits are accounted for under IAS 20 (by analogy), or whether they fall within the scope of IFRS 9 or IAS 38, depending on the nature and substance of the arrangement.

Based on this assessment, management has concluded that IAS 20 by analogy is the most appropriate basis of accounting, as the credits are linked to qualifying capital expenditures under a government program and represent a form of government assistance. This assessment requires consideration of the legal form, transferability and economic substance of the credits. (See also Notes 3(e), 3(f) and 32.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses estimates to determine the net realizable value of inventory at the end of each reporting period. The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period. The net realizable value of the inventory is determined based on assumptions of expected selling price less costs to complete, market conditions for forecast demand, and exposure to slow-moving inventory and obsolescence. Further details on inventory are disclosed in *Note 20*.

Development costs

The Group capitalizes costs for development projects. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product's development project has reached a defined milestone according to an established project management model (see *Note 3* for the related accounting policy).

In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Judgment is required in determining when development projects meet the capitalization criteria, including the assessment of technological feasibility and the probability of future economic benefits.

The assessment of whether a project will generate probable future economic benefits is based on the project's business case, including expected additional revenues or cost savings. This assessment is supported by business cases, which may include market analyses and financial projections. Further details on development costs are disclosed in *Note 23*.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value, less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the discounted cash flow ("DCF") model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment, definite life intangible assets and right of use assets recognized by the Group. Further details on impairment of non-financial assets are disclosed in *Note 23*.

Useful lives of property, plant and equipment

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives as well as its expectations on using the assets. Further details on property, plant and equipment are disclosed in *Note 21*.

Right-of-use Assets

The Group reviews lease extension options at lease commencement to determine if they have economic substance. Management assesses whether it is reasonably certain that the option will be exercised or not exercised. In making this assessment, management considers all relevant facts and circumstances, including, but not limited to:

- The contract terms and conditions for the optional periods compared with market rates, such as the amount of payments for the lease in any optional period or the terms and conditions of any options that are exercisable after initial optional periods
- Significant leasehold improvements or other improvements made to underlying assets that are expected to have a significant residual benefit to the Group when options become exercisable

- The importance of an underlying asset to the Group's operations and
- Conditionality associated with the exercise option (i.e. if an option can be exercised only if one or more conditions are met) and the likelihood that those conditions will exist.

The Group performs this assessment for each lease contract at inception by evaluating the non-cancellable period and identifying any extension options included in the contract. The Group then determines whether it is reasonably certain to exercise, or not to exercise, such options, as this directly impacts the lease term.

Leases

The Group cannot readily determine the interest rate implicit in its leases; therefore, it uses the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions, or when adjustments need to be made to reflect the terms and conditions of the lease, for example, when leases are not in the subsidiary's functional currency. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

Embedded derivatives

Embedded derivatives arise from contractual features in certain financing arrangements that are not closely related to the host debt instrument. These features are separated from the host instrument where required by IFRS 9 and measured at fair value through profit or loss.

The fair value of embedded derivatives is determined using valuation techniques incorporating unobservable inputs such as expected volatility and is therefore classified within Level 3 of the fair value hierarchy. The valuation is sensitive to assumptions regarding the likelihood and timing of exercise of contractual terms, expected refinancing and repayment scenarios, and interest rates. Valuation techniques applied include a Monte-Carlo-simulation and incorporate market participant assumptions derived from observable data to the extent available.

Employee Benefit Obligations

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details on employee benefit obligations are disclosed in *Note 27*.

Share-Based Payments

The Group's equity-settled share-based payments are expensed on a straight-line basis over the vesting period, which is based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest based on the satisfaction of non-market-based vesting conditions or service conditions. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the arrangements. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The impact of the revision of the original estimates, if any, is recognized in profit or loss so that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. Further details on share-based payments are disclosed in *Note 30*.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 5: Capital management

Capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent.

The Group's objective in managing capital is to maintain financial flexibility, support its ability to continue as a going concern, satisfy covenant requirements under its financing arrangements and fund its operating and strategic plans. The Group monitors the total net debt/net cash position, which includes all interest-bearing liabilities. The financial performance of the Group is measured with focus on earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA, which is EBITDA adjusted for items that the Group considers not reflective of underlying operating performance.

Due to the terms of the loan agreement, the Group is obliged to submit a covenant calculation at the end of each quarter by certifying in a compliance certificate that the agreed leverage ratio, based on the last twelve months (LTM), is within the agreed range. The leverage ratio relates to the ratio of net debt to a pro-forma EBITDA, which is conceptually outlined in the senior facilities agreement. For purposes of the leverage ratio, net debt represents interest-bearing loans and borrowings, less cash and cash equivalents, as adjusted for any items required or excluded under the senior facilities agreement. The Group met the covenants set out in the loan agreement in each quarter of 2025.

These key figures are reviewed with the Group's management monthly and with the Board quarterly.

No changes were made in the objectives, policies, or processes for managing capital during the year ended December 31, 2025.

Note 6: Group information

Information about subsidiaries

The consolidated financial statements include the IE Aggregator, and its subsidiaries controlled directly or indirectly at the reporting date. The Group's subsidiaries are presented in the table below, including their principal activities, place of incorporation, functional currency and ownership interests as of December 31, 2025 and 2024.

Name	Principal Activities	Establishment and Operating Location	Currency	% equity interest 2025	% equity interest 2024
<i>Ara VAC TopCo GmbH</i>	Holding	Germany	EUR	89.9	89.9
<u><i>Subsidiaries of Ara VAC TopCo GmbH:</i></u>					
<i>Ara VAC MidCo GmbH</i>	Holding	Germany	EUR	100	100
<i>Ara VAC BidCo GmbH</i>	Holding	Germany	EUR	100	100
<i>VAC Germany Holding GmbH</i>	Holding	Germany	EUR	100	100
<i>OMG France S.a.r.l.</i>	Holding	France	EUR	100	100
<i>VAC Magnetic India Private Limited</i>	Distribution	India	INR	100	100
<i>OMG Finland Oy</i>	Holding	Finland	EUR	100	100
<i>Neorem Magnets Oy</i>	Manufacturing	Finland	EUR	100	100

<i>OMG Germany Subsidiary Holding GmbH</i>	Holding	Germany	EUR	100	100
<i>VAC Beteiligungs-GmbH</i>	Holding	Germany	EUR	100	100
<i>Vacuumschmelze Singapore Pte Ltd</i>	Distribution	Singapore	SGD	100	100
<i>VAC Magnetic Korea K.K.</i>	Distribution	Korea	KRW	100	100
<i>VAC Magnetic Japan</i>	Distribution	Japan	JPY	100	100
<i>VAC Magnetic France S.a.r.l.</i>	Distribution	France	EUR	100	100
<i>Vacuumschmelze China Magnetics (Shenyang) Co. Ltd</i>	Manufacturing	China	CNY	100	100
<i>VAC Netherlands B.V.</i>	Holding	Netherlands	EUR	100	100
<i>VAC Germany GmbH</i>	Holding	Germany	EUR	100	100
<i>VAC Finanzierung GmbH</i>	Holding	Germany	EUR	100	100
<i>VAC Participation GmbH</i>	Holding	Germany	EUR	100	100
<i>Vacuumschmelze GmbH & Co. KG</i>	Manufacturing	Germany	EUR	100	100
<i>VAC International Holding GmbH</i>	Holding	Germany	EUR	100	100
<i>Vacuumschmelze (Malaysia) Sdn. Bhd.</i>	Manufacturing	Malaysia	MYR	100	100
<i>Vacuumschmelze s.r.o.</i>	Manufacturing	Slovakia	EUR	100	100
<i>VAC Grundstücksverwaltung KG</i>	Holding	Germany	EUR	100	100
<i>VAC Magnetics UK Limited</i>	Manufacturing	Great Britain	GBP	100	100
Ara VAC TopCo US LLC	Holding	US	USD	100	100
<u><i>Subsidiaries of Ara VAC TopCo US:</i></u>					
<i>Ara VAC BidCo US LLC</i>	Holding	US	USD	100	100
<i>VAC Magnetics LLC</i>	Distribution	US	USD	100	100
<i>New VAC US LLC</i>	Holding	US	USD	100	100
<i>e-VAC Magnetics Holdings LLC</i>	Holding	US	USD	100	100
<i>e-VAC Magnetics LLC</i>	Manufacturing	US	USD	100	100
<u>Joint Ventures</u>					
<i>SANVAC (Beijing) Magnetics Co. Ltd. (CN)</i>	Joint Venture	China	CNY	49	49

Note 7: Interest in a joint venture

The Group holds a 49% interest in SANVAC Magnetics Co. Ltd., (SANVAC), a joint venture incorporated in China and engaged in manufacturing activities. The Group assessed the contractual arrangement with SANVAC and determined that the Group does not control the joint venture, as decisions about the relevant activities require the consent of each party owning shares. As such, the Group does not have the exclusive power to direct the relevant activities of the joint venture. The investment is accounted for using the equity method. Under this method, the investment is initially recognized at cost and subsequently adjusted for the Group's share of SANVAC's profit or loss and other comprehensive income.

The Group has no legal or constructive obligation to fund SANVAC or guarantee its obligations,

The summarized financial information of SANVAC as of and for the years ended December 31, 2025, and 2024 have been translated into the Group's presentation currency in accordance with IAS 21 - The Effects of Changes in Foreign Exchanges Rates and are presented below:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Non-current assets			
Property, plant and equipment	1,717	1,941	2,060
Intangible assets	260	320	344
Other assets	-	829	17,133
Current assets			
Inventories	11,154	10,457	29,545
Trade and other receivables	644	7,829	4,382
Cash and cash equivalents	448	217	148
Total assets	14,223	21,593	53,612
Non-current liabilities			
Interest bearing loans and borrowings	-	868	17,294
Current liabilities			
Trade and other payables	38,751	41,527	38,224
Contract Liability	-	-	3,821
Total liabilities	38,751	42,395	59,339
Equity	(24,528)	(20,802)	(5,727)
Total liabilities and Equity	14,223	21,593	53,612
Group's share in equity - 49%	(12,019)	(10,193)	(2,806)
Group's carrying amount of the investment	-	-	-

Summarized statement of profit or loss of SANVAC for 2025:

	2025	2024
	kEUR	kEUR
Revenue	19,888	24,468
Cost of sales	(21,386)	(35,209)
Gross loss	(1,498)	(10,741)
Distribution expenses	(1,126)	(1,007)
Administrative expense	(2,695)	(2,674)
Finance expenses	(42)	(79)
Other income	51	-
Other expenses	-	-
Operating loss	(5,310)	(14,501)
Other income non-operating	-	102
Other expenses non-operating	(12)	(44)
(Loss) / profit before tax	(5,322)	(14,443)
Income tax expense	-	-
(Loss) /profit after tax	(5,322)	(14,443)
Group's share of (Loss) / profit for the year	(2,608)	(7,077)

The joint venture had no material contingent liabilities or commitments, as of December 31, 2025, December 31, 2024 and as of January 1, 2024; SANVAC cannot distribute its profits without the consent from the two venture partners. As the equity value was already zero and no further losses were recognized as the Group has no legal or constructive obligations, the share of loss amounting for 2025 to kEUR 2,608 (2024: kEUR 7,077) and cumulatively to kEUR 11,258 was not recognized.

Note 8: Revenue

Disaggregated revenue information

Revenue disaggregated by geographic market and by business division depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Set out below is the disaggregation of the Group's revenue from contracts with customers, based on the location of the customers:

Geographic information

Business divisions	Rapid Solidification kEUR	Crystalline kEUR	Permanent Magnets kEUR	Total kEUR
For the year ended December 31, 2025				
Germany	19,244	20,485	22,256	61,985
Europe excluding Germany	74,944	32,801	33,854	141,599
North America	17,982	18,673	17,055	53,710
Asia Pacific	43,401	17,298	5,058	65,757
Rest of World	323	1,631	47	2,001
Total revenue from contracts with customers	155,894	90,888	78,270	325,052
For the year ended December 31, 2024				
Germany	27,695	22,702	24,664	75,061
Europe excluding Germany	80,998	40,452	30,384	151,834
North America	11,664	20,298	17,993	49,955
Asia Pacific	48,746	20,513	6,628	75,887
Rest of World	460	253	89	802
Total revenue from contracts with customers	169,563	104,218	79,758	353,539

Contract liabilities

	2025 kEUR	2024 kEUR
Balance as of January 1	26,034	16,368
Advance payments	8,084	13,816
Other contract liabilities	(535)	452
Revenue resulting from opening balance	(4,530)	(3,836)
Revenue from advance payments	(5,196)	(1,793)
Impact of foreign exchange	(2,297)	1,027
Balance as of December 31	21,560	26,034

Contract liabilities include advances received by or billed to customers for revenue from contracts with customers. The expected timing of resulting outflows is expected to occur within financial year 2026. The decrease in contract liabilities during the reporting period primarily reflects revenue recognized from amounts included in the opening contract liability balance and from revenue recognized from advance payments received during the year. No other significant changes in the contract liability balance occurred during the reporting period.

The contract liabilities outstanding at December 31, 2025 are expected to be recognized as revenue predominantly within the next 12 months, as they relate to outstanding customer orders that are typically fulfilled shortly after order receipt.

The underlying performance obligations primarily relate to the manufacture and delivery of customer-specific products, with revenue recognized either over time for highly specialized items or at a point in time upon transfer of control to the customer.

Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods was not material for the years ended December 31, 2025 and December 31, 2024.

Note 9: Cost of Sales

	2025	2024
	kEUR	kEUR
Cost of Sales		
Salary and wages	99,715	102,950
Pension expenses	305	187
Social security expenses	24,636	24,146
Direct Material and Services	102,387	105,672
Royalties	1,715	3,656
Utilities, Consumables and Maintenance	36,645	69,577
Freight	19,597	13,808
Training and recruitment expenses	603	593
Professional Fees	6,713	16,820
Travel expenses	2,035	1,520
IT Service and Communications	6,855	4,206
Depreciation and Amortization	45,883	49,622
	347,089	392,757

Cost of sales include kEUR 25,821 (2024: kEUR 32,047) of depreciation for property, plant and equipment and amortization for intangible assets, as well as kEUR 1,704 (2024: kEUR 1,753) of amortization of other capitalized development costs. The Group recognized kEUR nil in 2025 (2024: kEUR 34,474 related to inventories acquired in the 2023 acquisition that were measured at fair value at the acquisition date).

Note 10: Distribution expenses

	2025	2024
	kEUR	kEUR
Distribution expenses		
Salary and wages	10,927	11,349
Pension expenses	94	213
Social security expenses	2,322	1,656
Professional Fees	1,094	822
Travel expenses	859	657
IT Service and Communications	832	647
Sales commissions and advertising expenses	1,239	1,355
Depreciation and Amortization	422	431
	17,789	17,130

Note 11: Administrative expenses

	2025	2024
	kEUR	kEUR
Administrative expenses		
Salary and wages	6,867	6,221
Pension expenses	42	78
Social security expenses	1,358	1,691
Training and recruitment expenses	466	602
Professional Fees	4,894	5,978
Travel expenses	367	400
IT Service and Communications	622	514
Depreciation and Amortization	5,588	5,952
Insurance expenses	2,656	1,437
Other administrative expenses	358	1,297
	23,218	24,170

Note 12: Research and Development expenses

	2025	2024
	kEUR	kEUR
Research and Development expenses		
Salary and wages	2,075	3,718
Pension expenses	130	138
Social security expenses	1,162	1,035
Travel expenses	90	96
IT Service and Communications	440	312
Utilities, Consumables and Maintenance	129	118
Depreciation and Amortization	2,899	2,856
Other R&D expenses	233	210
	7,158	8,483

Research and development ("R&D") expenses are presented net of government grants recognized in accordance with IAS 20. Government grant income offsetting R&D expense amounted to kEUR 3,252 in 2025 and kEUR 218 in 2024 and relates to qualifying research expenditures incurred in the respective periods. The grants reimburse research expenses incurred in the period. At the reporting date, there were no unfulfilled conditions or other contingencies attached to the grants recognized.

Note 13: Other income

	2025	2024
	kEUR	kEUR
Other income		
Operating foreign exchange gains	11,633	3,930

Note 14: Other expenses

	2025	2024
	kEUR	kEUR
Other expenses		
Losses from the disposal of fixed assets	356	357
Operating foreign exchange losses	6,959	6,167
	7,315	6,524

Note 15: Finance income

	2025	2024
	kEUR	kEUR
Finance income		
Interest income third-party	878	570
Income from fair value changes of embedded derivatives	-	5,779
Income from amortization of interest-bearing loans	814	923
Financing foreign exchange gains	1,317	1,162
	3,009	8,434

Note 16: Finance expenses

	2025	2024
	kEUR	kEUR
Finance expenses		
Interest expense on employee benefit obligations	4,923	5,093
Interest expense third-party	26,177	25,395
Expenses from fair value changes of embedded derivatives	10,963	375
Expense from modification of interest-bearing loan	11,538	-
Financing foreign exchange losses	4,648	557
Interest expense leasing	242	238
Other	54	61
	58,545	31,719

The amount shown in the line item "Interest expense - third party" of kEUR 26,177 (2024: kEUR 25,395) primarily relates to interest expense associated with syndicated loan agreements in an amount of kEUR 165,000 and the kUSD 300,000 Term Loan of kEUR 37,423 (2024: kEUR 27,004), as well as fair value changes of interest rate swaps reclassified from other comprehensive income to profit or loss and is reduced by capitalized interest for constructions in progress of kEUR 11,246 (2024: kEUR 1,234). Further information on the Group's debt arrangements is provided in *Note 24.2*.

Note 17: Income Tax

The major components of income taxes are:

Consolidated profit or loss	2025	2024
	kEUR	kEUR
Current income tax:		
Current income tax charge	(5,979)	(10,292)
Current tax of prior periods	46	(375)
Deferred tax:		
Relating to origination and reversal of temporary differences	39,499	28,789
Income tax income / (expense) reported in the statement of profit or loss	33,566	18,122

Consolidated other comprehensive income / (loss)	2025	2024
	kEUR	kEUR
Deferred tax related to items recognized in OCI during the year:		
Net (gain)/loss on actuarial gains and losses	(3,811)	(1,692)
Deferred tax (charged) / credited to OCI	(3,811)	(1,692)

The Group's parent entity, Ara VAC IE Aggregator LP, is domiciled in Ireland and is a tax-transparent entity. The applicable tax rate used for the reconciliation is 29.358% in 2025 (29.042% in 2024), which is the weighted average of the statutory rates in Germany of 30.875% and the US of 25.925% in 2025 (23.580% in 2024) as the significant territories. The weighting is based on the profit or loss before tax.

Reconciliation of tax expense and the accounting profit / (loss) multiplied by the applicable domestic tax rate for the years ended December 31, 2025 and 2024:

	2025	2024
	kEUR	kEUR
Accounting profit / (loss) before income tax	(121,420)	(114,880)
At weighted average tax rate of 29.358% (29.042% in 2024)	(35,646)	(33,363)
Adjustments in respect of prior years	239	353
Effect of different tax rates applicable to other jurisdictions	977	(480)
Non-deductible expenses	2,279	155
Tax-exempt income	(637)	(411)
Tax effect on trade tax	(25)	(8)
Unrecognized interest carryforwards	7,013	6,964
Effect of changes in enacted tax rates	(12,171)	261
Unrecognized tax losses / deductible temporary differences	4,109	8,723
Other	296	(316)
Income tax (income) / expense reported in the statement of profit or loss	(33,566)	(18,122)

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of
	Deferred tax asset	Deferred tax liability	profit or loss
	2025	2025	2025
	kEUR	kEUR	kEUR
For the year ending December 31			
Intangible assets	-	(90,938)	17,434
Property, plant & equipment	25,183	(22,921)	16,087
Financial assets	-	(3,545)	3,657
Inventories	832	(1,783)	977
Employee benefit obligation	8,465	-	(1,407)
Other provisions and liabilities	1,108	-	(2,911)
Derivatives and external financing	6,714	-	3,366
Tax loss/interest carry forwards	12,143	(433)	6,517
Valuation allowance	-	(10,692)	(4,188)
Other	98	(8)	(33)
Gross deferred tax asset / (liability)	54,543	(130,320)	39,499
Offsetting	(40,925)	40,925	
Net deferred tax assets / (liabilities)	13,618	(89,395)	

	Consolidated statement of financial position		Consolidated statement of
	Deferred tax asset	Deferred tax liability	profit or loss
	2024	2024	2024
	kEUR	kEUR	kEUR
For the year ending December 31			
Intangibles	-	(108,786)	8,900
Property, plant & equipment	16,619	(28,663)	15,601
Financial assets	-	(7,624)	(5,414)
Inventories	113	(2,033)	12,162
Employee benefit obligation	13,689	-	(1,181)
Other provisions and liabilities	4,135	-	(1,442)
Derivatives and external financing	4,052	(243)	4,368
Tax loss/interest carry forwards	5,201	-	3,120
Valuation allowance	-	(7,374)	(7,310)
Other	134	(5)	(15)
Gross deferred tax asset / (liability)	43,943	(154,728)	28,789
Offsetting	(32,578)	32,578	
Net deferred tax assets / (liabilities)	11,365	(122,150)	

	Consolidated statement of financial position	
	Deferred tax asset	Deferred tax liability
	January 1, 2024	January 1, 2024
	kEUR	kEUR
As of January 1		
Intangible assets	-	(117,461)
Property, plant & equipment	3,882	(31,566)
Financial assets	-	(2,179)
Inventories	46	(14,091)
Employee benefit obligation	21,246	(4,694)
Other provisions and liabilities	5,922	(526)
Derivatives and external financing	615	(1,208)
Tax loss/interest carry forwards	2,081	-
Other	148	-
Gross deferred tax asset / (liability)	33,940	(171,725)
Offsetting	(30,450)	30,450
Net deferred tax assets / (liabilities)	3,490	(141,275)

Deferred tax liability on intangibles mainly refers to temporary differences from capitalized customer relationships, trademarks and patents and development costs recognized according to IAS 38.

Reconciliation of deferred tax assets and liabilities, net	2025	2024
	kEUR	kEUR
At January 1	(110,785)	(137,785)
Tax income / (expense) during the period recognized in profit or loss	39,499	28,789
Tax income / (expense) during the period recognized in OCI	(3,811)	(1,692)
Currency translation related to deferred tax assets, net	(680)	(97)
At December 31	(75,777)	(110,785)

Tax rates applicable for deferred tax calculation are as follows: German entities are measured at rates ranging from 25.6% to 30.875% (corporate income tax of 10%-15%, solidarity surcharge of 5.5% on corporate income tax, and trade tax of approximately 15.05%). US entities are measured at a combined federal and state rate of approximately 25.925% (federal rate of 21% plus applicable state rates).

The total sum of the tax loss carryforward of the German entities as of December 31, 2025, belongs to Ara VAC TopCo GmbH, Ara VAC MidCo GmbH and Ara VAC BidCo GmbH.

For Ara VAC BidCo GmbH, the tax loss carryforward for corporate income tax purposes amounts to kEUR 33,067 (2024: kEUR 13,272). Tax loss carryforward for trade tax purposes amounts to kEUR 32,519 (2024: kEUR 12,764). The entire amount of income tax losses was recognized due to higher deferred tax liabilities.

For the German tax group entities, all deferred tax liabilities and deferred tax assets on temporary differences were recognized.

No deferred tax asset was recognized for the tax loss of Ara VAC TopCo GmbH in the amount of kEUR 1,482 (2024: kEUR 963) and of Ara VAC MidCo GmbH in the amount of kEUR 29 (2024: kEUR 25). There will be no time limit on the utilization of these tax losses.

Management has determined that it is not probable that future taxable profits will be available against which these losses can be utilized. The entities in which these losses arose have a history of losses, and there are no other tax planning opportunities or evidence of recoverability in the near future.

No deferred tax asset was recognized for the interest carryforward of the German tax group in the amount of kEUR 57,889 in 2025 (2024: kEUR 37,305). There will be no time limit on the utilization of interest carryforward.

No deferred tax asset has been recognized in respect of the US subsidiary's net operating loss ("NOL") carryforwards. Tax loss for Federal Tax amounts to kEUR 4,639 (2024: kEUR 0). Tax loss for State Tax amounts to kEUR 4,075 (2024: kEUR 0). Management has assessed that it is not probable that sufficient future taxable profits will be available in the US subsidiary against which these NOL carryforwards can be utilized. This assessment is based on the subsidiary's history of taxable losses and the lack of other persuasive evidence of recoverability in the near future. There will be no time limit on the utilization of these tax losses.

For the US entities, the amount of temporary differences for which no deferred tax asset was recognized totals kEUR 44,776 (2024: kEUR 29,640).

Write-downs of previously recognized deferred tax assets as of December 31, 2025 amounted to kEUR 15 (December 31, 2024: kEUR 17 and January 1, 2024: kEUR nil). There were no reversals of previous write-downs of deferred tax assets.

If the Group were able to recognize all currently unrecognized deferred tax assets, profit would increase by kEUR 18,173 (2024: kEUR 13,446).

There are no taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures. Therefore, no deferred tax liabilities have been recognized for outside basis differences.

In 2025, the German legislature decided on a gradual reduction in German corporate income tax starting in 2028. Over a period of five years, the rate is to be reduced by one percentage point per year to 10%. The gradual reduction in corporate income tax rate was taken into account in the valuation of deferred taxes for the German companies. The revaluation resulted in deferred tax income of kEUR 12,171.

Since 1 January 2024, the Pillar Two legislation has been in force. The analysis for the 2025 reporting period revealed no indications of any material impact under this legislation. The Group is therefore not affected by the scope of global minimum taxation according to the OECD Pillar Two model regulations. As a consequence, no provisions for Pillar Two income taxes were recognized. The Group applies the exemption from recognizing deferred taxes in connection with Pillar Two income taxes.

Note 18: Cash and cash equivalents and restricted cash

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Cash and cash equivalents	15,586	34,687	76,204
Restricted Cash - Current	2,951	12,195	440
Restricted Cash - Non-Current	-	2,588	-
	18,537	49,470	76,644

Cash and cash equivalents primarily relate to cash at banks amounting to kEUR 15,583, kEUR 34,682, and kEUR 76,199 as of December 31, 2025, December 31, 2024, and January 1, 2024, respectively. Restricted cash primarily represents cash held in escrow for a contractor related to the construction of the manufacturing facility for e-VAC Magnetics LLC.

Note 19: Trade and other receivables

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Trade receivables third-party	16,786	17,929	20,356
Trade receivables third-party - Continuing involvement asset (factoring)	271	360	-
Trade and other receivables from related parties (<i>Note 31</i>)	9	39	50
Factoring holdback receivables	4,988	5,107	4,986
Financial assets	22,054	23,435	25,392
Other tax assets	2,900	2,814	4,031
Prepaid expenses	1,946	3,200	2,488
Other non-financial assets	3,504	12,579	1,958
Non-financial assets	8,350	18,593	8,477
Total trade and other receivables	30,404	42,028	33,869

Regarding the pledging of receivables, refer to *Note 24.3*.

Other tax assets primarily relate to value added tax (VAT).

As of December 31, 2025, and December 31, 2024, the aging analysis of trade receivables for gross carrying amounts by credit risk rating grades is as follows:

	Total kEUR	Neither past due nor impaired kEUR	Past due but not impaired			
			<30 days kEUR	30-60 days kEUR	61-90 days kEUR	>90 days kEUR
2025	16,786	12,496	2,150	706	220	1,214
2024	17,929	15,774	857	(151)	606	843

Expected credit losses and write offs on Trade receivables third party are immaterial for the years 2025 and 2024. Trade receivables third party reflected no credit allowance balance as of all periods presented.

In 2025 the Group made an advance payment to a supplier of kEUR 5,285 that was subsequently written-off and was recognized in the statement of profit or loss.

The Group divides its receivables portfolio into two categories based on the underlying business models and cash flows. Trade receivables that are part of an existing factoring agreement and are therefore assigned to the "sell" business model are classified as measured at fair value through profit or loss (FVTPL). Trade receivables held primarily with the objective of collecting the nominal value of the receivable are assigned to the "Hold" business model and recognized at amortized cost (FAAC).

Trade accounts receivable factoring program

The Group is party to a non-recourse factoring arrangement under which a German entity of the Group sell eligible EUR and United States Dollar ("USD") denominated trade receivables on a recurring basis. Upon sale, legal title to the receivables is transferred to the Factor. The purchase price equals the nominal amount of the receivables (net of any customer discounts) and is settled in two components: (i) an advance payment of 90% of the purchase price remitted to the Group upon transfer ("Advance") and (ii) a 10% purchase price holdback retained by the Factor ("Holdback"). The Holdback is intended to cover potential customer disputes (e.g., short-payments arising from quality or other claims) and is released to the Group when the customer pays the invoice or upon the occurrence of a del credere event. A del credere event occurs if the customer does not pay within 120 days from the invoice due date or becomes insolvent. The factor charges interest on the outstanding principal of the Advance at a variable rate from the date the Advance is paid until the earlier of customer settlement or the del credere event. Factoring interest and other factoring costs are recognized in profit or loss within finance expenses. For the German factoring program, by a supplementary agreement dated December 17, 2024, the contract has been extended until October 31, 2027, with the maximum volume reduced from kEUR 60,000 to kEUR 55,000. Based on the Group's assessment of the extent to which risks and rewards of the sold receivables are transferred or retained, the Group concluded that it still has a continuing involvement in these receivables.

The Group has also entered into a non-recourse factoring arrangement with a Factor for one US entity under which certain trade receivables are assigned to the Factor. The arrangement is structured as a notification factoring facility, whereby the Factor may provide discretionary advances of up to 90% of eligible accounts receivable, subject to defined limits and eligibility criteria. The receivables, which are primarily denominated in United States Dollar ("USD"), are transferred to the Factor through an assignment, and the Group may obtain funding based on the outstanding receivables balance. Interest is charged on amounts advanced at a variable rate based on the greater of the JPMorgan prime rate or 4.0%. In addition, the Factor charges a factoring commission calculated as a percentage of the gross face amount of the receivables, together with applicable surcharges. Factoring interest and commissions are recognized in the statement of profit or loss within finance expenses. Based on the Group's assessment of the extent to which risks and rewards of the sold receivables are transferred or retained, the Group concluded that all sold receivables shall be derecognized in their entirety.

German Factoring Program

	2025	2024	2023
	kEUR	kEUR	kEUR
End of contract term	October 31, 2027	March 7, 2025	March 7, 2025
Maximum contract volume	55,000	60,000	60,000
Volume of receivables sold as of the reporting date	20,250	25,085	30,725

CONTINUING INVOLVEMENT

Carrying amount of the continuing involvement asset	271	360	-
Carrying amount of the associated liability	284	360	-

US Factoring Program

	2025	2024	2023
	kEUR	kEUR	kEUR
Volume of receivables sold as of the reporting date	3,776	2,747	2,959

As of December 31, 2025, kEUR 24,027 of receivables were subject to factoring arrangements (December 31, 2024: kEUR 27,831; January 1, 2024: kEUR 33,684). These receivables have been derecognized, since the contractual rights to the cash flows were transferred to the factor and the Group retained only limited continuing involvement. Accordingly, the receivables were derecognized and a continuing involvement asset and the associated liability were recognized separately.

The fair value of the receivables sold was substantially the same as their carrying value. The cash receipt is treated as an operating cash flow within the consolidated statement of cash flows.

Note 20: Inventories

Inventories as of December 31, 2025, December 31, 2024, and January 1, 2024, respectively, are comprised of the following:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Raw materials	36,718	32,803	39,782
Work in progress	50,302	53,827	86,572
Finished goods	9,515	11,050	25,745
Total inventories	96,535	97,680	152,099

Cost of inventories recorded as expense in the cost of sales during the years ended December 31, 2025 and December 31, 2024, respectively, were kEUR 83,926 and kEUR 91,604.

The total allowance for obsolescence, slow-moving inventories and excess of cost over net realizable value as of December 31, 2025, December 31, 2024, and January 1, 2024, was kEUR 9,829, kEUR 6,453, and kEUR 7,797 respectively. During 2025, the Group recognized additional inventory reserves of kEUR 3,376 (2024: kEUR -1,345), which represent the profit or loss effect for the respective periods. The remaining movement in the inventory allowance was immaterial. The total amount of inventories written off in 2025 and 2024 were kEUR 1,056 and kEUR 1,170, respectively.

Regarding pledged inventories, refer to *Note 24.3*.

Note 21: Property, plant and equipment

	Freehold land and buildings kEUR	Machinery and equipment kEUR	Construction in progress kEUR	Total kEUR
At January 1, 2025				
Cost	98,640	101,337	184,822	384,799
Accumulated depreciation	(5,274)	(13,551)	-	(18,825)
Net book amount at January 1, 2025	93,366	87,786	184,822	365,974
For the Financial Year from January 1, 2025 to December 31, 2025				
Opening net book amount	93,366	87,786	184,822	365,974
Exchange differences	(143)	(643)	(27,796)	(28,582)
Additions	4,010	1,457	203,411	208,878
Capitalized interest	-	-	11,246	11,246
Disposals	(2)	(1,820)	(1,424)	(3,246)
Transfer	81	7,490	(7,571)	-
Depreciation charge for the year	(3,979)	(17,836)	-	(21,815)
Depreciation charge due to disposal	-	1,867	-	1,867
Asset-related government grants/tax credit deducted from cost (Note 32)	-	-	(103,357)	(103,357)
Net book amount at December 31, 2025	93,333	78,301	259,331	430,965
At December 31, 2025				
Cost	102,481	106,617	259,331	468,429
Accumulated depreciation	(9,148)	(28,316)	-	(37,464)
Net book amount at December 31, 2025	93,333	78,301	259,331	430,965
	Freehold land and buildings kEUR	Machinery and equipment kEUR	Construction in progress kEUR	Total kEUR
At January 1, 2024				
Cost	97,932	98,828	31,549	228,309
Accumulated depreciation	(1,032)	(4,419)	-	(5,451)
Net book amount at January 1, 2024	96,900	94,409	31,549	222,858
For the Financial Year from January 1, 2024 to December 31, 2024				
Opening net book amount	96,900	94,409	31,549	222,858
Exchange differences	91	986	7,365	8,442
Additions	327	796	191,333	192,456
Capitalized Interest	-	-	1,234	1,234
Disposals	(3)	(8,741)	(395)	(9,139)
Transfer	128	7,785	(7,913)	-
Depreciation charge for the year	(4,077)	(16,188)	-	(20,265)
Depreciation charge due to disposal	-	8,739	-	8,739
Asset-related government grants/tax credit deducted from cost	-	-	(38,351)	(38,351)
Net book amount at December 31, 2024	93,366	87,786	184,822	365,974
At December 31, 2024				
Cost	98,640	101,337	184,822	384,799
Accumulated depreciation	(5,274)	(13,551)	-	(18,825)
Net book amount at December 31, 2024	93,366	87,786	184,822	365,974

The amount of borrowing costs capitalized in the years ended December 31, 2025 and 2024 were kEUR 11,246 and kEUR 1,234, respectively, related to the Group's kUSD 300,000 loan which was entered into for the purpose of financing the construction of its manufacturing facility in Sumter, South Carolina. The interest rate applicable to that borrowing during the period was 3.3% (2024: 3.2%). Capitalized borrowing costs are included within property, plant and equipment and are reflected in the statement of cash flows as interest and financing fees paid within financing activities.

The Group assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired in accordance with IAS 36.

As of December 31, 2025, the Group identified indicators of impairment in accordance with IAS 36.12, primarily arising from updated forecasts reflecting lower expected revenues and operating results. The impairment indicators included continued weak economic conditions in key markets and a still low, albeit increasing, level of order intake. These indicators were identified for the Crystalline, Rapid Solidification and Permanent Magnets CGUs. Accordingly, impairment tests were performed for these CGUs (*see Note 23*). Based on these impairment tests, the recoverable amounts of the CGUs exceeded their respective carrying amounts and, therefore, no impairment losses were recognized.

See *Note 24.3* for discussion on pledged assets.

Note 22: Right-of-use assets and lease liabilities

This note provides information for leases where the Group is a lessee.

The recognition of the right-of-use asset is as follows:

	Buildings	Other	Total
	kEUR	kEUR	kEUR
At January 1, 2025			
Cost	3,305	4,069	7,374
Accumulated depreciation	(1,145)	(1,685)	(2,830)
Net book amount at January 1, 2025	2,160	2,384	4,544
For the Financial Year from January 1, 2025 to December 31, 2025			
Opening net book amount	2,160	2,384	4,544
Exchange differences	(133)	(9)	(142)
Additions	1,999	1,899	3,898
Disposals	(1,233)	(86)	(1,319)
Depreciation charge for the year	(1,696)	(1,318)	(3,014)
Depreciation charge derecognized due to disposal	813	86	899
Net book amount at December 31, 2025	1,910	2,956	4,866
At December 31, 2025			
Cost	3,097	5,070	8,167
Accumulated depreciation	(1,187)	(2,114)	(3,301)
Net book amount at December 31, 2025	1,910	2,956	4,866

	Buildings	Other	Total
	kEUR	kEUR	kEUR
At January 1, 2024			
Cost	2,965	2,626	5,591
Accumulated depreciation	(870)	(770)	(1,640)
Net book amount at January 1, 2024	2,095	1,856	3,951
For the Financial Year from January 1, 2024 to December 31, 2024			
Opening net book amount	2,095	1,856	3,951
Exchange differences	43	14	57
Additions	1,850	1,671	3,521
Disposals	(1,654)	-	(1,654)
Depreciation charge for the year	(1,821)	(1,157)	(2,978)
Depreciation charge derecognized due to disposal	1,647	-	1,647
Net book amount at December 31, 2024	2,160	2,384	4,544
At December 31, 2024			
Cost	3,305	4,069	7,374
Accumulated depreciation	(1,145)	(1,685)	(2,830)
Net book amount at December 31, 2024	2,160	2,384	4,544

Lease liabilities comprise as follows:

	December	December	January
	31, 2025	31, 2024	1, 2024
	kEUR	kEUR	kEUR
Current	2,205	2,023	1,904
Non - Current	2,817	2,738	2,291
Total Lease liabilities	5,022	4,761	4,195

The related statement of profit or loss effects are as follows:

	2025	2024
	kEUR	kEUR
Interest expense	242	238
Expense relating to short-term leases (included in cost of sales)	53	82
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses and cost of sales)	105	39

The cash outflow for leases in the years presented, including interest, amounted to kEUR 3,880 in 2025 and kEUR 2,500 in 2024.

Exchange differences relate to the translation of right-of-use assets of foreign subsidiaries whose functional currency is not EUR.

No significant future cash outflows exist to which the lessee is potentially exposed for variable lease payments or extension or termination options.

The following table presents undiscounted cash flows for lease liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Within 1 year	2,716	2,238	2,032
1-5 years	2,978	2,728	2,258
More than 5 years	65	172	123
Total undiscounted lease payments	5,759	5,138	4,413

Note 23: Intangible assets and impairment

	Development costs	Patents, trademarks and other rights	R&D projects under development	Total
	kEUR	kEUR	kEUR	kEUR
At January 1, 2025				
Cost	40,106	344,432	19,748	404,286
Accumulated amortization	(9,333)	(36,699)	-	(46,032)
Net book amount at January 1, 2025	30,773	307,733	19,748	358,254
For the Financial Year from January 1, 2025 to December 31, 2025				
Opening net book amount	30,773	307,733	19,748	358,254
Additions	142	98	4,993	5,233
Disposals	-	-	-	-
Transfer	7,924	-	(7,924)	-
Amortization charge for the year	(6,577)	(23,387)	-	(29,964)
Derecognition due to discontinued projects	-	-	(1,432)	(1,432)
Exchange differences	-	(1,799)	-	(1,799)
Net book amount at December 31, 2025	32,262	282,645	15,385	330,292
At December 31, 2025				
Cost	48,172	342,207	15,385	405,764
Accumulated amortization	(15,910)	(59,562)	-	(75,472)
Net book amount at December 31, 2025	32,262	282,645	15,385	330,292

	Development costs	Patents, trademarks and other rights	R&D projects under development	Total
	kEUR	kEUR	kEUR	kEUR
At January 1, 2024				
Cost	35,517	343,054	17,823	396,394
Accumulated amortization	(2,482)	(7,710)	-	(10,192)
Net book amount at January 1, 2024	33,035	335,344	17,823	386,202
For the Financial Year from January 1, 2024 to December 31, 2024				
Opening net book amount	33,035	335,344	17,823	386,202
Additions	193	174	6,322	6,689
Disposals	-	-	-	-
Transfer	4,396	1	(4,397)	-
Amortization charge for the year	(6,851)	(28,766)	-	(35,617)
Amortization charge derecognized due to disposal	-	-	-	-
Exchange differences	-	980	-	980
Net book amount at December 31, 2024	30,773	307,733	19,748	358,254
At December 31, 2024				
Cost	40,106	344,432	19,748	404,286
Accumulated amortization	(9,333)	(36,699)	-	(46,032)
Net book amount at December 31, 2024	30,773	307,733	19,748	358,254

Development costs consist of capitalized development expenditures that meet the recognition criteria under IAS 38 and relate primarily to internally generated expenses. These amounts include directly attributable internal labor costs, external contractor costs, and testing and prototyping costs incurred after capitalization commences. Development and R&D projects under construction are not amortized until the related intangible assets are available for use.

Patents, trademarks and other rights include customer relationships and contract-related intangibles that consist of non-contractual customer relationships and contractual order backlog acquired as part of the 2023 acquisition of the Group. These assets have finite useful lives and are amortized over their respective amortization periods. Patents, trademarks and other rights also include patents and trademarks, which include purchased costs for software and consist of the Group's patent portfolio and trademarks acquired as part of the 2023 acquisition of the Group. These assets have finite useful lives and are amortized over their respective amortization periods.

Research expenditure recognized as an expense during the year ended December 31, 2025, and December 31, 2024, were kEUR 7,158 and kEUR 8,483, respectively.

Assessment of impairment

As of December 31, 2025, the Group identified indicators of impairment within the meaning of IFRS 36.12, primarily due to updated budgets and forecasts reflecting lower expected revenues and operating results. These developments are mainly attributable to the continued weak economic conditions in key markets and a still relatively low, albeit increasing, level of order intake. These indicators were identified for the Crystalline, Rapid Solidification and Permanent Magnets CGUs of the Group. There was no triggering event identified for e-VAC Magnetics LLC CGU as of December 31, 2025. Subsequent to year-end, a customer dispute arose involving e-VAC Magnetics LLC, as described in Note 33. As this matter arose after the reporting date, it is considered a non-adjusting event under IAS 10 and has not been reflected in the impairment assessment as of December 31, 2025. The matter may represent an impairment indicator in the subsequent reporting period; however, management does not currently expect it to result in a material impairment of the e-VAC Magnetics LLC CGU.

For the purpose of impairment testing, the recoverable amount of a CGU represents the higher of its value in use and fair value less cost of disposal. For the CGUs tested, the recoverable amount was determined based on value in use. The calculations are based on cash flow projections derived from five-year financial plans approved by management. In the cash flow model, items affecting the cash-generating unit's operational cash flow - mainly income and expenses - are examined. Cash flows extending beyond the five-year forecast period have been extrapolated using a terminal growth rate of 1.5% based on management's estimate of a long-term growth rate. The income and expenses of each asset are estimated based on management's expectations of future revenues and costs, having considered internal and macroeconomic factors. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset. Based on the impairment tests performed, the recoverable amounts of the CGUs exceeded their respective carrying amounts and, accordingly, no impairment losses were recognized.

The two business divisions, Crystalline and Rapid Solidification, generate cash inflows that are independent of the Permanent Magnets business division because they utilize geographically separate production facilities (assets) with different production processes, and their end products are fundamentally different. Furthermore, Crystalline and Rapid Solidification essentially have a separate customer base from the Permanent Magnets business division; only a few customers regularly purchase products from both Crystalline and Rapid Solidification as well as from Permanent Magnets.

e-VAC Magnetics, LLC, represents the Group's U.S.-based manufacturing facility which is currently engaged in pre-production activities and expected to begin commercial operations in calendar year 2026. Management has determined that the underlying assets constitute a separate CGU, as they are expected to generate independent cash inflows once commercial operations commence.

The Group's four main CGUs are:

- **Rapid Solidification:** The Rapid Solidification CGU comprises the Group's activities related to the production of strips and foils made from amorphous and nanocrystalline alloys. This division develops and industrially produces magnetic cores, inductive components, and current sensors. The CGU includes production facilities located in Germany, China, Slovakia, and Malaysia.
- **Crystalline:** The Crystalline CGU comprises the Group's activities involving the melting of alloys in vacuum induction furnaces, resulting in various crystalline materials available as strips, wires, and further processed products (e.g., stamped parts, rotor, and stator assemblies). The principal production facilities are located in Germany, with some further processed products also manufactured in Slovakia. This CGU serves as the central development site for new products across both value chains, supporting future series production at international locations.
- **Permanent Magnets:** The Permanent Magnets CGU comprises the Group's activities in producing sintered rare earth permanent magnets and associated magnet systems. The production facilities are located in Germany, Slovakia, and Finland.
- **e-VAC Magnetics, LLC:** The e-VAC Magnetics, LLC CGU represents the Group's U.S. based manufacturing facility, which is currently in the pre-production phase. The CGU includes assets related to the construction, commissioning, and preparation for commercial operations as well as production and sale of sample products such as semi-finished materials and parts, inductive components for electronics, magnets and magnet assemblies. There was no trigger event identified for this CGU as of December 31, 2025.

Rapid Solidification CGU

The recoverable amount of the Rapid Solidification CGU, as of December 31, 2025, was determined using an after-tax discount rate (weighted average cost of capital, WACC) applied to cash flow projections of 9.13%. The pre-tax WACC amounted to 11.15%.

Crystalline CGU

The recoverable amount of the Crystalline CGU, as of December 31, 2025, was determined using an after-tax discount rate (WACC) applied to cash flow projections of 9.13%. The pre-tax WACC amounted to 11.01%.

Permanent Magnets CGU

The recoverable amount of the Permanent Magnets CGU ("PM"), as of December 31, 2025, was also determined using an after-tax discount rate (WACC) applied to cash flow projections of 9.13%. The pre-tax WACC amounted to 11.08%.

Note 24: Financial assets and liabilities

24.1: Financial assets

The carrying amounts of financial assets by class and IFRS 9 measurement category are as follows:

	December 31, 2025				December 31, 2024		January 1, 2024		
	Note	Fair Value Hierarchy	Category	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR
Current									
Trade and other receivables									
Trade receivables third-party	19	n/a	FAAC	16,786	-	17,929	-	20,356	-
Trade receivables third-party - Continuing involvement asset (factoring)	19	n/a	n/a	271	-	360	-	-	-
Trade and other receivables from related parties	19, 31	n/a	FAAC	9	-	39	-	50	-
Factoring holdback receivables	19	n/a	FAAC	4,988	-	5,107	-	4,986	-
Cash and cash equivalents	18	n/a	FAAC	15,586	-	34,687	-	76,204	-
Restricted cash	18	n/a	FAAC	2,951	-	12,195	-	440	-
Other financial assets									
Foreign exchange forward contracts		Level 2	FVTPL	18	18	26	26	-	-
Commodity hedges		Level 2	FVTPL	93	93	-	-	-	-
Non-current									
Restricted cash	18	n/a	FAAC	-	-	2,588	-	-	-
Other financial assets									
Embedded derivatives		Level 3	FVTPL	13,856	13,856	17,388	17,388	7,057	7,057
Interest rate swaps		Level 2	n/a	1,212	1,212	6,465	6,465	-	-
Total at amortized cost (FAAC)				40,320		72,545		102,036	
Total at fair value through profit or loss (FVTPL)				13,967		17,414		7,057	
Total other assets (non-FAAC/FVTPL)				1,483		6,825		-	
Total financial assets				55,770		96,784		109,093	

Factoring holdback receivables result from the deferred collection of a portion of the factored trade receivables in Euro and USD and cover 10% of the receivables sold.

The Group enters derivative financial instruments (foreign exchange forward contracts, commodity hedges and interest rate swaps) with financial institutions with investment grade credit ratings. Interest rate swaps and foreign currency forward contracts are valued using valuation techniques, which employ the use of market-observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange ("fx") spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. Credit valuation adjustments ("CVA") and debit valuation adjustments ("DVA") are included where relevant. Because the significant inputs are observable in the marketplace, the foreign exchange forward contracts, commodity hedges and interest rate swaps are classified as Level 2 within the fair value hierarchy.

Such derivative financial instruments are entered into in accordance with the ISDA (International Swaps and Derivatives Association). These do not meet the netting requirements under IAS 32 Financial Instruments, as netting is enforceable only in the event of insolvency. Since all derivatives in place as of the reporting dates are concluded with different financial institutions, the Group could not exercise its rights of set-off.

Embedded derivatives are classified as Level 3 within the fair value hierarchy and further details regarding this classification are presented below. There were no transfers between Levels 1, 2 and 3 during 2025 or 2024. Transfers between Levels would be deemed to have occurred at the end of the reporting period in which they occur.

The carrying amounts of financial assets measured at amortized cost approximate their fair values due to their short-term nature and / or immaterial credit risk.

The net gains or losses recognized in profit or loss on financial assets were as follows:

	December 31, 2025 kEUR	December 31, 2024 kEUR
Net gains or net losses on financial assets:		
at amortized cost	(1,859)	(876)
at fair value through profit or loss	(13,250)	3,776
Total recognized in profit or loss	(15,109)	2,900

For financial assets measured at FVTPL, net gains and losses arise primarily from changes in the fair value of embedded derivatives. For financial assets measured at amortized cost, it is mainly foreign exchange effects on receivables.

Embedded Derivatives

The EUR 165.0 million term loan contains three embedded derivative features (call option, put option, interest rate floor) that are economically interrelated and require separation. In accordance with IFRS 9, the Group has determined that these features are accounted for as a single compound embedded derivative.

The USD 300.0 million term loan contains two embedded derivative features (put option and interest rate floor) that are economically interrelated and require separation. In accordance with IFRS 9, the Group has determined that these features are accounted for as a single compound embedded derivative.

The Group has engaged an external, independent adviser to determine the fair value of the compound embedded derivative. The independent adviser carried out this work using a third-party tool. The Group has internal processes in place to review the adviser's qualifications and understanding of the third-party tool as well as the results of the valuation.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements for the separated embedded derivative from the EUR 165.0 million categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2025 and 2024 are shown below:

Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	2025: 55% 2024: 55%	10% increase would result in a decrease in fair value by kEUR (404) (increase in 2024: kEUR 232) 10% decrease would result in an increase in fair value by kEUR 215 (decrease in 2024: kEUR (149))
Probability of exit events	2025: 70% 2024: 20%	10% increase would result in a decrease in fair value by kEUR (193) (2024: kEUR (45)) 10% decrease would result in an increase in fair value by kEUR 178 (2024: kEUR 48)
Credit Spread	2025: 4.63% 2024: 2.58%	1% increase would result in a decrease in fair value by kEUR (3,452) (2024: kEUR (3,935)) 1% decrease would result in an increase in fair value by kEUR 4,696 (2024: kEUR 4,974)

The significant unobservable inputs used in the fair value measurements for the separated embedded derivative from the USD 300 million categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2025 and 2024 are shown below:

Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	2025: 45% 2024: 40%	10% increase would result in an increase in fair value by kEUR 478 (2024: kEUR 164) 10% decrease would result in a decrease in fair value by kEUR (310) (2024: kEUR (191))
Probability of exit events	2025: 5% 2024: 5%	10% increase would result in a decrease in fair value by kEUR (65) (2024: kEUR (61)) 10% decrease would result in an increase in fair value by kEUR 77 (decrease 2024: kEUR (16))
Credit Spread	2025: 2.93% 2024: 2.90%	1% increase would result in a decrease in fair value by kEUR (4,476) (2024: kEUR (1,933)) 1% decrease would result in an increase in fair value by kEUR 7,386 (2024: kEUR 3,068)

The fair value of embedded derivatives is sensitive to changes in significant unobservable inputs. Due to the interrelationship between unobservable inputs, the effect of changes in a single input may not be indicative of the total impact on fair value. Fair value measurements are reviewed at each reporting date.

The following table presents a reconciliation of the opening and closing balances of embedded derivatives classified within Level 3 of the fair value hierarchy for both the EUR 165 million and USD 300 million loans:

	2025	2024
	kEUR	kEUR
At January 1	17,388	7,057
Additions	8,419	4,754
Total gains or losses recognized in profit or loss for the period	(11,801)	5,398
Foreign exchanges recognized in other comprehensive income	(987)	179
Settlements	838	-
Transfers into or out of Level 3	-	-
At December 31	13,856	17,388

Changes in the fair value of embedded derivatives are recognized in profit or loss within finance income or finance expenses. Foreign exchanges are recognized in other comprehensive income within the foreign currency translation reserve.

Cash flow hedges

In September 2024, e-VAC Magnetics LLC, a wholly owned subsidiary of the Group in the United States, entered into five interest rate swaps with different counterparties, all with the same terms. The interest rate swaps hedge exposure to variability in cash flows arising from changes in interest rates on variable-rate debt issued under the US Credit Agreement (defined below). The interest rate swaps are presented in the statement of financial position, under non-current assets, other financial assets.

The Group uses interest rate swap contracts to hedge exposure to variability in cash flows arising from changes in interest rates on long-term borrowings with variable rates (interest rate risk). These interest cash flows are considered highly probable.

The Group designates interest rate swaps whose critical terms (including reference rate, reset dates, payment dates, maturities and notional amounts) closely align with those of the hedged item. The Group does not hedge 100% of its loans, and therefore designates the hedged item as a proportion of the outstanding borrowings corresponding to the swap's notional amount. As the critical terms of the interest rate swap contracts and their corresponding hedged items are aligned, the Group expects their values to move in opposite directions in response to changes in the underlying interest rates demonstrating an economic relationship. The Group has established a hedge ratio of 1:1 for the hedging relationship, whereby the designated notional amount of the hedging instruments corresponds to an equal notional amount of the hedged variable-rate borrowings. The notional schedule of the interest rate swaps is designed to track the expected outstanding principal of the hedged borrowings, with a built-in buffer to avoid over-hedging. At December 31, 2024, the aggregate swap notional temporarily exceeded the outstanding loan balance due to a small timing gap of a scheduled notional step-up and a subsequent loan drawing in January 2025. The hedge ineffectiveness was immaterial.

Hedge effectiveness is determined using the dollar offset method, assessed at the inception and on an ongoing basis, to ensure that the economic relationship and hedge ratio between the hedged item and the hedging instrument remains appropriate.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows between the hedged items and hedging instruments.
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.

- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.
- Changes to forecasted amount of cash flows of hedged items and hedging instruments.

The effective portion of changes in the fair value of the hedging instruments is recognized in other comprehensive income (OCI) and accumulated in equity. Any ineffective portion is recognized in finance income or finance expenses. Amounts accumulated in equity are reclassified to profit or loss in the period(s) when the hedged cash flows affect profit or loss.

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	December 31, 2025	December 31, 2024
	kEUR	kEUR
Carrying amount of interest rate swaps (included in 'Other financial assets', non-current)	1,212	6,465
Notional amount - USD	225,000	106,685
Notional amount - EUR	191,489	102,690
Maturity	June 30, 2033	June 30, 2033
	2025	2024
	kEUR	kEUR
Cash Flow Hedge Reserve at January 1	6,465	-
Change in fair value of hedging instruments recognized in OCI	(3,933)	6,629
Settlements (reclassified to profit or loss)	(1,320)	(164)
Cash Flow Hedge Reserve at December 31	1,212	6,465
	2025	2024
	kEUR	kEUR
Change in fair value of hedging instruments (interest rate swaps)	(5,254)	6,465
Change in fair value of hedged item	5,892	(7,150)
Hedge ineffectiveness recognized in profit or loss	-	-

The change in fair value of the hedged item used for calculating hedge ineffectiveness is determined using a hypothetical derivative. The actual changes in fair value of the hypothetical derivative amounted to kEUR 5,892 and kEUR (7,150) for the years ended December 31, 2025 and 2024, respectively. No hedge ineffectiveness was recognized in profit or loss for the periods presented, as the cumulative gain or loss on the hedging instruments was lower than the cumulative change in fair value of the hedged item, in absolute terms.

Movements recognized in other comprehensive income (OCI) represent the effective portion of cash flow hedging instruments and do not represent a separate measurement category under IFRS 9. Any hedge ineffectiveness was insignificant for the periods of 2025, and 2024, therefore no hedge ineffectiveness was recognized for the periods presented. Settlements of the swap are reclassified to profit or loss through interest expense. The deferred tax impact from the cash flow hedge recognized in other comprehensive income (OCI) is nil for both the years.

The swaps require settlement every quarter and the settlement dates coincide with the dates on which interest is payable on the underlying debt. The interest payments on the swaps are a fixed rate at 3.281% and the underlying debt is based on a three-month daily simple secured overnight financing rate ("SOFR") plus a margin of 3% to 3.5%.

The Group's accumulated other comprehensive income (loss) includes the cumulative effective portion of gains and losses on interest rate swaps designated as cash flow hedges. Balances are presented net of amounts reclassified to profit or loss upon settlement or realization of the hedged cash flows and related income tax effects.

24.2: Financial liabilities

The carrying amounts of financial liabilities by class and IFRS 9 measurement category are as follows:

				December 31, 2025		December 31, 2024		January 1, 2024	
	Note	Fair Value Hierarchy	Category	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR
Current									
Interest bearing loans and borrowings									
Interest bearing loans and Borrowings		n/a	FLAC	32,462	-	2,444	-	2,358	-
Interest bearing loans and borrowings (accrued interest)		n/a	FLAC	4,366	-	5,834	-	4,770	-
Other financial liabilities									
Commodity hedges		Level 2	FVTPL	-	-	76	76	249	249
Trade and other payables									
Trade payables	25	n/a	FLAC	47,304	-	37,365	-	25,382	-
Trade payables - with continuing involvement associated liability (factoring)	25	n/a	n/a	284	-	360	-	-	-
Other financial liabilities due to third parties	25	n/a	FLAC	291	-	451	-	825	-
Non-current									
Interest bearing loans and borrowings		Level 3	FLAC	413,605	430,883	256,012	278,462	162,525	176,880
Total at amortized cost (FLAC)				498,028		302,106		195,860	
Total at fair value through profit or loss (FVTPL)				-		76		249	
Total other liabilities (non-FAAC/FVTPL)				284		360		-	
Total financial liabilities				498,312		302,542		196,109	

Trade payables and other short-term financial liabilities are recognized at the transaction price and measured at amortized cost. Due to their short-term nature, the carrying amounts approximate their fair values. Refer to *Note 25* for additional disclosures on Trade and other payables.

For the current interest-bearing borrowings, the fair values are not materially different from their carrying amounts.

The fair values of Group's non-current interest bearing loans and borrowings are determined using the discounted cash flow method with term-specific discount rates that reflect the issuer's credit risk. The discount rate includes a credit spread taken from the valuation of the embedded derivatives. As it is not readily observable on the market, it constitutes a Level 3 input.

Interest bearing loans and borrowings

The carrying amounts of Interest-bearing loans and borrowings are comprised as follows:

Category	Category	Interest rate	Maturity	December 31, 2025 kEUR	December 31, 2024 kEUR	January 1, 2024 kEUR
Current						
kEUR 4,200 bank loan	FLAC	2.3%	Sep 30, 2028	359	359	359
kEUR 3,950 bank loan	FLAC	4.3%	Dec 31, 2034	223	-	-
kEUR 165,000 term loan (including accrued interest)	FLAC	8% + EURIBOR	Oct 5, 2028	20,463	4,557	4,923
kUSD 300,000 term loan (including accrued interest)	FLAC	3% + SOFR	Mar 31, 2031	5,106	1,456	-
kUSD 18,000 revolving credit	FLAC	3% + SOFR	Mar 31, 2031	8,511	-	-
kEUR 2,200 overdraft	FLAC	1.85%	Dec 31, 2025	2,166	1,906	1,846
				36,828	8,278	7,128
Non-current						
kEUR 4,200 bank loan	FLAC	2.3%	Sep 30, 2028	718	1,077	1,436
kEUR 3,950 bank loan	FLAC	4.3%	Dec 31, 2034	3,615	-	-
kEUR 165,000 term loan	FLAC	8% + EURIBOR	Oct 5, 2028	159,477	161,891	161,089
kUSD 300,000 term loan	FLAC	3% + SOFR	Mar 31, 2031	249,795	93,044	-
				413,605	256,012	162,525
Total interest-bearing loans and borrowings				450,433	264,290	169,653

Interest bearing loans and borrowings comprise bank loans, term loans, overdraft facilities and revolving credit facilities and are measured at amortized cost using the effective interest method. Transaction costs directly attributable to the acquisition of borrowings and the initial fair value of embedded derivatives that need to be bifurcated according to IFRS 9 are deducted from the carrying amount and amortized over the term of the instruments.

The Group entered a syndicated lending arrangement on October 5, 2023. The arrangement contains both a term loan and a revolving credit facility. The term loan principal of kEUR 165,000 does not include any installment payments and the full amount becomes due on October 5, 2028. The term loan has been drawn completely, while the revolving credit facility is unutilized as of December 31, 2024 and December 31, 2025. The term loan carries a variable interest rate of 3-month-EURIBOR (floor at 3%.) plus a margin of 8% p.a.; the revolving credit facility carries a variable interest rate of 3-month-EURIBOR plus a margin of 4% p.a. All German, Dutch, Finnish, Slovakian and Malaysian subsidiaries act as guarantors under the arrangement. With the credit agreement amended on August 8, 2025, the revolving credit facility in an amount of kEUR 50,000 has been reduced to kEUR 35,000 maturing on April 5, 2028. In addition, it was amended to capitalize PIK interest of 250bps p.a. on the loan amount until maturity. The amendment resulted in a modification according to IFRS 9 and the recognition of a modification loss of kEUR 11,538 in profit and loss.

In September 2024, e-VAC Magnetics LLC, a wholly owned subsidiary of the Group in the United States, entered into a syndicated credit agreement with a consortium of commercial lenders, with Bank of Montreal acting as administrative agent and Wilmington Trust, National Association acting as collateral agent (the "US Credit Agreement"). The US Credit Agreement provides for aggregate loan commitments of up to kEUR 299,214 (kUSD 335,000) and comprises a construction loan facility with commitments of up to kEUR 267,953 (kUSD 300,000) which can be converted into a term loan facility that becomes effective upon satisfaction of specified project completion and operational conditions, a revolving credit facility with commitments of up to kEUR 16,077 (kUSD 18,000), and a debt service reserve letter-of-credit facility with commitments of up to kEUR 15,184 (kUSD 17,000). The US Credit Agreement contains customary terms, including covenants and events of default which some relate to financial statement audit requirements, compliance with laws, bankruptcy events, and defaulting on payments.

Borrowings under the US Credit Agreement bear interest at variable rates based on daily simple secured overnight financing rate ("SOFR") plus a fixed margin of 3%. As of December 31, 2025, the Group's US term loan and revolving credit borrowings under this agreement mature on March 31, 2031. Amounts drawn under the construction facility are contractually converted into term loans upon satisfaction of the relevant conversion conditions. The contractual maturity of the term loans is five years from the conversion date of the construction loans to term loans.

As of December 31, 2024, the Group had kEUR 92,790 (kUSD 96,400) principal of construction loans drawn and outstanding. As of December 31, 2025, the Group had kEUR 255,289 (kUSD 300,000) principal of construction loans drawn and outstanding. The Group also had kEUR 8,540 (kUSD 10,000) recorded in current interest bearing loans and borrowings related to its revolving credit facility as of December 31, 2025 (2024: kEUR/kUSD: 0).

Borrowing costs incurred in connection with the Group's kUSD 335,000 loan commitment were deferred and recorded in Deferred financing costs. The portion of deferred financing costs related to the kUSD 300,000 term loan is deducted from the carrying value of the corresponding liability when draw down occurs, on a pro rata basis. The portion related to the credit facilities is amortized over the period of the facility. The current portion of the deferred financing fees reflects the portion of financing fees related to not yet drawn amounts the Group expects to draw over the twelve months. The current portion of deferred financing costs represent amounts associated with expected drawdowns within the next twelve months and is presented under other non-financial assets within Trade and other receivables, as disclosed in *Note 19*.

The Slovakian entity Vacuumschmelze s.r.o. has in total three active bank loans of kEUR 4,200, kEUR 3,950 and an overdraft facility of up to kEUR 2,200.

The net gains or losses recognized in profit or loss on financial liabilities were as follows.

	December 31, 2025 kEUR	December 31, 2024 kEUR
Net gains or net losses on financial liabilities:		
at amortized cost	(35,208)	(20,858)
at fair value through profit or loss	-	(1,629)
Total net results	(35,208)	(22,487)

The net loss on financial liabilities measured at amortized cost is primarily driven by interest costs on the Group's major loan facilities, particularly the EUR 165 million loan and the USD 300 million loan. The year-on-year movement was further impacted by debt modification losses on the EUR 165 million loan and amortization of financing fees and bifurcated embedded derivatives. Total interest expense for financial liabilities measured at amortized cost were kEUR 22,888 (2024: kEUR 20,258). The net loss on financial liabilities at fair value through profit or loss is driven by losses on commodity hedges primarily from changes in nickel commodity prices.

24.3: Financial instruments risk management objectives and policies

The risk management of the Group is a continuous process based on systematic identification, assessment, and monitoring of financial and non-financial risks. Financial instrument risks include market risk (foreign exchange, interest rate and commodity price risk), credit risk and liquidity risk.

To get a reasonable valuation of the respective risks, the Group developed a risk portfolio, which composes and weighs the likelihood of the risks and the potential consequences. The analysis takes place once a year and contains mainly risks that are related to the operating business. For critical risks, the Group sets up a risk action plan including tasks and responsibilities.

Non-compliance with covenants risk

Certain long-term loans and borrowings of the Group are subject to financial covenants as defined in the respective loan agreements. The covenants are tested on a quarterly basis. As at the presented reporting dates, the Group complied with all covenant requirements. The carrying amount of loans and borrowings subject to covenant requirements amounted to kEUR 434,812 (2024: kEUR 260,948).

Under the terms of the Group's financing arrangements, the Group is required to deliver quarterly covenant compliance calculations, including a leverage ratio based on last twelve months ("LTM") results. The Group was in compliance with its covenants during 2025 and as of December 31, 2025. Under the current planning calculations, the Group expects to be compliant with the covenant in future periods, but due to the continuing difficult market environment, there is a latent risk that the Group may fail to meet the covenants set out in the loan agreement, if the actual figures are significantly below planning expectations. However, in case of a potential non-compliance with covenants the Group has considered different scenarios to meet the covenants. These include a covenant reset, a covenant holiday or an equity cure.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily from transactions denominated in currencies other than the functional currencies of Group entities, principally USD related to purchase and sale of goods and services in the normal course of business. The Group manages a portion of these exposures using foreign exchange forward contracts. The Group does not have significant foreign exchange contracts. The Group also does not apply hedge accounting for its foreign exchange forward contracts or commodity derivatives. *See Note 24.2.* The fair value of the outstanding foreign exchange contracts as at year end is kEUR 18 (2024: kEUR 26).

The sensitivity analysis below shows the effect of a reasonably possible change in the EUR strengthening/weakening by 5% compared to USD on profit before tax, assuming all other variables remain constant. The analysis reflects the net exposure arising from foreign currency denominated monetary items and related derivatives at the reporting date. Translation effects on the financial statements of foreign operations are excluded from this sensitivity analysis.

The impact on the Group's profit or loss before tax is due to changes in the carrying amount of monetary assets and liabilities:

	Change in USD rate	Effect on profit before tax
	%	kEUR
2025 (EUR movement)	+5	(1,901)
	-5	2,069

	Change in USD rate	Effect on profit before tax
	%	kEUR
2024 (EUR movement)	+5	(1,547)
	-5	1,701

Credit risk

Credit risk is the risk that a counterparty will not meet its contractual payment obligations, which would result in a financial loss to the Group. Credit risk arises primarily from trade receivables with customers and from cash and cash equivalents. To manage credit risk the Group has established a credit rating process. In this context, the Group uses information on reputable sources of information (e.g., Dun & Bradstreet, Credit reform). The credit risks are managed by setting up credit limits for the respective customers.

The Group's maximum exposure to credit risk at the reporting date is generally the carrying amount of its financial assets, including cash and cash equivalents (including restricted cash), and trade receivables. Credit risk associated with cash and cash equivalents is considered limited as the counterparties are leading national and international banks. The Group does not hold material collateral against trade receivables and has no significant concentration of credit risk.

Information about the credit quality of trade receivables, including aging and expected credit losses, is presented in *Note 19*. Information about concentration of revenue and trade accounts receivables is presented in *Note 8*.

An impairment analysis is performed at each reporting date for trade receivables and related party receivables. For trade receivables, the Group applies the simplified approach in calculating expected credit losses and therefore recognizes a loss allowance based on lifetime expected credit losses at each reporting date. However, no loss allowances have been created in previous years as they were not material to the Group. In regard of related parties receivables, the Group considers the related party's net assets and its expected cash flows (*refer to Note 31*). The calculation is based on actual historical data incurred. The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables and related party receivables. Accordingly, management does not consider the Group to be exposed to significant concentration risk with respect to trade receivable.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity-planning tool. The Group's treasury department, in accordance with the Group's policy, manages liquidity risk from balances with banks and financial institutions. In addition, financing required for unexpected events may result in a liquidity risk. The Group entities have credit lines at their disposal, which were partially utilized as at the balance sheet date. Refer to Note 2.2 for additional details on management's going concern assessment.

The Group has entered into senior secured financing arrangements with bank consortia in Germany and the United States. The Group has pledged the assets of its German, Dutch, Finnish, Slovakian and Malaysian subsidiaries to a bank consortium to secure a loan of kEUR 165,000 with a term of five years and revolving credit facility of kEUR 35,000 with a term of two and a half years as of December 31, 2025. The following assets are pledged: Intangible assets including patents (kEUR 317,587), property, plant and equipment (kEUR 178,819), receivables (kEUR 16,195) and inventories (kEUR 84,761). The Group also pledged substantially all e-VAC Magnetics, LLC's assets as collateral to secure a loan of kUSD 300,000 term loan, kUSD 17,000 debt service reserve facility and kUSD 18,000 revolving loan facility with a term of six years and seven months as of December 31, 2025.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	< 1 year	1 to 5 years	> 5 years	Total
	kEUR	kEUR	kEUR	kEUR
December 31, 2025				
kEUR 165,000 term loan (including embedded derivatives)	33,679	197,004	-	230,683
kUSD 300,000 term loan	23,052	103,794	213,031	339,877
kUSD 18,000 revolving credit	8,652	-	-	8,652
kEUR 4,200 bank loan	380	734	-	1,114
kEUR 3,950 bank loan	385	2,022	2,290	4,697
kEUR 2,200 bank overdraft	2,207	-	-	2,207
Commodity Derivatives	-	-	-	-
Lease liabilities	2,716	2,978	65	5,759
Trade and other financial liabilities due to third parties	47,879	-	-	47,879
	118,950	306,532	215,386	640,868

	< 1 year	1 to 5 years	> 5 years	Total
	kEUR	kEUR	kEUR	kEUR
December 31, 2024				
kEUR 165,000 term loan (including embedded derivatives)	18,502	220,257	-	238,759
kUSD 300,000 term loan	15,045	122,096	271,529	408,670
kEUR 4,200 bank loan	388	1,114	-	1,502
kEUR 2,200 bank overdraft	1,941	-	-	1,941
Commodity Derivatives	76	-	-	76
Lease liabilities	2,238	2,728	172	5,138
Trade and other financial liabilities due to third parties	38,176	-	-	38,176
	76,366	346,195	271,701	694,262
	< 1 year	1 to 5 years	> 5 years	Total
	kEUR	kEUR	kEUR	kEUR
January 1, 2024				
kEUR 165,000 term loan (including embedded derivatives)	20,070	245,114	-	265,184
kEUR 4,200 bank loan	397	1,502	-	1,899
kEUR 2,200 bank overdraft	1,880	-	-	1,880
Commodity Derivatives	249	-	-	249
Lease liabilities	2,032	2,258	123	4,413
Trade and other financial liabilities due to third parties	26,207	-	-	26,207
	50,835	248,874	123	299,832

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group's risk of changes in market interest rates relates primarily to the variable-rate borrowings under the German credit facilities and the US Credit Agreement which are linked to benchmark interest rates such as EURIBOR and other applicable reference rates as well as to the interest rate swaps for which hedge accounting is applied. Hedge accounting can lead to ineffectiveness which is to be recorded in profit before tax. The kEUR 165,000 term loan bears interest at a variable three-month EURIBOR, that is floored at 3%. Borrowings under the US Credit Agreement bear interest at variable rates based on daily simple secured overnight financing rate ("SOFR") plus applicable fixed margins.

The following table demonstrates the sensitivity to a reasonably possible change in market interest rates. With all other variables held constant, Group's profit before tax and equity is affected through the impact on floating rate interest, as follows:

Interest Rate Sensitivity Analysis

	Interest rate increase + 100 bps		Interest rate decrease - 100 bps	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	kEUR	kEUR	kEUR	kEUR
Effect on profit before tax	(2,596)	(2,106)	1,020	(937)
Effect on equity before tax	7,770	9,141	(6,484)	(7,410)

Commodity price risk

The Group is exposed to commodity price risk primarily through purchases of raw materials, mainly nickel and cobalt, used in its manufacturing processes. Increases in market prices for these raw materials could affect the Group's cost of sales and margins. However, this exposure is substantially mitigated by contractual pricing mechanisms.

For substantially all material framework agreements with the Group's largest customers, the sales arrangements include price escalation or pass-through provisions that allow changes in raw material costs to be passed on to customers. For customer arrangements that are not governed by framework agreements, quoted sales prices are generally established based on the raw material input costs applicable at the time the order is accepted. As a result, the Group's residual exposure to commodity price movements is limited.

The Group may also enter into commodity derivative contracts to hedge a portion of its forecast raw material purchases. Commodity derivatives were not significant in 2025 and 2024. Based on the Group's contractual pass-through arrangements and pricing mechanisms, commodity price risk is not significant at the reporting date and, accordingly, no separate commodity price sensitivity analysis has been presented.

24.4: Changes in liabilities arising from financing activities

	January 1, 2025	Cash flows	Non-cash fx revaluation	Non-cash other	December 31, 2025
	kEUR	kEUR	kEUR	kEUR	kEUR
Interest bearing loans and borrowings (including accrued interest)	264,290	142,382	(3,421)	47,181	450,433
Lease liabilities	4,761	(3,880)	-	4,141	5,022
Total liabilities from financing activities	269,051	138,502	(3,421)	51,322	455,455

Non-cash other changes primarily consist of the capitalized PIK interest of the kEUR 165,000 term loan, amortization of financing fees and the embedded derivatives that were bifurcated at loan disbursement, the modification loss of the term loan and interest expenses of interest-bearing loans and borrowings including accrued but not yet paid interest. In addition to the above presented cashflows from financing activities the "interest and financing fees paid" presented in the consolidated statement of cash flows include outflows amounting to kEUR 838 arising from the interest rate floor that is part of the bifurcated embedded derivative asset and kEUR 760 arising from the financing fees paid. The non-cash fx revaluation consists of periodic entries recorded to remeasure the kUSD 300,000 term loan balance from USD to EUR using applicable exchange rates and is recognized in OCI (foreign currency translation reserve). The movement is non-cash in nature, as it does not relate to new borrowings, repayments, or other cash settlements also includes capitalized interest expense for constructions in progress of kEUR 11,246 (2024: kEUR 1,234)

	January 1, 2024	Cash flows	Non-cash fx revaluation	Non-cash other	December 31, 2024
	kEUR	kEUR	kEUR	kEUR	kEUR
Interest bearing loans and borrowings (including accrued interest)	169,653	71,013	(3,302)	26,926	264,290
Lease liabilities	4,195	(2,499)	-	3,065	4,761
Total liabilities from financing activities	173,848	68,514	(3,302)	29,991	269,051

Non-cash other changes primarily consist of amortization of financing fees and the embedded derivatives that were bifurcated at loan disbursement, as well as interest expenses of interest-bearing loans and borrowings including accrued but not yet paid interest. In addition to the above presented cashflows from financing activities the "interest and financing fees paid" presented in the consolidated statement of cash flows include outflows amounting to kEUR 17,607 arising from the transaction cost for the kUSD 300,000 term loan and kEUR 346 arising from the financing fees paid. The non-cash fx revaluation consists of periodic entries recorded to remeasure the kUSD 300,000 term loan balance from USD to EUR using applicable exchange rates and is recorded in OCI (foreign currency translation reserve). The movement is non-cash in nature, as it does not relate to new borrowings, repayments, or other cash settlements also includes capitalized interest expense for constructions in progress of kEUR 1,234.

Note 25: Trade and other payables

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Trade payables	47,304	37,365	25,382
Trade payables - with continuing involvement associated liability (factoring)	284	360	-
Other financial liabilities due to third parties	291	451	825
Financial liabilities	47,879	38,176	26,207
Short-term employee liabilities	8,201	9,642	9,759
Accrued value added tax	2,566	2,310	3,564
Real estate transfer tax	-	2,638	2,638
Miscellaneous other non-financial liabilities	1,833	2,441	3,382
Non-financial liabilities	12,600	17,031	19,343
	60,479	55,207	45,550

Note 26: Provisions

	Complaints/ Claims	Employee Related Provisions	Environmental Liability	Other	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
January 1, 2025	605	1,780	204	6,805	9,394
Addition	2,005	1,918	-	767	4,690
Utilization	(337)	(1,462)	(40)	(5,569)	(7,408)
Reversal	-	(311)	(35)	-	(346)
December 31, 2025	2,273	1,925	129	2,003	6,330
January 1, 2024	927	1,571	300	12,975	15,773
Addition	652	1,891	5	500	3,048
Utilization	(949)	(1,230)	(94)	(6,254)	(8,527)
Reversal	(25)	(452)	(7)	(416)	(900)
December 31, 2024	605	1,780	204	6,805	9,394

As of December 31, 2025, of the kEUR 6,330 in provisions, kEUR 6,265 are expected to convert to cash outflows within the next twelve months.

Complaints and claims

The provision relates primarily to customer complaints and claims arising in the ordinary course of business. Expected cash outflows are primarily within the next twelve months. The provision reflects management's best estimate based on historical settlement experience and technical assessments, as well as the status of open claims. The Group provides a warranty period where customers may return products or request reimbursement or rework if quality defects are identified. When a customer raises a quality complaint or claim, the Group assesses the expected outflow of resources and recognizes a provision or accrual, reflecting its established practice of settling such claims through. For complaints and claims, the provision involved uncertainty in both amount and timing as the final amount and timing of settlement depended on customer support, the outcome of quality investigations and the remediation actions required.

Employee-related provisions

This provision primarily relates to annual statutory incident insurance premiums, to a lesser extent, termination and severance obligations, inventory compensation and a minor portion of sales performance bonuses. Expected outflows are primarily within the next twelve months.

The final amount and timing of the employee-related obligations include uncertainty due to dependencies on post-period inputs such as payroll assessments, performance validations, or individual negotiations, which are not fully finalized at the reporting date. The Group applied judgment in estimating these liabilities, and the provision reflects management's best estimate of the amounts required to settle these obligations, considering statutory requirements, prior-year financial data (used in determining insurance premiums), the economic value of inventions, contractual arrangements with employees, and historical experience. These amounts are presented as provisions due to uncertainty and estimation of the payment amount and are due within one year from the balance sheet date.

Environmental liability

Environmental provisions relate to ongoing monitoring and remediation required under regulatory mandates for a legacy contaminated site. The timing of cash outflows depends on remediation plans, regulatory requirements and project timelines, however expected outflows are primarily within the next twelve months. The final amount and timing of environmental liabilities included uncertainty due to evolving technical requirements, updated site conditions, and variability in the scope of remediation activities during execution. The provision reflects management's best estimate of expenditures required to settle the obligation; actual outcomes may differ due to changes in remediation approaches, regulatory requirements or cost estimates. In 2025 an environmental liability provision is included in the amount of kEUR 129 (thereof kEUR 64 short-term and kEUR 65 long-term). The expected timing of resulting outflows of economic benefits is within the period 2026 to 2027.

Other provisions

Other provisions primarily relate to obligations arising from purchase commitments that became onerous, including kEUR 1,835 related to commitments from purchase contracts, which resulted in an onerous contract due to declining demand for a product. These arrangements originated predominantly during the COVID-19 period, when a significant number of customers cancelled orders due to market uncertainty. At that time, the Group had already placed binding, non-cancellable purchase orders with key suppliers and in some cases, suppliers had commenced production of highly customized components. As a result, the Group was exposed to unavoidable costs in excess of the expected economic benefits, giving rise to provision for potentially loss-making supply arrangements in prior years. The amount and timing of the provisions remained uncertain. For loss-making supply arrangements, the final settlement relied upon ongoing negotiations with suppliers regarding remaining contractual commitments.

To mitigate the exposure from customer cancellations, the Group negotiated revised terms with suppliers under which only 50% of the purchase value was paid upfront as a non-refundable deposit, with the remaining amounts payable only if the goods were successfully resold to another customer. This approach significantly reduced the financial risk associated with unused or excess inventory.

As market conditions have normalized, the Group's exposure under these arrangements has declined materially, and only occasional isolated cancellations now give rise to smaller potentially loss-making supply arrangements. The development of provisions decreased by kEUR 4,802 during financial year 2025, and decreased by kEUR 6,170 during financial year 2024. This change is due to new negotiations with the respective suppliers and a revaluation of existing provisions. The expected timing of resulting outflows of economic benefits is within financial year 2026.

Note 27: Employee benefit obligations

The Group provides post-employment and other long-term employee benefits. The table below presents the carrying amounts of employee benefit obligations recognized in the statement of financial position:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Pension plan	135,089	147,135	153,484
Old-age-part-time	6,282	8,282	9,953
Early retirement	427	1,029	2,011
Jubilee	658	830	878
Total	142,456	157,276	166,326

Pension plan

The Group's principal defined benefit pension plan in Germany ("Kapitalkontenplan") provides old-age, disability and survivor benefits. Although classified as a defined benefit plan, the benefit formula is contribution-based (cash-balance type) with credited interest on accumulated notional accounts. Benefits are converted at retirement into either instalment payments, a lump sum or (subject to agreement) a lifetime annuity with annual increases.

The contribution amount is 1.5% of taxable gross salary plus 10.5% of gross salary exceeding the social security contribution ceiling. Contributions stop at year-end when the employee reaches the age of sixty. For purposes of the benefit calculation, there is currently a guaranteed annual interest of 4.5% on the accrued contribution amounts. Annual interest is 6% for certain beneficiaries transferred into the plan. Contributions are transformed into a benefit block by an age-dependent factor. At retirement age, the employee can choose between:

- Twelve installment payments with an interest rate of 5.25%,
- Lump sum payment of the current benefit amount on the cash balance,
- Lifetime annuity payments with a fixed annual increase of 1% and an interest rate of 6%. This option also includes a widow's annuity of 60%.

The consent of the employer and employee is needed for this option. In addition, there is a death in service benefit of two monthly salaries. Employee contributions to this plan are possible based on individual agreements.

Several old defined benefit plans with fewer employees exist with minor differences in the parameters applicable. These old Defined Benefit plans provide lifetime annuity payments with an increase for in-payment benefits in line with consumer prices. There are 3,038 participants in the pension plans in 2025 (2024: 3,056 participants).

The plan was closed for new hires in 2019 by December 31, 2019. The contribution period was terminated in 2015 and ended as of December 31, 2025, and the compensation conversion period was terminated in 2019 and ended as per December 31, 2020.

Defined contribution plans

In 2025, the Group incurred kEUR 7,480 (2024: kEUR 7,661) in expenses related to defined contribution plans.

Other long-term employee benefits

Old-age part-time plan

Altersteilzeit ("ATZ") during a fixed period before retirement (typically not more than 6 years), the employee works full-time in the first half ("active period") and does not work at all in the second half ("inactive period"). The ATZ salary payable over both periods is 50% of the full-time salary and is increased by top-up payments. The employee-financed part (deferred salary) is required to be protected against insolvency. Corresponding asset amounts were contributed to contractual trust agreements with a third-party insurance company.

Early retirement

Employees at the age of fifty-eight or older can apply for an early retirement program. The employment is terminated, and an early retirement contract is agreed upon. This new contract grants 75% of the former full-time salary for a period at least until the first possible date to get reduced payments out of the German mandatory pension plan (normally at the age of 63). In case the employee is eligible to an unreduced pension later, the calculated early retirement payment for the period until age 63 could be divided by the total number of months to be covered until unreduced pension could start. Provisions cover the total amount of early retirement payments including employers' contribution to social security. The early retirement program was not offered to employees during 2025 and 2024.

Jubilee plan

This plan grants cash benefits and one additional paid holiday on each of the following service anniversaries: a benefit of EUR 900 after 25 years of service and EUR 1,400 after 40 years and 50 years of service.

The reconciliation of the defined benefit obligation ("DBO") for the pension plan is shown below.

	DBO 2025	DBO 2024
	kEUR	kEUR
Balance as at January 1	147,135	153,484
Current service cost	1,949	2,782
Interest expense	4,737	4,690
Benefits paid	(7,325)	(8,366)
Remeasurements	(11,407)	(5,455)
- arising from changes in financial assumptions	(8,584)	(3,737)
- arising from changes in demographic assumptions	-	(6,206)
- arising from experience adjustments	(2,823)	4,488
Contributions by employer	-	-
Contributions by employees	-	-
Balance as at December 31	135,089	147,135

The expense recognized in the consolidated statements of operations and other comprehensive income is made up as follows:

	2025	2024
	kEUR	kEUR
Recognized in profit or loss:		
Current service cost	1,949	2,782
Net interest on net defined benefit liability	4,737	4,690
Recognized in OCI (net of tax):		
Remeasurements of the net defined benefit liability	(11,407)	(5,455)
Deferred tax charged to OCI related to remeasurement (gain)/loss on actuarial gains and losses	3,811	1,692
Total comprehensive (income) / loss	(910)	3,709

The principal assumptions used in determining employee benefit obligations for the Group's plans are shown below:

Assumptions	December 31, 2025	December 31, 2024	January 1, 2024
Discount rate			
Pension plan	3.96 %	3.36 %	3.16 %
Old age part time	3.00 %	2.75 %	3.25 %
Early retirement	3.00 %	2.75 %	3.25 %
Jubilee	3.75 %	3.00 %	3.75 %
Future salary increases			
Pension plan	2.50 %	2.50 %	2.50 %
Old age part time	2.50 %	2.50 %	2.50 %
Early retirement	2.50 %	2.50 %	2.50 %
Jubilee	2.50 %	2.50 %	2.50 %
Pension increases for in-payment benefits			
"Kapitalkontenplan"	2.00 % / 1.00 %	2.00 % / 1.00 %	2.00 % / 1.00 %
Mortality	Heubeck 2018G	Heubeck 2018G	Heubeck 2018G

The pension increases for in payment benefits amounts to 1.00% or 2.00% for the "Kapitalkontenplan" depending on the employee's entry date with the company.

A sensitivity analysis for significant assumptions as of December 31, 2025, is shown below:

Parameter	Original Value	Sensitivity Analysis	Effect on DBO kEUR
Discount rate	3.96%	0.50%	(6,120)
Discount rate	3.96%	-0.50%	6,634
Rate of salary increase	2.50 %	0.50%	91
Rate of salary increase	2.50 %	-0.50%	(86)
Pension increases for payment benefits	2.00 % / 1.00 %	0.50%	2,214
Pension increases for payment benefits	2.00 % / 1.00 %	-0.50%	(2,073)
Mortality	Heubeck 2018G	1 year life expectancy increase	3,583
Mortality	Heubeck 2018G	1 year life expectancy decrease	(3,785)

A sensitivity analysis for significant assumptions as of December 31, 2024, is shown below:

Parameter	Original Value	Sensitivity Analysis	Effect on DBO kEUR
Discount rate	3.36%	0.50%	(7,283)
Discount rate	3.36%	-0.50%	7,949
Rate of salary increase	2.50 %	0.50%	145
Rate of salary increase	2.50 %	-0.50%	(137)
Pension increases for payment benefits	2.00 % / 1.00 %	0.50%	2,928
Pension increases for payment benefits	2.00 % / 1.00 %	-0.50%	(2,731)
Mortality	Heubeck 2018G	1 year life expectancy increase	4,300
Mortality	Heubeck 2018G	1 year life expectancy decrease	(4,461)

The determination of other post-employment benefit obligations and expenses for defined benefit plans is dependent on a number of estimates and assumptions, including the discount rate, future mortality rate, and annual rate of increase in future compensation levels. Changes in assumptions and actuarial estimates may materially affect the benefit obligation, future expense and future cash flows. The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation ("DBO") because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected contributions to the pension plan in future years:

	2025 kEUR	2024 kEUR
Within the next 12 months (next annual reporting period)	8,434	8,541
Between 2 and 5 years	36,640	36,078
Between 5 and 10 years	47,839	49,332
Total expected payments	92,913	93,951

The weighted average duration of the pension plan obligation at the end of the reporting period is 9.87 years (2024: 10.75 years).

Note 28: Commitments and contingencies

Commitments

Capital commitments

As of December 31, 2025, the Group has commitments of kEUR 1,254 (December 31, 2024: kEUR 737 and January 1, 2024: kEUR 3,724) for the acquisition of property, plant and equipment.

On January 30, 2023, a subsidiary of the Group entered into a binding supply agreement with a Customer relating to permanent magnet production in North America. In connection with the agreement, the Customer has provided customer prepayments totaling kEUR 19,828 to support construction of the manufacturing facility. One year after the production start date, the Customer is entitled to apply a 4% discount to sales invoices until the outstanding prepayment balance has been fully utilized. As of December 31, 2025, and 2024, customer prepayments totaled kEUR 17,732 and kEUR 19,828, respectively, and are presented as contract liabilities (*Note 8*). The contract liability is recognized as revenue as the Group satisfies performance obligations by delivering products to the customer.

On September 19, 2023, The Office of the Assistant Secretary of Defense for Industrial Base Policy, through its Manufacturing Capability Expansion and Investment Prioritization ("MCEIP") office, issued a grant to e-VAC Magnetics, LLC to establish a domestic rare earth permanent magnet manufacturing capability. Under the agreement the MCEIP will provide kEUR 88,824 (in equivalent to kUSD 94,100) to the Group to acquire and install manufacturing equipment, operationalize technical infrastructure, and engineer production lines, in order to establish high volume rare earth permanent magnet production. During the year ended December 31, 2025, and December 31, 2024, the Group received payments from this grant of kEUR 17,515 and kEUR 24,709, respectively. These amounts are recorded as a reduction to the cost of the applicable assets included in property, plant and equipment. The agreement includes certain requirements relating to the size of the investment, the number of jobs created, and the salaries for those jobs among other requirements. The Group was in compliance with all such requirements as of December 31, 2025, and 2024.

In June 2024 e-VAC Magnetics, LLC, a subsidiary of the Group, received a government grant for land and infrastructure development from Sumter County of kEUR 12,144 (equivalent to kUSD 13,000) to finance infrastructure measures for property development. These amounts were received in full during the year ended December 31, 2024, and were recorded as a reduction to the cost of the applicable assets included in property, plant and equipment. The arrangement includes certain requirements and restrictions relating to the investment in property, plant and equipment and new job development within the state of South Carolina. The Group was in compliance with all such requirements as of December 31, 2025 and as of December 31, 2024.

Contingencies

The Group is subject to claims and legal proceedings arising in the ordinary course of business. Based on information currently available, management does not expect the ultimate resolution of these matters to have a material adverse effect on the Group's financial position, results of operations or cash flows. Accordingly, no material contingent liabilities have been recognized or disclosed as of December 31, 2025. The Group has no material guarantees or indemnities outstanding as of December 31, 2025.

Note 29: Equity

The Group is a limited partnership and accordingly, equity attributable to equity holders of the parent is presented as Partners' capital. The Group's equity comprises partner's capital, accumulated losses, other comprehensive losses / income and non-controlling interests ("NCI").

Partners' capital includes contributed capital related to ordinary tracking interests and preference tracking interests. Accumulated losses are separately presented on the balance sheet and non-controlling interests represent ownership interests in TopCo GmbH held by entities not consolidated by Ara VAC IE Aggregator LP. *See Note 31.*

The contributed capital attributable to non-controlling interests relate to the 10.1% ownership interest in German TopCo held by Ara VAC Blocker, SLP and Ara VAC Holding, Ltd and are presented within non-controlling interests in equity, separately from equity attributable to equity holders of the parent.

Structure and ownership

IE Aggregator held 89.9% of the equity interests in Ara VAC TopCo GmbH ("German TopCo") and 100% of the equity interests in Ara VAC US TopCo LLC ("US TopCo"). German TopCo and US TopCo are consolidated in these consolidated financial statements.

Ara VAC Blocker, SLP and Ara VAC Holding, Ltd held the remaining 10.1% equity interest in German TopCo. German TopCo is consolidated by the Group but is not wholly owned, the equity interests in German TopCo not attributable to Ara VAC IE Aggregator LP are presented as non-controlling interests within equity, separately from equity attributable to owners of the parent.

Ordinary and Preference tracking interests

Equity attributable to equity holders of the parent is presented as partners' capital. Partners' capital includes contributed capital related to ordinary tracking interests and preference tracking interests. The ordinary tracking interests and preference tracking interests economically track ownership interests in German TopCo and US TopCo.

Preference tracking interests rank senior to ordinary tracking interests with respect to distributions. The preference tracking interests entitle holders to a cumulative preferred return of 9% per annum, calculated on the subscription amount paid for the preference tracking interests, together with any unpaid preferred return amounts from prior periods.

Capital Contributions, including the preferred return, are not repayable until liquidation of Ara VAC IE Aggregator, LP. If the assets, after payment of or provision for its liabilities, are insufficient to repay Capital Contributions in full, the General Partner is not required to fund any shortfall from its own resources. Distributions, including the amount and timing of payment, are determined in the sole discretion of the General Partner.

The Group does not have a present or unavoidable contractual obligation to deliver cash for the ordinary tracking interests, preference tracking interests, or unpaid preferred return amounts. Holders do not have a right to require redemption of the tracking interests, declare distributions, commence or force a sale, trigger a liquidity event, liquidate Holding LP, or otherwise settle accumulated preferred return amounts in cash.

Accordingly, no liability has been recognized for unpaid preferred returns as of December 31, 2025 or December 31, 2024. The ordinary tracking interests and preference tracking interests are classified as equity instruments and are presented within partners' capital. No dividends or distributions were declared or paid during the years ended December 31, 2025 or December 31, 2024.

During the historical periods presented, the Group received capital funding from its equity holders and related investor vehicles, including Ara VAC Blocker, SLP, Ara VAC Holding, Ltd. These funds were contributed through the ownership structure and were used to fund investments in German TopCo and US TopCo.

Other limited partner capital contributions

In May 2024 and July 2024, the Group received funding from related parties outside the consolidated group of kUSD 25,000 and kUSD 25,000, respectively, which was used to fund convertible loan transactions with US TopCo. Under the LPA, these amounts were contributed to Holding LP by means of Loan Contributions and are tracked as US Convertible Loan Interests in equity. The convertible loan between Holding LP and US TopCo is an intercompany arrangement and is eliminated in consolidation.

The group classifies the contribution within equity as the arrangements do not create a present obligation for Holding LP to deliver cash or another financial asset. Holders do not have a right to require payment and payment is made following a liquidity event. Accordingly, the contributions are presented within partners' capital as other limited partner capital contributions.

On September 5, 2024, a portion of the convertible loan was repaid in the amount of kUSD 8,880. The repayment reduced the equity tracking interests and the amount subject to potential future issuance of ordinary or preference tracking interests. No conversion into ordinary or preference tracking interests occurred during the years ended December 31, 2025 or December 31, 2024.

In December 2025, the Partnership admitted a number of new limited partners, including Ara Fund III, LP; Ara Fund III-A, SCSp; Ara Fund III-B, LP; Ara Fund III-C, SCSp; and Ara Fund III-A AIV, LP. These new limited partners contributed aggregate capital of kUSD 8,000 upon admission. The related amounts are presented within partners' capital as other limited partner capital contributions. These contributions do not represent ordinary tracking interests or preference tracking interests as of December 31, 2025.

As of December 31, 2025 and December 31, 2024, other limited partner capital contributions included in partners' capital were kEUR 38,418 and kEUR 45,247, respectively.

Note 30: Share based payments

Equity incentive plan

In 2023, certain employees of the VAC Group (the "Beneficiaries") acquired limited partnership interests in Ara VAC Management Co-Invest I GmbH & Co. KG ("Co-Invest I") and Ara VAC Management Co-Invest II GmbH & Co. KG ("Co-Invest II") from Ara Vac Warehouse GmbH. The co-invest partnerships serve as investment vehicles for certain managers, directors, key employees, non-executive board members and consultants of the VAC Group who are invited to become limited partners and who invest (directly or through investment vehicles) in the partnerships to participate in the growth and success of the Group.

Co-Invest I and Co-Invest II hold interests that economically track the Group's underlying investment in German TopCo and US TopCo (see Note 29). Co-Invest I holds both ordinary and preference interests, while Co-Invest II holds ordinary interests. The preference interests entitle their holders to a cumulative preferred return of 9% per annum based on the subscription amount paid (see Note 29). Each limited partner granted Ara Vac Warehouse GmbH a call option to acquire the partner's partnership interest upon the occurrence of specified default events (such as insolvency or similar proceedings are initiated against a limited partner and or manager, or breaches of the contractual provisions) and in case of Co-Invest II in addition, upon a leaver event (e.g. in case of termination/resignation of the service contract or the release from office and the duty to work for the remaining duration of the service contract following notice of termination). A leaver is classified as a "bad leaver" if he leaves because of termination or resignation from office without cause, is terminated for cause, is removed from office for cause or if he rejects an offer of prolongation. A "good leaver" is a leaver which is not a "bad leaver". The key management participation is less than 1% in both Co-Invest I and Co-Invest II.

The purchase price payable following the exercise of a call option for Co-Invest I and for Co-Invest II in case of a "bad leaver" is the lower of the limited partner's cost of investment and the fair market value as of the trigger date, but in no case less than zero. The "good leaver" purchase price in case of Co-Invest II is equal to the fair market value of the vested percentage of the leaver's partnership interest as of the trigger date plus the lower of the original acquisition costs of the leaver for the partnership interest (minus any amounts which the leaver received from his investment prior to exercise of the call option) and the fair market value for the unvested percentage of the leaver's partnership interest as of the trigger date.

For calculation of the good leaver purchase price, the manager's partnership interest shall "vest" over a period of five years from the effective investment date, with 20% of the partnership interest vesting after expiry of the first year and thereafter 5% vesting at the expiry of calendar quarter until the expiry of five years, when 100% vests. The vesting has no impact on the proceeds a manager receives through his holding of partnership interests following an exit.

The arrangement is accounted for as an equity-settled share-based payment transaction because the Group has no obligation to settle the awards in cash or other assets. Equity-settled awards are measured at grant date fair value and recognized as an expense over the vesting period, with a corresponding increase in equity.

Each limited partner granted the Group a call option permitting the Group to acquire the partner's partnership interest upon specified default events and, for Co-Invest II, specified leaver events.

The grant date fair value of the partnership interests granted to Beneficiaries was estimated using an option pricing methodology (Black-Scholes). Key assumptions included the risk-free interest rate, expected volatility and expected time to exit. Expected volatility was derived from a peer group. The allocation of the fair value to ordinary and preference shares at the purchase date of interests by the management was calculated using a Black Scholes calculation for European call options and the following input parameters:

Grant Date assumptions			
	2023	2024	2025
Risk-free interest rate	2.92%	2.05%	2.14%
Volatility	21%	26%	20%
Preference interests	9.00%	9.00%	9.00%
Expected time to exit	5 years	4 years	6 months to 1 year

Because the awards are equity-settled, the grant date fair value is not subsequently remeasured, except to the extent the award is modified.

The expected time to an exit event is based on management expectation and was determined in 2023 to five years, 2024 to four years and 2025 to six months to one year.

For the equity incentive plan, each of the Beneficiaries purchased shares of Co-Invest I and Co-Invest II. The existence of the "good leaver" call option described above requires the Beneficiaries to provide continued service to the VAC Group in order to retain the fair value of the purchased shares of Co-Invest II. Based on this requirement, IFRS 2 requires compensation cost to be recognized based on the grant date fair value of a European call option. The aggregate fair value of the share-based payments issued under the equity incentive plan was not material for the years ended December 31, 2025 and December 31, 2024. Therefore, no compensation cost was recognized in 2025 or 2024 through profit or loss.

Note 31: Related party disclosures

Related parties include entities that control, are controlled by, or are under common control with the Group, the Group's joint ventures and associates, key management personnel and their close family members, and entities controlled or significantly influenced by key management personnel.

During the historical periods presented, Ara VAC Blocker, SLP and Ara VAC Holdings, Ltd are under common control with the Group (the "NCI Holders"), holding 10.1% equity interest in German TopCo. Accordingly, the NCI Holders are considered related parties in the periods presented.

The Group also has a 49% interest in SANVAC (Beijing) Magnetics Co. Ltd., which is accounted for as a joint venture and is a related party. Transactions and balances with the joint venture are disclosed in *Note 7*. The managing directors and vice presidents of the Group qualify as related parties. These individuals are individuals who have authority and responsibility for planning, directing and controlling the activities of the Group.

In the consolidated financial statements, transactions and balances between Group entities are eliminated and are not disclosed as related party transactions. Transactions with related parties are entered into in the ordinary course of business. Related party transactions primarily consist of management contributions, advisory services, and financing arrangements provided by affiliated entities. Balances recorded in trade and other receivable and trade and other payables with related parties are settled in cash, and any related outstanding balances at year-end are unsecured and interest free. Management has assessed the expected credit loss on related party receivables and determined that no allowance is required.

Related party transactions in the financial year 2025 and 2024 and outstanding balances as of December 31, 2025, and December 31, 2024, are included below:

	Cumulative Capital contributions	Trade and other receivables	Trade and other payables
	kEUR	kEUR	kEUR
For the year ended December 31, 2025:			
Ara VAC Management	432,847	9	-
Ara Advisor PSG, LLC	-	-	(521)
	432,847	9	(521)
For the year ended December 31, 2024:			
Ara VAC Management	407,980	39	-
	407,980	39	-
For the year ended January 1, 2024:			
Ara VAC Management	346,416	50	-
	346,416	50	-

Ara VAC Management is an indirect parent of the parent of the Group, and related party balances are related to advisory services. Ara Advisors PSG, LLC, a member of the Ara Group, has a supporting function for all Ara Group portfolio companies when it comes to support for construction work.

No guarantees have been provided or received for any related party receivables or payables.

Key management personnel include executives and senior vice presidents who have authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table below are the amounts recognized during the reporting period related to key management personnel, which comprises:

	2025	2024
	kEUR	kEUR
Short-term employee benefits (salary and reward bonuses)	1,405	1,923
Termination benefits	-	245
Post-employment benefits	(132)	533
Share-based payments	-	-
Total compensation for key management personnel	1,273	2,701

Compensation consists of a fixed base salary, share-based payments and annual variable components that are dependent on the achievement of certain financial targets and individual targets. The share-based payments are described in Note 30. The DBO for key management personnel amounts to kEUR 2,545 as of December 31, 2025 (December 31, 2024: kEUR 2,677 and January 1, 2024: kEUR 2,528). The outstanding balances to key management personnel as of December 31, 2025 amount to kEUR 273 (December 31, 2024: kEUR 439 and January 1, 2024: kEUR 21), and relate to reward bonuses and termination benefits. No advances or loans have been granted to the key management personnel.

Note 32: Government grants

The table below summarizes government grants related to assets that have been recognized as reductions of property, plant and equipment and construction in progress:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Sumter County grant	-	12,513	-
DoD/MCEIP grant	16,352	25,838	-
Total reduction of PPE/CIP	16,352	38,351	-

The table below summarizes the transferable tax credit, recognized as a current asset, that has been recognized as a reduction of construction in progress ("CIP") within property, plant and equipment:

	December 31, 2025	December 31, 2024	January 1, 2024
	kEUR	kEUR	kEUR
Transferable tax credit	87,005	-	-

In June 2024 e-VAC Magnetics, LLC received a government grant for land and infrastructure development from Sumter County, South Carolina, of kUSD 13,000 to finance infrastructure measures for property development related to the Group's permanent magnet facility in Sumter, which is expected to begin commercial operations in 2026. These amounts were received in full during the year ended December 31, 2024, and were recorded as a reduction to the cost of the applicable assets included in property, plant and equipment. The arrangement includes certain requirements and restrictions relating to the investment in property, plant and equipment and new job development within the state of South Carolina.

In 2024 and 2025, e-VAC Magnetics, LLC received a grant from the U.S. Department of Defense ("DoD"), Office of the Assistant Secretary of Defense for Industrial Base Policy, through its Manufacturing Capability Expansion and Investment Prioritization ("MCEIP") program. The grant was issued on September 19, 2023, to support the establishment of domestic rare-earth permanent magnet manufacturing capacity. Under the agreement, MCEIP provides funding of kUSD 94,100 to acquire and install manufacturing equipment, operationalize technical infrastructure, and engineer production lines for high-volume rare-earth permanent magnet production. During fiscal year 2024, e-VAC received kEUR 24,709, and in fiscal year 2025, kEUR 17,515. These amounts were recorded as reductions to the cost of the applicable property, plant, and equipment.

In December 2025, the Group recognized a transferable IRC §48C credit related to the Group's Sumter, South Carolina facility. Management concluded that the recognition criteria were met in 2025 and measured the credit at fair value based on observable market pricing in executed transfer agreements. On December 19, 2025, the Group received IRS approval allocating a total §48C credit of kUSD 111,990 (equivalent to kEUR 95,311). The project description for these credits is for the production of NdFeB permanent magnets for electric vehicle motors, with a qualified investment of kUSD 373,300 (equivalent to kEUR 317,702) and estimated permanent jobs of 300 people. At December 31, 2025, the carrying amount of qualifying CIP assets was reduced by the fair value of the credit of kUSD 102,231 (equivalent to kEUR 87,005) and the same amount was recognized in Transferable tax credit. The effect of the grant on profit or loss will be recognized over the useful life of the qualifying assets through reduced depreciation expense. The §48C credit is subject to ongoing compliance with applicable program requirements and may be subject to examination by the IRS, including potential review of Prevailing Wage & Apprenticeship (PWA) compliance and other eligibility conditions on an annual basis at the end of each reporting period. As of December 31, 2025, the Company evaluated its PWA compliance and identified an estimated obligation for cure payments of kUSD 943 (equivalent to kEUR 803). This obligation is recorded in trade and other liabilities on the statement of financial position and in administrative expense on the statement of profit or loss.

Subsequent to December 31, 2025, on March 26, 2026, the Company sold the §48C credits to third parties pursuant to executed transfer agreements. The gross cash proceeds from the transfers were kUSD 102,231 (in equivalent to kEUR 87,005), net kUSD 95,816 (in equivalent to kEUR 81,546) after kUSD 2,750 (in equivalent to kEUR 2,340) of structuring fees and kUSD 3,665 (in equivalent to kEUR 3,119) of insurance payments. At closing in 2026, the transaction costs were recorded in administrative expenses in the statement of profit or loss. This event was non-adjusting to 2025 and therefore, no expense was recognized in 2025. The closing conditions have not been met for either of these agreements in 2025.

The Group also received grants within Germany TopCo related to project-specific research grants and tax-based research grants. The Group received project-specific research grants totaling kEUR 1,487 in 2025 and kEUR 218 in 2024 and received tax-based research grants of kEUR 1,765 in 2025 and kEUR nil in 2024. These grants were recorded as a reduction of research and development expenses. There are no unfulfilled conditions and other contingencies related to government assistance that have been recognized.

Note 33: Subsequent events

Management continues to monitor ongoing announcements and developments in global trade policy and geopolitical conditions to determine their impact on the financial statements and related disclosures, including the implementation of new and modified U.S. import tariffs, uncertainty regarding the scope and potential refundability of certain tariffs following recent U.S. Supreme Court rulings, ongoing trade conflicts, primarily between the United States of America and the People's Republic of China, and ongoing geopolitical conflicts, including the war in Ukraine and instability in the Middle East which result in uncertainties for the European Union, and the associated slowdown of the global economy are not expected to have any material impact on the Group's earnings and liquidity position or its financial reporting. The further effects of the ongoing conflict in Iran are not yet precisely quantifiable; however, increased transport and energy costs are expected due to the continued closure of the Strait of Hormuz. While the potential effects are not currently precisely quantifiable, the Group does not anticipate any material impact on its earnings and liquidity position or its financial reporting.

Tax credit sale: Subsequent to December 31, 2025, the Group closed the sale/transfer of \$48C credits to third parties pursuant to executed transfer agreements on March 26 2026. Refer to *Note 32* for additional information.

Debt repayment: Due to the terms of the amended loan agreement, and in connection with the monetization of the \$48C tax credit at level of e-VAC Magnetix LLC, Delaware, USA, the Group is obliged to use those funds to repay debt on the kEUR 165,000 loan. As of March 30, 2026, an amount of kEUR 14,384 has been paid to lenders.

Equity Contributions from the Group's Shareholders: During the period from January 1, 2026 through the date of the issuance of these financial statements, the Partners of the Group contributed an aggregate of EUR 48.7 million in additional equity contributions to the Group to support the Group's ongoing operations.

In June 2026, the Ara Funds, as indirect shareholders of the Group, provided letters of comfort extending through June 2027 under which funding is committed to provide sufficient financial means to fulfil its payment obligations and to maintain compliance with the financial covenants. These contributions and the letters of comfort were considered by management in its assessment of the Group's ability to continue as a going concern (refer to Note 2.3). The letter of comfort in favor of Ara VAC TopCo GmbH is limited to an aggregate maximum amount of kEUR 43,500. The letter of comfort in favor of e-VAC Magnetix, LLC, is to provide sufficient financial means to enable e-VAC Magnetix, LLC to fulfil its payment obligations as they fall due, without any monetary limitation.

Customer Dispute: Subsequent to December 31, 2025, e-VAC Magnetix LLC, a subsidiary of the Group, became involved in a dispute with a customer regarding a commercial supply agreement. As both parties are engaging in good faith discussions toward a commercial resolution, the ultimate resolution of this matter may have an impact on the Group's future revenues, liquidity, and operating plans. Given the early stage of the discussions, the outcome of the dispute, including whether the agreement will be terminated and the amount and timing of any compensation, remains uncertain and cannot currently be reliably estimated. For the purposes of its liquidity planning, management has considered scenarios that include a potential termination of the agreement; however, actual outcomes may differ materially from those assumptions.

Management has taken this matter into account in its going concern assessment, including through liquidity scenario planning incorporating reasonably possible downside cases (refer to Note 2.3).

The Group has evaluated subsequent events through June 19, 2026, the date the financial statements were authorized for issuance by Management.

Dublin, 19 June 2026

ARA VAC IE Aggregator, LP

Management

/s/ Karthik Narasimhan

Karthik Narasimhan

Unaudited Interim Condensed Consolidated Financial Statements
As of and for the six months ended June 30, 2026

Ara VAC IE Aggregator, LP

Interim condensed consolidated statement of profit or loss

for the six months ended June 30

(Unaudited)

	Note	2026 kEUR	2025 kEUR
Revenue	3	211,489	156,863
Cost of sales		(194,704)	(165,722)
Gross profit / (loss)		16,785	(8,859)
Distribution expenses		(9,323)	(8,444)
Administrative expenses	4	(35,238)	(10,946)
Research and development expenses		(3,459)	(2,523)
Other income		6,310	8,978
Other expense		(9,544)	(3,658)
Operating loss		(34,469)	(25,452)
Finance income	5	3,627	1,411
Finance expenses	6	(34,326)	(37,896)
Loss before tax		(65,168)	(61,937)
Income taxes	7	7,744	17,122
Loss after tax		(57,424)	(44,815)
Attributable to:			
Loss attributable to non-controlling interests	16	(5,336)	(5,087)
Loss attributable to equity holders of the parent	16	(52,088)	(39,728)
		(57,424)	(44,815)

Interim condensed consolidated statement of comprehensive income (loss)

for the six months ended June 30

(Unaudited)

	Note	2026 kEUR	2025 kEUR
Loss after tax		(57,424)	(44,815)
Other comprehensive income (loss)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		2,495	(11,582)
Net gain (loss) on cash flow hedges		2,919	(5,684)
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax)		5,414	(17,266)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain (loss) on defined benefit plans	14	1,069	2,958
Net comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods (net of tax)		1,069	2,958
Other comprehensive (loss) income, net of tax		6,483	(14,308)
Total comprehensive (loss) income, net of tax		(50,941)	(59,123)
Attributable to:			
Equity holders of the parent		(45,875)	(54,021)
Non-controlling interests		(5,066)	(5,102)

Interim condensed consolidated statement of financial position

as of June 30, 2026 and December 31, 2025

(Unaudited)

		June 30, 2026*	December 31, 2025
	Note	kEUR	kEUR
Assets			
Current assets			
Cash and cash equivalents	8	43,667	15,586
Restricted cash	8	382	2,951
Trade and other receivables	9	79,040	30,404
Inventories	10	101,730	96,535
Prepaid income tax		992	1,035
Transferable tax credit	18	-	87,005
Other financial assets	12.1	104	111
		225,915	233,627
Non-current assets			
Property, plant and equipment	11	460,469	430,965
Right-of-use assets	11	4,882	4,866
Intangible assets	11	318,525	330,292
Prepaid insurance	18	2,803	-
Other financial assets	12.1, 12.3	14,771	15,068
Deferred financing costs		917	1,008
Deferred tax assets		14,082	13,618
		816,449	795,817
Total Assets		1,042,364	1,029,444
Liabilities and Equity			
Current liabilities			
Interest-bearing loans and borrowings	12.2	42,201	36,828
Short-term interest-bearing loans and borrowings - related party	12.2, 17	6,585	-
Trade and other payables	13	66,121	60,479
Short-term lease liabilities		1,990	2,205
Contract liabilities		22,843	21,560
Current income tax liabilities		474	594
Employee benefit obligations	14	14,444	14,515
Current other financial liabilities	12.2	127	-
Provisions		5,111	6,265
		159,896	142,446
Non-current liabilities			
Interest-bearing loans and borrowings	12.2	417,303	413,605
Employee benefit obligations	14	122,631	127,941
Long-term lease liabilities		3,007	2,817
Provisions		1,184	65
Uncertain tax position		13,385	12,978
Other financial liabilities	12.2, 12.3	5,880	-
Deferred tax liabilities		81,877	89,395
		645,267	646,801
Equity			
Partners' capital	16	479,184	432,847
Accumulated losses		(245,822)	(193,733)
Other capital reserves		563	-
Other comprehensive losses / income		564	(5,650)
Equity attributable to equity holders of the parent		234,489	233,464
Non-controlling interests	16	2,712	6,733
Total Equity		237,201	240,197
Total Liabilities and Equity		1,042,364	1,029,444

*Refer to Note 1.2, *Key Events* for information on management's basis of presentation.

Interim condensed consolidated statement of changes in equity

for the six months ended June 30, 2026 and 2025

(Unaudited)

		Partners' capital	Accumulated losses	Other Capital Reserves	Actuarial gains/losses	Cash flow hedge reserve	Foreign currency translation reserve	Total equity attributable to partners of the parent	Non-controlling interests	Total equity
	Note	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
At January 1, 2026		432,847	(193,733)	-	81	1,212	(6,943)	233,464	6,733	240,197
(Loss) for the period		-	(52,089)	-	-	-	-	(52,089)	(5,335)	(57,424)
Other comprehensive income	12.1, 16	-	-	-	961	2,919	2,334	6,214	269	6,483
Total comprehensive income/ (loss)		-	(52,089)	-	961	2,919	2,334	(45,875)	(5,066)	(50,941)
Capital contributions	16	46,337	-	-	-	-	-	46,337	1,045	47,382
Share based payment	17	-	-	563	-	-	-	563	-	563
At June 30, 2026		479,184	(245,822)	563	1,042	4,131	(4,609)	234,489	2,712	237,201
At January 1, 2025		407,980	(115,049)	-	(6,748)	6,465	2,872	295,520	13,319	308,839
(Loss) for the period		-	(39,728)	-	-	-	-	(39,728)	(5,087)	(44,815)
Other comprehensive income/ (loss)	12.1, 16	-	-	-	2,659	(5,684)	(11,268)	(14,293)	(15)	(14,308)
Total comprehensive income/ (loss)		-	(39,728)	-	2,659	(5,684)	(11,268)	(54,021)	(5,102)	(59,123)
Capital contributions	16	18,037	-	-	-	-	-	18,037	2,026	20,063
At June 30, 2025		426,017	(154,777)	-	(4,089)	781	(8,396)	259,536	10,243	269,779

Interim condensed consolidated statement of cash flows

for the six months ended June 30

(Unaudited)

	Note	2026 kEUR	2025 kEUR
Loss after tax		(57,424)	(44,815)
Adjustments to reconcile loss to cash provided by operating activities			
Depreciation and amortization expense	11	31,681	26,503
Income taxes	7	(7,744)	(17,122)
Finance income/expenses, net	5, 6	30,699	36,485
Change in assets and liabilities			
Inventories	10	(5,195)	(1,328)
Trade receivables	9	(37,920)	(8,135)
Trade payables	13	(4,566)	(4,460)
Current provisions		(1,154)	(504)
Other current receivables	9, 12.1, 18	76,302	(666)
Prepaid Insurance	18	(2,803)	-
Other current liabilities	12.2, 13	11,547	(1,714)
Long-term provisions	14	(5,481)	(3,223)
Income taxes paid	7	(474)	(1,159)
Other non-cash items		2,635	752
Net cash provided by (used in) operating activities		30,103	(19,386)
Investing activities			
Purchases of property, plant, and equipment and intangibles	11	(42,536)	(111,329)
Proceeds from government grants	11, 18	3,904	17,515
Interest received	5, 12.2	360	604
Change in restricted cash	8	2,569	1,619
Net cash used in investing activities		(35,703)	(91,591)
Financing activities			
Proceeds from equity contributions	16	47,382	20,063
Interest paid, other	6, 12.2	(428)	(431)
Proceeds from borrowings	12.2	31,585	119,596
Principal payment on borrowings	12.2	(23,377)	-
Interest and financing fees paid	6	(20,239)	(15,516)
Cash payments for the principal portion of the lease liability	11	(1,367)	(3,471)
Interest related to lease liabilities	11	(125)	(156)
Net cash provided by financing activities		33,431	120,085
Cash and cash equivalents at the beginning of the period	8	15,586	34,687
Effect of exchange rate changes on cash and cash equivalents		250	(2,699)
Net increase in cash and cash equivalents		27,831	9,108
Cash and cash equivalents at the end of the period	8	43,667	41,096

Index to notes to the unaudited interim condensed consolidated financial statements

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Notes to the unaudited interim condensed consolidated financial statements

Note 1: Basis of presentation

1.1 Overview

Ara VAC IE Aggregator, LP and its subsidiaries ("IE Aggregator", "Company" or "Group") is a limited partnership governed by the laws of Ireland located at 32 Molesworth Street, Dublin 2, Ireland, registered with the Irish Companies Registration Office.

The Group consists of Ara VAC TopCo GmbH ("German TopCo") and its subsidiaries and Ara VAC TopCo US LLC ("US TopCo") and its subsidiaries, each directly and indirectly controlled by IE Aggregator. IE Aggregator owns 89.9% of the interests in the German TopCo and 100% of the interest in the US TopCo. The remaining 10.1% of German TopCo is held by Ara VAC Blocker, SLP and Ara VAC Holdings, Ltd. having respectively 1.6% and 8.5% interests and are presented as non-controlling interests. IE Aggregator constitutes the parent and therefore prepares the interim condensed consolidated financial statements for the Group.

The Group engages in the manufacture of magnetic alloys, components and related product solutions for a range of technological and industrial applications. Its operations span Europe, Asia and North America, with key manufacturing and research and development sites across these regions. Its products serve industries including automotive, industrial automation, energy, defense and medical technology. The Group's ultimate parent is Ara Fund III GP, Ltd., Cayman Islands which exercises control through Ara VAC Holdings, Ltd. and Ara VAC Blocker, SLP.

1.2 Key events

On June 23, 2026, the Aggregator, together with Ara VAC Holdings, Ltd. and Ara VAC Blocker, SLP, entered into an Agreement and Plan of Merger (the "Agreement") with Energy Fuels Inc. ("Energy Fuels") pursuant to which Energy Fuels will acquire 100% of the equity interests in the German TopCo and the US TopCo through a series of merger transactions for total cash and equity consideration with an implied equity value of approximately \$1.9 billion. The transaction remains subject to customary closing conditions, including regulatory approvals, and is expected to close in the next 12 months.

Following execution of the Agreement, management assessed the requirements of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Based on the facts and circumstances existing as of June 30, 2026, management believes that the German TopCo and the US TopCo meet the criteria for classification as held for sale as at the execution of the Agreement. As the German TopCo and the US TopCo comprise substantially all of the Aggregator's assets and liabilities, other than cash directly held at the Aggregator of kEUR 11,810 as of June 30, 2026, management believes that presenting the disposal group as two single line items on the balance sheet would not provide meaningful information to users of these financial statements. Accordingly, the accompanying consolidated balance sheet for the current period continues to present, recognize and measure the Group's underlying assets and liabilities on a basis consistent with prior periods unless otherwise disclosed in these consolidated financial statements.

Management also evaluated whether the German TopCo and the US TopCo should be presented as a discontinued operation. Based on the evaluation, management believes the German TopCo and the US TopCo do not represent components of the Aggregator for purposes of IFRS 5, as the operations and cash flows of the German TopCo and the US TopCo are not clearly distinguishable from those of the Aggregator as a whole. In addition, because the disposal group comprises substantially all of the Aggregator's operations, management believes that presentation of the German TopCo and the US TopCo as discontinued operations would not provide meaningful additional information to users of the financial statements because substantially all of the Group's profit or loss would be classified within discontinued operations. Accordingly, the results of the German TopCo and the US TopCo continue to be presented within continuing operations for all periods presented.

Notes to the unaudited interim condensed consolidated financial statements

Upon completion of the transaction, the Aggregator is expected to remain in existence and hold the equity consideration received from Energy Fuels as part of the purchase consideration. As a result, the transaction is expected to represent the disposition of the Aggregator's operating business in exchange for cash and equity interests in Energy Fuels rather than liquidation of the Aggregator.

1.3 Financial reporting framework

The interim financial report is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board, and contains condensed financial statements, in that it includes selected explanatory notes rather than all of the notes that would be required in a complete set of financial statements.

The interim condensed consolidated financial statements as of June 30, 2026 and for the six months ended June 30, 2026 and 2025 contained in this report are unaudited and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2025.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, and are presented in euros (EUR), rounded to the nearest thousand (kEUR), unless otherwise indicated elsewhere in the notes to the interim condensed consolidated financial statements.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim condensed consolidated financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The interim condensed consolidated financial statements include all adjustments considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. For a description of the significant estimates, judgments and assumptions of the Company, refer to Note 4, *Significant accounting judgments, estimates and assumptions* in the consolidated financial statements as at December 31, 2025.

1.4 New standards, interpretations and amendments

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those applied in the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of the following amendments and annual improvements effective January 1, 2026:

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards - Volume 11
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7

The adoption of these amendments did not have a material impact on the Group's interim condensed consolidated financial statements. The Group has not early adopted any standards or amendments that have been issued but are not yet effective. The Group is currently assessing the impact of IFRS 18, Presentation and Disclosure in Financial Statements, which becomes effective for annual periods beginning on or after January 1, 2027.

Note 2: The Group's ability to continue as a going concern

The accompanying interim condensed consolidated financial statements have been prepared on a going concern basis.

Customer Dispute

During the six months ended June 30, 2026, e-VAC Magnetics LLC, a subsidiary of the Group, became involved in a dispute with a customer regarding a commercial supply agreement that represents a substantial component of e-VAC Magnetics LLC's expected future revenues and operating plans. The dispute primarily relates to the calculation of compensation for underutilized production capacity under different contractual frameworks. The dispute first arose in April 2026. The customer provided official notice of termination of the commercial supply agreement on July 1, 2026, and the arbitration process has commenced. Given the early stage of the proceedings, management is unable to reliably estimate the likelihood, timing or amount of any recovery. Management will continue to monitor future developments and reassess the matter for changes in facts and circumstances. For the purposes of its liquidity planning, management has not included any estimated future settlement amount given uncertainty of the outcome; however, actual outcomes may differ materially from those assumptions.

Notes to the unaudited interim condensed consolidated financial statements

Liquidity and Covenant Compliance

At June 30, 2026, the Group held available liquidity of EUR 69.5 million, comprising cash and cash equivalents of EUR 43.7 million and undrawn committed credit facilities of EUR 25.8 million. The undrawn facilities consist of EUR 10.0 million remaining under the EUR 35.0 million German syndicated revolving credit facility (held at the level of Ara VAC BidCo GmbH) and approximately EUR 15.8 million representing the fully available USD 18.0 million revolving credit facility under the US Credit Agreement (held at the level of e-VAC Magnetics LLC). In addition to the third-party revolving credit facilities, the Group also entered into a related party loan arrangement with an affiliate of the Group's indirect shareholders, the Ara Funds. As of June 30, 2026, the outstanding balance was EUR 6.6 million.

A sensitivity analysis of the Group's current liquidity planning through the end of 2027, including reasonably possible downside cases, indicates that the cash expected to be on hand exceeds the minimum liquidity requirements over the planning horizon, taking into account the mitigating actions described below as well as the letters of comfort, loan advances and equity contributions provided by the Ara Funds. However, due to the continuing difficult market environment and the uncertainty surrounding the e-VAC Magnetics LLC customer dispute, there remains a risk that actual results may fall below plan.

The financial covenants under the Group's external financing arrangements are not imposed at the level of Ara VAC IE Aggregator LP but apply at the level of the respective borrowers within the Group. These arrangements include the EUR 165.0 million syndicated term loan and related EUR 35.0 million revolving credit facility held by Ara VAC BidCo GmbH, as well as the USD 300.0 million construction/term loan and related USD 18.0 million revolving credit facility held by e-VAC Magnetics LLC. The facilities continue to be subject to customary financial and non-financial covenants, including leverage, liquidity, reporting and compliance requirements, as set out in the respective financing agreements.

As of June 30, 2026, both Ara VAC BidCo GmbH and e-VAC Magnetics LLC were in compliance with all financial covenants under their respective financing arrangements. No financial covenants are imposed at the level of Ara VAC TopCo GmbH, Ara VAC TopCo US LLC or Ara VAC IE Aggregator, LP.

Scenario Liquidity Planning and Shareholder Commitments

The Group's assessment included scenario analyses and considerations of reasonably possible downside cases for the Group, together with available mitigating actions, including the committed support under the letters of comfort, customer dispute resolution alternatives, working capital measures, liquidity management actions, and other actions available under the Group's financing arrangements. Prior to the issuance of these financial statements, the Ara Funds, as indirect shareholders of the Group, advanced an additional USD 28.4 million in loans to the Group. Furthermore, Ara Fund III, LP, Ara Fund III-B, LP, Ara Fund III-AIV, LP, Ara Fund III-A, SCSp and Ara Fund III-C, SCSp (together the "Ara Funds") provided two letters of comfort during 2026, that together provide sufficient financing through September 30, 2027:

- a letter of comfort in favor of Ara VAC TopCo GmbH, under which the Ara Funds undertake to provide sufficient financial means to enable the Group to fulfil its payment obligations as they fall due and to maintain compliance with the financial covenants under the Senior Facilities Agreement, limited to an aggregate maximum amount of EUR 43.5 million; and
- a letter of comfort in favor of e-VAC Magnetics, LLC, under which the Ara Funds undertake to provide sufficient financial means to enable e-VAC Magnetics, LLC to fulfil its payment obligations as they fall due, without any monetary limitation.

Such financial support may be provided by way of equity contributions, shareholder loans, or contributions to the capital reserve. Management's assessment required significant judgment, particularly with respect to the potential outcomes of the customer dispute and the timing and extent of related cash flows. In performing its assessment, management considered a range of reasonably possible scenarios, including scenarios involving the termination of the commercial supply agreement, together with the mitigating actions available to the Group and the financial support arrangements described above. Taking into account the letters of comfort provided by the Ara Funds, the additional USD 28.4 million in loan advances received prior to issuance, the Group's available liquidity position, and the mitigating actions within management's control, management has concluded that the Group has adequate resources to continue its operations for a period of at least twelve months from the date of issuance of these financial statements. Accordingly, management has determined that no material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

Notes to the unaudited interim condensed consolidated financial statements

During the period, the Group entered into the merger agreement described in Note 1.2, *Key Events*. Management has assessed that a potential sale does not give rise to any impairment risk under IAS 36 for the existing assets; accordingly, no impairment losses are expected.

Note 3: Revenue

Business divisions	Rapid Solidification kEUR	Crystalline kEUR	Permanent Magnets kEUR	Total kEUR
For the six months ended June 30, 2026				
Germany	11,469	13,515	14,288	39,272
Europe excluding Germany	36,239	17,065	16,100	69,404
North America	9,162	9,111	48,438	66,711
Asia Pacific	23,508	7,640	3,487	34,635
Rest of World	231	1,193	43	1,467
Total revenue from contracts with customers	80,609	48,524	82,356	211,489
For the six months ended June 30, 2025				
Germany	9,681	10,081	8,900	28,662
Europe excluding Germany	37,488	16,074	14,854	68,416
North America	9,242	8,550	8,007	25,799
Asia Pacific	23,338	8,019	2,299	33,656
Rest of World	203	106	21	330
Total revenue from contracts with customers	79,952	42,830	34,081	156,863

Note 4: Administrative Expenses

	Six months ended June 30,	
	2026	2025
	kEUR	kEUR
Administrative expenses		
Salary and wages	5,386	3,281
Social security expenses	852	702
Training and recruitment expenses	131	207
Professional fees	23,722	2,003
Travel expenses	288	158
IT service and communications	309	290
Depreciation and amortization	2,693	2,880
Insurance expenses	1,563	1,256
Other administrative expenses	294	169
	35,238	10,946

Notes to the unaudited interim condensed consolidated financial statements

The increase in administrative expenses for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, was primarily attributable to higher professional fees. Professional fees consist primarily of legal, audit, accounting, and tax service costs incurred in connection with the Group's operating activities and strategic and transaction-related initiatives undertaken during the period.

Note 5: Finance income

	Six months ended June 30,	
	2026	2025
	kEUR	kEUR
Finance income		
Interest income third-party	9	12
Income from fair value changes of embedded derivatives	-	129
Income from amortization of interest-bearing loans	1,357	-
Income from modification of interest-bearing loan	68	-
Financing foreign exchange gains	2,193	1,270
	3,627	1,411

Note 6: Finance expenses

	Six months ended June 30,	
	2026	2025
	kEUR	kEUR
Finance expenses		
Interest expense on employee benefit obligations	2,818	2,547
Interest expense third-party	20,298	8,980
Expenses from fair value changes of embedded derivatives	9,434	8,365
Other financing fees	723	799
Expense from modification of interest-bearing loan	-	11,538
Expense from amortization of interest-bearing loans	231	416
Expense from amortization of deferred assets	128	127
Financing foreign exchange losses	322	4,538
Interest expense leasing	125	156
Other	247	430
	34,326	37,896

Note 7: Income Tax

	Six months ended June 30,	
	2026	2025
	kEUR	kEUR
Interim condensed consolidated other comprehensive income / (loss)		
Deferred tax related to items recognized in OCI during the period:		
Net (gain)/loss on actuarial gains and losses	478	1,650
Deferred tax charged / (credited) to OCI	478	1,650

The income tax benefit for the six months ended June 30, 2026 and June 30, 2025, amounted to kEUR 7,744 and kEUR 17,122. The tax rate for the six months ended June 30, 2026 and June 30, 2025 was 11.884% and 27.644%, respectively. The less favorable tax rate in the current period is primarily related to a change in the amount of unrecognized tax losses of Ara VAC IE Aggregator LP. No deferred tax asset was recognized for the Aggregator's tax loss carryforwards, as management determined that it is not probable that sufficient future taxable profits will be available at the Aggregator LP level against which the losses can be utilized.

Notes to the unaudited interim condensed consolidated financial statements

Since 1 January 2024, the Pillar Two legislation has been in force. The analysis for the June 30, 2026 reporting period revealed no indications of any material impact under this legislation. The Group is therefore not affected by the scope of global minimum taxation according to the OECD Pillar Two model regulations. As a consequence, no provisions for Pillar Two income taxes were recognized. The Group applies the exemption from recognizing deferred taxes in connection with Pillar Two income taxes.

Note 8: Cash and cash equivalents and restricted cash

	June 30, 2026 kEUR	December 31, 2025 kEUR
Cash and cash equivalents	43,667	15,586
Restricted Cash - Current	382	2,951
Total cash and cash equivalents and restricted cash	44,049	18,537

Note 9: Trade and other receivables

	June 30, 2026 kEUR	December 31, 2025 kEUR
Trade receivables third-party	54,657	16,786
Trade receivables third-party - Continuing involvement asset (factoring)	281	271
Trade and other receivables from related parties (Note 17)	48	9
Factoring holdback receivables	7,542	4,988
Financial assets	62,528	22,054
Other tax assets	3,421	2,900
Prepaid expenses	8,585	1,946
Other non-financial assets	4,506	3,504
Non-financial assets	16,512	8,350
Total trade and other receivables	79,040	30,404

The increase in trade and other receivables as of June 30, 2026, compared to December 31, 2025, was primarily attributable to higher permanent magnets revenue (Note 3, *Revenue*).

For the six months ended June 30, 2026, the Group recognized a customer-specific expected credit loss allowance of kEUR 7,680, reflecting management's estimate of lifetime expected credit losses under the simplified approach. As of June 30, 2026, trade receivables third-party are presented net of an allowance of kEUR 7,680. No material loss allowance had been recognized as of December 31, 2025.

Trade accounts receivable factoring program

The Group is party to two separate non-recourse "silent" factoring arrangements under which the Group sells eligible EUR and USD denominated trade receivables on a recurring basis. As of June 30, 2026 and December 31, 2025, receivables sold under the factoring arrangements amounted to kEUR 30,013 and kEUR 24,027, respectively.

Note 10: Inventories

Inventories as of June 30, 2026, and December 31, 2025, respectively, are comprised of the following:

	June 30, 2026	December 31, 2025
	kEUR	kEUR
Raw materials	36,175	36,718
Work in progress	55,214	50,302
Finished goods	10,341	9,515
Total inventories	101,730	96,535

The total allowance for obsolescence, slow-moving inventories and excess of cost over net realizable value as of June 30, 2026 and December 31, 2025 was kEUR 7,894 and kEUR 9,829, respectively. During the six months ended June 30, 2026 and June 30, 2025, the inventory valuation allowance decreased by kEUR 1,935 and kEUR 40, respectively, primarily from utilization.

Note 11: Non-current assets

	Carrying amount at January 1, 2026	Additions	Disposals	Asset-related government grants/tax credit deducted from cost	Depreciation and amortization	Foreign exchange difference	Carrying amount at June 30, 2026
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Property, plant and equipment	430,965	39,300	-	(3,904)	(14,990)	9,098	460,469
Intangible assets	330,292	3,134	-	-	(15,290)	389	318,525
Right-of-use assets	4,866	1,343	-	-	(1,401)	74	4,882

During the six months ended June 30, 2026 and June 30, 2025, the Group acquired property, plant and equipment with a cost of kEUR 39,300 and kEUR 114,682. The Group received kEUR 3,904 and kEUR 17,515 of government grants during the six months ended June 30, 2026 and June 30, 2025, respectively. The Group did not have any disposals of property, plant and equipment during the six months ended June 30, 2026 and June 30, 2025.

Borrowing costs capitalized in the six months ended June 30, 2026 and June 30, 2025, amounted to kEUR nil and kEUR 6,059, respectively. Capitalized borrowing costs are included within property, plant and equipment additions and are reflected in the statement of cash flows as interest and financing fees paid within financing activities.

During the six months ended June 30, 2026 and June 30, 2025, the Group acquired intangible assets with a cost of kEUR 3,134 and kEUR 2,569, respectively, and acquired right-of-use assets with a cost of kEUR 1,343 and kEUR 2,439, respectively. The Group did not recognize any disposals of intangible assets or right-of-use assets during the six months ended June 30, 2025.

The Group assessed whether indicators of impairment existed as of June 30, 2026 and concluded that no impairment losses were required to be recognized for property, plant and equipment, intangible assets or right-of-use assets. The Group did not recognize any impairment losses to property, plant and equipment and intangible assets for the six months ended June 30, 2025.

Note 12: Financial assets and liabilities**12.1: Financial assets**

The carrying amounts of financial assets by class and IFRS 9 measurement category are as follows:

Notes to the unaudited interim condensed consolidated financial statements

				June 30, 2026	December 31, 2025		
	Note	Fair Value Hierarchy	Category	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR
Current							
Trade and other receivables							
Trade receivables third-party	9	n/a	FAAC	54,657	-	16,786	-
Trade receivables third-party - Continuing involvement asset (factoring)	9	n/a	n/a	281	-	271	-
Trade and other receivables from related parties	9, 17	n/a	FAAC	48	-	9	-
Factoring holdback receivables ⁽¹⁾	9	n/a	FAAC	7,542	-	4,988	-
Cash and cash equivalents	8	n/a	FAAC	43,667	-	15,586	-
Restricted cash	8	n/a	FAAC	382	-	2,951	-
Other financial assets							
Foreign exchange forward contracts		Level 2	FVTPL	86	86	18	18
Commodity hedges		Level 2	FVTPL	18	18	93	93
Non-current							
Other financial assets							
Embedded derivatives	12.3	Level 3	FVTPL	10,640	10,640	13,856	13,856
Interest rate swaps		Level 2	n/a	4,131	4,131	1,212	1,212
Total at amortized cost (FAAC)				106,296		40,320	
Total at fair value through profit or loss (FVTPL)				10,744		13,967	
Total other assets (non-FAAC/FVTPL)				4,412		1,483	
Total financial assets				121,452		55,770	

⁽¹⁾ Factoring holdback receivables result from the deferred collection of a portion of the factored trade receivables in Euro and USD and cover 10% of the receivables sold.

Embedded derivatives, foreign exchange forward contracts, commodity hedges and interest rate swaps are measured at fair value. Foreign exchange forward contracts, interest rate swaps and commodity hedges reflect derivative contracts with positive fair values, are determined using valuation techniques based on observable market inputs and classified as Level 2 within the fair value hierarchy. Embedded derivatives are classified as Level 3 within the fair value hierarchy and further details regarding this classification are presented below. There were no transfers between Levels 1, 2 and 3 during the six months ended June 30, 2026. Transfers between Levels would be deemed to have occurred at the end of the reporting period in which they occur.

The carrying amounts of financial assets measured at amortized cost approximate their fair values due to their short-term nature.

12.2: Financial liabilities

The carrying amounts of financial liabilities by class and IFRS 9 measurement category are as follows:

Notes to the unaudited interim condensed consolidated financial statements

				June 30, 2026	December 31, 2025		
	Note	Fair Value Hierarchy	Category	Carrying Amount kEUR	Fair value kEUR	Carrying Amount kEUR	Fair value kEUR
Current							
Interest-bearing loans and borrowings							
Interest-bearing loans and borrowings		n/a	FLAC	38,230	-	32,462	-
Interest-bearing loans and borrowings - related party	17	n/a	FLAC	6,585	-	-	-
Interest-bearing loans and borrowings (accrued interest)		n/a	FLAC	3,971	-	4,366	-
Other financial liabilities							
Commodity hedges		Level 2	FVTPL	127	-	-	-
Trade and other payables							
Trade payables	13	n/a	FLAC	43,205	-	47,304	-
Trade payables - with continuing involvement associated liability (factoring)	13	n/a	n/a	281	-	284	-
Other payables to related parties	13, 17	n/a	FLAC	58	-	-	-
Other financial liabilities due to third parties	13	n/a	FLAC	151	-	291	-
Non-current							
Interest-bearing loans and borrowings		Level 3	FLAC	417,303	424,467	413,605	430,883
Other financial liabilities							
Embedded derivatives	12.3	Level 3	FVTPL	5,880	5,880	-	-
Total at amortized cost (FLAC)				509,503	498,028		
Total at fair value through profit or loss (FVTPL)				6,007	-		
Total other liabilities (non-FAAC/FVTPL)				281	284		
Total financial liabilities				515,791	498,312		

Trade and other payables are recognized at the transaction price and measured at amortized cost. Due to their short-term nature, the carrying amounts approximate their fair values.

For the current interest-bearing borrowings, the fair values are not materially different from their carrying amounts.

The fair values of Group's non-current Interest-bearing loans and borrowings are determined using the discounted cash flow method with term-specific discount rates that reflect the issuer's credit risk. The discount rate includes a credit spread taken from the valuation of the embedded derivatives. As it is not readily observable on the market, it constitutes a Level 3 input.

For the six months ended June 30, 2026, the Group utilized kEUR 25,000 of available borrowing capacity under its kEUR 35,000 revolving credit facility maturing April 5, 2028. As of June 30, 2026, the outstanding balance was kEUR 25,000 and is classified within current Interest-bearing loans and borrowings in the balance sheet. Borrowings under the facility bear interest at a variable rate of three-month-EURIBOR plus a 4% margin and are subject to a three-month term with full repayment required unless management affirmatively renews through a new utilization notice.

Notes to the unaudited interim condensed consolidated financial statements

During the six months ended June 30, 2026, the Group entered into a related party loan funding arrangement with the Ara Funds. As of June 30, 2026, the outstanding balance was kEUR 6,585. The amounts advanced bear interest at 8% per annum and mature 363 calendar days from the date of each advance, at which time principal and accrued interest are payable. The loan is repayable in cash, including accrued interest, on the final repayment date through the distribution waterfall prior to distributions to holders of ordinary and preference equity interests (refer to Note 16, *Equity*). If the loan remains unpaid by maturity, the outstanding principal and accrued interest automatically convert into equity interests at fair value split between ordinary and preference interests using the same proportions as the contributing lender's existing interests.

During the six months ended June 30, 2026, the Group made a kEUR 14,384 principal repayment on the kEUR 165,000 term loan using a portion of the proceeds from the monetization of the §48C tax credits (Qualifying Advanced Energy Project Credits under Section 48C of the U.S. Internal Revenue Code). The Group also fully repaid the kUSD 10,000 principal outstanding under its kUSD 18,000 revolving loan facility. No borrowings were made under the facility during the six months ended June 30, 2026.

Embedded derivatives and commodity hedges are measured at fair value. Commodity hedges are determined using valuation techniques based on observable market inputs and classified as Level 2 within the fair value hierarchy. Embedded derivatives are classified as Level 3 within the fair value hierarchy and further details regarding this classification are presented below. There were no transfers between Levels 1, 2 and 3 during the six months ended June 30, 2026. Transfers between Levels would be deemed to have occurred at the end of the reporting period in which they occur.

12.3: Embedded Derivatives

The EUR 165.0 million term loan contains three embedded derivative features (call option, put option, interest rate floor) that are economically interrelated and require separation. In accordance with IFRS 9, the Group has determined that these features are accounted for as a single compound embedded derivative. The embedded derivative was presented within Other financial assets as of December 31, 2025, and within Other financial liabilities as of June 30, 2026, reflecting a change from a positive to a negative fair value position.

The USD 300.0 million term loan contains three embedded derivative features (call option, put option and interest rate floor) that are economically interrelated and require separation. In accordance with IFRS 9, the Group has determined that these features are accounted for as a single compound embedded derivative. The balance is presented within Other financial assets as of June 30, 2026, and December 31, 2025.

The Group has engaged an external, independent adviser to determine the fair value of the compound embedded derivatives. The independent adviser carried out this work using a third-party tool. The Group has internal processes in place to review the adviser's qualifications and understanding of the third-party tool as well as the results of the valuation.

The embedded derivatives were measured at fair value using a Monte Carlo-simulation model that isolates the value of the identified embedded features from the underlying loan host. The valuation incorporates unobservable market inputs including market-based credit spreads for comparable corporate debt instruments, volatility assumptions and probability-weighted redemption scenarios reflecting the contractual terms of the respective financing arrangements. As these significant inputs are not directly observable in the market, the embedded derivatives are classified within Level 3 of the fair value hierarchy.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements for the separated embedded derivative from the EUR 165.0 million term loan categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2026 and December 31, 2025, are shown below:

Notes to the unaudited interim condensed consolidated financial statements

Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	June 30, 2026: 50%	10% increase would result in a decrease in fair value by kEUR (354)
		10% decrease would result in an increase in fair value by kEUR 299
Probability of exit events	June 30, 2026: 95%	5% increase would result in a decrease in fair value by kEUR (203)
		10% decrease would result in an increase in fair value by kEUR 424
Credit Spread	June 30, 2026: 7.3%	1% increase would result in a decrease in fair value by kEUR (2,854)
		1% decrease would result in an increase in fair value by kEUR 2,794
Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	December 31, 2025: 55%	10% increase would result in a decrease in fair value by kEUR (404)
		10% decrease would result in an increase in fair value by kEUR 215
Probability of exit events	December 31, 2025: 70%	10% increase would result in a decrease in fair value by kEUR (193)
		10% decrease would result in an increase in fair value by kEUR 178
Credit Spread	December 31, 2025: 4.63%	1% increase would result in a decrease in fair value by kEUR (3,452)
		1% decrease would result in an increase in fair value by kEUR 4,696
The significant unobservable inputs used in the fair value measurements for the separated embedded derivative from the USD 300.0 million term loan categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2026 and December 31, 2025, are shown below:		
Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	June 30, 2026: 42.5%	10% increase would result in an increase in fair value by kEUR 315
		10% decrease would result in a decrease in fair value by kEUR (116)
Probability of exit events	June 30, 2026: 5%	10% increase would result in a decrease in fair value by kEUR (22)
		5% decrease would result in an increase in fair value by kEUR 54
Credit Spread	June 30, 2026: 2.81%	1% increase would result in a decrease in fair value by kEUR (9,013)
		1% decrease would result in an increase in fair value by kEUR 7,116

Notes to the unaudited interim condensed consolidated financial statements

Significant unobservable inputs	Base	Sensitivity of changes in the input to fair value
Volatility	December 31, 2025: 45%	10% increase would result in an increase in fair value by kEUR 478 10% decrease would result in a decrease in fair value by kEUR (310)
Probability of exit events	December 31, 2025: 5%	10% increase would result in a decrease in fair value by kEUR (65) 5% decrease would result in an increase in fair value by kEUR 77
Credit Spread	December 31, 2025: 2.93%	1% increase would result in a decrease in fair value by kEUR (4,476) 1% decrease would result in an increase in fair value by kEUR 7,386

The fair value of embedded derivatives is sensitive to changes in significant unobservable inputs. Due to the interrelationship between unobservable inputs, the effect of changes in a single input may not be indicative of the total impact on fair value. Fair value measurements are reviewed at each reporting date.

The following table presents a reconciliation of the opening and closing balances of embedded derivatives classified within Level 3 of the fair value hierarchy for both the EUR 165.0 million and USD 300.0 million loans:

	2026 kEUR	2025 kEUR
At January 1	13,856	17,388
Additions	-	5,571
Total gains or losses recognized in profit or loss for the period	(10,187)	(8,348)
Foreign exchanges recognized in other comprehensive income	338	(934)
Settlements	753	112
Transfers into or out of Level 3	-	-
At June 30, net	4,760	13,789

Changes in the fair value of embedded derivatives are recognized in profit or loss within finance income or finance expenses.

Note 13: Trade and other payables

	June 30, 2026 kEUR	December 31, 2025 kEUR
Trade payables	43,205	47,304
Trade payables - with continuing involvement associated liability (factoring)	281	284
Other payables to related parties (Note 17)	58	-
Other financial liabilities due to third parties	151	291
Financial liabilities	43,695	47,879
Short-term employee liabilities	15,800	8,201
Accrued value added tax	3,693	2,566
Miscellaneous other non-financial liabilities	2,933	1,833
Non-financial liabilities	22,426	12,600
	66,121	60,479

Note 14: Employee benefit obligations

The Group provides post-employment and other long-term employee benefits. The table below presents the carrying amounts of employee benefit obligations recognized in the statement of financial position:

	June 30, 2026	December 31, 2025
	kEUR	kEUR
Pension plan	131,684	135,089
Old-age-part-time	4,504	6,282
Early retirement	232	427
Jubilee	655	658
Total	137,075	142,456

Pension plan

As of June 30, 2026, the pension plan represents the largest portion of the Company's pension benefits. The expense recognized in the interim condensed consolidated statements of operations and other comprehensive income is made up as follows:

	June 30, 2026	June 30, 2025
	kEUR	kEUR
<u>Recognized in profit or loss:</u>		
Current service cost	331	959
Net interest on net defined benefit liability	2,589	2,351
<u>Recognized in OCI (net of tax):</u>		
Remeasurement (gain) loss of the net defined benefit liability	(1,547)	(4,608)
Deferred tax charged to OCI related to remeasurement (gain)/loss on actuarial gains and losses	478	1,650
Total comprehensive loss	1,851	352

Note 15: Commitments and contingencies**Commitments**Capital commitments

As of June 30, 2026, the Group has commitments of kEUR 1,343 for the acquisition of property, plant and equipment.

The Group was in compliance with all requirements related to previously received grants as of June 30, 2026.

Contingencies

The Group is subject to claims and legal proceedings arising in the ordinary course of business. The Group assesses, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies.

During the six months ended June 30, 2026, e-VAC Magnetics LLC, a subsidiary of the Group, became involved in a dispute with a customer regarding a commercial supply agreement. In July 2026, the dispute moved into arbitration proceedings. The outcome of the arbitration, including the amount and timing of any compensation, remains uncertain and cannot currently be reliably estimated. Refer to details in Note 2 *The Group's ability to continue as a going concern*. The Group has no material guarantees or indemnities outstanding as of June 30, 2026.

Note 16: Equity

The Group is a limited partnership and accordingly, equity attributable to equity holders of the parent is presented as Partners' capital. The Group's equity comprises partners' capital, other capital reserves, accumulated losses, other comprehensive losses / income and non-controlling interests ("NCI").

Partners' capital includes contributed capital related to ordinary tracking interests, preference tracking interests, and other limited partner contributions. Accumulated losses are separately presented on the balance sheet and non-controlling interests represent ownership interests in Ara VAC TopCo GmbH held by entities not consolidated by Ara VAC IE Aggregator, LP.

During the six months ended June 30, 2026, the Group received contributions to partners' capital of kEUR 47,382. All amounts are classified within partners' capital as equity instruments, as the arrangements do not create a present or unavoidable contractual obligation for the Partnership to deliver cash or another financial asset, and distributions remain at the sole discretion of the General Partner. The activity during the period is described below by category.

Ordinary and preference tracking interests

During the period, the Group created a new class of ordinary and preference tracking interests at the Ara VAC IE Aggregator, LP level in respect of capital contributions made directly to Ara VAC IE Aggregator, LP. These contributions were not contributed into the German TopCo or the US TopCo and were used to fund the Group's costs and expenses. Unlike the existing ordinary and preference tracking interests, which economically track ownership interests in the German TopCo and the US TopCo, these new interests do not track any specific underlying investment. Instead, they participate on a pro rata basis in the distribution waterfall. The preference tracking interests within this class carry the same cumulative preferred return of 9% per annum as the existing preference tracking interests.

Ordinary and preference tracking interest contributions during the period were kEUR 831 for ordinary tracking interests and kEUR 15,794 for preference tracking interests.

Other limited partner capital contributions

During the period, the Group received additional convertible loan contributions of kEUR 20,408 in the US TopCo. These contributions represent a separate funding instrument from the ordinary and preference tracking interests described above. No conversion into ordinary or preference tracking interests occurred during the period.

Ara VAC TopCo GmbH contributions

During the period, the Group received equity contributions of kEUR 10,349 in Ara VAC TopCo GmbH. Of this amount, kEUR 9,304 was funded by Ara VAC IE Aggregator, LP and kEUR 1,045 was funded by non-controlling interest shareholders and is presented within non-controlling interests. These contributions did not result in the issuance of any ordinary or preference tracking interests and participate in the distribution waterfall upon an exit or liquidity event.

The capital contributions described above are reflected in the statement of changes in equity within capital contributions totaling kEUR 47,382, of which kEUR 46,337 relates to equity attributable to equity holders of the parent and kEUR 1,045 relates to non-controlling interests.

Note 17: Related party disclosures

Related party transactions primarily consist of management contributions, advisory services, and financing arrangements provided by affiliated entities. Balances recorded in trade and other receivables and trade and other payables with related parties are settled in cash, and any related outstanding balances at year-end are unsecured and interest free. Refer to Note 12.2, *Financial liabilities* for further information on the nature of the related party loan.

Related party transactions for the outstanding balances as of June 30, 2026, and December 31, 2025, respectively, are included below:

Notes to the unaudited interim condensed consolidated financial statements

	Cumulative Capital contributions	Trade and other receivables	Trade and other payables	Interest-bearing loans and borrowings
	kEUR	kEUR	kEUR	kEUR
At June 30, 2026:				
Ara VAC Management	479,184	9	-	(6,585)
Ara Fund III GP, Ltd	-	-	(58)	-
Ara Advisors PSG, LLC	-	39	-	-
	479,184	48	(58)	(6,585)
At December 31, 2025:				
Ara VAC Management	432,847	9	-	-
Ara Advisors PSG, LLC	-	-	(521)	-
	432,847	9	(521)	-

Ara VAC Management represents the co-invest affiliate entities that serve as investment vehicles for the Group's equity incentive plan and the Ara Funds, affiliate entities of the Group's indirect shareholders. Ara Fund III GP, Ltd is the Group's ultimate parent and the managing entity within the Ara ownership structure. Ara Advisors PSG, LLC, a member of the Ara Group, provides construction-related support services to Ara Group portfolio companies.

No guarantees have been provided or received for any related party receivables or payables.

Key management personnel include executives and senior vice presidents who have authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table below are the amounts recognized during the reporting period related to key management personnel, which comprises:

	Six months ended June 30,	
	2026	2025
	kEUR	kEUR
Short-term employee benefits (salary and reward bonuses)	1,338	1,062
Termination benefits	291	-
Post-employment benefits	1	(78)
Share-based payments	563	-
Total compensation for key management personnel	2,193	984

Note 18: Government grants

In 2025, e-VAC Magnetics, LLC ("e-VAC") received a grant from the U.S. Department of Defense ("DoD"), Office of the Assistant Secretary of Defense for Industrial Base Policy, through its Manufacturing Capability Expansion and Investment Prioritization ("MCEIP") program. The grant was issued on September 19, 2023, to support the establishment of domestic rare-earth permanent magnet manufacturing capacity. Under the agreement, MCEIP provides funding of kUSD 94,100 to acquire and install manufacturing equipment, operationalize technical infrastructure, and engineer production lines for high-volume rare-earth permanent magnet production. During the six months ended June 30, 2026 and 2025, e-VAC received kUSD 4,513 (in equivalent to kEUR 3,904) and kUSD 19,214 (in equivalent to kEUR 17,515). These amounts were recorded as reductions to the cost of the applicable property, plant, and equipment.

In December 2025, the Group recognized a transferable IRC §48C credit related to the Group's Sumter, South Carolina facility. Management concluded that the recognition criteria were met in 2025, measured the credit at fair value based on observable market pricing in executed transfer agreements, and recognized the asset presented within Transferable tax credit.

Notes to the unaudited interim condensed consolidated financial statements

During the six months ended June 30, 2026, the Company sold the §48C credits to third parties pursuant to executed transfer agreements. The gross cash proceeds from the transfers were kUSD 102,231 (in equivalent to kEUR 87,005), net kUSD 95,816 (in equivalent to kEUR 81,546) after kUSD 2,750 (in equivalent to kEUR 2,340) of structuring fees and kUSD 3,665 (in equivalent to kEUR 3,119) of insurance payments. The structuring fees were recorded and presented within Other expenses and the insurance premiums paid were recognized as prepaid insurance, with the current portion presented within Trade and other receivables and the non-current portion presented within Prepaid insurance. The prepaid insurance asset is recognized as insurance expense over the coverage period in the interim condensed consolidated statement of profit or loss. The §48C credit is subject to ongoing compliance with applicable program requirements and may be subject to examination by the IRS, including potential review of Prevailing Wage & Apprenticeship (PWA) compliance and other eligibility conditions on an annual basis at the end of each reporting period. In connection with the sale of the IRC §48C credit, the Group obtained insurance that provides coverage, subject to the policy's terms, limits, retention and exclusions, for certain losses arising from an IRS disallowance or recapture of the transferred tax credits, including certain losses associated with compliance with applicable PWA requirements. The policy also provides coverage for certain costs incurred in contesting a covered IRS determination.

The Group also received grants within Germany TopCo related to project-specific research grants and tax-based research grants. The Group received research grants of kEUR 1,252 for the six months ended June 30, 2026, and kEUR 1,807 in the six months ended June 30, 2025, and recorded these grants as a reduction of R&D expenditures. There are no unfulfilled conditions and other contingencies related to government assistance that have been recognized.

Note 19: Subsequent events

Customer Dispute and Forbearance Agreement: As described in Note 2, e-VAC Magnetics LLC, a subsidiary of the Group, is involved in a dispute with a customer regarding a commercial supply agreement. On July 1, 2026, the customer notified e-VAC Magnetics LLC of its intention to terminate the agreement, and on July 7, 2026, e-VAC Magnetics LLC initiated arbitration proceedings seeking enforcement of its contractual rights and recovery of amounts due under the agreement.

The arbitration proceedings remain at an early stage, and the timing and ultimate outcome of the matter cannot presently be determined. Accordingly, no asset related to the arbitration claims has been recognized in these interim condensed consolidated financial statements. The commercial supply agreement is associated with a definite-lived customer relationship intangible asset recognized on the Aggregator's balance sheet. Management is evaluating the impact of the contract termination and related dispute on the recoverability of the customer relationship intangible asset, including whether an impairment charge may be required in a future reporting period.

Management evaluated the termination notice and commencement of arbitration as events after the reporting period. These developments did not result in additional adjustments to amounts recognized as of June 30, 2026. The Group will continue to assess the financial reporting implications of the dispute as the arbitration proceedings develop.

On September 24, 2026, e-VAC Magnetics LLC with the unanimous participation of the lending syndicate entered into a Forbearance Agreement with its lenders under the US Credit Agreement in connection with specified Events of Default addressed in the Forbearance Agreement, including matters arising subsequent to June 30, 2026 from the customer's purported termination of the commercial supply agreement. The Forbearance Agreement does not extend the maturity of the loan or modify the outstanding principal amount of the USD 300.0 million term loan. Rather, the lenders agreed to forbear from exercising remedies with respect to the specified Events of Default during the forbearance period, subject to the terms of the Forbearance Agreement. As of June 30, 2026, no Event of Default requiring classification of the US Credit Agreement borrowings as current existed, and through the date these interim condensed consolidated financial statements were authorized for issuance, no acceleration or demand for repayment had occurred under the US Credit Agreement. Certain indirect shareholders of the Group also provided related-party support arrangements in connection with the Forbearance Agreement. These arrangements did not result in an adjustment to the amounts recognized or the classification of borrowings as of June 30, 2026.

Loan advances from the Ara Funds: During the period from July 1, 2026, through the date of the issuance of these interim condensed consolidated financial statements, the Partners of the Group provided an aggregate of USD 28.4 million in additional loans advanced under the related party loan arrangement to support the Group's ongoing operations.

Notes to the unaudited interim condensed consolidated financial statements

In August 2026, the letters of comfort previously provided by the Ara Funds, as indirect shareholders of the Group, were extended through June 2027. Under these arrangements, funding is committed to provide sufficient financial means to fulfil its payment obligations and to maintain compliance with the financial covenants. These comfort letters were further extended to September 2027 in August 2026. These contributions and the letters of comfort were considered by management in its assessment of the Group's ability to continue as a going concern. The letter of comfort in favor of Ara VAC TopCo GmbH is limited to an aggregate maximum amount of kEUR 43,500. The letter of comfort in favor of e-VAC Magnetix, LLC, is to provide sufficient financial means to enable e-VAC Magnetix, LLC to fulfil its payment obligations as they fall due, without any monetary limitation.

The Group has evaluated subsequent events through September 25, 2026, the date the interim condensed consolidated financial statements were authorized for issuance by Management.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

All amounts included below are in U.S. Dollars unless noted otherwise.

Introduction

On August 28, 2026, a wholly owned subsidiary of Energy Fuels Inc., EFR Critical Materials Pty Ltd. ("**Energy Fuels Bidder**"), completed the acquisition of all of the ordinary shares of Australian Strategic Materials Limited ("**ASM**") pursuant to a Scheme Implementation Deed dated January 21, 2026, as amended on March 13, 2026 by and among Energy Fuels Inc. ("**Energy Fuels**" or the "**Company**"), the Energy Fuels Bidder and ASM (the "**Deed**"). Under the Deed, at closing, each holder of ordinary shares of ASM received consideration of (i) 0.053 of the Company's CHES Depositary Interests (by default) or, at their election, 0.053 of the Company's common shares for each ASM share held on the Scheme Record Date (being 5:00 pm Sydney, Australia time on August 21, 2026) (the "**Deed Share Consideration**"), and (ii) AUS\$0.13 in cash (the "**Deed Cash Consideration**", and together with the Deed Share Consideration, the "**Deed Scheme Consideration**"). The total Deed Scheme Consideration was approximately \$243.3 million, including total Deed Share Consideration issued by Energy Fuels of \$217.2 million based on the closing price of the Company's common shares as of August 28, 2026 and total Deed Cash Consideration of approximately \$26.1 million. Holders of ordinary shares of ASM that reside in certain jurisdictions received the net proceeds from the sale made by a nominee of the Company's common shares in lieu of the Deed Share Consideration. ASM option holders received A\$0.50 per ASM option under a separate, but concurrent, scheme of arrangement (the "**Option Scheme Consideration**").

On June 23, 2026, Energy Fuels Inc. entered into a definitive agreement to acquire 100% of Vacuumschmelze GmbH & Co. KG ("**Ara VAC Dutch TopCo**"), Ara VAC TopCo US LLC ("**Ara VAC US TopCo**"), and their respective consolidated subsidiaries (collectively, "**VAC**") from Ara Partners for a total cash-and-stock consideration of approximately \$1.8 billion based on Energy Fuels' closing share price of \$11.35 as of September 25, 2026 (the "**Merger**"). Prior to the close of the acquisition, Ara VAC IE Aggregator, LP, a limited partnership organized under the laws of Ireland is the majority owner of Ara VAC Dutch TopCo, and the sole owner of Ara VAC US TopCo. Prior to acquisition, Ara VAC Blocker, SLP, a separate limited partnership organized under the laws of Jersey ("**Blocker**"), and Ara VAC Holdings, Ltd., a limited company organized under the laws of Ireland ("**Ara HoldCo**"), together with Blocker, comprise the minority owners of VAC ("**VAC Minority Owners**"). The aggregate purchase price to be paid by Energy Fuels will consist of: (i) \$718.0 million in cash (the "**Merger Cash Consideration**"); (ii) 65,853,000 common shares of Energy Fuels (provided that the maximum number of common shares that will be issued shall not exceed the maximum number of common shares that may be issued without obtaining the approval of Parent's shareholders under applicable Canadian Securities Laws (the "**Merger Share Consideration**")); and (iii) preferred shares of Energy Fuels, if any (the "**Merger Preferred Share Consideration**"), to be issued in either or both of the following circumstances: (A) to the extent the number of common shares constituting the Merger Share Consideration is reduced to comply with the maximum issuance limit described above, preferred shares will be issued in replacement of any common shares so removed; and (B) if the volume-weighted average price of Energy Fuels' common shares in the twenty consecutive trading day period that ends on (and includes) the second trading day immediately prior to Closing is below a specified reference price of \$20.93 per common share, additional preferred shares will be issued to provide a value top-up to the Ara Parties, in an amount not to exceed \$135.0 million in value.

Management has determined that there are no material differences between financial statements prepared for the combined results of Ara VAC Dutch TopCo, Ara VAC US TopCo, and their respective consolidated subsidiaries, and the consolidated results of Ara VAC IE Aggregator, LP, given the immaterial impact of the noncontrolling interests held by VAC Minority Owners on such financial statements.

The Company is providing the following unaudited pro forma condensed combined financial information to aid shareholders in their analysis of the financial aspects of the Deed and Merger (together the "**Business Combinations**"). The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the accompanying notes.

The unaudited pro forma condensed combined balance sheet as of June 30, 2026 combines the unaudited consolidated balance sheet of Energy Fuels as of June 30, 2026, the audited balance sheet of ASM as of June 30, 2026, and the unaudited condensed consolidated statement of financial position of Ara VAC IE Aggregator, LP and its subsidiaries ("**Ara VAC IE Aggregator, LP**") as of June 30, 2026, giving effect to the Business Combinations as if it had been consummated on June 30, 2026.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 combines the audited statement of operations of Energy Fuels for the year ended December 31, 2025, the unaudited statement of operations of ASM for the year ended December 31, 2025, and the audited consolidated statement of profit or loss of Ara VAC IE Aggregator, LP for the year ended December 31, 2025. The results of ASM for the year ended December 31, 2025 were calculated as (i) the historical audited statement of operations of ASM for the fiscal year ended June 30, 2025; less (ii) the historical unaudited statement of operations of ASM for the six months ended December 31, 2024; plus (iii) the historical unaudited statement of operations of ASM for the six months ended December 31, 2025.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2026 combines the unaudited condensed statement of operations of Energy Fuels for the six months ended June 30, 2026, the unaudited condensed statement of operations of ASM for the six months ended June 30, 2026, and the unaudited condensed consolidated statement of profit or loss of Ara VAC IE Aggregator, LP for the six months ended June 30, 2026. The results of ASM for the six months ended June 30, 2026 were calculated as (i) the historical audited statement of operations of ASM for the fiscal year ended June 30, 2026; less (ii) the historical unaudited statement of operations of ASM for the six months ended December 31, 2025.

The unaudited pro forma condensed combined statements of operations give effect to the Business Combination as if they had been consummated on January 1, 2025.

The unaudited pro forma condensed combined financial information was derived from, and should be read in conjunction with, the following historical financial statements and the accompanying notes:

- The historical unaudited condensed consolidated financial statements of Energy Fuels as of and for the six months ended June 30, 2026, as filed with the Securities and Exchange Commission ("SEC") on August 5, 2026;
- The historical audited consolidated financial statements of Energy Fuels as of and for the year ended December 31, 2025, as filed with the SEC on February 26, 2026;
- The historical audited consolidated financial statements of ASM as of and for the year ended June 30, 2026, as published on the Company Reports page of ASM's website (<https://asm-au.com/investors/company-reports/>).
- The historical unaudited consolidated financial statements of ASM as of and for the six months ended December 31, 2025, as published on the Company Reports page of ASM's website (<https://asm-au.com/investors/company-reports/>).
- The historical audited consolidated financial statements of ASM as of and for the year ended June 30, 2025, as published on the Company Reports page of ASM's website (<https://asm-au.com/investors/company-reports/>).
- The historical unaudited condensed consolidated financial statements of Ara VAC IE Aggregator, LP as of and for the six months ended June 30, 2026, included as Exhibit 99.2 to Energy Fuels' Current Report on Form 8-K with the SEC on October 13, 2026.

- The historical audited consolidated financial statements of Ara VAC IE Aggregator, LP as of December 31, 2025 and 2024 and January 1, 2024, and for the years ended December 31, 2025 and 2024, included as Exhibit 99.1 to Energy Fuels' Current Report on Form 8-K with the SEC on October 13, 2026.

The unaudited pro forma condensed combined financial information should also be read together with other financial information included elsewhere or incorporated by reference into this Current Report.

The historical consolidated financial statements of ASM have been prepared in accordance with the Australian Accounting Standards Board ("AASB"), which are consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in their presentation and reporting currency of Australian dollars ("AUD"). The historical consolidated financial statements of Ara VAC IE Aggregator, LP have been prepared in accordance with IFRS, as issued by IASB, and in their presentation and reporting currency of ("EUR"). The historical consolidated financial statements of Energy Fuels have been prepared in accordance with U.S. GAAP ("GAAP") and in their presentation and reporting currency of U.S. dollars ("USD").

Energy Fuels intends to obtain certain debt financing, with an original principal balance of \$250.0 million, (the "**Senior Secured Term Loan Facility**") in order to finance the repayment of VAC debt that includes a pre-existing change in control provision upon consummation of the Merger with VAC. The interest on the Senior Secured Term Loan Facility reflects an assumed Secured Overnight Financing Rate ("SOFR") plus an assumed applicable margin. As of September 25, 2026 this rate was determined to be 3.67% plus an applicable margin of 2.5%.

Accounting for the Business Combinations

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Energy Fuels has been treated as the acquirer for accounting purposes, and thus accounts for the Business Combinations as a business combination in accordance with Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805").

ASM's tangible and identifiable intangible assets acquired and liabilities assumed will be recorded at fair value at the close date, August 28, 2026, with the excess of the purchase consideration over the fair value of ASM's net assets being recorded as goodwill. The assets and liabilities of ASM have been measured based on various preliminary estimates using assumptions that Energy Fuels' management believes are reasonable and based on currently available information.

VAC's tangible and identifiable intangible assets acquired and liabilities assumed will be recorded at fair value at the date of completion of the Merger, with the excess of the purchase consideration over the fair value of VAC's net assets being recorded as goodwill. The assets and liabilities of VAC have been measured based on various preliminary estimates using assumptions that Energy Fuels' management believes are reasonable and based on currently available information.

Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing this unaudited pro forma condensed combined financial information. There may be differences between these preliminary estimates used to prepare the accompanying unaudited pro forma condensed combined financial information and the final purchase accounting which could have a material impact on the combined company's future results of operations and financial position.

Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information appearing below does not consider any potential effects of changes in market conditions on revenues or expense efficiencies, among other factors. In addition, as explained in more detail in the accompanying notes, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the Business Combinations.

As described in the Introduction, Ara VAC IE Aggregator, LP is the majority owner of Ara VAC Dutch TopCo and Ara VAC US TopCo. The Ara VAC IE Aggregator, LP historical audited consolidated financial information and unaudited consolidated financial information include non-controlling interests attributable to Blocker and ARA HoldCo. The Ara VAC IE Aggregator, LP historical financial information serves as the basis of the VAC presentation in the pro forma financial information. Pro forma adjustments have been made to the Ara VAC IE Aggregator, LP historical financial statements to present the pro forma condensed combined financial information as if 100% of the Ara VAC Dutch TopCo is owned by Energy Fuels, consistent with the terms of the Merger, through the elimination of non-controlling interest to present combined consolidation pro forma financial statements of VAC.

The unaudited pro forma condensed combined financial information has been prepared based on the aforementioned historical consolidated financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial information. The pro forma adjustments reflect transaction accounting adjustments related to the Business Combinations and the financing transactions, which are discussed in further detail below. Amounts presented reflect the accounting for the acquisition of ASM and VAC by Energy Fuels. These transaction accounting adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. Therefore, the unaudited pro forma condensed combined financial information is presented for illustrative purposes only and do not purport to represent the combined company's consolidated results of operations or consolidated financial position that would actually have occurred had the Business Combinations been consummated on the dates assumed or to project the combined company's consolidated results of operations or consolidated financial position for any future date or period.

In addition, for purposes of the unaudited pro forma condensed combined financial information, certain amounts within the applicable historical consolidated financial statements of ASM and VAC have been reclassified to align to the financial statement presentation of Energy Fuels, translated into USD. The applicable historical consolidated financial statements of ASM are prepared under the accounting standards issued by the AASB, which are consistent with IFRS. The applicable historical consolidated financial statements of VAC are prepared in accordance with IFRS.

Certain adjustments have been made to reflect ASM's and VAC's historical audited and unaudited consolidated financial statements on a U.S. GAAP basis for purposes of presenting the unaudited pro forma financial information and to align ASM's and VAC's historical significant accounting policies under IFRS to Energy Fuels' significant accounting policies under U.S. GAAP. As of the date of this filing, Energy Fuels has not identified all adjustments necessary to convert ASM's and VAC's historical audited and unaudited financial statements prepared in accordance with IFRS to U.S. GAAP and to conform to Energy Fuels' accounting policies. A more comprehensive comparison and assessment including review of the accounting policies of ASM and VAC is expected to occur, which may result in additional differences being identified. Additionally, Energy Fuels has included certain reclassifications for consistency in the financial statement presentation.

The unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or cost savings or synergies that may be achieved because of the Business Combinations.

Energy Fuels and ASM did not have any material relationships prior to the closing of the Deed. Accordingly, no pro forma adjustments were required to eliminate activities between the two companies.

Energy Fuels and VAC have not had any material relationships. Accordingly, no pro forma adjustments were required to eliminate activities between the two companies.

ASM and VAC have not had any material relationships. Accordingly, no pro forma adjustments were required to eliminate activities between the two companies.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2026

(in thousands)	ASM Historical				VAC Historical				Pro Forma Combined (Energy Fuels, ASM & VAC)
	Energy Fuels Historical	Adjusted for Reclassifications	ASM Pro Forma Adjustments		Pro Forma Combined (Energy Fuels, ASM)	Adjusted for Reclassifications	VAC Pro Forma Adjustments		
		Note 2	Note 3			Note 5	Note 6		
ASSETS									
Cash and cash equivalents	\$ 58,416	\$ 39,713	(31,250)	(A)	\$ 66,879	\$ 49,888	(718,000)	(D)	\$ 177,069
	-	-	-		-	-	(185,948)	(D)	
	-	-	-		-	-	250,000	(E)	
	-	-	-		-	-	(3,750)	(E)	
	-	-	-		-	-	718,000	(E)	
Restricted cash	-	-	-		-	436	-		436
Marketable securities	878,338	-	-		878,338	-	(718,000)	(E)	160,338
Trade and other receivables, net of allowance for credit losses	15,071	2,575	-		17,646	90,301	38,251	(F)	146,198
Inventories	75,037	8,285	178	(A)	83,500	116,223	5,685	(D)	205,408
Prepaid expenses and other current assets	6,180	217	19	(A)	6,416	1,252	-		7,668
Total current assets	1,033,042	50,790	(31,053)		1,052,779	258,100	(613,762)		697,117
Mineral properties	328,589	88,296	(44,653)	(A)	363,179	-	-		363,179
	-	-	(9,053)	(B)	-	-	-		
Property, plant and equipment, net	74,190	46,109	3,137	(A)	123,436	531,650	1,235	(G)	773,499
	-	-	-		-	-	117,178	(D)	
Investments	35,432	-	-		35,432	-	-		35,432
Marketable securities	24,905	-	-		24,905	-	-		24,905
Intellectual property and intangible assets, net	4,229	20	73,080	(A)	77,329	363,905	(67,637)	(H)	403,288
	-	-	-		-	-	(474)	(I)	
	-	-	-		-	-	30,165	(D)	
Goodwill	-	-	64,629	(A)	64,629	-	952,989	(D)	1,017,618
Restricted cash	22,846	-	-		22,846	-	-		22,846
Deferred tax assets	-	-	-		-	16,088	(105)	(G)	731
	-	-	-		-	-	(1,379)	(J)	
	-	-	-		-	-	(13,873)	(D)	
Other assets	9,968	991	74	(A)	11,033	21,125	(12,079)	(J)	55,285
	-	-	-		-	-	39,000	(D)	
	-	-	-		-	-	(3,750)	(E)	
	-	-	-		-	-	(44)	(L)	
Total assets	\$ 1,533,201	\$ 186,206	\$ 56,161		\$ 1,775,568	\$ 1,190,868	427,464		\$ 3,393,900

Please refer to the notes to the unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2026 (Cont.)

(in thousands)	Energy Fuels			Pro Forma Combined			Pro Forma Combined		
	Historical	ASM Historical Adjusted for Reclassifications	ASM Pro Forma Adjustments	(Energy Fuels, ASM)	VAC Historical Adjusted for Reclassifications	VAC Pro Forma Adjustments	(Energy Fuels, ASM & VAC)		
		Note 2	Note 3		Note 5	Note 6			
LIABILITIES									
Accounts payable and accrued liabilities	\$ 29,185	\$ 8,076	\$ 11,031	(C) \$	48,292	\$ 75,541	(647) (F) \$		154,186
	-	-	-		-	-	31,000 (K)		
Borrowings	-	1,952	-		1,952	55,736	38,898 (F)		97,246
	-	-	-		-	-	(21,550) (D)		
	-	-	-		-	-	25,000 (E)		
	-	-	-		-	-	(2,790) (E)		
Asset retirement obligations	2,496	-	-		2,496	-	-		2,496
Contingent consideration	1,767	-	-		1,767	-	-		1,767
Deferred revenue	-	5,826	3,183 (A)	5,189	26,097	-	-		31,286
	-	-	(3,820) (B)		-	-	-		
Employee benefit obligations	-	-	-		-	16,502	-		16,502
Other liabilities	3,581	58	-	3,639	8,800	(369) (G)			12,070
Total current liabilities	37,029	15,912	10,394		63,335	182,676	69,542		315,553
Convertible senior notes, net	677,684	-	-	677,684	-	-	-		677,684
Borrowings	-	-	-	-	476,756	(17,345) (J)			231,516
	-	-	-		-	(164,398) (D)			
	-	-	-		-	3,619 (D)			
	-	-	-		-	225,000 (E)			
	-	-	-		-	(4,710) (E)			
	-	-	-		-	(300,000) (L)			
	-	-	-		-	12,594 (L)			
Deferred tax	-	11,835	(4,480) (A)	7,355	93,542	44,956 (D)			129,970
	-	-	-		-	(139) (I)			
	-	-	-		-	(15,744) (H)			
Uncertain tax position	-	-	-	-	15,292	-			15,292
Asset retirement obligations	21,035	1,164	-	22,199	-	-			22,199
Employee benefit obligations	-	485	-	485	140,102	-			140,587
Other liabilities	655	235	-	890	11,506	369 (G)			6,047
	-	-	-		-	569 (J)			
	-	-	-		-	(7,287) (D)			
Total liabilities	736,403	29,631	5,914		771,948	919,874	(152,974)		1,538,848
Redeemable preferred shares	-	-	-	-	-	135,000 (D)			135,000
EQUITY									
Share capital	1,326,279	261,467	(261,467) (A)	1,543,521	548,096	(548,096) (D)			2,290,953
	-	-	217,242 (A)		-	747,432 (D)			
Accumulated deficit	(533,879)	(100,127)	105,360 (A)	(544,314)	(280,844)	334,066 (D)			(575,314)
	-	-	(5,233) (B)		-	(301) (I)			
	-	-	(11,031) (C)		-	(48,067) (H)			
	-	-	596 (A)		-	1,112 (G)			
	-	-	-		-	3,004 (J)			
	-	-	-		-	(31,000) (K)			
	-	-	-		-	(3,619) (D)			
	-	-	-		-	7,287 (D)			
	-	-	-		-	(12,594) (L)			
	-	-	-		-	(44) (L)			
Accumulated other comprehensive loss	170	(4,780)	4,780 (A)	170	644	(644) (D)			170
Total shareholder's equity	792,570	156,560	50,247	999,377	267,896	448,536			1,715,809
Non-controlling interests	4,228	15	-	4,243	3,098	430 (D)			4,243
	-	-	-		-	(34) (I)			
	-	-	-		-	(3,826) (H)			
	-	-	-		-	18 (G)			
	-	-	-		-	314 (J)			
Total equity	796,798	156,575	50,247	1,003,620	270,994	445,438			1,720,052

Total liabilities, redeemable preferred shares, and equity	\$ 1,533,201	\$ 186,206	\$ 56,161	\$ 1,775,568	\$ 1,190,868	\$ 427,464	\$ 3,393,900
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Please refer to the notes to the unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2026

(in thousands, except per share amounts)	Energy Fuels Historical	ASM Historical Adjusted for Reclassifications	ASM Pro Forma Adjustments		Pro Forma Combined (Energy Fuels, ASM)	VAC Historical Adjusted for Reclassifications	VAC Pro Forma Adjustments	(
		Note 2	Note 3			Note 5	Note 6	
Total revenue	\$ 60,946	\$ 5,627	\$ -		\$ 66,573	\$ 246,703	\$ -	\$
Operating costs and expenses								
Costs applicable to revenues	32,165	4,051	-		36,216	227,123	(19)	(EE)
	-	-	-		-	-	9,137	(FF)
	-	-	-		-	-	(33,442)	(HH)
Exploration, development and processing	16,870	1,329	1,338	(AA)	19,537	-	(825)	(II)
Standby	6,208	-	-		6,208	-	-	
Accretion of asset retirement obligations	4,308	-	-		4,308	-	-	
Selling, general and administration	35,783	14,297	2,709	(BB)	52,789	56,015	(277)	(JJ)
	-	-	-		-	-	22,135	(HH)
	-	-	-		-	-	(106)	(KK)
Transaction and integration related costs	13,115	-	-		13,115	-	-	
Total operating income (loss)	(47,503)	(14,050)	(4,047)		(65,600)	(36,435)	3,397	
Interest expense	-	-	-		-	40,041	(88)	(JJ)
	-	-	-		-	-	(5,390)	(MM)
	-	-	-		-	-	106	(KK)
	-	-	-		-	-	(9,770)	(NN)
	-	-	-		-	-	10,284	(NN)
	-	-	-		-	-	(9,903)	(OO)
Other income (expense)								
Gain on sale of asset	361	-	-		361	-	-	
Loss in unconsolidated affiliates	(2,391)	-	-		(2,391)	-	-	
Other income (loss)	5,063	938	-		6,001	459	(11,307)	(HH)
Total other income (loss)	3,033	938	-		3,971	459	(11,307)	
Income (loss) before income taxes	(44,470)	(13,112)	(4,047)		(61,629)	(76,017)	6,851	
Income tax benefit (expense)	(93)	1,411	596	(BB)	1,914	9,033	(6)	(EE)
	-	-	-		-	-	2,682	(FF)
	-	-	-		-	-	(241)	(II)
	-	-	-		-	-	(107)	(JJ)
	-	-	-		-	-	(1,585)	(MM)
Net income (loss)	(44,563)	(11,701)	(3,451)		(59,715)	(66,984)	7,594	
Net income (loss) attributable to non-controlling interest	(341)	(11)	-		(352)	(6,223)	1	(EE)
	-	-	-		-	-	59	(II)
	-	-	-		-	-	19	(JJ)
	-	-	-		-	-	413	(MM)
	-	-	-		-	-	5,731	(PP)
Net income (loss) attributable to Energy Fuels Inc	\$ (44,222)	\$ (11,690)	\$ (3,451)		\$ (59,363)	\$ (60,761)	1,371	\$
Basic weighted average common shares outstanding	245,460	270,241						
Basic net income (loss) per common share	\$ (0.18)	\$ (0.04)						\$
Diluted weighted average common shares outstanding	245,460	270,241						
Diluted net income (loss) per common share	\$ (0.18)	\$ (0.04)						\$

Please refer to the notes to the unaudited pro forma condensed combined financial information

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2025

(in thousands, except per share amounts)	Energy Fuels	ASM Historical	ASM Pro Forma		Pro Forma Combined	VAC Historical	VAC Pro forma	
	Historical	Adjusted for Reclassifications	Adjustments		(Energy Fuels, ASM)	Adjusted for Reclassifications	adjustments	
		Note 2	Note 3			Note 5	USD \$	Note 6
Total revenue	\$ 65,922	\$ 5,158	\$ -		\$ 71,080	\$ 367,513	\$ -	\$ -
Operating costs and expenses								
Costs applicable to revenues	52,169	4,113	178 (DD)		56,460	392,428	(75) (EE)	
	-	-	-		-	-	33,207 (FF)	
	-	-	-		-	-	5,685 (GG)	
	-	-	-		-	-	(37,075) (HH)	
Exploration, development and processing	38,941	5,177	1,968 (AA)		46,086	-	(3,250) (II)	
Standby	7,965	-	-		7,965	-	-	
Accretion of asset retirement obligations	3,222	-	-		3,222	-	-	
Selling, general and administration	64,780	9,842	4,870 (BB)		79,492	54,457	(237) (JJ)	
	-	-	-		-	-	24,540 (HH)	
	-	-	-		-	-	(194) (KK)	
Transaction and integration related costs	-	-	11,031 (CC)		11,031	-	31,000 (LL)	
Total operating income (loss)	(101,155)	(13,974)	(18,047)		(133,176)	(79,372)	(53,601)	
Interest expense	-	-	-		-	66,193	(196) (JJ)	
	-	-	-		-	-	(6,552) (MM)	
	-	-	-		-	-	194 (KK)	
	-	-	-		-	-	(19,984) (NN)	
	-	-	-		-	-	23,536 (NN)	
	-	-	-		-	-	(15,647) (OO)	
Other income (expense)								
Gain on sale of asset	5,300	-	-		5,300	-	-	
Loss in unconsolidated affiliates	(1,321)	-	-		(1,321)	-	-	
Other income (loss)	10,086	499	-		10,585	8,284	(12,535) (HH)	
Total other income (loss)	14,065	499	-		14,564	8,284	(12,535)	
Income (loss) before income taxes	(87,090)	(13,475)	(18,047)		(118,612)	(137,281)	(47,487)	
Income tax benefit (expense)	979	(434)	1,018 (BB)		1,563	37,951	(11) (EE)	
	-	-	-		-	-	11,418 (FF)	
	-	-	-		-	-	(1,004) (II)	
	-	-	-		-	-	(127) (JJ)	
	-	-	-		-	-	(2,429) (MM)	
Net income (loss)	(86,111)	(13,909)	(17,029)		(117,049)	(99,330)	(39,640)	
Net income (loss) attributable to non-controlling interest	(477)	(4)	-		(481)	(10,368)	6 (EE)	
	-	-	-		-	-	227 (II)	
	-	-	-		-	-	34 (JJ)	
	-	-	-		-	-	508 (MM)	
	-	-	-		-	-	9,593 (PP)	
Net income (loss) attributable to Energy Fuels Inc	\$ (85,634)\$	(13,905)\$	(17,029)		\$ (116,568)\$	(88,962)\$	(50,008)	\$
Basic weighted average common shares outstanding	224,724	208,024						
Basic net income (loss) per common share	\$ (0.38)\$	(0.07)						\$
Diluted weighted average common shares outstanding	224,724	208,024						
Diluted net income (loss) per common share	\$ (0.38)\$	(0.07)						\$

Please refer to the notes to the unaudited pro forma condensed combined financial information

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The pro forma adjustments have been prepared as if the Business Combinations had been consummated on June 30, 2026, in the case of the unaudited pro forma condensed combined balance sheet, and, in the case of the unaudited pro forma condensed combined statement of operations, as if the Business Combinations had been consummated on January 1, 2025, the beginning of the earliest period presented in the unaudited pro forma condensed combined statement of operations.

The historical consolidated financial statements of ASM have been prepared in accordance with the accounting standards issued by the AASB, which are consistent with IFRS as issued by the IASB and in their presentation and reporting currency of AUD. The historical consolidated financial statements of Energy Fuels has been prepared in accordance with U.S. GAAP and in their presentation and reporting currency of USD. For purposes of the unaudited pro forma condensed combined financial information, ASM's unaudited consolidated statement of financial position as of June 30, 2026 was translated using the spot rate on June 30, 2026 (1.445504\$/AUD). ASM's unaudited consolidated income statement for the six months ended June 30, 2026 was translated using the average exchange rate for the six months ended June 30, 2026 (1.424063\$/AUD). ASM's unaudited consolidated income statement for the twelve months ended December 31, 2025 was translated using the average exchange rate for the twelve months ended December 31, 2025 (1.550931\$/AUD).

The historical consolidated financial statements of VAC have been prepared in accordance with IFRS as issued by the IASB and in their presentation and reporting currency of EUR. The historical consolidated financial statements of Energy Fuels has been prepared in accordance with U.S. GAAP and in their presentation and reporting currency of USD. For purposes of the unaudited pro forma condensed combined financial information, VAC's unaudited consolidated statement of financial position as of June 30, 2026 was translated using the spot rate on June 30, 2026 (0.875297\$/€). VAC's unaudited consolidated income statement for the six months ended June 30, 2026 was translated using the average exchange rate for the six months ended June 30, 2026 (0.857263\$/€). VAC's unaudited consolidated income statement for the twelve months ended December 31, 2025 was translated using the average exchange rate for the twelve months ended December 31, 2025 (0.884465\$/€).

Certain adjustments have been made to reflect ASM's and VAC's historical audited and unaudited consolidated financial statements on a U.S. GAAP basis for purposes of presenting the unaudited pro forma financial information and to align ASM's and VAC's historical significant accounting policies under IFRS to Energy Fuels' significant accounting policies under U.S. GAAP.

The preparation of the unaudited pro forma condensed combined financial information is based on reasonable estimates, assumptions and adjustments that affect the amounts reported in such financial statements and the notes thereto. The pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information are presented for illustrative purposes only and do not necessarily reflect the operating results or financial position that would have occurred if the Business Combinations and the financing transactions had been consummated on the dates indicated, nor are they necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. Differences between these preliminary estimates and the final transaction accounting, which are expected to be completed for ASM and VAC within one year of the respective Deed and Merger close dates, will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the combined company's future results of operations and financial position.

2. ASM Reclassification Adjustments

ASM's historical balances were derived from ASM's historical consolidated financial statements described above and are presented under the accounting standards of the AASB, which are consistent with IFRS and converted from AUD to USD based on the historical exchange rates presented above in Note 1.

During the preparation of the unaudited pro forma condensed combined financial information, Energy Fuels performed a preliminary review of ASM's financial statements to identify differences in financial statement presentation as compared to the presentation of Energy Fuels. Based on the information currently available, certain reclassifications have been made to ASM's historical consolidated financial statements to conform to Energy Fuels' presentation. Further review of ASM's financial statements may result in additional reclassifications, which could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information presented herein.

Refer to the table below for a preliminary reconciliation of the historical consolidated financial statements of ASM to Energy Fuels' presentation:

Unaudited Consolidated Balance Sheet as of June 30, 2026

ASM Financial Statement Line	ASM Historical Amount	ASM Historical Amounts	Reclassification	ASM Historical Amounts Reclassified	Energy Fuels Financial Statement Line
(in thousands)	AUD	USD		USD	
Assets					
Current assets					
Cash and cash equivalents	A\$ 57,406	\$ 39,713	\$ -	\$ 39,713	Cash and cash equivalents
Trade and other receivables	3,722	2,575	-	2,575	Trade and other receivables, net of allowance for credit losses
Inventories	11,976	8,285	-	8,285	Inventories
Biological assets	314	217	(217) (a)	-	
			217 (a)	217	Prepaid expenses and other current assets
Total current assets	73,418	50,790	-	50,790	Total current assets
Non-current assets					
Property, plant and equipment	66,651	46,109	-	46,109	Property, plant and equipment, net
Intangible assets	29	20	-	20	Intellectual property and intangible assets, net
Exploration and evaluation assets	127,632	88,296	(88,296) (b)	-	
Biological assets	1,252	866	(866) (a)	-	
Other assets	180	125	866 (a)	991	Other assets
			88,296 (b)	88,296	Mineral properties
Total assets	A\$ 269,162	\$ 186,206	\$ -	\$ 186,206	Total assets
Current liabilities					
Trade and other payables	10,729	7,422	654 (c)	8,076	Accounts payable and accrued liabilities
Provisions	946	654	(654) (c)	-	
Interest bearing liabilities	2,905	2,010	(2,010) (d)	-	
Unearned revenue	8,421	5,826	-	5,826	Deferred revenue
			1,952 (d)	1,952	Borrowings
			58 (d)	58	Other liabilities
Total current liabilities	23,001	15,912	-	15,912	Total current liabilities
Non-current liabilities					
Deferred tax	17,108	11,835	-	11,835	Deferred tax
Interest bearing liabilities	340	235	(235) (e)	-	
Provisions	2,383	1,649	(1,649) (f) & (g)	-	
			1,164 (g)	1,164	Asset retirement obligations
			485 (f)	485	Employee benefit obligations
			235 (e)	235	Other liabilities
Total liabilities	42,832	29,631	-	29,631	Total liabilities
Equity					
Issued capital	357,328	247,200	1,330 (h)	261,467	Share capital
			12,937 (i)	-	
Other equity	1,922	1,330	(1,330) (h)	-	
Reserves	11,791	8,157	(8,157) (i)	-	
Accumulated losses	(144,733)	(100,127)	-	(100,127)	Accumulated deficit
			(4,780) (i)	(4,780)	Accumulated other comprehensive income (loss)
Non-controlling interest	22	15	-	15	Non-controlling interest
Total equity	226,330	156,575	-	156,575	Total equity
Total equity & liabilities	A\$ 269,162	\$ 186,206	\$ -	\$ 186,206	Total liabilities & equity

Reclassification of historical ASM:

- (a) Biological assets were reclassified to prepaid expenses and other current assets and non-current other assets to conform with Energy Fuels presentation.
- (b) Exploration and evaluation assets were reclassified to mineral properties to conform with Energy Fuels presentation.
- (c) Provisions were reclassified to accounts payable and accrued liabilities to conform with Energy Fuels presentation.
- (d) Current lease liabilities within current interest bearing liabilities were reclassified to current other liabilities; short term borrowings within

current interest bearing liabilities were reclassified to the current borrowings - both in order to conform with Energy Fuels presentation.

(e) Non-current interest bearing liabilities, relating solely to leases, were reclassified to non-current other liabilities to conform with Energy Fuels presentation.

(f) Provisions for employee benefit liabilities were reclassified to non-current employee benefit obligations to conform with Energy Fuels presentation.

(g) Provisions for decommissioning was reclassified to asset retirement obligations to conform with Energy Fuels presentation.

(h) Other equity was reclassified to share capital to conform with Energy Fuels presentation.

(i) Capital contribution reserves and share-based payments were reclassified from reserves to share capital to conform with Energy Fuels presentation. Foreign currency translation reserve and retirement benefit obligation reserve have been reclassified from reserves to accumulated other comprehensive income to conform with Energy Fuels presentation.

Unaudited Consolidated Statement of Operations for the Six Months Ended June 30, 2026

ASM Financial Statement Line	ASM Historical Amount	ASM Historical Amounts	Reclassification	ASM Historical Amounts Reclassified	Energy Fuels Financial Statement Line
(in thousands)	AUD	USD		USD	
Revenue	A\$ 8,013	\$ 5,627	\$ -	\$ 5,627	Revenues
Cost of sales	5,769	4,051	-	4,051	Costs applicable to revenues
Gross Profit	2,244	1,576	-	1,576	
Other income (loss)	1,397	981	(981)	(a) -	
Expenses					
Operating expenses	1,589	1,116	(1,116)	(b) -	
Professional fees and consulting services	10,912	7,663	(7,663)	(c) -	
Employee remuneration	5,002	3,512	(3,512)	(c) -	
Share-based payments	1,806	1,268	(1,268)	(c) -	
Directors' fees and salaries	693	487	(487)	(c) -	
General and administration expenses	1,422	999	(999)	(c) -	
Pastoral company expenses	524	368	(368)	(c) -	
Depreciation and amortization expense	303	213	(213)	(b) -	
Fair value movement in biological assets	354	249	(249)	(a) -	
Finance costs	94	66	(66)	(a) -	
Net foreign exchange gain/(loss)	(387)	(272)	272	(a) -	
			1,329	(b) 1,329	Exploration, development and processing
			14,297	(c) 14,297	Selling, general and administration
			938	(a) 938	Other income (loss)
Income (loss) before income tax	(18,671)	(13,112)	-	(13,112)	Income (loss) before income tax
Income tax benefit (expense)	2,010	1,411	-	1,411	Income tax benefit (expense)
Loss after income tax for the period	(16,661)	(11,701)	-	(11,701)	Net income (loss)
Loss for the period attributable to:					
Non-controlling interest	(16)	(11)	-	(11)	Net income (loss) attributable to non-controlling interest
Owners of ASM	(16,645)	(11,690)	-	(11,690)	Net income (loss) attributable to Energy Fuels Inc
A\$ (16,661)	\$ (11,701)	\$ -	\$ (11,701)		

Reclassification of historical ASM:

- (a) Fair value movement in biological assets, finance costs, and net foreign exchange gain/(loss) were reclassified to other income (loss) to conform with Energy Fuels presentation.
- (b) Operating expenses, along with depreciation and amortization expense, were reclassified to exploration, development and processing to conform with Energy Fuels presentation.
- (c) Professional fees and consulting services, employee remuneration, shared-based payments, directors' fees and salaries, general and administration expenses, and pastoral company expenses have been reclassified to selling, general and administration to conform with Energy Fuels presentation.

Unaudited Consolidated Statement of Operations for the Twelve Months Ended December 31, 2025

ASM Financial Statement Line	ASM Historical Amount	ASM Historical Amounts	Reclassification	ASM Historical Amounts Reclassified	Energy Fuels Financial Statement Line
(in thousands)	AUD	USD		USD	
Revenue	A\$ 8,000	\$ 5,158	-	\$ 5,158	Total revenue
Cost of sales	6,379	4,113	-	4,113	Costs applicable to revenues
Gross Profit	1,621	1,045	-	1,045	
Other income (loss)	2,095	1,351	(1,351) (a)	-	
Expenses					
Operating expenses	6,429	4,145	(4,145) (b)	-	
Professional fees and consulting services	1,292	833	(833) (c)	-	
Employee remuneration	8,038	5,183	(5,183) (c)	-	
Share-based payments	906	584	(584) (c)	-	
Directors' fees and salaries	1,323	853	(853) (c)	-	
General and administration expenses	3,069	1,979	(1,979) (c)	-	
Pastoral company expenses	636	410	(410) (c)	-	
Depreciation and amortization expense	1,601	1,032	(1,032) (b)	-	
Fair value movement in biological assets	(366)	(236)	236 (a)	-	
Finance costs	920	593	(593) (a)	-	
Net foreign exchange gain/(loss)	768	495	(495) (a)	-	
			5,177 (b)	5,177	Exploration, development and processing
			9,842 (c)	9,842	Selling, general and administration
			499 (a)	499	Other income (loss)
Income (loss) before income tax	(20,900)	(13,475)	-	(13,475)	Income (loss) before income tax
Income tax benefit/(expense)	(673)	(434)	-	(434)	Income tax benefit (expense)
Loss after income tax for the year	(21,573)	(13,909)	-	(13,909)	Net income (loss)
Loss for the year attributable to:					
Non-controlling interest	(6)	(4)	-	(4)	Net income (loss) attributable to non-controlling interest
Owners of ASM	(21,567)	(13,905)	-	(13,905)	Net income (loss) attributable to Energy Fuels Inc
A\$ (21,573)\$		(13,909)\$	-	\$ (13,909)	

Reclassification of historical ASM:

(a) Fair value movement in biological assets, finance costs, and net foreign exchange gain were reclassified to other income (loss) to conform with Energy Fuels presentation.

(b) Operating expenses, along with depreciation and amortization expense, were reclassified to exploration, development and processing to conform with Energy Fuels presentation.

(c) Professional fees and consulting services, employee remuneration, share-based payments, directors' fees and salaries, general and administration expenses, and pastoral company expenses were reclassified to selling, general and administration to conform with Energy Fuels presentation.

3. ASM Pro Forma Adjustments and Assumptions

The adjustments reflected in the unaudited pro forma condensed combined balance sheet as of June 30, 2026 are as follows, in thousands:

(A) Reflects the purchase price allocation adjustments to record ASM's assets and liabilities at estimated fair value based on the consideration conveyed.

- (1) Purchase consideration - Reflects purchase consideration relating to the acquisition of ASM including cash paid on closing of \$31,250 and share consideration with a value of \$217,242.
- (2) Acquired assets and liabilities - Reflects the elimination of historical balances of ASM and recording of preliminary fair value of assets and liabilities in connection with the Deed.
- (3) Goodwill - Reflects recoding of the preliminary estimate of goodwill.
- (4) Historical equity balances of ASM - Reflects the elimination of historical equity accounts of ASM upon consummation of the Deed.
- (5) Deferred tax liabilities - Reflects expected deferred tax adjustments upon deal close. The net decrease in deferred tax liabilities of \$4,480 reflects reversal of the historical book value of the pre-transaction amount of \$11,835, due to anticipated step-up in tax cost base of Australian assets based on a preliminary purchase price allocation and partial recognition of a deferred tax asset ("DTA") on Non-Operating Losses ("NOLs") that are anticipated to be able to be transferred to a new tax consolidated group and be available for future recoupment under Australian tax law, net of the recognition of deferred tax liabilities for \$7,355 for steps in fair value of net assets attributable to ASM's Korean entities, net of tax benefits of \$596 for additional depreciation incurred as a result of such increases in fair value. Preliminary deferred taxes have been estimated based on the above assumptions. These assumptions could change depending on pre-and post-acquisition activities, geographical mix of income, changes in tax law, as well as the final determination of the fair value of the identifiable assets and liabilities and the associated impact of potential push-down accounting elections.

(B) Reflects reversal of evaluation and exploration asset capitalization for a project which is in the pre-feasibility stage that would be unlikely to meet the threshold for capitalization under U.S. GAAP:

- (1) Reverses amounts historically capitalized of \$9,053.
- (2) Reduces deferred revenue by \$3,820 for government grants capitalized as an asset and recognized with a corresponding deferred revenue balance under IFRS.
- (3) Adjusts accumulated deficit for the net impact of \$5,233.

(C) Reflects nonrecurring expense related to estimated transaction costs in the amount of \$11,031, which are primarily comprised of investment banking fees, legal fees, and other related advisory costs.

The adjustments included in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2026 and twelve months ended December 31, 2025 are as follows:

(AA) Reflects exploration and development costs incurred before the establishment of proven and probable reserves which cannot be capitalized under U.S. GAAP. An adjustment is required to expense amounts that were capitalized in the historical financial statements of ASM (\$1,338 for the six months ended June 30, 2026, \$1,968 for the twelve months ended December 31, 2025) for a project in the pre-feasibility stage.

(BB) Reflects additional depreciation and amortization for increases in fair value of property, plant, and equipment, and intellectual property and intangible assets expected to be recognized upon deal close. As a result of the fair value step up in property, plant, and equipment, net, and intellectual property and intangible assets, additional depreciation and amortization expense of \$2,709 and associated tax benefits of \$596 were recognized for the six months ended June 30, 2026 (additional depreciation and amortization expense of \$4,870 and associated tax benefits of \$1,018 for the twelve months ended December 31, 2025).

(CC) Reflects nonrecurring expense related to estimated transaction costs in the amount of \$11,031 which are primarily comprised of investment banking fees, legal fees, and other related advisory costs.

(DD) Reflects nonrecurring expense for the twelve months ended December 31, 2025 to increase costs of goods sold for an amount equal to the expected increase in fair value of inventory on acquisition close, given such amount inventory is expected to turnover in less than one year.

4. Purchase Price Consideration and Preliminary Allocation - ASM

Pursuant to the Scheme Implementation Deed, specifically the Share Scheme, Energy Fuels acquired 100% of the outstanding ordinary shares of ASM at a price per share equal to 0.053 of an Energy Fuels' share plus A\$0.13 AUD per share. Additionally, under the associated Option Scheme, Energy Fuels acquired 100% of the outstanding share options of ASM, based on a price per option of A\$0.50 AUD. The total Deed Scheme Consideration consists of: (i) the Deed Share Consideration of \$217.2 million in Energy Fuels shares; (ii) the Deed Cash Consideration of \$26.1 million in cash to be paid under the Share Scheme; and (iii) the Option Scheme Consideration of \$5.2 million in cash. The total Deed Scheme Consideration amounts to \$248.5 million, calculated as follows:

(in thousands, except exchange ratio, exchange rate and share price)

ASM shares outstanding as of August 28, 2026	279,482
Exchange ratio - Energy Fuels' shares per ASM share	0.053
Total estimated Energy Fuels' shares to be issued	14,809
Energy Fuels' shares price as of August 28, 2026 (USD)	\$ 14.67
Share Scheme - Share Consideration (USD)	\$ 217,242
ASM shares outstanding as of August 28, 2026	279,482
Exchange ratio - AUD per ASM share	0.13
Cash Consideration (AUD)	36,333
Exchange rate - AUD to USD	0.7184
Share Scheme - Cash Consideration (USD)	\$ 26,100
ASM options outstanding as of August 28, 2026	14,340
Exchange ratio - AUD per ASM option	0.50
Option Scheme (AUD)	7,170
Exchange ratio	0.7184
Option Scheme - Cash Consideration (USD)	\$ 5,150
Total purchase consideration (USD)	\$ 248,492

Preliminary Purchase Price Allocation

The determination of the fair value of the identifiable assets of ASM and the allocation of the estimated merger consideration to these identifiable assets and liabilities is preliminary and is pending finalization of various estimates, inputs and analyses. The final purchase price allocation will be determined when Energy Fuels has completed the detailed valuations and necessary calculations. The final purchase price allocation may be materially different than that reflected in the preliminary estimated merger consideration allocation presented herein. Any increase or decrease in fair values of the net assets as compared with the pro forma financial statements may change the allocation of total purchase price allocation to goodwill and other assets and liabilities and may impact the unaudited pro forma condensed combined statements of operations due to adjustments in the depreciation and amortization of the adjusted assets. The following table sets forth a preliminary allocation of the merger consideration to the preliminary fair value of the identifiable tangible and intangible assets to be acquired and liabilities to be assumed of ASM, using ASM's balance sheet as of June 30, 2026 and adjusted for reclassifications and presentational alignment to that of Energy Fuels' historical financial information described in Note 2 above:

(in thousands)	As of June 30, 2026
Assets	
Cash and cash equivalents	\$ 39,713
Trade and other receivables	2,575
Inventories	8,463
Prepaid expenses and other current assets	236
Mineral properties	34,590
Property, plant and equipment	49,246
Intellectual property and intangible assets	73,100
Other assets	1,065
Total assets, excluding goodwill	208,988
Accounts payable and accrued liabilities	8,076
Borrowings	1,952
Deferred revenue	5,189
Other liabilities (current)	58
Deferred tax	7,951
Asset retirement obligations	1,164
Employee benefit obligations (non-current)	485
Other liabilities (non-current)	235
Non-controlling interest	15
Net assets Acquired	183,863
Goodwill	64,629
Fair value of consideration	\$ 248,492

Goodwill represents the excess of the preliminary estimated merger consideration over the estimated fair value of the underlying net assets acquired. Goodwill will not be amortized but instead will be reviewed for impairment annually, or more frequently if facts and circumstances warrant a review. Goodwill recognized in the merger is not expected to be deductible for tax purposes.

The estimated fair value, in thousands, and useful life of identifiable intangible assets are as follows:

Asset Type	Fair Value	Useful Life
Patents	\$ 37,430	15 years
Customer Relationships	\$ 35,670	15 years
Total	\$ 73,100	

5. VAC Reclassification Adjustments

VAC's historical balances were derived from VAC's historical consolidated financial statements described above and are presented under IFRS and converted from EUR to USD based on the historical exchange rates presented above in Note 1.

During the preparation of the unaudited pro forma condensed combined financial information, Energy Fuels performed a preliminary review of VAC's financial statements to identify differences in financial statement presentation as compared to the presentation of Energy Fuels. Based on the information currently available, certain reclassifications have been made to VAC's historical consolidated financial statements to conform to Energy Fuels' presentation. Further review of VAC's financial statements may result in additional reclassifications, which could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information presented herein.

Refer to the table below for a preliminary reconciliation of the historical consolidated financial statements of VAC to Energy Fuels' presentation:

Unaudited Consolidated Balance Sheet as of June 30, 2026

VAC Financial Statement Line	VAC Historical Amounts	VAC Historical Amounts	Reclassification	VAC Historical Amounts	Energy Fuels Financial Statement Line
(in thousands)	EUR	USD		USD	
Assets					
Current assets					
Cash and cash equivalents	€ 43,667	\$ 49,888	-	\$ 49,888	Cash and cash equivalents
Restricted cash	382	436	-	436	Restricted cash
Trade and other receivables	79,040	90,301	-	90,301	Trade and other receivables, net of allowance for credit losses
Inventories	101,730	116,223	-	116,223	Inventories
Prepaid income tax	992	1,133	(1,133) (a)	-	
Transferable tax credit	-	-	1,252 (a) & (b)	1,252	Prepaid expenses and other current assets
Other financial assets	104	119	(119) (b)	-	
Total current assets	225,915	258,100	-	258,100	Total current assets
Non-current assets					
Property, plant and equipment	460,469	526,072	5,578 (c)	531,650	Property, plant and equipment, net
Right-of-use assets	4,882	5,578	(5,578) (c)	-	
Intangible assets	318,525	363,905	(363,905) (d)	-	
Prepaid insurance	2,803	3,202	(3,202) (e)	-	
	-	-	363,905 (d)	363,905	Intellectual property and intangible assets, net
Other financial assets	14,771	16,875	(16,875) (e)	-	
Deferred financing costs	917	1,048	(1,048) (e)	-	
Deferred tax assets	14,082	16,088	-	16,088	Deferred tax assets
			21,125 (e)	21,125	Other assets
Total assets	€ 1,042,364	\$ 1,190,868	-	\$ 1,190,868	Total assets

Reclassification of historical VAC:

- (a) Prepaid income tax was reclassified to prepaid expenses and other current assets to conform with Energy Fuels presentation.
- (b) Other current financial assets, comprised of forwards, hedges, and swaps, were reclassified to prepaid expenses and other current assets to conform with Energy Fuels presentation.
- (c) Right-of-use assets were reclassified to property, plant and equipment, net to conform with Energy Fuels presentation.
- (d) Intangible assets were reclassified to intellectual property and intangible assets, net to align with Energy Fuels presentation.
- (e) Prepaid insurance, classified as a non-current asset, deferred financing costs, and non-current other financial assets, comprised of derivatives and interest rate swaps, were reclassified to other assets to conform with Energy Fuels presentation.

Unaudited Consolidated Balance Sheet as of June 30, 2026 (cont.)

VAC Financial Statement Line (in thousands)	VAC Historical Amounts EUR	VAC Historical Amounts USD	Reclassification	VAC Historical Amounts Reclassified USD	Energy Fuels Financial Statement Line
Liabilities					
Current liabilities					
Interest bearing loans and borrowings	€ 42,201	\$ 48,213	(48,213) (f)	\$ -	
Short-term interest bearing loans and borrowings - related party	6,585	7,523	(7,523) (f)	-	
Trade and other payables	66,121	75,541	-	75,541	Accounts payable and accrued liabilities
	-	-	55,736 (f)	55,736	Borrowings
Short-term lease liabilities	1,990	2,274	(2,274) (g)	-	
Contract liabilities	22,843	26,097	(26,097) (h)	-	
Current income tax liabilities	474	542	(542) (i)	-	
Employee benefit obligations	14,444	16,502	-	16,502	Employee benefit obligations
Current other financial liabilities	127	145	(145) (j)	-	
Provisions	5,111	5,839	(5,839) (j)	-	
	-	-	26,097 (h)	26,097	Unearned revenue
	-	-	8,800 (g) & (i) & (j)	8,800	Other liabilities
Total current liabilities	159,896	182,676	-	182,676	Total current liabilities
Non-current liabilities					
Interest-bearing loans and borrowings	417,303	476,756	-	476,756	Borrowings
Employee benefit obligations	122,631	140,102	-	140,102	Employee benefit obligations
Long-term lease liabilities	3,007	3,435	(3,435) (k)	-	
Provisions	1,184	1,353	(1,353) (l)	-	
Uncertain tax position	13,385	15,292	-	15,292	Uncertain tax position
Other financial liabilities	5,880	6,718	(6,718) (l)	-	
Deferred tax liabilities	81,877	93,542	-	93,542	Deferred tax
	-	-	11,506 (k) & (l)	11,506	Other liabilities
Total liabilities	805,163	919,874	-	919,874	Total liabilities
Equity					
Partners' capital	479,184	547,453	643 (m)	548,096	Share capital
Accumulated losses	(245,822)	(280,844)	-	(280,844)	Accumulated deficit
Other capital reserves	563	643	(643) (m)	-	
Other comprehensive losses / income	564	644	-	644	Accumulated other comprehensive loss
Non-controlling interest	2,712	3,098	-	3,098	Non-controlling interest
Total equity	237,201	270,994	-	270,994	Total equity
Total equity and liabilities	€ 1,042,364	\$ 1,190,868	-	\$ 1,190,868	Total liabilities & equity

Reclassification of historical VAC:

- (f) Interest-bearing loans and borrowings, classified as current liabilities and including those with related parties, were reclassified to a new line-item titled borrowings to conform with Energy Fuels presentation.
- (g) Short-term lease liabilities were reclassified to current other liabilities to conform with Energy Fuels presentation.
- (h) Contract liabilities were reclassified to unearned revenue to conform with Energy Fuels presentation.
- (i) Current income tax liabilities were reclassified to current other liabilities to conform with Energy Fuels presentation.
- (j) Provisions, classified as current liabilities, and current other financial liabilities were reclassified to current other liabilities to conform with Energy Fuels presentation.
- (k) Long-term lease liabilities were reclassified to non-current other liabilities to conform with Energy Fuels presentation.
- (l) Provisions, classified as non-current liabilities, and non-current other financial liabilities were reclassified to non-current other liabilities to conform with Energy Fuels presentation.
- (m) Other capital reserves were reclassified to share capital to conform with Energy Fuels presentation.

Unaudited Consolidated Statement of Operations for the Six Months Ended June 30, 2026

VAC Financial Statement Line	VAC Historical Amounts		VAC Historical Amounts		Reclassification	VAC Historical Amounts	Energy Fuels Financial Statement Line
(in thousands)	EUR	USD	USD			USD	
Revenue	€	211,489	\$	246,703	\$	246,703	Revenues
Cost of sales		(194,704)		(227,123)		(227,123)	Costs applicable to revenues
Gross profit (loss)		16,785		19,580		19,580	
Distribution expenses		(9,323)		(10,875)	10,875 (a)	-	
Administrative expenses		(35,238)		(41,105)	41,105 (a)	-	
Research and development expenses		(3,459)		(4,035)	4,035 (a)	-	
Other income		6,310		7,361	(7,361) (b)	-	
Other expense		(9,544)		(11,133)	11,133 (b)	-	
				-	(56,015) (a)	(56,015)	Selling, general and administration
Operating loss		(34,469)		(40,207)	3,772	(36,435)	Total operating profit (loss)
Finance income		3,627		4,231	(4,231) (c)	-	
Finance expenses		(34,326)		(40,041)	40,041 (d)	-	
				-	(40,041) (d)	(40,041)	Interest expense
				-	(11,133) (b)	459	Other income (loss)
				-	7,361 (b)		
				4,231 (c)			
Loss before tax		(65,168)		(76,017)	-	(76,017)	Income (loss) before income taxes
Income taxes		7,744		9,033	-	9,033	Income tax benefit (expense)
Loss after tax		(57,424)		(66,984)	-	(66,984)	Net income (loss)
Loss attributable to non-controlling interest		(5,336)		(6,223)	-	(6,223)	Net loss attributable to non-controlling interest
Loss attributable to equity holders of the parent		(52,088)		(60,761)	-	(60,761)	Net income (loss) attributable to Energy Fuels Inc.
Loss after tax	€	(57,424)	\$	(66,984)	\$	(66,984)	Net income (loss)

Reclassification of historical VAC:

- (a) Distribution expenses, administrative expenses, and research and development expenses were reclassified to selling, general and administration to conform with Energy Fuels presentation.
- (b) Other expense and other income, related to foreign exchange gains and losses on operating activity, have been reclassified to other income (loss) to conform with Energy Fuels presentation.
- (c) Finance income was reclassified to other income (loss) to conform with Energy Fuels presentation.
- (d) Finance expense was reclassified to a new line-item titled interest expense to conform with Energy Fuels presentation.

Unaudited Consolidated Statement of Operations for the Twelve Months Ended December 31, 2025

VAC Financial Statement Line	VAC Historical Amounts	VAC Historical Amounts	Reclassification	VAC Historical Amounts	Energy Fuels Financial Statement Line
(in thousands)	EUR	USD		Reclassified	
Revenue	€ 325,052	\$ 367,513	\$ -	\$ 367,513	Revenues
Cost of sales	(347,089)	(392,428)	-	(392,428)	Costs applicable to revenues
Gross profit (loss)	(22,037)	(24,915)	-	(24,915)	
Distribution expenses	(17,789)	(20,113)	20,113 (a)	-	
Administrative expenses	(23,218)	(26,251)	26,251 (a)	-	
Research and development expenses	(7,158)	(8,093)	8,093 (a)	-	
Other income	11,633	13,153	(13,153) (b)	-	
Other expense	(7,315)	(8,271)	8,271 (b)	-	
		-	(54,457) (a)	(54,457)	Selling, general and administration
Operating loss	(65,884)	(74,490)	(4,882)	(79,372)	Total Operating profit (loss)
Finance income	3,009	3,402	(3,402) (c)	-	
Finance expenses	(58,545)	(66,193)	66,193 (d)	-	
		-	(66,193) (d)	(66,193)	Interest expense
		-	(8,271) (b)	8,284	Other income (loss)
		-	13,153 (b)		
			3,402 (c)		
Loss before tax	(121,420)	(137,281)	-	(137,281)	Income (loss) before income taxes
Income taxes	33,566	37,951	-	37,951	Income tax benefit (expense)
Loss after tax	(87,854)	(99,330)	-	(99,330)	Net income (loss)
Loss attributable to non-controlling interest	(9,170)	(10,368)		(10,368)	Net loss attributable to non-controlling interest
Loss attributable to equity holders of the parent	(78,684)	(88,962)		(88,962)	Net income (loss) attributable to Energy Fuels Inc.
Loss after tax	€ (87,854)	\$ (99,330)	\$ -	\$ (99,330)	Net income (loss)

Reclassification of historical VAC:

- (a) Distribution expenses, administrative expenses, and research and development expenses were reclassified to selling, general and administration to conform with Energy Fuels presentation.
- (b) Other expense and other income, related to foreign exchange gains and losses on operating activity, have been reclassified to other income (loss) to conform with Energy Fuels presentation.
- (c) Finance income was reclassified to other income (loss) to conform with Energy Fuels presentation.
- (d) Finance expense was reclassified to a new line-item titled interest expense to conform with Energy Fuels presentation.

6. VAC Pro Forma Adjustments and Assumptions

The adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2026 are as follows, in thousands:

(D) Reflects the purchase price allocation adjustments expected to record VAC's assets and liabilities at estimated fair value based on the expected consideration conveyed.

- (1) Purchase consideration – Reflects purchase consideration expected to be paid relating to the acquisition of VAC including cash to be paid on closing of \$718,000 (inclusive of \$300,000 directly paid to the lender to satisfy the debt at VAC and \$39,000 to an escrow agent), common share consideration with a value of \$747,432, preferred share consideration of \$135,000, and \$185,948 of VAC's debt to be repaid upon the consummation of the Merger.

Based on the information currently available and the Company's preliminary analysis, pursuant to ASC 480-10-25, management believes that the preferred shares would not meet liability classification criteria as of the date of this filing. However, as the shares are redeemable at the option of the holder, the preferred shares meet the criteria to be classified as temporary equity. The evaluation and finalization of accounting conclusions including, but not limited to, classification of the instrument, impact to earnings per share, and analysis of any potential embedded derivatives are ongoing and subject to change.

- (2) Acquired assets and liabilities – Reflects the elimination of historical balances of VAC and recording of preliminary fair value of assets and liabilities upon the Merger.
- (3) Contractual recovery asset – Reflects the expected recognition of a \$39,000 contractual asset within other assets (non-current) for a portion of cash held in escrow from the cash consideration of \$718,000, which is expected to be recoverable by Energy Fuels in an amount equal to escrow in a period after the close of the Merger.
- (4) Goodwill - Reflects recording of the preliminary estimate of goodwill.
- (5) Historical loans of VAC - Reflects the elimination of historical balance of outstanding loans and borrowings and accrued interest of VAC to be repaid upon consummation of the Merger, including an increase to accumulated for unamortized deferred issuance costs written off and a decrease to accumulated deficit for embedded derivative liabilities written off from other liabilities (non-current).
- (6) Historical equity balances of VAC - Reflects the elimination of historical equity accounts of VAC, including elimination of NCI impacts, given Energy Fuels will acquire 100% interest in VAC and no minority equity interests are expected to remain upon consummation of the Merger.
- (7) Deferred tax - Reflects expected deferred tax adjustments upon deal close. The net increase in deferred tax liabilities ("DTL") of \$44,956 reflects a step-up in book basis of inventories, property, plant and equipment, and intellectual property and intangible assets in connection with the preliminary purchase price allocation, based on a blended German and US statutory tax rate of 29.36%. Such increase in DTL is offset by an increase in goodwill, from the increase in liabilities assumed. Additionally, Deferred tax assets ("DTA") related to Net-Operating Losses ("NOLs") of \$13,873 will be written off in connection with the transaction, given that the German tax loss carry forwards are not expected to survive the transaction. Preliminary deferred taxes have been estimated based on the above assumptions. These assumptions could change depending on pre- and post-acquisition activities, geographical mix of income, changes in tax law, as well as the final determination of the fair value of the identifiable assets and liabilities and the associated impact of potential push-down accounting elections.

(E) Reflects expected financing actions related to the Merger.

- (1) Reflects the expected issuance of the proposed Senior Secured Term Loan Facility to refund the repayment of VAC debt to be repaid upon consummation of the Merger. Energy Fuels will draw on the Senior Secured Term Loan Facility, with cash proceeds of \$250,000, an increase in short-term debt of \$25,000 and long-term debt of \$225,000. The carrying value of the debt is presented net of deferred issuance costs, with a reduction in cash of \$3,750 for issuance costs expected to be paid on close, a reduction to other assets of \$3,750 for issuance costs already paid, and a reduction to current and non-current borrowings of \$2,790 and \$4,710, respectively, for the portion of issuance costs being amortized within one year and thereafter.
- (2) Reflects the expected sale of marketable securities of \$718,000 to fund the cash purchase price for the VAC transaction.

(F) Reflects expected recognition of a secured borrowing arrangement for an accounts receivable factoring arrangement that is believed to not meet the true sale criteria. Under U.S. GAAP the factoring arrangement is treated as a secured borrowing. The existing factoring holdback receivables are derecognized as of June 30, 2026, and the factored accounts receivables have been re-recognized on the balance sheet at their book value of \$38,251. The corresponding continuing involvement liability of \$647 is removed, and short-term borrowings are increased by \$38,898 for the cash received from the factor for unsettled accounts receivable.

(G) Reflects expected IFRS to GAAP differences in lease accounting. VAC accounts for all leases as finance leases under IFRS. Under U.S. GAAP, leases are evaluated as finance or operating leases under ASC 842. Lease agreements were reclassified between finance and operating leases on a lease-by-lease basis, in order to conform to proper lease presentation under U.S. GAAP.

- (1) Adjustments of \$3,643 to increase operating lease right of use assets and \$2,408 to decrease finance lease right of use assets have been recorded for the right of use asset reclassification, for a net increase in property, plant and equipment of \$1,235.
- (2) Adjustments of \$1,905 and \$1,740 were recorded to increase current operating lease liabilities and noncurrent operating lease liabilities, respectively, with adjustments of \$2,274 and \$1,371 to decrease the short-term finance lease liabilities and long-term finance lease liabilities, respectively. This resulted in a net decrease in short term other liabilities of \$369 and a net increase in long term other liabilities of \$369.
- (3) As a result of the remeasurement and reclassifications, accumulated deficit decreased by \$1,112 and noncontrolling interests increased by \$18, with an accompanying decrease in deferred tax assets of \$105.

(H) Reflects expected expenditures related to capitalized research and development assets, which do not meet the alternative future use criterion and should be expensed as incurred under U.S. GAAP. Adjustments of \$67,637 recognized as a decrease to intellectual property and intangible assets, with offsetting increases to the accumulated deficit of \$48,067, decreases to deferred tax liabilities of \$15,744, and decreases to noncontrolling interests of \$3,826 have been recorded related to amounts that were capitalized in the VAC Historical Balance Sheet in the period ended June 30, 2026. These adjustments relate to amounts capitalized in the current and prior periods.

(I) Reflects the expected removal of impairment loss reversal by VAC, which is allowed for under IFRS but prohibited under U.S. GAAP. The impairment reversal recorded in the 2024 fiscal year has been eliminated, and the related amortization expense that was derecognized upon reversal was reinstated. Adjustments were made to reduce intellectual property and intangible assets by \$474, with offsetting increases to the accumulated deficit of \$301, a decrease to deferred tax liabilities of \$139, and a decrease to non-controlling interests of \$34.

(J) Reflects expected IFRS to GAAP differences for VAC loans relating to features that were recorded as bifurcated embedded derivatives under IFRS 9 that were not required to be bifurcated under ASC Topic 815 Derivatives and Hedging (“ASC 815”). As the embedded features not requiring bifurcation under US GAAP were in an asset position, adjustments were made as of June 30, 2026, to reduce other assets (non-current) by \$12,079, borrowings (non-current) by \$17,345, and deferred tax assets by \$1,379, along with increase other liabilities (non-current) by \$569. As a result of the adjustments, accumulated deficit increased by \$3,004 and noncontrolling interests increased by \$314.

(K) Reflects nonrecurring expense related to estimated transaction costs in the amount of \$31,000, which are primarily comprised of investment banking fees, legal fees, and other related advisory costs.

(L) Reflects the expected repayment at closing of \$300,000 of debt outstanding at VAC’s U.S. entity through a direct payment to the lender from the \$718,000 million cash consideration, see adjustment (D). The adjustment reflects a \$300,000 million reduction in cash and long-term debt. The repayment would also result in the write-off of \$12,594 of unamortized debt issuance costs and a \$44 embedded derivative asset, with corresponding increases in long-term debt and accumulated deficit and a reduction in other assets.

The adjustments included in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2026 and twelve months ended December 31, 2025 are as follows:

(EE) Reflects the expected derecognition of an impairment loss reversal by VAC. VAC reversed an impairment loss in the 2024 fiscal year related to trademark and patents under the IFRS framework, following indicators of recovery where the recoverable amount significantly exceeded the carrying amount. Under U.S. GAAP, the reversal of previously recognized impairment losses for long-lived assets is prohibited. Such impairment reversal has been removed, and the related amortization expense that was recorded upon reversal was reinstated.

- (1) For the six months ended June 30, 2026, adjustments of \$19 were made to decrease costs applicable to revenues, along with adjustments to decrease income tax benefit (expense) by \$6. Of the total increase to net income of \$13, \$1 was attributed to noncontrolling interests.
- (2) For the twelve months ended December 31, 2025, adjustments of \$75 were made to decrease costs applicable to revenues, along with adjustments to decrease income tax benefit (expense) by \$11. Of the total increase to net income of \$64, \$6 was attributed to noncontrolling interests.

(FF) Reflects expected additional depreciation for increases in fair value of property, plant, and equipment, along with intellectual property and intangible assets, expected to be recognized upon deal close. As a result of the fair value step up in property, plant, and equipment, net, along with intellectual property and intangible assets additional depreciation expense of \$9,137 was recognized for the six months ended June 30, 2026 (\$33,207 for the twelve months ended December 31, 2025), along with added tax benefits of \$2,682 (\$11,418 for the twelve months ended December 31 2025).

(GG) Reflects nonrecurring expense for the twelve months ended December 31, 2025 to increase costs applicable to revenues for an amount equal to the expected increase in fair value of inventory on acquisition close, given such amount inventory is expected to turnover in less than one year.

(HH) Reflects accounting policy differences in expense classification between VAC and Energy Fuels. VAC classifies certain indirect labor costs, utilities, and maintenance expenses for its U.S. entity within costs applicable to revenues. Such amounts were removed from costs applicable to revenues and reclassified into administrative expenses and other expenses to align with Energy Fuels accounting policy.

(II) Reflects expected expenditures related to capitalized research and development assets, which do not meet the alternative future use criterion under U.S. GAAP and should be expensed as incurred.

- (1) For the six months ended June 30, 2026, to recognize expense for assets capitalized in the current year and remove amortization expense of amounts previously capitalized development and processing expenses were reduced by \$825, with a corresponding increase in income tax expense of \$241. Of the increase to net income of \$584; \$59 was attributed to noncontrolling interests.

- (2) For the twelve months ended December 31, 2025, to recognize expense for assets capitalized in the current year and remove amortization expense of amounts previously capitalized, development and processing expenses were reduced by \$3,250, with a corresponding increase in income tax expense of \$1,004. Of the increase to net income of \$2,246; \$227 was attributed to noncontrolling interests.

(JJ) Reflects expected IFRS to GAAP differences for lease accounting. VAC accounts for all leases as finance leases under IFRS. Under U.S. GAAP, leases are evaluated as finance or operating leases under ASC 842. Lease agreements were reclassified between finance and operating leases on a lease-by-lease basis, in order to conform to proper lease presentation under U.S. GAAP.

- (1) For the six months ended June 30, 2026, adjustments of \$88 and \$277 were recorded to decrease finance expenses and administrative expenses, respectively, for the reclassification of leases. An adjustment of \$107 to increase income tax expense was recorded to account for the tax impact of the decreased finance and administrative expenses. Of the total increase to net income of \$258, \$19 was attributed to noncontrolling interests.
- (2) For the twelve months ended December 31, 2025, adjustments of \$196 and \$237 were recorded to decrease finance expenses and administrative expenses, respectively, for the reclassification of leases. An adjustment of \$127 to increase income tax expense was recorded to account for the tax impact of the decreased finance and administrative expenses. Of the total increase to net income of \$306, \$34 was attributed to noncontrolling interests.

(KK) Reflects the expected reclassification of expense from selling, general, and administration to interest expense for a factoring arrangement accounted as a secured borrowing under GAAP of \$106 for the six months ended June 30, 2026 (\$194 for the twelve months ended December 31, 2025).

(LL) Reflects nonrecurring expense related to estimated transaction costs in the amount of \$31,000, which are primarily comprised of investment banking fees, legal fees, and other related advisory costs.

(MM) Reflects IFRS to GAAP differences on VAC loans for features that recorded as embedded derivatives under IFRS 9, which were not required to be bifurcated under ASC 815. From elimination of mark-to-mark adjustments for embedded derivatives identified for IFRS purposes but not GAAP, interest expenses and income tax benefits for the six months ended June 30, 2026, decreased by \$5,390 and \$1,585, respectively. Of the increase to net income of \$3,805, \$413 is attributable to noncontrolling interests. From the elimination of mark-to-mark adjustments for embedded derivatives identified for IFRS purposes but not GAAP, interest expenses and income tax benefits for the twelve months ended December 31, 2025, decreased by \$6,552 and \$2,429, respectively. Of the increase to net income of \$4,123, \$508 is attributable to noncontrolling interests.

(NN) As a result of change in control provisions on debt held by European components of VAC, short term debt is expected to be reduced by \$21,550 and long-term debt is expected to be reduced by \$164,398. To fund the debt repayment, Energy Fuels is expected to draw on new debt of \$250,000.

- (1) As a result of the debt repaid, interest expense is expected to decrease by \$9,770 for the six months ended June 30, 2026 (\$19,984 for the twelve months ended December 31, 2025).
- (2) As result of the debt drawn, interest expense is expected to increase by \$10,284 for the six months ended June 30, 2026 (\$23,536 for the twelve months ended December 31, 2025).

For the debt drawn, a sensitivity analysis has been performed to consider the effect that a change of 0.125% to the interest rate would have on interest expense. A 0.125% increase or decrease in interest rates would result in a change in interest expense of approximately \$139 for the six months ended June 30, 2026 and \$301 for the year ended December 31, 2025.

(OO) As a result of the expected cash repayment of \$300,000 of debt outstanding at VAC's U.S. entity through a direct cash payment to the lender from the \$718,000 cash consideration, long-term debt is expected to decrease by \$300,000. As a result of the debt repaid, interest expense is expected to decrease by \$9,903 for the six months ended June 30, 2026 (\$15,647 for the twelve months ended December 31, 2025).

(PP) VAC - Eliminate Income/Loss Attributed to NCI. Given Energy Fuels is acquiring 100% of VAC, no income or loss would have been attributed to other equity interest holders. As such, an adjustment is made to remove the income or loss attributed to NCI holders.

7. Preliminary Purchase Price Consideration and Preliminary Allocation - VAC

Pursuant to the Merger Agreement, Energy Fuels will acquire 100% of Vacuumschmelze GmbH & Co. KG, Ara VAC TopCo US LLC, and their respective consolidated subsidiaries (collectively, "VAC") from Ara Partners a total cash-and-stock consideration of approximately \$1,786.4 million based on Energy Fuels' closing share price of \$11.35 as of September 25, 2026. The aggregate purchase price to be paid by Energy Fuels will consist of: (i) the Merger Cash Consideration of \$718.0 million in cash; (ii) the Merger Share Consideration of 65,853,000 common shares of Energy Fuels (provided that the maximum number of common shares that will be issued shall not exceed the maximum number of common shares that may be issued without obtaining the approval of Parent's shareholders under applicable Canadian Securities Laws; and (iii) the Merger Preferred Share Consideration of Energy Fuels preferred shares, if any. The total consideration is also inclusive of repayment of existing VAC debt subject to a change in control provision where \$186.0 million in VAC debt is to be repaid by Energy Fuels upon the change in control. As part of Energy Fuels' identification of the accounting impacts of the Merger, which is in process as of the date of this filing, Energy Fuels has evaluated the potential recognition of a contingent asset associated with the Merger agreement. Such contingent asset is dependent upon the resolution of uncertain future outcomes related to conditions that currently exist at VAC. For the purposes of the pro forma financial information, no contingent asset has been recognized based upon the information currently known. If a contingent asset is recognized, consideration transferred for the Merger could change materially. Based on information currently known, total estimated purchase consideration amounts to \$1,786.4 million, calculated as follows:

<i>(in thousands, except exchange ratio, exchange rate and share price)</i>	
Estimated Energy Fuels common shares to be issued (not subject to value protection)	44,353
Estimated Energy Fuels common shares to be issued (subject to value protection)	21,500
Total estimated Energy Fuels common shares to be issued	65,853
Energy Fuels' common share price as of September 25, 2026	\$ 11.35
Total estimated merger share consideration	\$ 747,432
Estimated merger preferred share consideration	\$ 135,000
Estimated merger cash consideration ⁽¹⁾	\$ 718,000
Estimated debt to be repaid upon change in control consideration	\$ 185,948
Total Merger Consideration	\$ 1,786,380

(1) Estimated merger cash consideration is expected to be paid as follows: \$379,000 to Ara Partners, \$300,000 through a direct payment to the lender of VAC's U.S. entity, and \$39,000 to an escrow agent.

A sensitivity analysis related to the fluctuation in Energy Fuels' common stock price was performed to assess the impact of a hypothetical change of 20% on Energy Fuels' share closing price on the Merger Share Consideration as of September 25, 2026. Energy Fuels believes that a 20% fluctuation in the market price of its common stock is reasonably possible based on historical volatility. The following table shows the effect of changes in Energy Fuels' share price and the resulting impact on the estimated Merger Share Consideration, in thousands except share price. The effects of such changes in share price would impact the value assigned to goodwill.

Change in Share Price	Share Price	Merger Consideration
As presented	\$ 11.35	\$ 1,786,380
Increase of 20%	\$ 13.62	\$ 1,935,866
Decrease of 20%	\$ 9.08	\$ 1,636,893

Preliminary Purchase Price Allocation

The determination of the fair value of the identifiable assets of VAC and the allocation of the estimated Merger consideration to these identifiable assets and liabilities is preliminary and is pending finalization of various estimates, inputs and analyses. The final purchase price allocation will be determined when Energy Fuels has completed the detailed valuations and necessary calculations. The final purchase price allocation may be materially different than that reflected in the preliminary estimated Merger consideration allocation presented herein. Any increase or decrease in fair values of the net assets as compared with the pro forma financial statements may change the allocation of total purchase price allocation to goodwill and other assets and liabilities and may impact the unaudited pro forma condensed combined statements of operations due to adjustments in the depreciation and amortization of the adjusted assets. The following table sets forth a preliminary allocation of the Merger consideration to the preliminary fair value of the identifiable tangible and intangible assets to be acquired and liabilities to be assumed of VAC, using VAC's balance sheet as of June 30, 2026 and adjusted for reclassifications and presentational alignment to that of Energy Fuels' historical financial information described in Note 6 above:

<i>(in thousands)</i>	As of June 30, 2026
Assets	
Cash and cash equivalents	\$ 49,888
Restricted cash	436
Trade and other receivables	128,552
Inventories	121,908
Prepaid expenses and other current assets	1,252
Property, plant and equipment	650,063
Intellectual property and intangible assets	325,959
Deferred tax assets	731
Other assets	48,002
Total assets, excluding goodwill	1,326,791
Accounts payable and accrued liabilities	74,894
Borrowings (current)	73,084
Deferred revenue	26,097
Employee benefit obligations (current)	16,502
Other liabilities (current)	8,431
Borrowings (non-current)	11,226
Deferred tax liabilities	122,615
Uncertain tax position	15,292
Employee benefit obligations (non-current)	140,102
Other liabilities (non-current)	5,157
Net assets acquired	833,391
Goodwill	952,989
Fair value of consideration	\$ 1,786,380

Goodwill represents the excess of the preliminary estimated Merger consideration over the estimated fair value of the underlying net assets acquired. Goodwill will not be amortized but instead will be reviewed for impairment annually, or more frequently if facts and circumstances warrant a review. Goodwill recognized in the merger is not expected to be deductible for tax purposes.

The estimated fair value, in thousands, and useful life of identifiable intangible assets are as follows:

Asset type	Fair value	Useful Life
Customer Relationships	\$ 92,688	20 years
Trademarks / Trade Names	\$ 60,853	10 years
Developed Technology	\$ 172,418	15 years
Total	<u>\$ 325,959</u>	

8. Earnings per Share Information

The pro forma weighted average shares calculations have been performed for the six months ended June 30, 2026, and the year ended December 31, 2025, using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combinations, assuming the transactions occurred on January 1, 2025, the beginning of the earliest period presented. As the Business Combinations are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average share outstanding for both basic and diluted earnings per share assumes that the shares issuable relating to the Business Combinations have been outstanding for the entire period presented.

The pro forma stockholders' equity information reflects the Business Combinations and related transactions as if they had occurred on June 30, 2026.

This information is only a summary and should be read together with the historical financial information included in this current report, and the historical financial statements of Energy Fuels and related notes, historical financial statements of ASM and related notes, and historical financial statements of VAC and related notes that are included in this current report. The unaudited pro forma combined per share information of Energy Fuels, ASM and VAC is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included in this current report.

The unaudited pro forma combined earnings per share information below does not purport to represent the earnings per share which would have occurred had Energy Fuels, ASM and VAC been combined during the periods presented, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of Energy Fuels, ASM and VAC would have been had Energy Fuels, ASM and VAC been combined during the periods presented.

The Merger Preferred Share Consideration is redeemable solely for cash and is not convertible into common shares. Accordingly, the Merger Preferred Share Consideration was not considered potential common shares in the calculation of pro forma diluted weighted average shares outstanding and had no dilutive or anti-dilutive effect on pro forma diluted earnings per share for the six months ended June 30, 2026, and the year ended December 31, 2025.

Pro forma net income per share-basic and diluted

(in USD thousands, except per share amounts)

	For the Six Months Ended June 30, 2026	For the Year Ended December 31, 2025
Numerator		
Pro forma net loss attributed to Energy Fuels	\$ (118,753)	\$ (255,538)
Dividends on preferred shares ⁽¹⁾	(8,381)	(16,384)
Net earnings allocated to common stock	<u>(127,134)</u>	<u>(271,922)</u>
Denominator		
Pro forma weighted average shares of common stock outstanding - basic ⁽²⁾	326,122	305,386
Pro forma basic earnings per share	<u>\$ (0.39)</u>	<u>\$ (0.89)</u>
Pro forma weighted average shares of common stock outstanding - diluted ⁽²⁾	326,122	305,386
Pro forma diluted earnings per share	<u>\$ (0.39)</u>	<u>\$ (0.89)</u>

(1) Represents the pro forma dividends attributable to the holders of the Merger Preferred Share Consideration, assuming such preferred shares had been issued and outstanding for the entire periods presented. Accordingly, dividends are deducted from pro forma earnings attributable to Energy Fuels Common Shareholders.

(2) Pro forma weighted average shares of common stock outstanding - basic/diluted.

	For the Six Months Ended June 30, 2026	For the Year Ended December 31, 2025
Historical Energy Fuels weighted average shares of common stock outstanding - basic and diluted ^(a)	245,460	224,724
Additional shares issued in connection to ASM consideration ^(b)	14,809	14,809
Additional shares issued in connection to VAC consideration ^(b)	65,853	65,853
Pro forma weighted average shares of common stock outstanding - basic and diluted	326,122	305,386

- (a) The historical weighted average shares of common stock outstanding - basic and diluted for the six months ended June 30, 2026 and the year ended December 31, 2025 are based on the amounts reported in Energy Fuels' Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, Note 11, and Annual Report on Form 10-K for the year ended December 31, 2025, Note 12, respectively.
- (b) The issuance of additional shares in connection with the Business Combinations, assuming the transactions occurred on January 1, 2025, the beginning of the earliest period presented.