

Rating object	Rating information	
Trasteel Trading Holding S.A. Creditreform ID: FNR0000157136 Incorporation: 2009 Based in: Lugano, Switzerland Main (Industry): Trading and steel processing CEO: Gianfranco Imperato <u>Rating objects:5</u> Long-term Corporate Issuer Rating: Trasteel Trading Holding S.A.	Corporate Issuer Rating: B+ / negative	Type: Update Solicited Public rating
	LT LC Senior Unsecured Issues: n.r.	Short-term Rating: n.r.
	Rating date: 09 December 2025 Monitoring until: withdrawal of the rating Rating methodology: CRA "Corporate Ratings" CRA "Rating Criteria and Definitions" Rating history: www.creditreform-rating.de	

Preliminary Note

In contrast to last year, this rating analysis is based on the company's financial statements prepared in accordance with International Standards on Auditing (ISA 800), rather than those prepared under Swiss GAAP FER. These statements assume a full consolidation of new acquisitions as of January 1st, rather than the day following the completion of the acquisition and furthermore may deviate from SWISS GAAP in several respects. We, however, do not believe that this will have any material effect on the rating. Especially as no larger acquisitions were made during the 2024 business year.

Summary

Company

Trasteel Trading Holding S.A. is a holding company, which forms part of the Trasteel Group – hereinafter also referred to as "the Group" or "Trasteel", and is an industrial and trading Group active within the steel, energy and metallurgical sectors. Within the Industrial division, the main focus is on investments in industrial assets along the steel supply chain, which currently consists of 13 steel processing companies with a focus on the production of pipes and heavy plates, and to a lesser extent engineering. Its trading activities mainly consist in the sourcing, financing, transport and delivery of steel, raw materials and base metals around the world. Trasteel aims to create synergies between its industrial and trading activities and is pursuing a strategy of vertical integration.

Founded in 2009 and headquartered in Lugano, Switzerland, the Group had approximately 976 people in its employment at the end of 2024. With significant investments made over recent years, including the acquisition of Officine Tecnosider and the Profilmec Group, Trasteel has undergone significant structural changes and revenue growth. However, with steel-using markets contracting, the Group has experienced margin pressure over the past two years with revenues amounting to USD 1,489 million (2023: USD 1,410 million), EBITDA of USD 41 million (2023: USD 59 million) and EBIT of USD 20 million (2023: USD 40 million). The net result stood at USD 1 million (2023: USD 22 million).

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Rating result

The corporate issuer rating of **B+** attests Trasteel Trading Holding S.A. a moderate level of creditworthiness with an increased default risk. The downgrade reflects the prolonged downturn in the steel industry and steel-using sectors, which for the second consecutive year has compressed margins and weakened credit metrics. This also led to the breach of several covenants in two of its major subsidiaries within the Industrial segment. Although these breaches were subsequently waived by the banks, they indicate that the market downturn has been more prolonged and severe than previously anticipated.

Furthermore, this challenging environment, combined with an increasingly complex geopolitical landscape, has also resulted in a growing portion of funds being tied up in working capital, constraining liquidity and generating substantially negative operating cash flows after working capital changes. The reliance on short-term credit lines to finance this working capital further exacerbates pressure on the Group's debt service coverage with EBIT interest coverage falling below one, highlighting financial vulnerability in the current market.

While we find the corporate strategy with regard to M&A activities plausible, it is important to mention that it carries a certain level of risk, given the fact that the Group does not have an extensive historical track record and that most acquisitions are entirely financed through debt. The rating is, however, supported by the successful acquisition and integration of multiple subsidiaries in recent years, which has generated substantial synergies. Furthermore, we see positively, Trasteel's historical absence of dividend distribution and its current restriction from doing so.

Additionally, it is noteworthy that the executory contract related to the put- and earn-out option concerning the Profilmec Group acquisition could potentially lead to significant cash outflows after 2026, although Trasteel's management considers this scenario highly unlikely. The Group has set aside EUR 33 million in the form of treasury bonds in various banks of Profilmec, which will be used to gradually buy the shares of the minority shareholder.

Outlook

The corporate issuer rating's one-year outlook remains **negative**. This reflects the company's operating performance of H1 2025, which, despite a slight improvement compared to 2024, remains weaker than in 2023. Furthermore, the continued increase in working capital in H1 2025 compared to both the prior year and the 2025 budget continues to tie up capital within its operations, exerting pressure on liquidity and net profit through higher financing costs and increases the overall risk profile. Also, even though covenant breaches were waived by the lending banks for the 2024 result, the situation remains challenging. We cannot exclude the risk of further covenant breaches for 2025, which could result in lenders declining to grant additional waivers.

Reference:

The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations from the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used are specified in the sections "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2024:

+ Sales

- EBITDA, EBIT, EAT
- EBIT and EBITDA Interest Coverage
- Equity Ratio
- Net total debt / EBITDA adj.

General rating factors summarize the key issues which – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

Current rating factors are the key factors which, in addition to the underlying rating factors, have an impact on the current rating.

Relevant rating factors

Table 1: Financials | Source: Trasteel Trading Holding S.A. Annual report 2024, standardized by CRA

Trasteel Trading Holding S.A. Selected key figures from the financial statement analysis Basis: Annual accounts and report of 31.12. (International standards of accounting (ISA 800))	CRA standardized figures ¹		
	2022	2023	2024
Sales (million USD)	1,448	1,410	1,489
EBITDA (million USD)	95	59	41
EBIT (million USD)	79	40	20
EAT (million USD)	65	22	1
EAT after transfer (million USD)	41	11	0
Total assets (million USD)	872	963	1,013
Equity ratio (%)	28.90	26.15	20.40
Capital lock-up period (days)	56.94	57.67	61.29
Short-term capital lock-up (%)	17.61	23.43	27.58
Net total debt / EBITDA adj. (Factor)	4.73	8.78	15.99
Ratio of interest expenses to total debt (%)	2.97	5.02	5.77
Return on investment (%)	9.56	5.65	4.08

General rating factors

- + Independently managed subsidiaries with own financing capabilities
- + Benefits from created synergies between the trading and industrial division
- + High outstanding trade account receivables largely covered by letter of credit
- + Trading activities all done on a back-to-back basis, negating market price risk
- + Diversified customer and supplier base
- High degree of floating rate debt (EURIBOR)
- High ongoing working capital needs
- Exposed to steel price volatilities
- High exposure to the development of the steel and steel using sectors
- Integration risks and increase in operational complexity through M&A activities

Current rating factors

- + Acquisition of a 60 percent participation in BBC Alloys
- + Slight increase in revenues driven by higher volumes in the trading business
- + Interim figures 2025 show a slight operating improvement against the prior year
- Significant deterioration in the results of our financial ratio analysis for fiscal year 2024,
- Margin contraction due to a prolonged market downturn resulting in a negative result from ordinary business activities; net result was slightly positive in 2024 because of a substantial non-operating result due to a settlement and the reversal of negative goodwill
- Increasingly more funds tied up in working capital; Cash Conversion Cycle increased substantially against the prior year 2023

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

- Increased pressure on debt service coverage due to increased working capital financing; evidenced by EBIT Interest Coverage of less than one
- Breach of covenants in two major subsidiaries, despite receiving a waiver, exerting negative pressure on rating

Prospective rating factors

- + Substantial recovery in (operating) margins and reduced outstanding indebtedness
 - + Operating development above forecasted expectation
 - + Further deleveraging of the balance sheet
 - + Improved working capital efficiency; reduced need for credit lines
- Execution of put and earn-out option in relation to the Profilmecc acquisition
 - Higher than expected deterioration in operating margin and lower FFO generation
 - Further M&A's fully financed by debt and resulting in a higher leverage

ESG-factors

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Trasteel Trading Holding S.A. we have not identified any ESG factors with significant influence.

In general, the steel industry significantly impacts the environment, contributing to carbon emissions and resource depletion. Traditional production methods, like blast furnaces, are energy intensive, leading to high greenhouse gas emissions. Globally, the steel industry accounts for approximately seven percent of total carbon emissions. Additionally, raw material extraction and processing further strain ecosystems. However, advancements in sustainable technologies, such as electric arc furnaces, offer promise for reducing the industry's environmental footprint. While challenges persist, ongoing efforts towards cleaner processes and circular economy principles signal a potential path for the industry to mitigate its environmental impact. Within this context it is noteworthy to reflect that the largest supplier of Trasteel is a large European steel mill, using solely electric arc furnaces. In turn, they are also the mill's largest client. Turning to our rating object, the Trasteel Group is striving to minimize its impact on the environment and currently has three subsidiaries, which have reached the status of carbon neutrality. Furthermore, efforts are being made to implement and enforce a Group wide sustainability policy, which will aid in creating a centralized approach for all Group companies to reduce their environmental footprint. With respect to social factors, the Group has devised a Group wide code of conduct, which establishes a framework of ethical principles and standards of business conduct that the Group considers fundamental in its operations and apply to all Employees, Agents and Partners. They are also socially committed by participating in several charitable initiatives, with the focus on supporting youth. With respect to governance, we believe that the Group has a corporate governance system that is well-developed and commensurate with its size. Over the past years, Trasteel Group has strengthened its commitment to ESG by establishing a dedicated ESG division, an ESG Committee, and appointing ESG Focal Points across its subsidiaries to support consistent reporting and data collection. Trasteel has already conducted a double materiality assessment covering both societal and environmental impacts and the related financial impacts on the Group. This framework embeds ESG principles into Trasteel's business strategy and supports continuous progress toward a sustainable and responsible future.

Prospective rating factors are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or a weakening or negative effect (-) on future ratings if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

ESG factors are factors related to environment, social issues and governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or outlook.

Starting 1 January 2026, the Carbon Border Adjustment Mechanism (CBAM) enters its financial phase: importers will need to buy and surrender certificates covering the emissions in their imported goods. The price of these certificates will be tied to EU ETS carbon allowance prices. This change is expected to raise the effective cost of importing carbon-intensive steel, putting upward pressure on European steel prices. Trasteel estimates an additional duty on imports of at least EUR 60/mton. This may lead to higher import costs, a risk of margin compression (unless cost increases can be passed on), and a heavier compliance burden in terms of emissions reporting, verification, and certificate procurement. According to Trasteel, this development represents a strategic opportunity as it strengthens the competitive advantage of European processing assets such as Officine Tecnosider and the Profilmec Group, which already comply with EU carbon standards. It also increases the value of traceable, low-carbon steel—a segment in which Trasteel is strongly positioned through its steel and carbon-credit trading desks. Finally, it raises entry barriers for non-compliant traders, benefiting experienced and fully compliant intermediaries like Trasteel.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Best-case scenario: BB-

In our best-case scenario for one year, we assume a rating of BB-. This scenario anticipates a substantial rebound in market conditions, accompanied by a marked increase in operating margins. Furthermore, this scenario assumes an improvement in cash conversion, leading to a reduction in the need for working capital financing, which would ease the pressure on the profit and loss statement and reduce the working capital burden in the Group's cash flows. Altogether this would show a substantial improvement in key credit metrics. Furthermore, this scenario also assumes full and comfortable compliance with all the Group's covenants.

Worst-case scenario: B-

In our worst-case one-year scenario, we assume a rating of B-. This scenario reflects a further deterioration in the steel and steel-using markets, which would further deteriorate operating margins and cash flows. We also anticipate an additional increase in working capital requirements, resulting in a greater amount of funds being tied up in inventories and receivables. This, in turn, would lead to higher utilization of credit lines and increased interest burdens, placing further strain on both the profit and loss statement and operating cash flows. Consequently, the company's overall credit metrics would weaken further.

Business development and outlook

With increasing geopolitical tensions over recent years, the general economic challenges and the high interest rate environment, the industrial landscape in Europe had a challenging year in 2024. This also affected the steel-using sectors within Europe, as a continued downturn in the construction, mechanical engineering, domestic appliances as well as the automotive industry continued to put pressure on the industry. This was reflected in the steel weighted industrial index (SWIP), which contracted on a yearly basis by -3.6 percent, and which was particularly driven by drops in construction and automotive output. Despite the downturn, Trasteel managed a slight increase in revenues driven by higher volumes in its trading activities. The industry segment remained with approximately the same level of output.

However, the challenging market environment and the relatively low market prices continued to weigh on the Group's results, which posted a substantially lower EBITDA of USD 41 million (2023: USD 59 million) and an EBIT of USD 20 million (2023: USD 40 million). The (operating) profit metrics, showed a substantial deterioration in comparison to the prior year with a gross margin of 7.91 percent (2023: 9.27 percent) and an operating margin of 1.35 percent (2.81 percent). However, it is to be noted that the fall in operating profit is for a large part due to the depreciation of inventories as they were revalued to fit current market prices.

The Group's net result was slightly positive. However this was mostly driven by a positive impact from its non-operating write down of its negative goodwill position, and to a lesser extent a settlement of insurance atmospheric damage. Without these positive non-operating events of USD 19 million the Group would have posted a substantially negative net result. This was mostly driven by the fact that the Group's finance costs have increased substantially year on year and could not be covered by the Group's operating income. This is evidenced by the Group's EBIT interest coverage rate of 0.43x (2023: 1.11x).

The net financing costs were almost twice as high as operating profit, which on the one hand was due to the lower operating profit, but also caused by a substantial increase in net financing costs. The net financing costs increased against the prior year due to high negative fluctuation of working capital that needed to be financed through its short-term credit lines.

For the 2025 business year, revenues are expected to increase considerably to USD 1,702 million (2024: USD 1,489 million) due to an increase in volumes, which also allows for an increase in gross profit to USD 143 million (2024: USD 118 million), an EBITDA of USD 55 million (2024: USD 41 million) and a net result of USD 15 million (2024: USD 1 million). The business plan incorporated the acquisition of 60 percent of BBC Alloys and its subsequent consolidation from June 2025 onwards and is expected to contribute approximately USD 100 million of revenues annually from 2026 onwards. Overall, we consider the plan feasible, especially given that the group has already generated USD 846 million in revenue and USD 27 million in EBITDA in the first half of the year. However, it remains to be seen whether the Group will achieve its target for the net result, as financing costs are significantly higher than projected in the business plan due to the need for larger credit lines to fund higher than expected working capital.

The Group expects a slight recovery in 2026, with a substantial increase in revenues, also driven by the consolidation of BBC Alloys. As the market in 2026 is expected to stabilize with +0.7 percent (SWIP-Index), the margins of the Group remain under pressure as for 2026 gross margin is set to remain at 8.4 percent. However, due to the higher revenues and the limited increase in personnel and S&A costs as well as declining interest expenses Trasteel expects to make a net result of almost USD 30 million. From an operating perspective we believe that these plans are feasible. However, as the working capital (financing) has been much higher than anticipated, it will remain to be seen whether the forecasted reduction in interest costs will be achieved and could potentially continue to exert negative pressure on the Group's net results.

Structural risk

The Trasteel Group is a trading and investment Group active within the steel, energy and metallurgical sectors. The ultimate parent and top holding of the Group is Trasteel Holding S.A. The Group was founded in 2009, is headquartered in Lugano, Switzerland and approximately with 976 employees at the end of 2024. Due to the expansion of the Group, the Group anticipates a growth in its number of employees.

Our Rating object is Trasteel Trading Holding S.A., the only, and fully-owned subsidiary of the top holding, also functioning as a holding company for the Group. It fully owns and manages all of the Group's participations. The activities are organized into two divisions and four different business lines. The divisions are separated by trading and industrial activities. Within the Group structure, the Trading division has eight different trading offices, which are all centrally managed by Trasteel International S.A. from its headquarters in Lugano, Switzerland.

The core of the Group's industrial activities was established through the investment of 51 percent in Tecnosider Srl in 2020 and a participation of 67.2 percent in the Profilmec Group during the 2022 business year. This was then in 2023 complemented by two acquisitions made in the Profilmec Group with Yugotub doo and Lifi srl, as well as the acquisition of 100 percent of the capital share of Trasteel Engineering Poslka sp. Zoo and Trasteel Ingerie Srl. Also during the 2024 business year the Group made further investments in its industrial division with the participation of 49 percent in Util Industries SpA. Util Industries is one of the leads in Europe in fine blanking system and one of the largest producers of plates for car brake systems and it fits into the Group's verticalization strategy as its subsidiary TAMAC will most likely be the sole supplier of steel strips of Util Industries. The Trasteel Group plans to increase its participation in Util Industries to 100 percent from 2027 onwards and will contribute approximately USD 90 million to the Group's consolidated revenues annually.

During the 2024 financial year, the Group acquired Italtubi Srl, a company specializing in the construction of pipes from hot-rolled coil. The Profilmec Group did not have this in their product range, making Italtubi a complementary addition. However, as the Group is relatively small and will operate solely on tolling contracts for companies within the Profilmec Group, this acquisition will not have a direct impact on consolidated revenues. Additionally, in the 2025 financial year, Trasteel acquired a stake in BBC Alloys, an Italian trading company specializing in the processing and distribution of both noble and standard ferro-alloys. Trasteel currently holds 60 percent ownership, with plans to increase this to 100 percent before the end of the current financial year. BBC Alloys will not participate in any intra-group sales and will focus entirely on third-party transactions, contributing approximately USD 100 million per year in revenues.

Overall, Trasteel has a majority participation in 13 industrial plants along the steel processing supply chain throughout Europe, but with a focus in Italy. These subsidiaries are, with the exception of Util Industries, fully consolidated within the financial statements and are managed as an investment portfolio. This means that they have to adhere to the overall corporate strategy of the Group but have an independent management of their daily business. We view it as positive that these companies can predominantly operate fully independently from the Group and have their own (trade-) financing capabilities. The Group creates synergies in terms of providing trade deals to its industrial plants at an arm's lengths basis, and aids in building a global network.

For the acquisition of 67.2 percent of the share capital of Profilmec, Trasteel paid approximately USD 95 million and recorded negative goodwill in the amount of USD 76 million. Additionally, the acquisition included an executory contract, with a put, call and associated earn out option, which could be exercised under certain conditions. For the put and call option the price of the shares, if the option is exercised, is equal to 32.8 percent of the adjusted consolidated book value of Profilmec S.p.A. at the time of the exercise. The earn out is to be paid in addition to the base price and is to be activated under certain conditions. The option can only be exercised after the approval of the consolidated financial statements of Profilmec for the fiscal year 2026. Trasteel's management estimates that it is very unlikely that this contract will be executed and therefore has set the value of the contract to zero. Trasteel has set aside EUR 33 million as of the end of 2024 in the form of treasury bonds in various banks of Profilmec, and these will be used to gradually buy the shares of the current minority shareholder.

The shareholder structure is composed of SiderAlloys S.A., owning 50.00 percent of the share capital, a company that controls and operates the only primary aluminum smelter in Italy and is among the largest in Europe. Furthermore, 36.95 percent is owned by Fratelli Cosulich S.p.A., a family-owned shipping conglomerate Group with a long track record of operations in the shipping industry, and with 13.05 percent owned by Netfund S.A., which is a holding company and the family office of the Trasteel Group's CEO, Gianfranco Imperato. The Group has a board of directors that is composed of five members, of which three independent members. We believe the corporate governance structures of Trasteel to be well developed and commensurate with its size.

We see the structural risks of the Company as elevated. An important part of its strategic focus centres on mergers and acquisitions and has exponentially grown its participations in industrial assets over recent years. This strategy, while plausible, introduces a certain level of uncertainty into the Group and carries a certain level of integration risks. Furthermore, the executory contract, despite management's belief that its execution is unlikely, adds to the structural risk, given its potential impact on the Group.

Business risk

Trasteel focusses on trading activities and invests in industrial assets along the steel supply chain. The Trading division provides Trasteel's subsidiary companies in the Industrial division with trading services and supplies them with raw materials on an arm's length basis. These activities can create substantial synergies for its subsidiary companies. It is important to note that despite the fact that revenues from the trading division and industrial division contribute approximately to the same extent to the consolidated revenues, the Industrial division is the driver of (operating) profit as the margins in the industrial divisions are significantly higher.

The development of the Trasteel Group is closely tied to the global steel industry. Marked by severe volatility, global steel markets have deteriorated sharply amid a breakdown of traditional raw material and energy supply chains. Particularly the COVID-19 pandemic, the outbreak of the war in Ukraine, the middle east and intensifying geopolitical tensions as well as a deteriorating overall economic outlook were driving factors behind these developments over recent years.

The ongoing consequences of the Ukraine conflict, energy shocks, and a deteriorating economic environment led to a sharp contraction in steel-using industries, with apparent steel consumption declining by 8 percent in 2022, followed by further drops of 6 percent in 2023 and 1.1 percent in 2024. In 2025, apparent steel consumption is expected to decrease modestly by 0.2 percent, reflecting lingering uncertainties from U.S. tariffs and related trade disruptions. A recovery is projected in 2026, with apparent consumption increasing by 3.1 percent year-on-year, contingent on an improved industrial outlook and easing of geopolitical and trade tensions. Overall, steel demand remains highly uncertain, with downside risks persisting in the short term.

The customer base of the Group is diversified, covering most of the steel using sectors. Geographically speaking the Group is highly diversified with revenues spreading over a significant number of global markets, but with an emphasis on Italy (approximately 43 percent) in 2024, although geographical diversification is more prominent in the trading division. In the industrial division, it seems that the emphasis on Italy and Europe is more pronounced.

Both the industrial and trading activities are subject to risks relating to significant working capital needs and the accompanying counter party risks, particularly in the trading division, but also in the industrial division. In order to finance these high working capital demands the Group requires access to credit lines. As of October 2025 Group had access to uncommitted credit lines of USD 497 million, with an approximate utilization rate of 70 percent. Counter party risks that

stem from these factors are mitigated by the fact that almost all trade finance deals are either covered by a letter of credit, or insurance. According to the management, Trasteel trades only with insured or guaranteed customers. Every exposure is pre-approved by the Credit Committee and validated by insurance partners before shipment.

In its trading division the Group does not face significant risks regarding price fluctuations as it only engages in back-to-back transactions. Both price, transportation, as well as credit risks are hedged at the time of the transaction through corresponding instruments. The industrial division, however, is exposed to fluctuations in global commodity prices. Particularly the Group's inventory management, combined with raw material procurement can play a significant role on the Group's operating margin. In order to counteract price volatility, the Group aims to maintain the tonnage on hand to a minimum.

We assess the business risk as comparably high. The main reasons for this are the high exposure to the global steel market, coupled with the high working capital demand and increasing complexity due to new regulations. Recent years have shown that changes in market conditions can lead to strong deviations in operating margins. Additionally, the credit lines it needs for its business are uncommitted and request for trade finance lines can be denied. We estimate that the counter party risks are manageable, as they are secured by letters of credit or insurance. The elevated geo-political volatility, a generally challenging macro-economic outlook, and increased interest rates also currently increase the business risk.

Financial risk

For analytical purposes, CRA makes adjustments to companies' original balance sheet values. The following statements refer to the key figures calculated by CRA according to its methods, unless otherwise states. Due to these adjustments, and generally CRA's own calculation methods of key figures, they may differ from the original values and information provided by Trasteel.

The prolonged downturn in the steel markets have had a substantial effect on the Group's operating results, as well as the balance sheet. The Group has slightly increased its revenues due to higher volumes in the trading business. However, due to the lower market prices the profit margins declined, which in turn reduced operating profit. This, in combination with higher than expected outstanding indebtedness, led to a substantial deterioration for the second subsequent year in its net total debt / EBITDA adj. to 15.99x (2023: 8.78x).

The Group's equity also declined, translating itself into a lower equity ratio of 20.40 percent (2023: 26.15 percent). The decrease should, however, be placed in context as a substantial part of the reduction is attributable to currency fluctuations. Particularly the weakening of the EUR / USD exchange rate during 2024, which contracted equity by USD 17 million. As this is subject to currency fluctuations we do not see this as a relevant concern, particularly as the EUR / USD has fully recovered (EUR / USD 1.17 as of 30. June 2025). We do, however, see critical the substantial increase in working capital financing, which increased the outstanding short-term credit lines, which also contributed to the reduction in the equity ratio.

Table 2: Cash Conversion Cycle

Working Capital Development		
in Mio. EUR	2023	2024
Days Inventories Outstanding	64	76
Days Sales Outstanding	58	64
Days Payables Outstanding	63	63
Cash Conversion Cycle	59	77

Working capital requirements increased significantly in 2024, while revenue growth has not kept pace. This led to a longer cash conversion cycle, driven primarily by higher inventory and receivable days, as supplier payment terms remained stable. The increase was largely due to a more complex geopolitical environment, including tariffs and quotas, which slowed order processing. Furthermore, the Group faced a general slowdown in demand within its industrial segment, further contributing to the increase in inventory and receivable levels. The extended cash retention highlights the rising working capital needs, which could put pressure on liquidity, even though supplier payment practices have remained consistent. Furthermore, the longer cash conversion cycle has increased working capital financing, increasing cash outflows relating to interest. This has put under pressure its debt service capital ratio which, as of the end of 2024 was officially under one, with an EBIT interest coverage of 0.43x (2023: 1.11x).

The contraction in margins and the general slowdown in demand was also noticeable in the Group's cash flow generation as the cash flow before working capital changes was negative. However, due to the increase in working capital the cash flow from operations declined to a USD -100 million (2023: USD 36 million). The investments put more pressure on the Group's finances, which in the end led to a substantial increase in indebtedness to USD 456 million (2023: 359 million), of which USD 300 million (2023: USD 199 million) related to working capital financing.

For the 2025 business year, the Group expects a modest operational recovery, which should lead to a slight improvement in profitability-related credit metrics. Borrowings are projected to remain stable; however, given the substantial increase in indebtedness as of H1 2025—largely driven by short-term debt—it remains uncertain whether this target will be achieved.

We also note that a significant portion of funds continues to be tied up in net operating working capital, which increased to USD 384 million as of H1 2025 (2024: USD 310.7 million; 2023: USD 225 million), while revenue growth has not been able to keep pace. This trend increasingly places pressure on liquidity, increases interest payables, and underscores the importance of effective working capital management. Furthermore, the high volatility in working capital financing requirements represents a material risk to ongoing operations and could have cascading effects. Should banks decide to reduce or withdraw trade financing, the Group could face difficulties in funding its day-to-day operations. It is noteworthy however, that according to the management the Group has not incurred a single transaction default since 2011.

Partially offsetting the impact of the higher working capital requirement, net working capital and net operating working capital remained clearly positive as of H1 2025 and at year-end 2024, although both declined significantly compared with 2023. Cash and cash equivalents also declined to USD 114 million (2024: USD 155 million). Nevertheless, overall liquidity appears to remain adequate. We would like to note, however, that our visibility regarding the Group's access to credit lines is limited, which represents a constraint for the rating.

Trasteel's subsidiaries Officine Tecnosider and Profilmec are subject to several covenants in their debt agreements. Officine Tecnosider broke the PFN / EBITDA covenant in several of its

debt contracts at the end of 2024, but has received a waiver for its breach for all relevant debt contracts. We have received relevant documentation for this. This, however, addresses a waiver in 2024 only. As far as we understand, a new potential breach of covenants would require an additional waiver at the end of 2025. With respect to Profilmec, according to Trasteel management the Group has received a waiver of the bank which resets the NFP / EBITDA ratio to 3.75x and redefines the understanding of Net financial position. The Group is currently awaiting the signed updated loan documentation. With this we do not believe the Profilmec covenant will be breached in 2025, but do note that the covenants with respect to Officine Tecnosider may remain a concern.

We believe that the financial risk of Trasteel has increased against the prior year as an ongoing difficult market environment continues to put pressure on the Group's operating margins, in turn deteriorating its credit metrics. We also consider the breaches of several covenants in two of its key subsidiaries to be a critical issue, notwithstanding that these breaches were subsequently waived by the banks. Furthermore, the increasingly complex geo-political situation combined with the market slump have caused working capital requirements to increasingly accumulate over the last two years, which eventually could lead to cascading effects and continues to exert pressure on the Group's liquidity as well as profit with increased interest payments.

Financial ratio analysis

Table 3: Financial key ratios | Source: Trasteel Trading Holding S.A. annual report 2024 (ISA 800), structured by CRA

Asset Structure	2021	2022	2023	2024
Fixed asset intensity (%)	21.96	22.06	23.91	24.00
Asset turnover	--	2.11	1.52	1.55
Asset coverage ratio (%)	77.32	133.12	111.28	86.63
Liquid funds to total assets (%)	13.96	19.60	20.12	15.36
Capital Structure				
Equity ratio (%)	16.76	28.90	26.15	20.40
Short-term-debt ratio (%)	66.77	56.45	58.98	67.28
Long-term-debt ratio (%)	0.21	0.47	0.45	0.39
Capital lock-up period (in days)	62.17	56.94	57.67	61.29
Trade-accounts-payable ratio (%)	29.90	25.90	23.13	24.69
Short-term capital lock-up (%)	20.51	17.61	23.43	27.58
Gearing	4.13	1.78	2.05	3.15
Leverage	--	4.08	3.64	4.33
Financial Stability				
Cash flow margin (%)	--	4.33	1.21	-0.19
Cash flow ROI (%)	--	7.19	1.77	-0.27
Total debt / EBITDA adj.	10.62	6.53	12.07	19.81
Net total debt / EBITDA adj.	8.84	4.73	8.78	15.99
ROCE (%)	15.37	21.07	9.52	3.96
Total debt repayment period	--	13.99	18.74	-10.92
Profitability				
Gross profit margin (%)	7.13	10.47	9.27	7.91
EBIT interest coverage	3.39	4.30	1.11	0.43
EBITDA interest coverage	3.79	5.15	1.65	0.87
Ratio of personnel costs to total costs (%)	2.07	3.30	4.36	4.31
Ratio of material costs to total costs (%)	93.14	89.53	90.73	92.09
Ratio of interest expenses to total debt (%)	2.40	2.97	5.02	5.77
Return on investment (%)	5.32	9.56	5.65	4.08
Return on equity (%)	--	39.02	8.75	0.53
Net profit margin (%)	1.83	4.52	1.59	0.08
Operating margin (%)	3.71	5.47	2.81	1.35
Liquidity				
Cash ratio (%)	20.91	34.73	34.11	22.82
Quick ratio (%)	78.34	91.53	85.67	65.98
Current ratio (%)	116.88	138.06	129.03	112.95

Appendix

Rating history

The rating history is available under the following [link](#).

Table 6: Corporate Issuer Rating of Trasteel Trading Holding S.A.

Event	Rating created	Publication date	Result
Initial rating	19.12.2023	27.12.2023	BB- / stable

Regulatory requirements

The rating² was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, a solicited rating, that is public. Creditreform Rating AG was mandated on 04.10.2023 by Trasteel Trading Holding S.A. to conduct a corporate issuer rating and monitoring of the company.

The rating is based on the analysis of quantitative and qualitative factors as well as the assessment of industry-relevant factors. The quantitative analysis refers to the consolidated financial statements for the years 2019 to 2024.

A management meeting did take place at 15.10.2025 on MS Teams with Federico Guidicci, Giacomo Imperato and Francesca Romana Trevisiol Colizzi within the framework of the rating process.

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Rudger van Mook	Lead-analyst	R.vanMook@creditreform-rating.de
Christian Konieczny	Analyst	C.Konieczny@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Stephan Giebler	PAC	S.Giebler@creditreform-rating.de

² In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

On 9 December 2025, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 10 December 2025. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Conflict of interests

Creditreform Rating AG guarantees that the provision of ancillary services does not cause a conflict of interest with its rating activities and discloses in the final rating report which ancillary services were provided for the rating object or for third parties associated with it. The following ancillary services were provided for this rating object or for related third parties:

No ancillary services in the regulatory sense were provided for this rating.

The final list of rating-related and other services can be viewed on the Creditreform Rating AG website at [website](#).

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the [ESMA website](#).

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

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Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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