

# aperam



## Circular economy in action

Interim Financial Report

---

Half-year ending June 30, 2023

## Table of contents

<b>Message from the Chief Executive Officer</b>	<b>3</b>
<b>Glossary</b>	<b>5</b>
<b>Interim Management Report</b>	<b>7</b>
Group overview	7
Introduction	7
Contacts	7
Our history	8
<b>Market analysis</b>	<b>9</b>
<i>Market environment</i>	9
<i>Competition</i>	13
<i>Developments regarding trade measures</i>	12
<i>Raw materials and energy</i>	19
<i>Impact of exchange rate movements</i>	20
<b>Operational review and liquidity</b>	<b>21</b>
<i>Operational Review</i>	21
<i>Liquidity</i>	28
<i>A strong focus on self-help measures</i>	35
<b>Principal strengths and risks</b>	<b>37</b>
<i>Principal strengths</i>	37
<i>Summary of principal risks and uncertainties related to the Company and the stainless steel and specialty industry</i>	42
<b>Corporate responsibility and Governance</b>	<b>43</b>
<i>Social Responsibility</i>	43
<i>Corporate Governance and stakeholder relationships</i>	44
Composition of the Board of Directors	45
Information related to the shares of the Company	46
<i>Our environmental responsibility</i>	47
<i>Related Party Transactions</i>	53
<b>Interim Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2023</b>	<b>54</b>
Responsibility statement	56
Interim Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2023	57
Report on Review of Interim Condensed Consolidated Financial Statements	78

**Disclaimer - Forward Looking Statements** In this Annual Report Aperam has made certain forward-looking statements with respect to, among other topics, its financial position, business strategy, projected costs, projected savings, and the plans and objectives of its management. Such statements are identified by the use of forward-looking verbs such as 'anticipate', 'intend', 'expect', 'plan', 'believe', or 'estimate', or words or phrases with similar meanings. Aperam's actual results may differ materially from those implied by such forward-looking statements due to the known and unknown principal risks and uncertainties to which it is exposed, including, without limitation, the risks described in this Annual Report. Aperam does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. Please refer to the 'Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry' section of this report. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not necessarily be viewed as the most likely to occur or standard scenario. Aperam undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise. Unless indicated otherwise or the context otherwise requires, references in this Half Year Report to 'Aperam', the 'Group' and the 'Company' or similar terms refer to Aperam, 'société anonyme', having its registered office at 24-26, Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg, and to its consolidated subsidiaries.

# Message from the Chief Executive Officer

Dear Shareholders,

I have the honour to present to you the half-year report 2023 of Aperam reflecting our performance and key milestones achieved over a challenging period.

To begin with our top priority, the Health & Safety of people working for Aperam, the first half of 2023 was the first semester after a long period of continuous improvement in which our lost time injury frequency rate remained elevated at 2.4x compared to 2.2x a year ago mainly due to the inclusion for the first time of Aperam Recycling (acquired end of 2021). The number which aims to measure the safety of all our employees is far from our goal of becoming an accident-free company and is therefore essential as a new yardstick to measure our progress in safety for all our employees.

The signs of a rebound we started to see at the beginning of the year 2023 in the stainless business were only short lived and quickly subdued by upcoming high inflation, increasing interest rates and persistent energy crisis. We finished the first six months of the year 2023 in this economically challenging environment with sales at €3.6 billion and an EBITDA at €230 million with a free cash-flow before dividend and share buy-back representing €86 million and a slightly decreasing net financial debt to €461 million. Despite continuous difficult market conditions, Aperam further progressed on its Leadership Journey® by reaching a cumulative gain of €150 million at the end of the first half year already reaching the 150 million targeted under this programme for the end of the year.

On the operational side, the first half of the year was particularly challenging for stainless steel business, due to continuing destocking with dropping product prices in Europe and increasing imports in Brazil, whilst Aperam Recycling performed solid results underlining the importance of our differentiated business model to further generate ambitious results for our shareholders.

With regards to our sustainability journey Aperam continues its commitment to the most demanding international standards and has made this effort a long-term and global one with several certification processes achieved and done. The most relevant for the Minimum Safeguards of the Taxonomy regulation is certainly the Responsible Steel membership and certification campaign which has been extended to Aperam South America audited by AFNOR and who became the first in its segment to obtain ResponsibleSteel™ certification in Latin America.

In February, Euronext announced the inclusion of Aperam in the new BEL® ESG stock market index, a new index created by Euronext tracking the Brussels listed companies with the best social, environmental and governance (ESG) performance. We consider this an important recognition of our efforts in placing sustainability at the centre of our strategy by a stock exchange.

Also Aperam has been rewarded by ECOVADIS with a prestigious Platinum labelling and the ranking among the 1% most responsible companies.

The aforementioned awards motivate us to continue to set ourselves ambitious goals and to pursue them steadily.

To expand into new business models focusing on energy transition we expanded our forest business for charcoal production through a new joint venture with Ferbasa in line with Aperam's strategy to grow BioEnergia - our existing forest operations by 20%. This joint venture enables Aperam to optimise and further increase its charcoal production - a renewable and sustainable biomass based source of energy that is avoiding the emission of 700 thousand tonnes of CO<sub>2</sub> pa already today.

Whilst our past investments in the renewal of our technical facilities will accelerate the reorientation of our product portfolio towards specialties, our aspiration for new innovative sustainable solutions will enable us to cope with increasing raw material shortages and severe energy crises in the long term. Our differentiated business model and our focus on a strong balance sheet and efficiency will contribute to further improve our competitiveness.

A handwritten signature in blue ink, appearing to read 'Timoteo Di Maulo', is positioned above the name. The signature is stylized with a large initial 'T' and a circular flourish.

Timoteo Di Maulo, Chief Executive Officer

# Glossary

This Interim Financial Report includes Alternative Performance Measures (APM), which are non-GAAP financial measures. Aperam believes these APMs are needed to enhance the understanding of its financial position and to provide additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. The definition of these APMs are the same since the creation of the Company. These non-GAAP financial measures should be read in conjunction with, and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies. These APMs are detailed in the section "Operational Review", found later in the Report.

## Financial Measures:

- **"adjusted EBITDA"** is defined as operating income<sup>1</sup> before depreciation, amortization and impairment expenses and exceptional items
- **"EBITDA"** is defined as operating income<sup>1</sup> before depreciation<sup>1</sup>, amortisation<sup>1</sup> and impairment expenses<sup>1</sup>
- **"exceptional items"** consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding €10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding €10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding €10 million for the considered quarter
- **"free cash flow before dividend and share buy-back"** is defined as net cash provided by operating activities<sup>1</sup> less net cash used in investing activities<sup>1</sup>
- **"financial statements"** refers to the financial statements for the year ended June 30 2023 unless otherwise stated
- **"gearing"** is defined as net financial debt divided by equity<sup>1</sup>
- **"net financial debt"** or **"NFD"** refers to long-term debt<sup>1</sup> plus short-term debt<sup>1</sup>, less cash and cash equivalents<sup>1</sup> (including short-term investments)<sup>1</sup>
- **"others and eliminations"** to segment operating income reflects certain adjustments made to operating income of the segments to reflect corporate costs, the elimination of stock margins between segments and/or non-operational items that are not segmented.

## Other terms used in this Interim Report:

- **"annealing"** refers to the process of heating cold steel to make it more suitable for bending and shaping and to prevent breaking and cracking
- **"austenitic stainless steel"** is a steel alloy containing at least 16% chromium, where other alloying elements -usually nickel, alternatively manganese or nitrogen- are added to obtain an austenitic crystalline structure
- **"carbon steel scrap"** refers to recycled carbon steel that is re-melted and recast into new steel
- **"cold rolling"** refers to the forming method employed after hot rolling
- **"downstream"** refers to finishing operations. For example, in the case of flat products, the downstream would be the operations after the production of hot-rolled coil
- **"GHG"** is defined as Greenhouse Gas emissions
- **"IFRS"** means International Financial Reporting Standards as adopted in the European Union
- **"Lost Time Injury Frequency rate"** (LTIF) is a key metric that measures the time lost due to injuries per 1,000,000 worked hours
- **"pickling"** refers to the process where steel coils are cleaned using chemical baths to remove impurities, such as rust, dirt and oil
- **"production capacity"** refers to the annual production capacity of a plant and equipment based on existing technical parameters as estimated by management
- **"R\$" or "BRL"** are Brazilian Real and are converted into € using the closing exchange rate of €1= R\$5.2626 as of June 30, 2023
- **"sales"** include shipping and handling fees and costs billed to a customer in a sales transaction

<sup>1</sup> Those measures are derived directly from the financial statements (see Notes to the Interim Condensed Consolidated Financial Statements).

- “**scope 1 and 2**” refers to various types of emissions. Actually, for carbon footprint calculations, three types of emissions are differentiated:
  - Scope 1 emissions are direct emissions produced by the burning of fuels of the emitter;
  - Scope 2 emissions are indirect emissions generated by the electricity consumed and purchased by the emitter;
  - Scope 3 covers indirect emissions generated by the emitter activity but owned, controlled and reported by a different emitter from the one who reports on the emissions.
- “**significant shareholder**” means trusts (HSBC Trust (C.I.) Limited, as trustee) of which Mr. Lakshmi N. Mittal, Ms. Usha Mittal and their children are the beneficiaries, holding Aperam shares through Value Holdings II Sàrl, a limited liability company organised under the laws of Luxembourg (“Value Holdings II”)
- “**slabs**” refers to compact blocks of crude steel (usually a product of the casting process in steel mills), which are used as a pre-product in hot rolling mills to produce hot rolled coils or strips
- “**spin-off**” refers to the transfer of the assets comprising ArcelorMittal’s stainless and specialty steels businesses from its carbon steel and mining businesses to the Company, and the pro rata allocation of the ordinary shares of the Company to ArcelorMittal shareholders
- “**stainless steel scrap**” refers to recycled stainless steel materials that are re-melted and cast into new steel
- “**steckel mill**” refers to reversing steel sheet reduction mills with heated coil boxes at each end where steel strip is sent through the rolls of the reversing mill and then coiled at the end of the mill, reheated in the coil box and sent back through the steckel stands and recoiled
- “**tonnes**” refers to metric tonnes and are used in measurements involving stainless and specialty steel products (a metric tonne is equal to 1,000 kilograms or 2,204.62 pounds)
- “**U.S.\$**” or “**USD**” are U.S. dollars and are converted into € using the closing exchange rate of €1= U.S.\$1.0866 as of June 30, 2023
- “**upstream**” refers to operations that precede downstream steel-making, such as coke, sinter, blast furnaces, electric arc furnaces, casters and hot rolling/steckel mills



# Management Report

## Group Overview

### Introduction

Aperam, including its subsidiaries (hereinafter referred to as “Aperam”, “the Company”, “We” or “the Group”) is a leading global stainless and specialty steel producer, and the world's lowest CO<sub>2</sub> footprint stainless steel producer thanks to its European production route based on fully recyclable stainless steel scrap, and the use of charcoal from its own sustainable cultivated forests in Brazil.

On December 27, 2021, Aperam became the legal owner of ELG, a global leader in stainless steel and superalloys recycling. ELG is fully consolidated into the Aperam Group as from the acquisition date under a new operating segment ‘Recycling and Renewables’.

Aperam has an annual production capacity of 2.5 million tonnes and is a leading stainless and specialty steel producer in South America and the second largest producer in Europe. We are also a leading producer of high value added specialty products, including grain oriented (GO) and non-grain oriented (NGO) electrical steels and specialty alloys. Our production capacity is spread across six production facilities located in Brazil, Belgium and France. As of the end of June 30, 2023, we have a workforce of about 10,900 employees. Our distribution network is comprised of 15 Steel Service Centres (SSCs), 5 transformation facilities and 15 sales offices. We also are home to world's largest production of bio-charcoal from our own forests and are one of the world's leading suppliers of stainless and specialty alloy scraps operating 50 recycling locations across the world. Our products are sold to customers all over the world operating in the aerospace, automotive, catering, construction, household appliances, electrical engineering, industrial processes, medical, and oil & gas industries.

Aperam posted sales of €8.2 billion, EBITDA of €1,076 million and shipments amounting to 2.31 million tonnes for the year ending December 31, 2022.

For the six months ended June 30, 2023, Aperam had €3.6 billion in sales and shipments of 1.14 million tonnes, compared to the respective €4.7 billion and 1.31 million tonnes posted for the six months ended June 30, 2022.

### Contacts

The Company is a Luxembourg public limited liability company (*société anonyme*) incorporated on September 9, 2010.

The Company has its registered office at 24-26 Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg, and is registered with the Luxembourg Register of Commerce and Companies under the number B155.908.

The mailing address and telephone number of Aperam's registered office are: 24-26 Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg, Tel: +352 27 36 27 00.

To contact Aperam by email, please write to [contact@aperam.com](mailto:contact@aperam.com). Please include your full name, postal address and telephone number.

## Our history

On December 7, 2010, the Board of Directors of Aperam and the Board of Directors of ArcelorMittal approved a proposal to its shareholders to spin-off ArcelorMittal's stainless and specialty steels businesses. The objective of establishing an independent company was to enable the stainless and specialty steels businesses to benefit from better market visibility by pursuing a growth strategy focused on emerging markets and specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal.

The main shareholder ("Significant Shareholder") holds 40.87% of the voting rights. Please refer to the share capital section of this Management Report for the definition of the term "Significant shareholder".

On December 27, 2021, Aperam announced the completion of the acquisition of ELG, a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys.



# Market analysis

The following discussion and analysis should be read in conjunction with Aperam's consolidated financial statements and the related notes as of and for the year ended December 31, 2022, which can be found in Aperam's 2022 Annual Report, along with the unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2023, which are included in this report.

## Market environment

Our operational results are primarily affected by external factors that impact the stainless and specialty steel industry in general and, in particular, stainless and electrical steel pricing, demand for stainless and specialty steels, production capacity, trends in raw material, energy prices, and fluctuations in exchange rates. In addition to these external factors, our operational results are affected by certain factors specific to Aperam, including several initiatives we introduced in response to the challenging economic environment. These factors are described in greater detail below.

For 2023, most of the GDP growth forecasts are still weak with inflation remaining a concern and interest rates which should remain high during the year. Despite China giving up its Covid restrictions at the beginning of the year, China economic activity and rebound were disappointing in H1, plagued by a lack of confidence from household and industries but also suffering from poor real estate and construction activity. Its second half of the year expectations remain low, unless more stimulus policies are decided and implemented soon to support the activity, consumption and real estate.

The Euro area saw a contraction on their economic growth; the weakening was broad-based across countries and sectors. The energy crisis in Europe eased with more sustainable energy prices but the outlook remains uncertain and high volatility, with much higher costs, of gas and electricity prices could occur during the second half of the year.

In Brazil, after a strong recovery in 2021, GDP growth slowed significantly in 2022, before slightly picking up in 2023. Rising inflation, the war in Ukraine, and tighter financial conditions have eroded economic sentiment and purchasing power, which has dented domestic demand in 2022; in 2023 the labour market recovery has been slow; real labour incomes remain below pre-pandemic levels.

## Stainless steel pricing

The stainless steel market is a global market. Stainless steel is suitable for transport over long distances, as logistics costs represent a small proportion of overall costs. As a result, prices for commoditised stainless steel products evolve similarly across regions. However, in general, stainless steel products are not completely fungible due to wide variations in shape, chemical composition, quality, specifications and application, availability of local raw material and purchase conditions - all of which impact sales prices. Accordingly, there remains a limited market for uniform pricing or exchange trading of certain stainless steel products.

Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys that are added to confer certain specific properties depending on the application. The cost of alloys used in stainless steel products varies across products and can fluctuate significantly. Prices of stainless steel in Europe and the United States are concluded as either fixed prices or generally include two components:

- > the "base price", which is negotiated with customers and depends on market supply and demand; and
- > the "alloy surcharge", which is a supplementary charge to the selling price of steel that offsets the purchase price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases onto customers. The concept of the "alloy surcharge", which is calculated using raw material purchase prices, among which some are quoted on certain accepted exchanges like the London Metals

Exchange (LME), was introduced in Europe and the United States in response to significant volatility in the price of these materials.

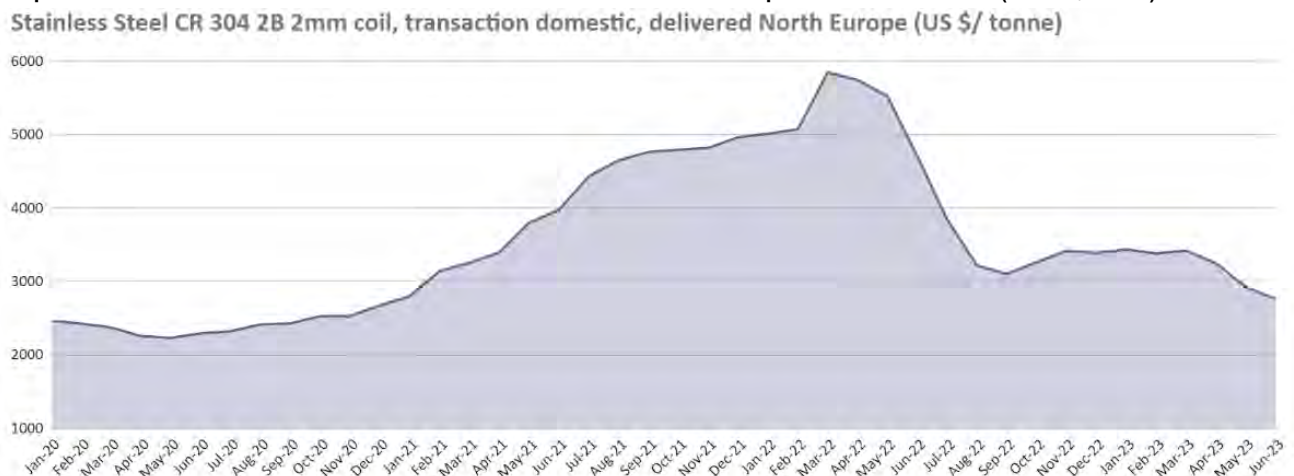
Notwithstanding the application of the "alloy surcharge", the Group is still affected by changes in raw material prices. This is particularly true for nickel, which in the last decade experienced some sudden spikes, before coming back to a lower level. In general, when the price of nickel is falling, purchasers delay ordering stainless steel products in order to benefit from expected price decreases. This in turn has the effect of reducing demand in the short term. By contrast, when nickel prices are rising, purchasers tend to acquire larger quantities of stainless steel in order to avoid having to buy at higher prices.

The graphs below show the price of nickel on the LME and the European transaction price for CR304 stainless steel for the period running from January 1, 2020 to June 30, 2023:

**Graph: Nickel price on the LME (in U.S.\$/tonne)**



**Graph: Stainless Steel/CR304 2B 2mm Coil Transaction Price/Northern Europe Domestic Delivered (in U.S.\$/tonne)**



**Source:** Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm coil transaction price/Northern European domestic delivered prices have been derived from Fastmarkets.

Raw material prices are described in more detail in the "Raw Materials and Energy" section below.

## Electrical steel pricing

The prices of Grain Oriented (GO) and Non Grain Oriented (NGO) steels were once again strongly affected by the global demand and supply dynamics during the first half of 2023.

The continuous Chinese appetite for exporting electrical steels motivated by the slower recovery of the Chinese economy directly affected the global availability of the electrical steel worldwide, impacting negatively both GO and NGO prices. In the first half of 2023, NGO prices decreased by approximately 25% compared to the second half of 2022, as a consequence of the Chinese economy scenario mentioned above. With regard to the GO prices, besides the Chinese scenario mentioned above, the widespread availability of Russian GO steel on the market, mostly being supplied via Russia's main trade partners (e.g. Turkey, Iran, China) also had a negative impact over GO prices, close to -15% over the same period.

## Demand for stainless and electrical steel and specialty alloys products

Demand for stainless and electrical steel, which represents approximately 2.5% of the global steel market by volume, is affected to a significant degree by trends in the global economy and industrial production. Short-term demand is also affected by fluctuations in nickel prices, as discussed in greater detail in the "Stainless Steel Pricing" section above.

In 2022, the macro environment was deteriorating leading to a weakening of demand and an increase of stocks globally. This was reinforced by Covid restrictions in China since the beginning of the year, which has resulted in a drop of domestic demand, high stocks and high exports as well as a drop of China prices. This pressure in China was spreading globally. In Europe, the high gap between domestic prices and imports prices attracted a massive volume of imports.

For 2023, in Europe, inflation persisted at high levels 6.9% in March to 7% in April. The composite PMI rose in April thanks to a significant improvement in the services component. By contrast, the manufacturing component continued its downward trend. For Brazil Inflation dropped in Q2 mainly a result of the base effects. In China: After surprisingly strong GDP data for Q1, April data was much weaker than expected, there are signs that consumer demand is recovering more slowly than hoped. Debt levels have risen massively.

With respect to electrical steel, the normalization of ocean freight prices to pre-pandemic levels in several important global routes, in addition to the aforementioned recovery of the competitive edge of the Chinese GO and NGO steel, both factors contributed to the steady export figures by Chinese electrical steel producers. Brazil's demand for GO steel is resilient, driven mainly by infrastructure and energy transition projects. Meanwhile, the demand of NGO steel in the same period didn't show the same strength, being impacted by customer's high inventories and weak performance of several Brazil's industry sectors.

In contrast to the stainless steel market, nickel alloys were resilient against downwards tendencies. There were even several markets which grew at a double digit rate such as aircraft/aerospace, power generation, chemical process industry and oil/gas. In spite of several downside risks such as negative impact of high energy prices, inflation, rising interest rates, supply chain issues and the Russia-Ukraine war, the demand improved by almost 10% in 2022. Aerospace was a strong driver. The industry will continue to increase its nickel alloy demand in 2023. For Oil/Gas, the relevant market players (Schlumberger, Baker Hughes, Halliburton) are optimistic that the oil/gas market will continue to grow in 2023. In Q1/23, the market was slightly down compared to Q4/22. The industry remains busy (use of 625 and 825). Hydrogen projection and Ni 201 needs for Electrolysis is strengthening with increasing forecasts for 2023 and 2025. On the Automotive side, the market was stable in 2022 due to the high order backlog. For 2023, a significant growth is expected for the same reason. Although e-cars are less nickel alloy intensive than ICE cars, battery production/projects (high nickel alloys adherence) are multiplying. Shipbuilding: Falling market in 2022 as there was a temporary low activity in the LNG tanker. Historical peak expected for 2024 until possibly 2026. Concerning Electronic Alloys, the market grew faster than consumer good developments in general, inflation remains however a risk

for demand in 2023. Seen from 2023, long-term technological changes continued to drive and boost new applications for Aperam's specialty alloys products in electronics, e-mobility or energy transition.

## Production and capacity

After a strong post-Covid rebound in 2021 followed a sharp weakening in H2 2022, the cold-rolled stainless steel production in 2023 is only expected to grow between 0% and 3% globally, as demand has been negatively impacted during H1 by high stocks, weak recovery in China and rather low demand in developed countries. For the rest of the year there is still uncertainty about China recovery, and there are considerations on prolonged weak macro outlook ex-China due to persistent inflation and high interest rates.

The global structural overcapacity is estimated to have grown in the last years due to additional capacity in China and South East Asia. Cold rolled overcapacity could reach 4 million tonnes this year in China and 12 millions tonnes globally. This high overcapacity is reinforced by lower than expected consumption of cold rolled in China and weak demand ex-China which reduces the opportunity to increase exports.

Considering the steady increase of stainless steel capacity in Indonesia in the last years, and China not taking sufficient measures to address its own overcapacity issue, it is unlikely that noticeable overcapacity reductions will take place in the near future, thus keeping under pressure the global stainless value chain and trade flows.

Import pressure was rather limited in Europe during H1 2023. High stocks and weaker demand in Europe combined with longer lead-time and limited price advantage from imports reduced the interest of imports.

## Competition

Aperam is a leading flat stainless steel producer in South America, the second largest producer in Europe and one of the top ten flat stainless steel producers in the world.

Aperam's main competitors in Europe are Outokumpu, Acerinox and Arvedi Acciai Speciali Terni S.P.A. Globally, the competitive landscape has transformed over the past years, with Chinese producers Tsingshan, TISCO-BaoWu (formerly known as Baosteel) and Beihai Chengde now ranking among the 10 largest global flat stainless steel producers in the world. In South America, we face competition primarily from imports from Asia and, to a lesser extent, North America.

## Developments regarding trade measures

Last years were marked by extensive developments in respect to trade measures, as described in greater detail below.

## European Union

### 1. Safeguard measures on import of steel products

The initial safeguard measure was introduced in July 2018 to protect the Union steel market against trade diversion for 3 years long (July 2018 – June 2021), following the US decision to impose, under its Section 232 legislation, duties on imports of steel into the US market.

Due to the fact that the US Section 232 measures are still in force, the EU has prolonged for three additional years the safeguard measure currently in place on imports of certain steel products. The prolongation is effective from 1 July 2021 to 30 June 2024.

On December 2nd, 2022, the Commission opened the expected safeguard review, to determine whether the safeguard measure should be terminated by 30 June 2023, which is one year earlier than its otherwise current duration.

On June 26, 2023, the European Commission published amending Commission Implementing Regulation (EU) 2019/159 to confirm the safeguard measure on imports of certain steel products expiring on July 30, 2024.

“Based on a careful analysis of the submissions and rebuttals received from interested parties requesting the termination of the safeguard measure by 30 June 2023 (Section 4.1) as well as of the questionnaire replies (Section 4.2), as well as the conclusion reached in its forward-looking assessment (Section 4.3) the Commission concluded that on the basis of the current circumstances and information available the termination of the measure by 30 June 2023 is not justified”.

“Should the measure be terminated at this stage, the likely increased in the volume of imports could undermine the situation of the Union industry”.

“As a result of this conclusion, and since the measure is set to continue in place until 30 June 2024, the Commission then assessed, as foreseen by the Notice of Initiation, the list of developing countries which should be subject to and excluded from the measure based on updated import data (Section 5)”.

List of product categories originating in developing countries to which the definitive measures apply

Country / Product group	1	2	3A	3B	4A	4B	5	6	7	8	9	10	12	13	14	15	16	17	18	19	20	21	22	24	25A	25B	26	27	28
Argentina						X	X																	X		X			X
Brazil	X	X				X	X																	X		X			X
China		X	X	X		X	X	X	X	X	X	X	X		X	X			X	X		X	X	X	X	X	X	X	X
Egypt	X					X	X							X			X									X			X
India	X	X		X	X	X	X	X	X	X	X	X	X		X	X	X	X			X		X	X		X	X		X
Indonesia						X	X		X	X	X						X									X			X
Kazakhstan						X	X													X						X			X
Malaysia						X	X				X						X									X			X
Mexico						X	X																	X		X			X
Moldova						X	X							X			X									X			X
North Macedonia						X	X		X				X								X	X				X	X		X
Oman						X	X							X												X			X
South Africa					X	X	X			X	X	X														X			X
Türkiye	X	X	X		X	X	X	X		X	X		X	X			X	X		X	X	X			X	X	X	X	X
Ukraine	X	X				X	X		X					X			X				X	X	X	X		X		X	X
United Arab Emirates						X	X											X	X		X			X		X			X
Vietnam	X			X	X	X	X				X															X	X		X
All other developing countries						X	X																			X			X

Malaysia is included in categories 9 (Stainless Steel Cold Rolled Flat Products) and gets its quota back and the "other countries" quota (Indonesia, China, Vietnam, Japan, etc) is reduced accordingly. It also assessed whether the current level of liberalisation of 4% remained appropriate (Section 6).

Type of Products	Allocation by Country	Volume of tariff-rate quota (Kton) From 1.7.2023 to 30.9.2023	Volume of tariff-rate quota (Kton) From 1.10.2023 to 31.12.2023	Volume of tariff-rate quota (Kton) From 1.1.2024 to 31.3.2024	Volume of tariff-rate quota (Kton) From 1.4.2024 to 30.6.2024
Hot Rolled Stainless Steel Flat Products	Third Countries	109.5	109.5	108.3	108.3
Cold Rolled Stainless Steel Flat Products	South Korea	49.5	49.5	49.0	49.0
	Taiwan	45.9	45.9	45.4	45.4
	India	30.7	30.7	30.4	30.4
	South Africa	26.7	26.7	26.4	26.4
	USA	25.0	25.0	24.7	24.7
	Turkey	20.8	20.8	20.6	20.6
	Malaysia	13.2	13.2	13.0	13.0
	Third Countries	52.8	52.8	52.3	52.3

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1301>

Anti-dumping measures on cold rolled stainless steel originating in China and Taiwan, India and Indonesia, and on hot rolled stainless steel originating in China, Taiwan and Indonesia continue during the imposition of safeguard measures.

Once the quota is filled, to avoid the imposition of double remedies, the highest level of safeguard or the anti-dumping and/or anti-subsidies duties are to be applied.

## 2. Expiry review of the anti-dumping measures applicable to imports of stainless steel cold-rolled flat products originating in the People's Republic of China and Taiwan

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	People's Republic of China	From 24.4% up to 25.3%	March 26, 2015 <sup>(1)</sup>
Cold Rolled Stainless Steel Flat Products	Taiwan	6.8% except China Far 0%	March 26, 2015 <sup>(1)</sup>

### Note:

(1) Entry into force from the day following that of the publication of the provisional measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

On August 25, 2020, the European Commission published in the Official Journal the "Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of stainless steel cold-rolled flat products originating in the People's Republic of China and Taiwan".

The request for an expiry review was lodged by the European steel association Eurofer on May 27, of the same year.

For further details please refer to the following link:

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC\\_2020\\_280\\_R\\_0006&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2020_280_R_0006&from=EN)

On July 2, 2021, the European Commission released the definitive disclosure announcing the intention to maintain the existing AD duties on imports of SSCR originating in China and Taiwan for additional 5 years.

On September 16, 2021, the European Commission extended definitive anti-dumping duties on imports of stainless cold-rolled (SSCR) flat products from China and Taiwan.



The extended duties will remain in place until September 15, 2026.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1483&qid=1631777843356>

### 3. Anti-dumping proceeding concerning imports of certain hot rolled stainless steel sheets and coils

On October 6, 2020, the European Commission published definitive anti-dumping duties on imports of certain hot rolled stainless steel sheets and coils (SSHR) originating in Indonesia, the People's Republic of China and Taiwan (Regulation 2020/1408).

The Commission concluded that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Hot Rolled Stainless Steel Flat Products	People's Republic of China	From 9.2% up to 19.0%	7 October 2020 <sup>(1)</sup>
Hot Rolled Stainless Steel Flat Products	Taiwan	From 4.1% up to 7.5%	7 October 2020
Hot Rolled Stainless Steel Flat Products	Indonesia	17.3%	7 October 2020

Note:

(1) Entry into force from the day following that of the publication of the provisional measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1408&from=EN>

### 4. Anti-dumping proceeding concerning imports of certain cold rolled stainless steel sheets and coils

On November 17, 2021, the European Commission published in the Official Journal the "Implementing Regulation (EU) 2021/2012 of 17 November 2021 imposing a definitive anti-dumping duty on imports of stainless steel cold-rolled flat products originating in India and Indonesia".

The Implementing Regulation (EU) 2021/2012 (article 1(2)) has been amended as follows, after the publication of the Implementing Regulation (EU) 2022/433 of March 15, 2022 (see below) imposing new anti-dumping duties.

Type of products	Countries	Provisional Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	India	From 10.0% up to 35.3%	28 May 2021 <sup>(1)</sup>
Hot Rolled Stainless Steel Flat Products	Indonesia	From 9.3% up to 20.2%	28 May 2021

Note:



(1) Entry into force from the day following that of the publication of the definitive measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2012&from=EN>

## 5. Anti-subsidy proceeding concerning imports of certain cold rolled stainless steel sheets and coils

On March 16, 2022, the European Commission published in the Official Journal the “Implementing Regulation (EU) 2022/433 of March 15, 2022 imposing countervailing duties on imports of stainless steel cold-rolled flat products originating in India and Indonesia”.

Type of products	Countries	Provisional Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	India	From 4.3% up to 7.5%	17 March 2022 <sup>(1)</sup>
Hot Rolled Stainless Steel Flat Products	Indonesia	From 13.5% up to 21.4% except PT. Jindal Stainless Indonesia	17 March 2022

Note:

(1) Entry into force from the day following that of the publication of the definitive measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0433&qid=1647421657900&from=EN>

## 6. WTO challenge against Indonesian restrictions on raw materials

On November 22, 2019, the European Union brought a dispute in the World Trade Organization (WTO) against Indonesian export restrictions for raw materials used in production of stainless steel.

These restrictions unfairly limit access of international producers to raw materials for steel production, notably nickel. The European Union is also challenging subsidies that encourage use of local content by Indonesian producers and give preference to domestic over imported goods, which goes against WTO rules.

On January 14, 2021, the European Union requested the establishment of a panel. At its meeting on January 25, 2021, the DSB deferred the establishment of a panel.

At its meeting on February 22, 2021, the Dispute Settlement Body established a panel. Brazil, Canada, China, India, Japan, Korea, the Russian Federation, Saudi Arabia, Singapore, Chinese Taipei, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, and the United States reserved their third-party rights.

On April 19, 2021, the European Union requested the Director-General to compose the panel.

On April 29, 2021, the Director-General composed the panel.

On November 1, 2021, the Chair of the panel informed the Dispute Settlement Body that, in accordance with the timetable adopted thus far following consultations with the parties, the panel estimated that it would issue its final report to the parties in the last quarter of 2022.

For further details please refer to the following link:

[https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds592\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds592_e.htm)

On 30 November 2022, the Panel report on the Indonesian nickel ore export restriction was released.

With respect to the DPR, the Panel was of the view that because Article XI:1 also covers measures prohibiting or restricting "sale for export" it applied to domestic regulations such as the DPR that prevent or limit the ability to sell goods for export even if they apply internally within the exporting Member.

The Panel concluded that as the DPR by its nature restricted the sale for export of nickel ore, it was fell within the scope of the obligation in Article XI:1 of the GATT 1994.

The Panel found that the export ban was a prohibition on the export of nickel ore.

The Panel concluded that as the DPR by its nature restricted the sale for export of nickel ore, it was fell within the scope of the obligation in Article XI:1 of the GATT 1994.

Following the circulation of the Panel report on the Indonesian nickel ore policy, on 8 December 2022, Indonesia notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretations in the panel report.

On 12 December 2022, the European Union informed the DSB that it had taken note of Indonesia's notification of its appeal and that, given the current non-operational situation of the Appellate Body, it considered that all subsequent procedural deadlines set out in the Appellate Body's Working Procedures were to be considered as suspended.

The European Union indicated that when the Appellate Body resumes its functions, it should set the schedule for this appeal. The European Union further indicated its intention to file a written submission and make an oral statement in accordance with the schedule to be determined by the Appellate Body. The European Union noted its disagreement with Indonesia's appeal.

### **7. Anti-circumvention investigation on imports of stainless steel hot-rolled flat products (SSHR) originating in Turkey**

On April 18th 2023, the Commission published the Regulation extending the Indonesian AD duties on SSHR to imports of SSHR from Turkey.

The Commission decided to extend the 17.3% anti-dumping duties applicable to imports of SSHR from Indonesia to imports of SSHR from Turkey. The duty will apply to all imports of SSHR originating in Turkey including retroactively to imports registered since end July 2022 (if any).

The Regulation confirms that no exemption is being granted to any exporters, meaning that all imports from Turkey will be subject to duties.

Based on its investigation, the Commission acknowledges the existence of a change in the pattern of trade by reference to the flows of SSHR to the EU and of Indonesian slabs to Turkey. It finds that there is no economic justification for the processing operation in Turkey other than the imposition of duties on Indonesian SSHR.

The investigation also confirms that the processing operation in Turkey significantly expended after the imposition of the measures and that the transformation of slabs in SSHR in Turkey qualifies as an "assembly operation" circumvention practice.

Finally, the Commission also finds that imports of SSHR from Turkey were made in significant volumes and at prices below the non-injurious EU price and assesses that imports of SSHR from Turkey in the EU were dumped. Consequently, it find that the condition for the extension of the duties are met.

For further details please refer to the following link:  
[https://eur-lex.europa.eu/eli/reg\\_impl/2023/825/oj](https://eur-lex.europa.eu/eli/reg_impl/2023/825/oj)

## Brazil

Since 2013, Brazil's Trade Defence Department (Decom), an investigative body under the Brazilian Ministry of Development, Industry and Foreign Trade, opened anti-dumping investigations against imports from several countries for welded austenitic stainless pipes, flat stainless steel products and flat non-grain oriented products, imposing anti-dumping duties for a period of five years. In 2021, an anti-dumping investigation and an anti-subsidy investigation was also opened against Indonesia. On November 5, 2021, stainless steel import duties were reduced from 14% to 12.6%. All the current measures are described below.

Type of products	Import duties status	Anti-dumping ("AD") status
<b>Stainless Steel Flat Products</b> CR 304 and 430, in thicknesses between 0.35mm and 4.75mm	Normal import duties are 12.6%	<p>AD duties starting October 4, 2013 for 5 years from U.S.\$236/tonne to U.S.\$1,077/tonne for imports.</p> <p>Renewal investigation launched on October 3, 2018, during which time AD duties will remain in place. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany.</p> <p>Renewed AD duties against China and Taiwan starting October 4, 2019 valid for 5 years from U.S.\$175/tonne to U.S.\$629/tonne for China and U.S.\$93/tonne to U.S.\$705/tonne for Taiwan.</p> <p>Anti-Dumping investigation on Stainless Steel Flat CR 304 against Indonesia and South Africa launched on February 25, 2021. On November 4, 2021 the Brazilian Trade Defence authority closed the anti-dumping investigation.</p> <p>Anti-subsidy investigation on 304CR from Indonesia also launched on June 2, 2021.</p> <p>On December 2nd, 2022 Brazilian Trade Defense authority published final determination on anti-subsidies duties for Stainless Flat Cold Rolled 304 grades from Indonesia, of 18,79% on top of CIF prices, valid for 5 years.</p>
<b>Stainless Steel Welded Tubes</b> in thickness between 0.4mm to 12.70mm	Normal import duties are 12.6%	<p>AD duties starting July 29, 2013, for 5 years from U.S.\$360/tonne up to U.S.\$911/tonne. Countries involved are China and Taiwan.</p> <p>Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place.</p> <p>AD duties starting June 13, 2018, for 5 years from U.S.\$367/tonne up to U.S.\$888/tonne. Countries involved are Malaysia, Thailand and Vietnam.</p> <p>Renewed AD duties against China starting July 24, 2019 valid for 5 years from U.S.\$344/tonne to U.S.\$405/tonne.</p>

<b>Electrical steel – Non Grain Oriented (NGO)</b>	Normal import duties are 12.6%	<p>AD duties starting July 17, 2013, for 5 years from U.S. \$133/tonne to U.S.\$567/tonne. Countries involved are China, South Korea and Taiwan.</p> <p>On August 15, 2014, Camex released partially NGO AD, giving 45kt of imports in the next 12 months without AD penalties.</p> <p>On November 4, 2015, Brazilian authorities decided to end the existing quota of imports without AD and fixed the AD duties from U.S.\$90/tonne to U.S.\$132.5/tonne.</p> <p>Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place.</p> <p>An investigation involving Germany was launched on May 9, 2018.</p> <p>AD duties starting July 15, 2019, for 5 years from U.S. \$90/tonne to U.S.\$166.3/tonne. Countries involved are China, South Korea, Taiwan and Germany.</p>
--	-----------------------------------	---

<b>Electrical steel – Grain Oriented</b>	Normal import duties are 12.6%
--	-----------------------------------

## Raw materials and Energy

### Raw materials

Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass) and iron ore). With the exception of charcoal, which is produced internally, we are exposed to price uncertainty with respect to each of these raw materials, which we typically purchase under short-term and long-term supply contracts, as well as on the spot market.

Prices for these raw materials are strongly correlated with demand for stainless steel and carbon steel and thus tend to fluctuate in response to changes in supply and demand. In addition, since most of the raw materials we use are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves, along with the development of projects working to replace depleted reserves.

#### Nickel

After a year 2022 with high volatility and the turmoil around the temporary suspension of the nickel contract at the LME the new year 2023 has started with a price of USD 31,175 per ton and has since then not reached that price level again during H1 2023. The LME 3M nickel price dropped on the back of risk-off sentiment falling by 25% to finish the first quarter at \$23,075 /t. The initial enthusiasm surrounding the reopening of China has evaporated somewhat as the demand recovery has fallen short of expectations so far. Adding to investor nervousness is the prospect of higher interest rates for longer in both the US and European economies given recent inflation data. During the second quarter there has been only modest recovery of demand in China together with a surplus of supply which kept the price on an unchanged level finishing June with USD 20,125 /t. LME stocks stood at 38,850 k tonnes

### Ferro-chrome

The European ferrochrome benchmark rolled over at USD 1.49 per pound of chrome from the fourth quarter of 2022 into the first quarter of 2023 amid low demand from China due to increased Covid-19 infections after the relaxation of restrictions. Demand in Europe and US remained also weak due to softer end-user demand and abundant inventories at steel mills. Chrome ore prices continued to increase during the first quarter of 2023 with low inventories in China and logistic issues in South Africa which brought the benchmark to USD 1.72 per pound of chrome for the second quarter of 2023.

### Molybdenum

Molybdenum prices started January at USD 53.25 per kilogram as a return to prices not seen since 2008 driven by Chinese restocking activities. Together with an improved demand from Europe and US and lower supply from Peru the market moved into deficit with prices peaking at USD 104.28/mt at the end of January. Prices corrected slowly until early Q2 and stabilised on a level of USD 51.15 per kilogram at the end of Q2.

### Ferrous scrap

Ferrous scrap prices started 2023 firmly, trading at USD 398 per tonne. Given the weakness of the steel market fundamentals and emerging macroeconomic risks the first half of 2023 has only seen a limited volatility with a high of USD 459 per tonne and a low of USD 367 per tonne. The second quarter finished with a price level of USD 372 per tonne.

## Energy

With regard to natural gas, the Timóteo production facility in Brazil has a natural gas supply contract with a Brazilian supplier. In Europe, the Group has purchased most of its natural gas through a supply contract put in place with ArcelorMittal Energy S.C.A. in 2015.

For electricity, in France, a supply contract was put in place with ArcelorMittal Energy S.c.a. at the beginning of 2016, whereas in Belgium such a contract has been in place since the beginning of 2015. In Brazil, electricity needs are mainly secured through long-term contracts with several suppliers, with balancing requirements managed through short-term arrangements.

With regard to industrial gases, the Group procures its industrial gas requirements using short - or long-term - contracts with various suppliers in different geographical regions.

## Impact of exchange rate movements

At the end of 2022, the Euro amounted to 1.0666 U.S. dollar/Euro and 5.5694 Brazilian real/Euro. In the first half of 2023, the Euro appreciated by 1.9% against the U.S. dollar to reach 1.0866 U.S. dollar/Euro and depreciated by 5.5% against the Brazilian real to reach 5.2626 Brazilian real/Euro.

Because a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the Euro (its presentation currency), Aperam is exposed to fluctuations in the values of these currencies relative to the Euro. These currency fluctuations, especially the fluctuation of the Euro relative to the U.S. dollar and Brazilian real, as well as fluctuations in the currencies of the other countries in which Aperam has significant operations and sales, can have a material impact on the results of operations. To minimise its currency exposure, the Group enters into hedging transactions to lock in a set exchange rate for specific transactions in non-local currencies, in accordance with its management policies.

# Operational review and Liquidity

## Operational review

Aperam reports its operations in four operating segments: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables.

The information in this section relates to the six months ended June 30, 2023, and is compared to the six months ended June 30, 2022.

## Key indicators

The key performance indicators that we use to analyse operations are sales, shipments, average selling prices and operating results. Our analysis of liquidity and capital resources is based on operating cash flows.

## Sales, shipments and average selling prices

The following table provides our sales, shipments and average selling prices by operating segment for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022:

	Sales for the Six Months Ended June 30, <sup>(1)</sup>		Shipments for the Six Months Ended June 30, <sup>(1) (2) (3)</sup>		Average Selling Price for the Six Months Ended June 30, <sup>(1)</sup>		Changes in		
Operating segment	2023	2022	2023	2022	2023	2022	Sales	Shipments	Average Selling Price
	(in millions of Euros)		(in thousands of tonnes)		(in Euros/tonne)		(%)		
Stainless & Electrical Steel <sup>(4)</sup>	2,283	3,166	772	877	2,852	3,529	(27.9)	(12.0)	(19.2)
Services & Solutions	1,210	1,677	330	371	3,542	4,345	(27.8)	(11.1)	(18.5)
Alloys & Specialties	470	310	18	14	24,760	21,713	51.6	28.6	14.0
Recycling & Renewables	1,091	1,523	726	758	1,503	2,009	(28.4)	(4.2)	(25.2)
Total (before intra-group eliminations)	5,054	6,676	1,846	2,020			(24.3)	(8.6)	
Others and elimination	(1,476)	(1,954)	(705)	(712)			(24.5)	(0.9)	
Total (after intra-group eliminations)	3,578	4,722	1,141	1,308			(24.2)	(12.8)	

### Notes:

- (1) Amounts are shown prior to intra-group elimination. For additional information, see Note 2 to the interim condensed consolidated financial statements
- (2) Stainless & Electrical shipment amounts are shown prior to intersegment shipments of 331 thousand tonnes and 367 thousand tonnes in the six months ended June 30, 2023 and 2022, respectively.
- (3) Recycling & Renewables shipment amounts are shown prior to intersegment shipments of 374 thousand tonnes and 345 thousand tonnes in the six months ended June 30, 2023 and 2022, respectively.
- (4) Includes shipments of special carbon steel from the Company's Timóteo production facility.

In the first half of 2023, sales decreased by 24.2% compared to the first half of 2022 primarily due to lower shipments and average selling prices.

## Stainless & Electrical Steel

Sales in the Stainless & Electrical Steel segment (including intersegment sales) decreased by 27.9%, for the six months ended June 30, 2023 compared to the same period previous year primarily due to lower average selling price. Shipments for this segment (including inter segment shipments) decreased by 12.0%, and the average selling price for the Stainless & Electrical Steel segment decreased by 19.2% for the six months ended June 30, 2023 compared to the same period previous year.

Sales to external customers in the Stainless & Electrical Steel segment were €1,233 million for the six months ended June 30, 2023, representing 34.5% of total sales, a decrease of 28.6% as compared to the €1,727 million in sales to external customers for the six months ended June 30, 2022, or 36.6% of total sales.

## Services & Solutions

Sales in the Services & Solutions segment (including intersegment sales) decreased by 27.8% for the six months ended June 30, 2023 compared to the same period previous year, primarily due to lower average selling price. Shipments for this segment decreased by 11.1%, and the average selling price for the Services & Solutions segment decrease by 18.5% for the six months ended June 30, 2023 compared to the same period previous year.

Sales to external customers in the Services & Solutions segment were €1,168 million for the six months ended June 30, 2023, representing 32.6% of total sales, a decrease of 27.9% as compared to sales of €1,619 million for the six months ended June 30, 2022, or 34.3% of total sales.

## Alloys & Specialties

Sales in the Alloys & Specialties segment (including intersegment sales) increased by 51.6% for the six months ended June 30, 2023 compared to the same period previous year, primarily due to higher shipments. Shipments for this segment increased by 28.6%, and the average selling price increased by 14.0% for the six months ended June 30, 2023, compared to the same period previous year.

Sales to external customers in the Alloys & Specialties segment were €463 million for the six months ended June 30, 2023, representing 12.9% of total sales, an increase of 50.3% as compared to the €308 million in sales to external customers for the six months ended June 30, 2022, or 6.5% of total sales.

## Recycling & Renewables

Sales in the Recycling & Renewables segment (including intersegment sales) decreased by 28.4% for the six months ended June 30, 2023 compared to the same period previous year, primarily due to lower average selling price. Shipments for this segment decreased by 4.2%, and the average selling price decreased by 25.2% for the six months ended June 30, 2023, compared to the same period previous year.

Sales to external customers in the Recycling & Renewables segment were €713 million for the six months ended June 30, 2023, representing 19.9% of total sales, as compared to the €1,069 million in sales to external customers for the six months ended June 30, 2022, or 22.6% of total sales.



## Operating income

The following table provides our operating income and operating margin for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022:

	Operating Income Six Months Ended June 30,		Operating Margin Six Months Ended June 30,	
	2023	2022	2023	2022
Operating Segment	(in millions of Euros)		(% )	
Stainless & Electrical Steel	81	550	3.5	17.4
Services & Solutions	(1)	112	(0.1)	6.7
Alloys & Specialties	23	31	4.9	10.0
Recycling & Renewables	43	(28)	3.9	(1.8)
<b>Total<sup>(1)</sup></b>	<b>135</b>	<b>622</b>	<b>3.8</b>	<b>13.2</b>

**Notes:**

(1) Amounts shown include eliminations of €(11) million and €(43) million for the six months ended June 30, 2023 and 2022 respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables operating segments, together with intersegment eliminations and/or non-operational items that are not segmented.

The Group's operating income for the six months ended June 30, 2023, was €135 million, compared to an operating income of €622 million (including an exceptional loss of EUR (53) million related to the reversal of the inventory step-up of EUR (48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for EUR (5) million) for the six months ended June 30, 2022. Operating income decreased by €487 million when comparing six months ended June 30, 2023 versus six months ended June 30, 2022. Contrarily to the first half of the year 2022 that had experienced strong demand in Europe and Brazil, together with favourable price, input cost development and higher inventory valuation gain, the first half of the year 2023 was a challenging one, particularly for Europe due to a planned six weeks investment related shutdown and an important destocking that caused demand at a low peak to reach rock bottom and prices that marked new all time lows. Furthermore, the resulting pressure on margins was aggravated by substantial inventory valuation charges. Among all these difficulties, Aperam was however able to demonstrate its resilience through its differentiated value chain. Our Recycling, Alloys and Brazil operations performed solidly and added stability.

## Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was €81 million for the six months ended June 30, 2023, compared to an operating income of €550 million for the six months ended June 30, 2022, which corresponds to a decrease by EUR 469 million. During the first half of 2022, the segment had a strong profitability due to high prices, tight cost control and inventory valuation gains. The combined effect of these factors enabled the segment as well as both business units to achieve the best first six months ever. During the first half of the year 2023, shipments in Brazil remained at satisfactory level but shipments in Europe hit historically low levels as a consequence of important destocking. Operating results were also negatively impacted by substantial inventory charges and price/cost squeeze effect on top of the Genk investment and strike related costs in Europe.

## Services & Solutions

The operating result for the Services & Solutions segment was a loss of €(1) million for the six months ended June 30, 2023, compared to an operating income of €112 million for the six months ended June 30, 2022. Operating result decreased due to higher inventory valuation charges, lower realized prices and lower volumes.

## Alloys & Specialties

The operating income for the Alloys & Specialties segment was €23 million for the six months ended June 30, 2023, compared to an operating income of €31 million for the six months ended June 30, 2022. Despite higher volume, higher prices and tight cost control year on year, the operating income of the segment decreased by €8 million due to raw material price effect and lower inventory valuation gains.

## Recycling & Renewables

The operating result for the Recycling & Renewables segment was an income of €43 million for the six months ended June 30, 2023, compared to a loss of €(28) million for the six months ended June 30, 2022 (including an exceptional loss of EUR (53) million related to the reversal of the inventory step-up of EUR (48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for EUR (5) million)). Excluding this exceptional item, the operating income increased by €18 million year on year on account of improved margins in the all 3 areas of business activity - stainless recycling, alloys recycling and renewables following a weaker H2 2022.

## Financing costs

Financing costs include interest income, interest expense, net foreign exchange and derivative results and other net financing costs. Financing costs were positive at €85 million for the six months ended June 30, 2023, compared to financing costs positive of €44 million for the six months ended June 30, 2022.

Excluding the foreign exchange and derivative results described below, net interest expense and other financing costs for the six months ended June 30, 2023 were negative at €(19) million. This is compared to the net interest expense and other financing costs of €(12) million for the six months ended June 30, 2022. Net interest expense and other financing costs for the six months ended June 30, 2023 also included €(17) million of cash cost of financing versus €(9) million for the six months ended June 30, 2022. Cash cost of financing relates to interests and other expenses related to the service of debt and other financing facilities.

Realised and unrealised foreign exchange and derivative gains were €105 million for the six months ended June 30, 2023, compared to realised and unrealised foreign exchange and derivative losses of €56 million for the six months ended June 30, 2022. Foreign exchange results primarily relate to the accounting revaluation of non-Euro assets, liabilities, sales and earnings. Results on derivatives primarily relate to the financial instruments we entered to hedge our exposure to nickel prices, which do not qualify for hedge accounting treatment under IFRS 9.

## Income Tax

We recorded an income tax expense of €(44) million for the six months ended June 30, 2023, compared to an income tax income of €(162) million for the six months ended June 30, 2022. This decrease in income tax expense for the six months ended June 30, 2023 is primarily due to the lower level of profit before tax for the six months ended June 30, 2023, at €220 million compared to €666 million for the six months ended June 30, 2022. The effective tax rate for the six months ended June 30, 2023 was also lower at 20% compared to the effective tax rate of 24% for the six months ended June 30, 2022. The decrease of the effective tax rate was mainly due to the higher impact of a reduced taxation on the financing activity, that more than compensated a less favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions.

## Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of €175 million for the six months ended June 30, 2023, compared to a profit of €504 million for the six months ended June 30, 2022.

## Alternative Performance Measures

This Interim Financial Report includes Alternative Performance Measures (APM), which are non-GAAP financial measures. Aperam believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. The definitions of these APMs are the same since the creation of the Company. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies.

## EBITDA

EBITDA is defined as operating income before depreciation, amortisation and impairment expenses. The following table presents a reconciliation of EBITDA to operating income:

(in millions of Euros)

Six months ended June 30, 2023	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others / Eliminations <sup>(1)</sup>	Total
Operating income (loss)	81	(1)	23	43	(11)	135
Depreciation and amortisation	(51)	(7)	(5)	(31)	(1)	(95)
<b>EBITDA</b>	<b>132</b>	<b>6</b>	<b>28</b>	<b>74</b>	<b>(10)</b>	<b>230</b>

(in millions of Euros)

Six months ended June 30, 2022	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others / Eliminations <sup>(1)</sup>	Total
Operating income (loss)	550	112	31	(28)	(43)	622
Depreciation and amortisation	(50)	(6)	(5)	(28)	(1)	(90)
<b>EBITDA</b>	<b>600</b>	<b>118</b>	<b>36</b>	<b>—</b>	<b>(42)</b>	<b>712</b>

Note:

(1) Others/Eliminations includes all operations other than those mentioned above, together with inter-segment elimination, and/or non-operational items that are not segmented.

## Net Financial Debt and Gearing

Net Financial Debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments).

Gearing is defined as Net Financial Debt divided by equity.

The following table presents a reconciliation of Net Financial Debt and Gearing with amounts disclosed in the consolidated statement of financial position:

	June 30	December 31
(in millions of Euros)	2023	2022
Long-term debt	630	667
Short-term debt	260	258
Cash and cash equivalents	(429)	(457)
<b>Net Financial Debt</b>	<b>461</b>	<b>468</b>
Equity	3,463	3,392
<b>Gearing</b>	<b>13%</b>	<b>14%</b>

## Free cash flow before dividend and share buy-back

Free cash flow before dividend and share buy-back is defined as net cash provided by operating activities less net cash used in investing activities. The following table presents a reconciliation of Free cash flow before dividend and share buy-back with amounts disclosed in the consolidated statement of cash flows:

	Six Months Ended June 30,	
(in millions of Euros)	2023	2022
Net cash provided by operating activities	201	166
Net cash used in investing activities	(115)	(99)
<b>Free cash flow before dividend and share buy-back</b>	<b>86</b>	<b>67</b>

## Trend information

All of the statements in this "Trend information" section are subject to and qualified by the information set forth under the "Disclaimer - Forward-Looking Statements". See also "Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry".

### Outlook

On July 27, 2023, the Company released its second quarter 2023 results, which are available on the Company's website ([www.aperam.com](http://www.aperam.com)) under the "Investors" > "Reports and Presentations" > "Quarterly Reports" section. As part of its prospects, the Company announced that EBITDA in Q3 2023 is expected to decrease versus Q2 2023, and that net financial debt is expected at a higher level.

# Liquidity

## Liquidity and capital resources

The Group's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

Because Aperam S.A. is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations.

In management's opinion, the Group's operations and credit facilities described below are sufficient to meet the Group's present requirements.

Our cash and cash equivalents amounted to €429 million and €457 million as of June 30, 2023 and December 31, 2022, respectively.

Our total gross debt, which includes long and short-term debt, was €890 million and €925 million as of June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023, Aperam had €111 million out of the total gross debt of €890 million outstanding at the subsidiary level (including €96 million of finance leases).

Net financial debt, defined as long-term debt plus short-term debt less cash and cash equivalents (including short-term investments), was €461 million as of June 30, 2023, compared to €468 million at December 31, 2022.

Gearing, defined as net financial debt divided by total equity, was 13% as of June 30, 2023, compared to 14% as of December 31, 2022.

As of June 30, 2023, the Company had a total liquidity of €929 million, consisting of cash and cash equivalents (including short term investments) of €429 million, committed credit lines of €500 million (revolving credit facility of €500 million) at Aperam SA level.

As of December 31, 2022, the Company had a total liquidity of €984 million, consisting of cash and cash equivalents (including short term investments) of €457 million, committed credit lines of €500 million (unsecured revolving credit facility of €500 million) at Aperam SA level and €27 million of committed credit lines from ELG Group.

# Financing

## Unsecured revolving credit facility

On February 11, 2022, Aperam announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility ("The Facility") of €500 million with a syndicate of 16 banks. Such Facility replaced the senior unsecured revolving credit facility of €300 million signed in June 2017. In addition, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of €300 million with a syndicate of 10 banks ("The Loan"). The Facility is for general corporate purposes and the Loan is dedicated to the refinancing of maturing debts of ELG. The pricing of financing contracts is linked to two strategic commitments of the company being firstly to become a best-in-class stainless steel manufacturer in

terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

On January 26, 2023, Aperam confirmed the extension of the maturity of the sustainably linked senior unsecured revolving credit facility of €500 million by one year.

The Facility and the Loan contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On June 30, 2023, this financial covenant was fully met.

The Facility was fully undrawn and the Loan was fully drawn.

### EIB financings

On June 27, 2016, Aperam and the European Investment Bank (EIB) announced the signing of a financing contract in the amount of €50 million, which will be dedicated to financing a research and development programme over the 2016-2019 period, as well as an upgrade of two plants located in cohesion regions in France & Belgium (Isbergues, Hauts-de-France and Châtelet, Hainaut respectively). This project was funded under the Investment Plan for Europe, also known as the "Juncker Plan". The financing contract, which is senior unsecured, was entirely drawn down on October 16, 2018, at a rate of 1.669%, with a final maturity date of October 16, 2028.

On February 25, 2019, the Company announced the signature of a financing contract where the EIB will make available to Aperam an amount of €100 million. The purpose of this contract is the financing of ongoing investments in the cold rolling and annealing & pickling lines at Aperam's Genk plant (Belgium), as well as the Company's ongoing modernisation programmes in the cohesion regions of Hauts-de-France (France) - Isbergues plant, and Hainaut (Belgium) - Châtelet plant. The financing contract, which is senior unsecured, was entirely drawn down on March 15, 2019, at a rate of 1.307%, with a final maturity date of March 15, 2029.

On September 30, 2020, Aperam strengthened its liquidity profile with the signature of a top-up financing contract where the EIB will make available to Aperam an amount of €75 million, in addition to the outstanding loan of €100 million, in relation to the financing of advanced stainless steel manufacturing technologies. This top up facility of €75 million was fully drawn on October 8, 2021, at a rate of 0.88%, with a final maturity date of October 25, 2031.

### Schuldscheindarlehen

On September 24, 2019, Aperam successfully priced an inaugural €190 million multi-tranches Schuldscheindarlehen (debt instrument governed by the laws of the Federal Republic of Germany) with maturities at 4, 5, 6 and 7 years. On the back of a very positive investor perception and significantly oversubscribed orderbook, Aperam was able to upsize the deal volume from the initially announced volume of €100 million to ultimately €190 million. Interest rates vary from 1.10% to 1.50%. The company was able to price all tranches at the tight end of the announced spread ranges. Aperam took advantage of the very constructive market to secure attractive conditions and successfully diversify its creditors base.

On March 27, 2023, in accordance with §489 subsection (1) of the German Civil Code ("*Bürgerliches Gesetzbuch*"), the Company called €40 million Schuldscheindarlehen for early repayment at its nominal amount plus interest accrued.



### Commercial paper programme

On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of “Code monétaire et financier” of the French law, that the conditions as described in the financial documentation of its programme of NEU commercial paper for a maximum outstanding amount of €200 million, fulfil the requirements of law. On June 30, 2023, an amount of €145 million was drawn under the Aperam NEU CP programme.

### True sales of receivables programme

The Company has established sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables (“TSR”). The maximum combined amount of the programmes that could be utilised were €578 million and €520 million as of June 30, 2023 and December 31, 2022, respectively. Through the TSR programme, certain operating subsidiaries of Aperam surrender control, risks and the benefits associated with the accounts receivable sold. Therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of the sale.

On June 22, 2023, Aperam has increased its sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables (“TSR”), to a maximum combined amount of the programmes that could be utilised to €570 million from €520 million earlier.

On June 28, 2023, Aperam has increased its sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables (“TSR”), to a maximum combined amount of the programmes that could be utilised to €578 million from €570 million earlier.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the six months ended June 30, 2023 and 2022 were €1.35 billion and €1.56 billion, respectively. Expenses incurred under the TSR programme (reflecting the discount granted to the acquirers of the accounts receivable) are recognised in the consolidated statement of operations as financing costs and amounted to €(12) million and €(4) million for the six months ended June 30, 2023 and 2022, respectively.

## Credit ratings

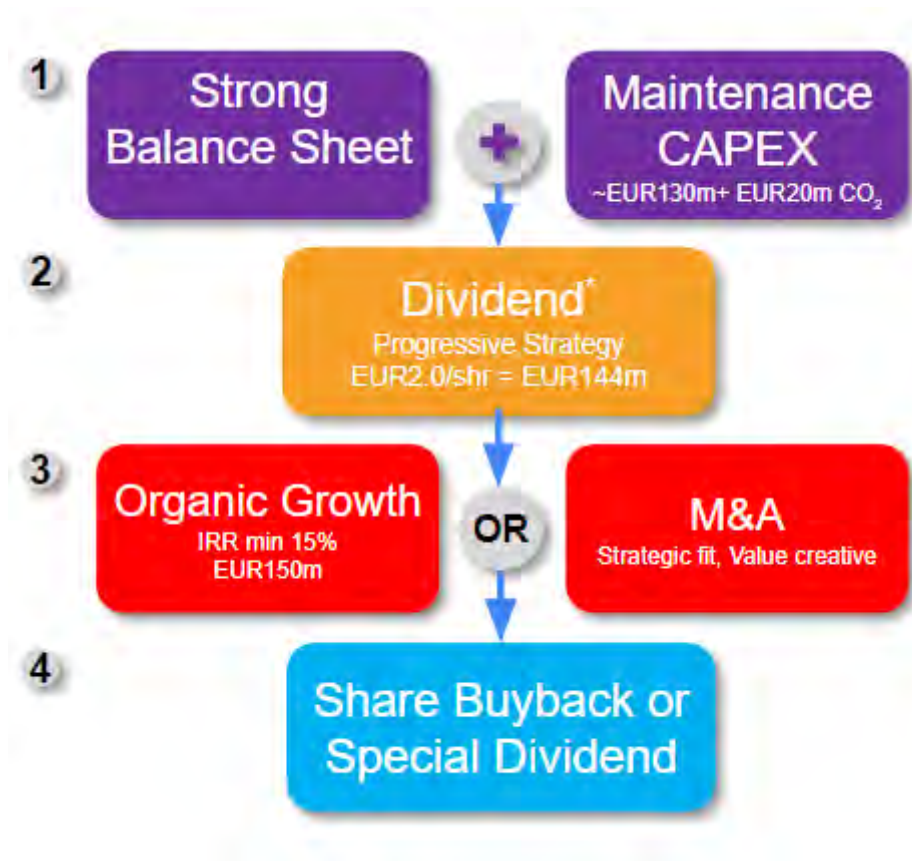
On June 13, 2019, Aperam announced that it has requested to be withdrawn from the credit rating services of S&P Global Ratings and Moody’s Investor Service, while reaffirming to maintain investment grade financial ratios. Given the Company’s low level of debt and the nature of funding needs, credit rating services were no longer considered necessary.

On June 27, 2019, Moody’s Investors Service withdrew the ‘Baa3’ long-term issuer rating with stable outlook of Aperam S.A.

On July 15, 2019, S&P Global Ratings withdrew its ‘BBB-’ long-term issuer credit rating with stable outlook of Aperam S.A.

# Financial policy

Aperam's financial policy aims to maximize the long-term growth of the Company and the value accretion for its shareholders while maintaining a strong balance sheet.



\*Through the cycle.

# Earnings distribution

## Dividend

### Technicalities

Dividends are announced in Euro and paid in Euro for shares listed on the European Stock Exchanges (Euronext Amsterdam, Euronext Brussels, Euronext Paris and Luxembourg stock exchange). Dividends are paid in U.S. dollars for shares traded in the United States on the over-the-counter market in the form of New York registry shares and converted from Euro to U.S. dollars based on the European Central Bank exchange rate.

A Luxembourg withholding tax of 15% is applied on the gross dividend amounts.

In order to benefit from exemption of Luxembourg dividend withholding tax at source, an “Informative Memorandum” describing the procedure to obtain an exemption at source of the Luxembourg dividend withholding tax is available at the following link:

[Procedure to apply for an exemption from Luxembourg withholding tax](#)

### In 2023

On February 10, 2023, Aperam announced its detailed dividend payment schedule for 2023. The Company proposed to maintain its base dividend at EUR 2.00/share. On May 2, 2023, the Annual General Meeting of Shareholders approved the proposed base dividend. The dividend payments are paid in four equal quarterly instalments of EUR 0.5 (gross) per share in 2023 as described below in the detailed dividend schedule:

	1 <sup>st</sup> Quarterly Payment (interim)	2 <sup>nd</sup> Quarterly Payment	3 <sup>rd</sup> Quarterly Payment	4 <sup>th</sup> Quarterly Payment
<b>Announcement date</b>	23 February 2023	09 May 2023	14 August 2023	8 November 2023
<b>Ex-Dividend</b>	28 February 2023	12 May 2023	18 August 2023	13 November 2023
<b>Record Date</b>	01 March 2023	15 May 2023	21 August 2023	14 November 2023
<b>Payment Date</b>	23 March 2023	09 June 2023	14 September 2023	8 December 2023
<b>FX Exchange rate</b>	24 February 2023	10 May 2023	16 August 2023	9 November 2023

## Share buyback

### Corporate authorisations

On May 7, 2019, the Annual General Meeting of Shareholders authorised the company to repurchase its own shares in accordance with applicable laws and regulations for a period of five years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of the five year period. On May 2, 2023, the Annual General Meeting of Shareholders renewed such authorisation under the same conditions.

#### **Disclosure of trading in own shares under Luxembourg Company law**

- Number of own shares held on December 31, 2022: 7,812,590 or 9.77% of the subscribed capital, representing a nominal value of €295,517,428 and an accounting par value of €40,937,972.
- Number of shares acquired under the 2019 share buyback programme cancelled on February 7, 2023: 1,959,592 shares or 2.45% of the subscribed capital, representing a nominal value of €99,963,194 and an accounting par value of €10,268,262.
- Number of shares granted during the 2023 financial period to deliver shares to qualifying employees under the Group's Long Term Incentive Plans after fulfilment of performance criteria: 65,517 shares (84,773 shares, net of 19,256 shares retained for tax purposes), or 0.08% of the subscribed capital, representing a nominal value of €2,188,985 and an accounting par value of €343,310.
- Number of own shares held on June 30, 2023: 5,787,481 or 7.42% of the subscribed capital, representing a nominal value of €193,365,249 and an accounting par value of €30,326,400.

The total numbers of outstanding shares (net of treasury shares) as of June 30, 2023 stood at 72,249,207 shares.

## Sources and uses of cash

The following table presents a summary of our cash flows for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022:

<b>Summary of Cash Flows</b>		
<b>Six months ended June 30,</b>		
	<b>2023</b>	<b>2022</b>
	<i>(in millions of Euros)</i>	
Net cash provided by operating activities	201	166
Net cash used in investing activities	(115)	(99)
Net cash used in financing activities	(115)	(120)

### Net cash provided by operating activities

Net cash provided by operating activities amounted to €201 million for the six months ended June 30, 2023, compared to €166 million for the six months ended June 30, 2022, which corresponds to an increase of €35 million that can be mainly explained by:

- lower increase of the working capital requirements by €471 million (from €491 million as of June 30, 2022 to €20 million as of June 30, 2023, and
- lower income tax paid by €13 million (from €42 million as of June 30, 2022 to €29 million as of June 30, 2022), partly offset by
- lower operating income by €487 million (from €622 million as of June 30, 2022 to €135 million as of June 30, 2023).

### Net cash used in investing activities

Net cash used in investing activities amounted to €(115) million for the six months ended June 30, 2023, compared to €(99) million for the six months ended June 30, 2022. The net cash used in investing activities for the six months ended June 30, 2023 was related to capital expenditures of €(113) million, transfer of cash into restricted cash of €(3) million and €1 million of other operating activities, compared to €(95) million of capital expenditures and €(4) million of other operating activities for the six months ended June 30, 2022.

### Net cash used in financing activities

Net cash used in financing activities was €(115) million for the six months ended June 30, 2023, compared to €(120) million for the six months ended June 30, 2022. Net cash used in financing activities for the six months ended June 30, 2023 was primarily related to the early repayment of the floating rate tranches of the “Schuldscheindarlehen” for €(40) million, the repayment of ELG debt for €(19) million and EIB loan tranches for €(13) million, €(72) million of dividend payments and €(8) million of lease payments, partly offset by additional drawing of commercial papers of €31 million. In comparison, net cash used in financing activities for the six months ended June 30, 2022 was primarily related to the repayment of ELG debt for €(342) million and EIB loan tranches for €(13) million, purchase of treasury shares of €(100) million, €(78) million of dividend payments and €(6) million of lease payments, partly offset by €300 million of new term loan and additional drawing of commercial papers of €119 million.

## Equity

Equity attributable to the equity holders of the parent increased to €3,456 million as of June 30, 2023, compared to €3,385 million on December 31, 2022. This is primarily due to a net profit for the half year of €175 million and foreign currency translation differences of €50 million as Brazilian Real appreciated by 6% against Euro during the six months period, partly offset by dividend declaration of €(144) million.

## A strong focus on self-help measures

From the very beginning, Aperam has always pursued a strategy designed to reinforce the robustness of our business using self-help measures. We accomplish this by leveraging our in-house internal improvement measures continuously and by relying on our own resources. This has proven to be a successful strategy, one that supports our performance by reducing our reliance on external factors/resources.

As our key strategic priorities have proven their efficiency in terms of operating and financial performance over the past years, we will remain focused on achieving Phase 4 of the Leadership Journey® through a combination of cost reductions, growth and mix improvement measures.

The Leadership Journey® is an initiative aimed at achieving management gains, fixed and variable cost reductions, and increased productivity over the near and medium-term by enhancing the potential of our best performing assets. The Leadership Journey® is composed of a number of phases that can be broadly characterised as restructuring and cost cutting projects, upgrading best performing assets, transformation initiatives, and growth and mix improvements. Each phase is described in greater details below.

The completed Leadership Journey® initiatives by phase and total target gains:

Phase 1: 2011-2013 Restructuring & cost cutting <i>Completed</i>	Phase 2: 2014-2017 Upgrading best performing assets <i>Completed</i>	Phase 3: 2018-2020 Transforming the Company <i>Completed</i>
Launched at the early stage of the programme in 2011, the restructuring initiatives focused on the closure of non-competitive capacities and the reduction of fixed costs through, in particular, process simplification and major cost cutting investments.	Since the beginning of 2014, major projects were launched to help Aperam overcome bottlenecks in its downstream operations, improve its cost competitiveness, and enhance its product portfolio.	Launched in 2017, this phase of the journey aimed to transform the business and address the next generation needs of our customers by creating a modern, fully-connected and technology-enabled organisation. This was extended in early 2019 to consider cost reductions, including general procurement and raw material savings.
Total gains reached under Phase 1 and Phase 2: U.S.\$573 million		Total gains reached under Phase 3: €223 million

*Phase 4 of the Leadership Journey®: Combining growth, mix and cost improvements (ongoing)*

On November 4, 2020, Aperam announced Phase 4 of its Leadership Journey® with a cumulative target of €150 million gains for the period 2021 to 2023 via a combination of cost reductions, growth and mix improvement measures. This phase of the Leadership Journey®, comprises two stages. First, changes to our footprint to defend our cost leadership in Europe by bundling volumes and expertise at the most efficient lines. This forms a solid basis for the second stage where the resulting increase in productivity will be used for the mix improvement and growth pillars. We plan a total cash out of €90 million for Phase 4 which comprises

capex and any associated restructuring costs. As of June 30, 2023, Phase 4 of the Leadership Journey® reached €150 million of cumulated gains.

Structural cost	<ul style="list-style-type: none"> <li>– Cost leadership in Europe</li> <li>– Leadership Journey® (Phase 4)</li> <li>– Genk downstream ramp up</li> <li>– Footprint specialization</li> <li>– SG&amp;A improvement</li> </ul>
Growth	<ul style="list-style-type: none"> <li>– Top line strategy</li> <li>– Distribution growth</li> <li>– Alloys growth plan</li> <li>– Brazil growth</li> </ul>
Differentiation	<ul style="list-style-type: none"> <li>– ESG leadership</li> <li>– Strong balance sheet</li> <li>– Financial discipline</li> <li>– Value oriented M&amp;A approach</li> </ul>

**Structural cost:** Our new rolling lines in Genk - the lowest cost plant in Europe - will play a crucial part under this Phase and result in efficiency gains and considerable fixed cost reductions. In addition we target improvements in our SG&A costs as we start transforming us in a post-COVID-19 era.

**Growth in Specialties:** The footprint concentration and increasing the flexibility of our lines will also enable us to use specialized lines to further develop high value products. The new set-up is expected to accelerate our top line strategy. The growth components will to some degree materialize beyond 2023 and yield gains in addition to those included in the Phase 4 gains. Our growth initiatives include:

- To grow our sales of high margin value added niche products and replace low contribution margin products, we will continue to focus on developing innovative products through our research and development initiatives, while also leveraging our marketing and advertising efforts for wider promotion. This includes accelerating the stainless steel consumption in the Brazilian market.
- Our industrial footprint in Europe and South America is perfectly complemented by our global service centres and sales networks, which are part of our Services & Solutions segment. In a volatile market environment, we believe that the development of the Services & Solutions segment and the provision of better customer services are key to achieving financial and operational excellence. Our value-added services include cutting, polishing, brushing, forming, welding, pickling, annealing and packaging. We believe that further developing the Services & Solutions segment will not only drive additional value creation, it will also allow us to serve our customers more effectively.
- The Alloys & Specialties segment focuses on the design, production and transformation of various specialty alloys and certain specific stainless steels. These products are intended for high-end applications or to address very specific customer requirements across a broad range of industries, including oil and gas, aerospace, automotive, electronics, and petrochemical - to name only a few. We believe that the Alloys & Specialties segment has significant growth potential, especially in light of our R&D support and creative solutions we offer our customers. As an example, Aperam has launched in cooperation with Tekna, a leading actor in metallic powder manufacturing, a new company named ImphyTek Powders. It markets Nickel and Specialty Alloy spherical powders for advanced additive manufacturing technologies.

**Differentiation:** Our recognized Environmental-Social-Governance leadership, strong balance sheet, financial discipline, and value oriented M&A approach will come as a support to our cost and growth initiatives.



# Principal strengths and risks

## Principal strengths

We believe that our key strengths include:


### Sustainable by Design, Made for Life:

Aperam's commitment to sustainability is ingrained in our values and fully aligned with our mission to produce endlessly recyclable products in a responsible manner.








Aperam's commitment to sustainability is ingrained in our values and fully aligned with our mission to produce endlessly recyclable products in a responsible manner. Being the first stainless steel company to earn a ResponsibleSteel™ certification (for Aperam Stainless Europe in 2021) is reassurance to our stakeholders that we produce responsibly. With Aperam, our customers have selected a partner recognised as capable of delivering the highest standards of service, offering them responsibly produced solutions that are also 100% recyclable and low carbon – solutions that are much needed for the sustainable society we strive to live in.

We are determined to be a sector leader in environmental excellence, recording one of the best carbon footprint of our industry while also striving to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship.

Please refer to sections social and environmental responsibility of this report and to our sustainability reports for greater details.

  <p>Superior Products</p>	<p>Very long useful life    100% recyclable    Non toxic    Abrasion resistant    Corrosion resistant    Withstands fire &amp; acid    Mechanically strong    Aesthetic</p>
  <p>Renewable Energy</p>	<p>Our blast furnace in Brazil uses 100% charcoal as fuel – produced from our sustainably cultivated FSC®-certified forests</p>
  <p>Renewable Energy</p>	<p>Aperam's main output in Europe is recycled scrap (&gt; 80%)</p> <p>Our ELG Recycling division is a global leader in the trading, processing and recycling of raw materials</p> <p>Our Recyco unit recycles dust, sludge &amp; residues from us and third parties</p>

Our stainless steels are high added value material playing a key role in the energy transition.

	<b>e-Mobility solutions</b>	Aperam's solutions enable e-vehicle components such as converters, inverters, onboard-charges, motors, EPS, cooling systems, air conditioning systems, current sensors, charging stations, fuel cells and battery packs
	<b>Clean air</b>	Stainless and alloys help the marine transport sector minimizing emissions. Aperam offers scrubbing systems that remove over 90% of Sulphur and 80% of particles. Corrosion resistance grades with high mechanical properties are required
	<b>Cryogenic applications</b>	They require a material that can withstand very low temperatures. Aperam solutions (stainless and INVAR M93 LNG tanker) are specially designed for cryogenic storage, transporting natural gas, ethane, or ethylene; and handling liquefied air gases like nitrogen, oxygen and argon
	<b>Sustainable water supply</b>	Due to its inert nature, stainless is the material of choice for water supply (e.g. tanks and fountains, water boilers, sanitary piping systems, etc.) and water treatment (e.g. sewerage, distillation, desalination) applications
	<b>Solar power</b>	Alloys are resistant to heat, corrosion, fatigue, and creep. It is the ideal material for the receiver tubes used to ensure the flow of molten salt and for glass metal sealing. Stainless, is the material of choice for the structural and fixing elements used in solar power systems
	<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>Electrical steels enable high performing wind generators due to their high permeability.</li> <li>The magnetic properties of alloys convert and shape an electrical signal from generation to end use</li> <li>Anemometric towers built of stainless steel enjoy an increased life span, reduced maintenance costs, better safety</li> </ul>
	<b>The hydrogen economy</b>	Stainless steel and alloys are already used in a number of important hydrogen applications eg fuel cells, production and storage installations, and transportation*. Aperam is a big supporter of the shift to hydrogen and a proud member of HydrogenEurope

## Sustainability and Environment - Our Recycling & Renewables Division

Aperam benefits from the integration of former ELG as Aperam Recycling in our Recycling & Renewables Division on various levels, including lower costs, environmental improvement and growth. With more than 2,000 of our employees working in Aperam Recycling, the segment defends Aperam's cost leadership position with specific synergies identified. It also drives our environmental ambition by facilitating even higher uses of recycled materials, which lowers further our energy consumption and our Greenhouse Gas emissions. Aperam Recycling supports our growth potential and opens new areas for development within Aperam by closing the recycling loops, increasing the scrap volumes and by improving quality of our stainless steel and our Alloys and Specialties' superalloys. In Europe, Aperam also now benefits from a secure supply of our key strategic raw material, as we use more than 80% of scrap in our European operations.

In Brazil, we have a strong link to sustainable agriculture: our production process is 100% based on charcoal from our own sustainably cultivated eucalyptus forests, which is unique in the world and gives us one of the best carbon footprints globally. In Brazil, about 1,000 of our employees are employed in seedling, nursing and planting of eucalyptus trees. Our forest management is based on the best practices, recognized by the Forest Stewardship Council's (FSC®) certification, which standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility. As an example of our responsible forest management, we use the most ecological and advanced technologies to preserve our forests from diseases and fire. Beyond our environmental responsibility in Brazil, we are very proud to be recognised since our creation as one of the best companies to work for in the Brazilian steel industry. Thanks to our own Foundation, in Brazil, we are also very much engaged in the educational, cultural, environmental and social agendas of the communities where we operate.

## Performance - A competitive footprint in Europe and Brazil

Aperam's modern production facilities enable the Company to meet its customers' needs for stainless and specialty steel with a high level of operational efficiency.

In Europe, the Group benefits from high-quality and cost-efficient plants, including the largest and most recent electric arc furnace meltshop (Châtelet, Belgium), the largest hot rolling mill (Châtelet, Belgium), one of the largest cold rolling mills (Genk, Belgium) and LC2I, the best-in-class integrated rolling-mill (Isbergues, France). In January 2018, we announced a new investment project of €130 million at our Genk (Belgium) plant. This consists of adding a new cold rolling and a new annealing and pickling line to further facilitate the transformation of our business. With these state-of-the-art modern lines, which use the latest technology, we can enlarge our product range to include the most demanding applications, improve lead-times and our flexibility to meet market demands, increase the efficiency and cost competitiveness of our assets, and continuously enhance our health, safety and environmental impact. In May 2021, we announced the

investment in revamping the hot rolling mill for long products at Imphy and re-start of the Argon Oxygen Decarburization (AOD) converter project in Genk that was put on hold in 2019. Both projects, together with the planned specialties centre in Gueugnon, will further contribute to the reorientation of our product portfolio towards specialties.

To adapt to market conditions, shortly after its creation, Aperam restructured its downstream operations from 29 to 17 tools in Europe. As a result, Aperam has reached an optimal loading of its most efficient assets and is well positioned in Europe's core markets. To benefit from the long-term growth potential of the stainless and specialty steel market and further improve its cost competitiveness in a highly competitive environment, Aperam aims to continue improving its operational excellence and investing in its industrial asset base with Leadership Journey® initiatives (described in detail under the section "A strong focus on self-help measures").

In South America, Aperam is the only integrated producer of flat stainless and electrical steel. Our integrated production facility is based in Timóteo (Brazil), and produces a wide range of stainless, electrical steel and special carbon products. This production setup is unique, as it allows to switch flexibly between products and markets to maximise profitability.

Based on low levels of historical and apparent consumption per capita and a developing market for stainless steel, management foresees a substantial potential for growth in South America. In Brazil, Aperam continues to benefit from the actions of the Leadership Journey® and Top Line strategy, while the long-term growth prospects in terms of stainless steel consumption have remained intact.

### Key strengths of Aperam's European operations

Sourcing	Logistics	Production and innovation	Sustainability
The only integrated upstream operations in the heart of Europe, with the best access to scrap supply through our Recycling division	Best location to serve Europe's biggest consumption areas	Full range of innovative stainless steel products	<p>Aperam's main input in Europe is recycled scrap (&gt;80%)</p> <p>Our Recycling division with Aperam Recycling, BioEnergia and Recyco offers Aperam a leader's position in sustainability</p> <p>Our 4 main plants have been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard</p>
	Efficient logistics and working capital management	Flexibility and efficient capacity	
		A strategy to be a cost benchmark on key Aperam products	
		2 R&D centres	

## Key strengths of Aperam's Brazilian operations

Sourcing	Logistics	Production and Innovation	Sustainability
The only fully integrated stainless steel facility in South America, with access to iron ore and environmentally friendly charcoal produced from our own eucalyptus forests	Efficient logistics with integrated service centres	Full range of products, including flat stainless steel, electrical steel and special carbon	<p>Our blast furnaces in Brazil use only charcoal as fuel - produced from our sustainably cultivated FSC<sup>(C)</sup>-certified forests.</p> <p>Our main plant has been certified in accordance with the strict ESG criteria of the ResponsibleSteel<sup>TM</sup> standard</p>
	Only stainless steel producer in South America with best-in-class deliveries to customers	A flexible production route that allows Aperam to maximise its product mix	
	Flexible geographic sales capabilities within South America, allowing Aperam to optimise its geographic exposure	<p>An improving cost position compared to the industry benchmark and one that benefits from best practice benchmarking with European operations</p> <p>1 R&amp;D centre</p>	

## Value add and proximity to Customer - Our Geography and Our Distribution Network

Aperam's research and development activities are closely aligned with our strategy and focus on product and process development. The Group's Research and Development team comprises 144 employees (FTE) spread across two main centres in Europe (Isbergues and Imphy, France) and one main centre in Timóteo, Brazil. These centres interact closely with the Group's operating segments and partner with industrial end-users and leading research organisations to remain at the forefront of product development. Our research and development capabilities have contributed to both the Group's position as an industry leader and its development of long standing and recognisable brands. Aperam concentrates a significant portion of its research and development budget on high margin, value-added niche products, such as specialty alloys, and on developing products with enhanced capabilities for new applications and end markets. As our customers look to lower their carbon footprint, Aperam is present with a wide range of products answering the strong demand for more sustainability. Some of our solutions are highlighted below.

The Company is the second largest producer in Europe, and the leading stainless and specialty steel producer in South America. Aperam is well-positioned in both developed and emerging markets. At the Group

level, approximately 74% of Aperam's sales are derived from developed markets and 26% from emerging markets.

Aperam has a strong presence in the European stainless steel market. Not only are the Group's modern production facilities in Belgium and France strategically located close to scrap generating regions, they are also close to the Group's major customers. Aperam's European industrial operations have consistently maintained high performance standards through the optimisation of production volumes, inventory and costs.

The Group also has a highly integrated and technically advanced service centre and distribution network that is effective at maintaining direct contact with end-users through its strong sales and marketing capabilities.

Aperam's integrated stainless and specialty steel sales, distribution and service networks has a total of 15 Steel Service Centres, 5 transformation facilities and 15 sales offices, and is one of the largest in the world. This network, along with its best-in-class service, allows the Group to develop customer loyalty and a consistent and stable customer base, while also capturing additional value in downstream operations. The Group's distribution channels are strategically located in areas of high demand and close to many end-users. The Group's global distribution network enables it to tailor its products to address specific customer needs, thereby facilitating the maintenance of our market share and the capturing of growth opportunities. The Group's customer base is well diversified, consisting of a number of blue chip clients.

### **Our Premium Products - Alloys and Stainless Specialties**

Aperam offers a wide range of products, including high margin value-added niche products to a diversified customer base in both emerging and developed markets. It is this diverse product offering, sold to a wide range of customers across numerous industries, that allows the Group to enjoy greater stability and to mitigate some of the risks and cyclicity inherent in certain markets.

The Group's products are mainly sold to end-users in the automotive, building and construction, catering and appliance, energy and chemicals, and transportation industries. Our electrical steel products are primarily sold to customers in the electric motors, generators and transformers industries. We are the fourth largest global producer of specialty alloys and the largest producer of alloys wire rods and strips, which are sold to customers in the aerospace, automotive, electronics, petrochemical, and oil & gas industries. As previously mentioned, Aperam is also engaged in the Nickel and Specialty Alloy spherical powders for advanced additive manufacturing and metal injection molding technologies through its JV ImphyTek Powders SAS.

# Summary of Principal risks and uncertainties related to the Company and the stainless and specialty steel industry

The following major factors could cause actual results to differ materially from those discussed in the forward-looking statements included throughout this Interim Financial Report.

- Macro-economic & geopolitical risks indirectly impacting Aperam
- The risks of nickel price fluctuation, raw material price uncertainty, material margin squeeze, over dependency of main suppliers and electricity
- Fluctuations in currency exchange rates
- Litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, health & safety)
- Risks of lack of competitiveness of the workforce costs, of losing key competencies and inability of attracting new key competencies, and social conflicts
- Customer risks in respect to default and credit insurance companies refusing to ensure the risks
- Cybersecurity risks
- Risk of production equipment breakdown, delays in investments ramp-ups, risk of disruption of operations and supply chain, and lack of energy availability

These factors are discussed in more detail in the “Principal risks and uncertainties related to the Company and the stainless and specialty steel industry” section of our Annual Report 2022.



*Our Sustainability reports are issued on a yearly basis ahead of the Annual General Meeting of shareholders and available on Aperam's website [www.aperam.com](http://www.aperam.com) under section "Sustainability" > "Essentials" > "Sustainability reports" and highlight the key pillars of our Sustainability roadmap: [Link](#).*

## Corporate responsibility and Governance

Aperam's commitment to sustainability is ingrained in our values of Leadership, Ingenuity and Agility, fully aligned with our mission to produce endlessly recyclable products in a responsible manner and embedded in our business model.

We are determined to be a sector leader in environmental excellence, recording the best carbon footprint of our industry while also striving to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship.

Our Sustainability roadmap is threefold and fully embedded in our business model.

## Social Responsibility

### Our commitment to a safe and healthy workplace

The health and safety of all the people who work for and with Aperam is our top priority with an objective of Zero fatalities, zero injuries. Our first duty as an employer is to ensure that no one working for Aperam suffers any harm from her or his work. For this reason, all Aperam Group teams work in unison to make sure that appropriate mindsets and procedures (including certifications such as ISO 45001) are always in place everywhere in the organisation and that this commitment is also reflected in the personal objectives allocated to each Aperam employee. Furthermore, we continue to work on programmes to support the health and well-being of our employees.

Health and Safety remained as a top priority within the organisation during the first half of 2023, with a strict implementation of our new H&S Paradigm. This paradigm consists out of 4 pillars: Just Culture, a 'No-Repeat' policy, Employee Involvement and physical & mental Well-Being.

To monitor our health and safety performance, the Company uses the "Lost Time Injury Frequency rate" (LTIF) indicator, a key metric that measures the time lost due to injuries per 1,000,000 worked hours. In the first half of 2023, including Aperam Recycling, our LTIF rate was 2.4x compared to 3.2x in the first half of 2022. Focus had been on hand injuries and machinery safety/isolation.



**More details on our social responsibility can be found in our Sustainability reports available on [www.aperam.com](http://www.aperam.com), section “Sustainability” > “Essentials” > “Sustainability Reports” ([Link](#)).**

### **People development and motivation**

We believe that our employees' added-value appreciate over time with an expertise that is constantly being enhanced with on-the-job experience and training, and greater autonomy - all this is essential to continuous innovation and efficiency.

This is why monitoring the performance of our workforce over time, with yearly routines to touch base and well defined training needs, is so essential. Experienced employees also help with onboarding newcomers via a structured mentoring process or simply day-to-day on-the-job training. But to do that with perfect efficiency, we have expanded the coverage of the Learning Management module of our People Management Information System and just launched a new module to handle recruitment and boost internal mobility.

This way, we can optimise the various learning opportunities provided to our teams, integrate more employees on the Performance Management module for an efficient feedback process and develop our new culture of continuous capacity building.

But to define the right career paths for our people, we also need to be active listeners and use the results of our regular all-employee Climate surveys to improve further our work conditions and maintain our ranking as one of the best employers in the industry. In Brazil, we are regularly recognised by Guia Você as one the best companies to work in for the steel industry and in France, the Capital magazine also rate us among the best employers of the 'Heavy Industry & Metals' sector.

More details regarding Social Relations and Diversity and Inclusion and other Social programs are published in our yearly sustainability reports and on our website [www.aperam.com](http://www.aperam.com) under section “Sustainability”>”Social”. For further information regarding sustainability, please refer to our yearly “Made for Life” reports.

## **Corporate Governance and Stakeholder relationships**

Aperam aims to continuously improve its Corporate Governance in line with its vision of Corporate citizenship, ethics and responsibility. We are committed to monitor and anticipate legal requirements, adopt state-of-the-art practices in corporate governance and adjust our controls and procedures where necessary.

We comply with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

Please refer to the “Corporate Governance” section of Aperam’s Annual Report 2021 for a complete overview. Aperam’s Annual Report is available at [www.aperam.com](http://www.aperam.com) under the "Investors" > “Reports & Presentations” > " Financial Reports" ([Link](#)).

The purpose of the present section is solely to describe the events and changes affecting Aperam’s corporate governance between December 31, 2022, and June 30, 2023.

# Corporate Governance

## Composition of the Board of Directors

On May 2, 2023, the Annual General Meeting of Shareholders approved the re-election of Dr. Ros Rivaz and Mr. Alain Kinsch as Members of the Board of Directors of Aperam for a three year term. Please refer to the biographical information part of the shareholder meeting material available at [www.aperam.com](http://www.aperam.com) under the “Investors” > “Equity Investors” > “Annual General Meeting” > “2 May 2023 - General Meetings of Shareholders” ([Link](#)).

The members of the Board of Directors, as well as their memberships to the Board's Committees as of issue of this report, are set forth below.

Name	Position within Aperam <sup>(2)</sup>	Date joined Board	Term expires
Mr. Lakshmi N. Mittal	Chairman of the Board of Directors	December 2010	May 2025
Dr Ros Rivaz <sup>(1)</sup>	Lead Independent Director	May 2020	May 2026
Mrs. Bernadette Baudier <sup>(4)</sup>	Director	May 2019	May 2025
Mr. Sandeep Jalan	Director	November 2020	May 2024
Mrs. Roberte Kesteman <sup>(1) (2)</sup>	Director	May 2022	May 2025
Mr. Alain Kinsch <sup>(2) (3)</sup>	Director	May 2020	May 2026
Mr. Aditya Mittal	Director	December 2010	May 2025

**Notes:**

(1) Member of the Remuneration, Nomination and Corporate Governance Committee

(2) Member of the Audit and Risk Management Committee

(3) Chair of the Remuneration, Nomination and Corporate Governance Committee

(4) Chair of the Audit and Risk Management Committee

## Information related to the shares of the Company

### Authorisation of grants of share-based incentives

On May 2, 2023, the Annual General Meeting of Shareholders authorised the Board of Directors to issue up to 350,000 of the Company's fully paid-up ordinary shares under the Leadership Team Performance Share Unit Plan (hereinafter "LT PSU Plan"). Awards under the LT PSU Plan are subject to the fulfilment of cumulative performance criteria over a three-year period from the date of the PSU grant. Such criteria include as from 2022 onward also Environmental, Social and Governance related targets in addition to relative Earnings Per Share and Total Shareholder Return targets. The details of the LT PSU Plan are described in the convening notice, as well as in an explanatory presentation available at [www.aperam.com](http://www.aperam.com) under the "Investors" > "Equity Investors" > "Annual General Meeting" > "2 May 2023 - General Meetings of Shareholders" ([Link](#)).

### Authorisation for cancellation of shares and reduction of issued share capital

On May 2, 2023, the Extraordinary General Meeting authorised the Board of Directors to cancel all the shares repurchased by the Company under its share buyback programs announced on February 11, 2022 and May 6, 2022, up to a maximum of 5,811,848 shares while amending the articles of association, reducing or cancelling the relevant reserves in consequence and approving the required delegations. Please refer to section "Earnings distribution" of this Interim Management Report for more details regarding the share buyback program.

### Renewal of the authorisation of the Board of Directors of the Company and of the corporate bodies of other companies in the Aperam group to acquire shares in the Company

On May 2, 2023, the Annual General Meeting of Shareholders decided (a) to terminate with effect as of the date of the General Meeting the authorisation granted to the Board of Directors by the General Meeting of Shareholders held on May 4, 2022 with respect to the share buy-back programme, and (b) to authorise, effective immediately after this Annual General Meeting, the Board of Directors of the Company and the corporate bodies of the other companies in the Aperam group in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "Law"), to acquire and sell shares in the Company in accordance with the Law and any other applicable laws and regulations, including but not limited to entering into off-market and over-the-counter transactions and to acquire shares in the Company through derivative financial instruments.

The authorisation will allow the Company to hold or repurchase shares not exceeding 10% of the Company's issued share capital. The present authorisation is valid for a period of five (5) years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of such five-year period. The full details of the authorisation are available in the convening notice at [www.aperam.com](http://www.aperam.com) under the "Investors" > "Equity Investors" > "Annual General Meeting" > "2 May 2023 - General Meetings of Shareholders" ([Link](#)).

### Shareholding notifications with reference to Transparency Law requirements

With reference to the law and Grand-Ducal regulation of January 11, 2008, on transparency requirements for issuers of securities (Transparency Law) and to shareholding notifications for crossing the threshold of 5% voting rights, such notifications are available in the Luxembourg Stock Exchange's electronic database OAM on [www.bourse.lu](http://www.bourse.lu) and on the Company's website ([www.aperam.com](http://www.aperam.com)) under the "Investors" > "Equity Investors" > "Share Capital & Voting Rights" section ([Link](#)).

### Designated person notifications with reference to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulations)

With reference to Article 19(3) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulations) and to notifications of share transaction by Designated Persons (i.e. Directors or Executive Officers), such notifications are available in the Luxembourg

Stock Exchange's electronic database OAM on [www.bourse.lu](http://www.bourse.lu) and on [www.aperam.com](http://www.aperam.com) under "Investors" > "News & Contact" > "Managers' Transactions" section ([Link](#)).

## Our environmental responsibility

**Aperam has a state-of-the art CO<sub>2</sub> footprint in the stainless steel industry<sup>1</sup>.**

**Our performance primarily stems from our European production route based on stainless steel scrap, combined with our Brazilian route relying solely on a eucalyptus-based charcoal that is responsibly produced by Aperam BioEnergia unit, as a renewable substitute for extractive coke. This already remarkably low footprint is further lightened with major yearly carbon removals operated by BioEnergia Brazilian sustainable forests.**

**As a result, the full recyclability of our products, combined with our reliable and safe production process makes Aperam's products a key building block for a sustainable future and a perfect example of circular economy, all the more so since we integrated the former ELG company as a major asset in our Aperam Recycling & Renewable Division.**

In the first half of 2023, we announced two major developments as part of our Renewables & Recycling strategy:

- the incorporation of the Botanickel company, a joint-venture founded with Econick, a spin-off of France's University of Lorraine that specialises in phytoextraction sciences. Announced in February 2023, the company seeks to become a world leader in the responsible and sustainable production of renewable bio-sourced nickel for the stainless steel industry (see Press Release [here](#)).
- Aperam's expansion in the forest business, with the conclusion of a joint-venture aiming at developing our agroforestry for charcoal production with Ferbasa - one of the world's leading producer of ferroalloys (see Press Release [here](#)).

## Sustainable production processes

Metallurgy is a heavy industry requiring huge power and hazardous substances to transform raw materials into the precise blend of alloys requested by our clients. As we aim for environmental excellence independently of evolving regulatory standards, resource-efficiency topics (energy, materials, water) rank high on our priority list, which also covers such key areas as water discharge, waste management and recyclability.

This explains why we have a continuous improvement mindset and defined ambitious 2030 improvement targets (see below).

---

<sup>1</sup> Scope 1 and 2. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

### Our 2030 environmental objectives, are as follows :

- **30% CO<sub>2</sub>e intensity reduction (scopes 1 +2) vs. 2015;**  
*This is a new effort on top of the previous target of 35% reduction realized in 2020 vs. 2007*
- **11% Energy intensity (electricity and natural gas) reduction vs. 2015;**
- **70% Dust emissions intensity reduction vs. 2015;**
- **40% Water intake reduction vs. 2015**
- **>97% reuse/recycle performance, aiming at a long-term target of 100%**

### Climate Change and CO<sub>2</sub>e leadership

Today already, our state-of-the-art carbon footprint (scope 1 and 2), over twice better than ISSF's average, is based on our leveraging of the best available techniques. On the Brazilian side, our blast furnace plant is fuelled with charcoal (biomass) from Aperam BioEnergia, our eucalyptus forestry, which is a natural and renewable substitute for fossil fuels (coke). On the European side, our electric arc furnaces leverage locally available scrap material instead of extractive raw materials, generating a much lower level of CO<sub>2</sub> emissions than traditional blast furnaces.

But we aim to progress further, and we have been using an internal price of CO<sub>2</sub> since 2016 in order to incentivize the teams to integrate this aspect in every investment project and look for innovative solutions also addressing our scope 3 emissions (see for example the previous page with the Botanickel joint-venture). Likewise, our 2030 objective and important share of renewable energy are only first steps towards our long-term objective of carbon neutrality by 2050. Across the entire company, we have dedicated projects and teams trying to reach our ambitious Company targets and preparing the long-term action plan in line with our vision.

### *Aperam is well on track to fulfil its 2030 CO<sub>2</sub> commitments :*

- *In the first semester of 2023, at our Châtelet unit in Belgium, we advanced the HECO<sub>2</sub> with the launch of the preliminary testing phase for the first axis of the study (electrification).*
- *On top, Aperam further developed its best in class forest management in Brazil, with land acquisitions (see also the previous page with the joint-venture with Ferbasa) that aim to increase the production capacity of our BioEnergia unit to offer renewable charcoal and consolidate our CO<sub>2</sub> forest sequestration.*



### BioEnergia and Carbon Sequestration

In Brazil, we have unique capability to produce stainless and specialty steel from low cost biomass (charcoal) produced by Aperam BioEnergia with the timber from its eucalyptus forests. The charcoal produced at BioEnergia is used in our steel-making process as a natural and renewable substitute for fossil fuels (coke). This allows us to entirely eradicate the use of extractive coke and makes our stainless steel a leader in terms of CO<sub>2</sub>e footprint (scope 1+2).

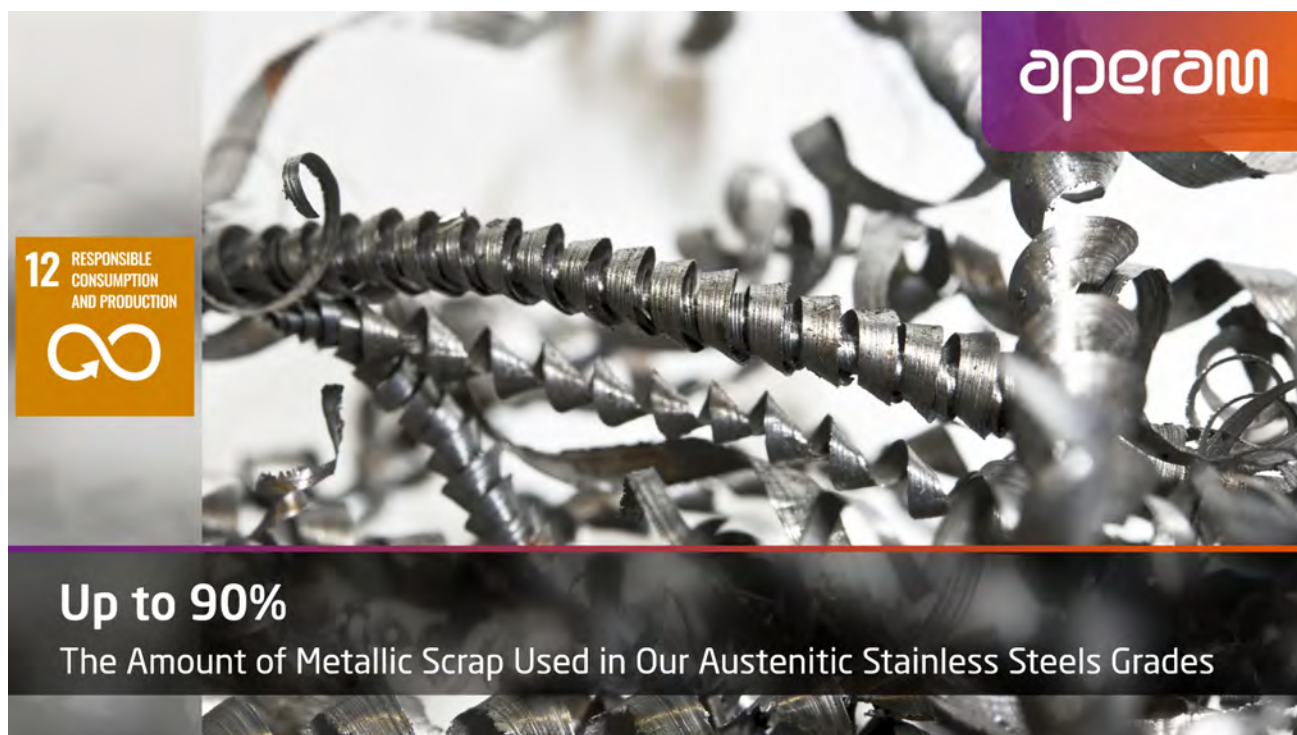
In addition, since 2021, we have had certified externally the accruals in carbon sequestration operated by our forestry in Brazil, both on the cultivated parcels and on the preservation areas of native forest that are also a haven for biodiversity. In 2021 and 2022, the impact of this yearly sequestration<sup>2</sup> was two fifth of the total group Greenhouse Gas emissions (scope 1+2) and grants Aperam's South American operations a virtually net-zero GHG footprint on the same scope. This is made possible on the cultivated parcels thanks to the increase of wood density per square meter year on year thanks to the technical knowledge and excellence of the BioEnergia team.

This powerful carbon offset is mainly related to the best-in-class (FSC-certified) forestry management of BioEnergia, including the careful genetic selection of the specific breeds of eucalyptus able to adapt to the local conditions while producing the highest density wood for a state-of-the-art charcoal production.

Such carbon offsetting will be instrumental as part of Aperam's neutrality roadmap, as a complement to the active decarbonization of our steelmaking process.

<sup>2</sup> including the sequestration operated by the Oikos park, in Timóteo.





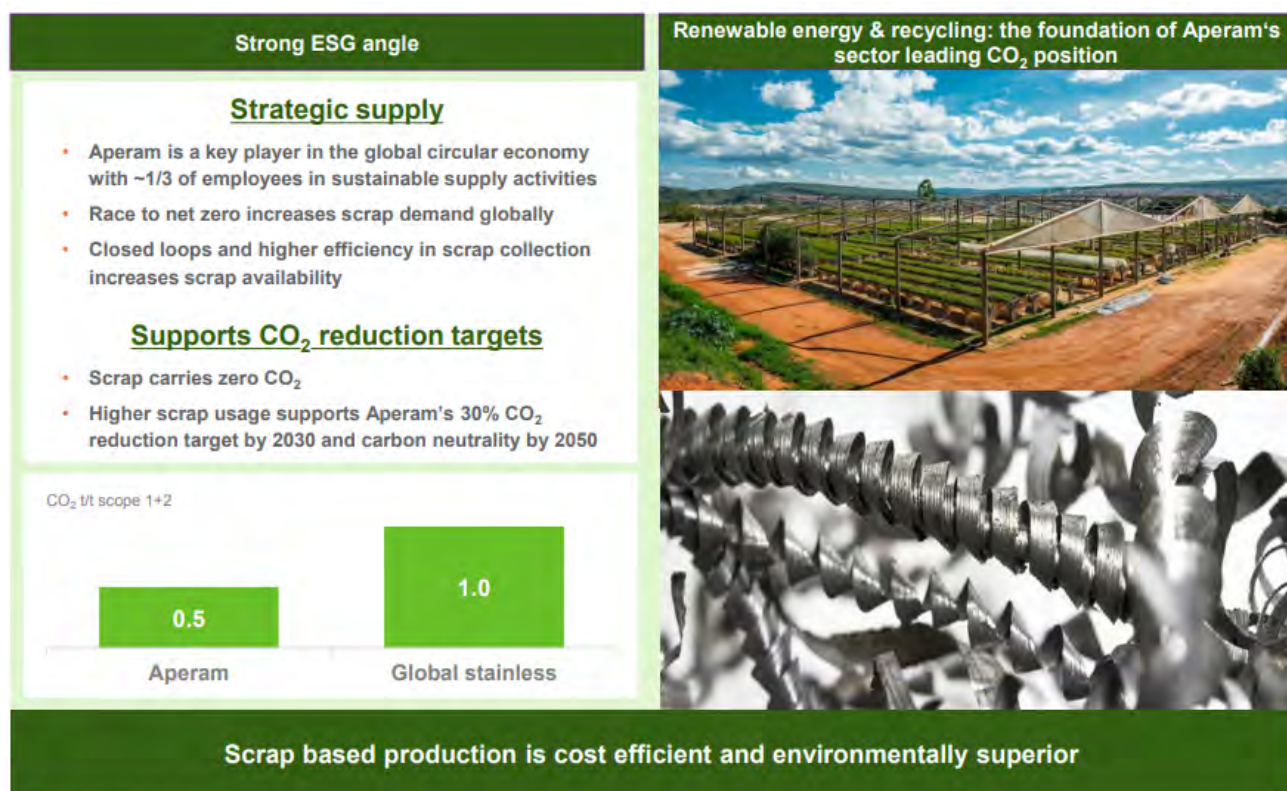
### Scrap recycling and circular economy at the core of Aperam's growth strategy

Steel is an endlessly reusable product, meaning it is an input in both our industrial process and our end products. Our scrap ratio can reach an average of 90% for some European grades. This is a unique property, and one that Aperam is fully committed to optimising. But as an active promoter of a circular economy, we do not only recycle scrap into our production but also upcycle such external wastes as tires and cans and we take part in the recycling loop for many other materials like electrodes and refractories.

In addition, thanks to the acquisition of ELG, now Aperam Recycling, we can increase our scrap ratio in our European Steel mills by producing special blends for grades that have constraints for elements like copper, cobalt, phosphorus, as well as for grades in which the final Nickel content is far above or below the proportion in normal stainless austenitic scrap. This allows us to align our innovation programs for better scrap sorting at our own mill sites, our customers' sites and at Aperam Recycling sites. The ultimate result will be better scrap quality, especially for high alloyed grades."

Overall, investing in sustainable recycling will further improve Aperam's leading environmental footprint and support the company's CO<sub>2</sub>e reduction targets. The transaction also enables Aperam to improve its input mix and to expand into the supply of raw materials





Source: Aperam, SMR, ISSF

### Pollution prevention and biodiversity protection

In addition to our responsibility towards future generations, we also ensure that we are always ready to address immediate emergencies, such as fire and pollution. We do this through specific industrial risk projects, risk audits, regular training and on-site simulations. At our main sites, these exercises are periodically set up with local authorities to assess the efficiency of our procedures for informing and protecting local communities. We also closely manage our effluents, especially our dust emissions, which are inconvenient to surrounding communities, as well as our water discharge quality. Besides, we conduct periodic and complementary soil and noise analyses.

At our scrap yards, we monitor closely any radioactivity alerts and ensure our teams are trained to address any relevant anomaly.

More special in our industry is our focus on biodiversity.

We are proud of our Brazilian FSC-certified forestries and their ability to combine efficient plantation management (using biological pest control) with a well-applauded programme for protecting local flora and fauna, including large mammals. Not only does it not contribute to deforestation whatsoever, in line with our policy, but it also covers the protection and maintenance of large reservation areas of local flora, much beyond the local requirements, includes specific programs aiming at developing beekeeping activities amongst local communities and remains particularly attentive to the quality of the soil as a sound and balanced ecosystem.

In Europe, our main plants are mostly located in long-artificialised areas, but they initiated biodiversity assessment, elected mascots to raise awareness locally and strive to develop targeted protection programs with local experts.

### Provision of water- and energy-efficient steel solutions in line with United Nations' Sustainable Development Goals

Within our responsibility to the environment, we are also committed to propose energy-efficient and water-saving steel products capable of helping society to solve global environmental challenges including biodiversity preservation. Stainless steel's endless recyclability, durability and mechanical resistance make it the perfect fabric of a sustainable society, opening up new opportunities for Aperam.

Our products are used in a number of energy efficient applications by our industrial customers, thereby contributing to the United Nations' Sustainable Development Goals 3, 5, 6, 7, 9, 12, 13, 15 and 16 Health & Safety; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Industry; Innovation and infrastructure; Sustainable cities and communities; Responsible Consumption and Production; Climate Action; Peace, justice and strong institutions.

**More details on our environmental responsibility can be found in our Sustainability reports available on [www.aperam.com](http://www.aperam.com), section "Sustainability" > "Essentials" > "Sustainability Reports" ([Link](#)).**



# Related Party Transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to the Interim Condensed Consolidated Statement of Operations for the six months ended June 30, 2023, and to Note 24 to the Consolidated Financial Statements as of December 31, 2022, for further details.



# **Aperam, Société Anonyme**

## **Interim Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2023**



Verrière Hôtel de la Marine, Paris - Agence 2BDM et Hugh Dutton Associés/HDA © Nicolas Trouillard  
Executed using grade Aperam 304L with Uginox Meca 7D (Mirror polish)

# Aperam, Société Anonyme

Interim Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2023

**Aperam S.A.**  
***Société Anonyme***

24-26 Boulevard d'Avranches L-1160 Luxembourg  
R.C.S. Luxembourg B 155.908

# Responsibility statement

We confirm to the best of our knowledge that:

1. the Interim Condensed Consolidated Financial Statements of Aperam presented in this Interim Financial Report 2023, prepared in conformity with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, and results of Aperam and the undertakings included within the consolidation taken as a whole as of June 30, 2023, and for the six months period then ended; and
2. the interim management report includes a fair review of the development and performance of the business and position of Aperam and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board of Directors  
July 26, 2023

Member of the Board of Directors, Chair of the Audit and Risk Management Committee  
Bernadette Baudier

Chief Executive Officer  
Timoteo Di Maulo

Chief Financial Officer  
Sudhakar Sivaji

# Aperam

## Interim Condensed Consolidated Statement of Operations

(in millions of Euros except share and per share data)

	Six months ended June 30,	
	2023	2022
Sales (Note 2) (including 48 and 87 of sales to related parties in 2023 and 2022, respectively)	3,578	4,722
Cost of sales (Note 3) (including depreciation and amortisation of 95 and 90, and purchases from related parties of 216 and 277 for 2023 and 2022, respectively)	(3,292)	(3,958)
<b>Gross margin</b>	<b>286</b>	<b>764</b>
Selling, general and administrative expenses	(151)	(142)
<b>Operating income (Note 2)</b>	<b>135</b>	<b>622</b>
Financing costs, net	85	44
<b>Income before taxes</b>	<b>220</b>	<b>666</b>
Income tax expense (Note 4)	(44)	(162)
<b>Net income (including non-controlling interests)</b>	<b>176</b>	<b>504</b>
Net income attributable to Equity holders of the parent	175	504
Net income attributable to Non-controlling interests	1	—
<b>Net income (including non-controlling interests)</b>	<b>176</b>	<b>504</b>
<b>Earnings per common share (in Euros):</b>		
Basic	2.43	6.57
Diluted	2.41	6.55
<b>Weighted average common shares outstanding (in thousands):</b>		
Basic	72,195	76,602
Diluted	72,722	76,943

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*



# Aperam

## Interim Condensed Consolidated Statement of Comprehensive Income / (Loss)

(in millions of Euros)

	Six months ended June 30,	
	2023	2022
<b>Net income (including non-controlling interests)</b>	<b>176</b>	<b>504</b>
<b>Items that cannot be recycled to the consolidated statement of operations:</b>		
Remeasurement of defined benefit obligation during the period, net of tax expense of nil and 5 for 2023 and 2022, respectively	(1)	28
<b>Items that can be recycled to the consolidated statement of operations:</b>		
Cash flow hedges:		
Gain (loss) arising during the period, net of tax expense of (4) and 10 for 2023 and 2022, respectively	(9)	34
Reclassification adjustments for gain included in the consolidated statement of operations, net of tax expense of 3 and 16 for 2023 and 2022, respectively	(10)	(47)
<b>Total cash flow hedges</b>	<b>(19)</b>	<b>(13)</b>
Exchange differences arising on translation of foreign operations, net of tax expense of nil and nil for 2023 and 2022, respectively	50	122
<b>Total other comprehensive income</b>	<b>30</b>	<b>137</b>
<b>Total other comprehensive income attributable to:</b>		
Equity holders of the parent	30	137
Non-controlling interests	—	—
<b>Total other comprehensive income</b>	<b>30</b>	<b>137</b>
<b>Net comprehensive income</b>	<b>206</b>	<b>641</b>
<b>Net comprehensive income attributable to:</b>		
Equity holders of the parent	205	641
Non-controlling interests	1	—
<b>Net comprehensive income</b>	<b>206</b>	<b>641</b>

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# Aperam

## Interim Condensed Consolidated Statement of Financial Position

(in millions of Euros)

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	429	457
Restricted cash	3	—
Trade accounts receivable (including 11 and 8 from related parties at June 30, 2023 and December 31, 2022, respectively)	492	454
Inventories (Note 5)	2,560	2,592
Prepaid expenses and other current assets (Note 6)	148	154
Income tax receivable	9	13
<b>Total current assets</b>	<b>3,641</b>	<b>3,670</b>
<b>Non-current assets:</b>		
Goodwill and intangible assets	456	451
Biological assets	77	51
Property, plant and equipment	1,907	1,859
Investments in associates, joint ventures and other investments	2	3
Deferred tax assets	90	101
Other assets	120	122
<b>Total non-current assets</b>	<b>2,652</b>	<b>2,587</b>
<b>Total assets</b>	<b>6,293</b>	<b>6,257</b>

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# Aperam

## Interim Condensed Consolidated Statement of Financial Position

(in millions of Euros)

	June 30, 2023	December 31, 2022
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt including current portion of long-term debt (Note 7)	260	258
Trade accounts payable (including 37 and 64 from related parties at June 30, 2023 and December 31, 2022, respectively)	1,164	1,175
Short-term provisions	21	26
Accrued expenses and other liabilities	409	379
Income tax liabilities	15	21
<b>Total current liabilities</b>	<b>1,869</b>	<b>1,859</b>
<b>Non-current liabilities:</b>		
Long-term debt, net of current portion (Note 7)	630	667
Deferred tax liabilities	133	131
Deferred employee benefits	136	136
Long-term provisions	58	63
Other long-term obligations	4	9
<b>Total non-current liabilities</b>	<b>961</b>	<b>1,006</b>
<b>Total liabilities</b>	<b>2,830</b>	<b>2,865</b>
<b>Equity (Note 8):</b>		
Common shares (no par value, 87,810,071 and 88,100,042 shares authorised, 78,036,688 and 79,996,280 shares issued and 72,249,207 and 72,183,690 shares outstanding as of June 30, 2023 and December 31, 2022, respectively)	409	419
Treasury shares (5,787,481 and 7,812,590 common shares as of June 30, 2023 and December 31, 2022, respectively)	(194)	(296)
Share premium	1,005	1,095
Retained earnings	2,781	2,742
Accumulated other comprehensive loss	(545)	(575)
<b>Equity attributable to the equity holders of the parent</b>	<b>3,456</b>	<b>3,385</b>
Non-controlling interests	7	7
<b>Total equity</b>	<b>3,463</b>	<b>3,392</b>
<b>Total liabilities and equity</b>	<b>6,293</b>	<b>6,257</b>

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

**Aperam**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
(in millions of Euros, except share data)

	Shares <sup>(1)</sup>	Accumulated other Comprehensive Income (Loss)								Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
		Share capital	Treasury shares	Share premium	Retained earnings	Foreign currency translation adjustments	Unrealised gains / (losses) on derivatives financial instruments	Unrealised gains / (losses) on equity instruments at Fair Value through OCI	Recognised actuarial gains / (losses)			
<b>Balance at January 1, 2022</b>	<b>77,905</b>	<b>419</b>	<b>(106)</b>	<b>1,097</b>	<b>2,253</b>	<b>(713)</b>	<b>2</b>	<b>—</b>	<b>(7)</b>	<b>2,945</b>	<b>8</b>	<b>2,953</b>
Net income	—	—	—	—	504	—	—	—	—	504	—	504
Other comprehensive income (loss)	—	—	—	—	—	122	(13)	—	28	137	—	137
Total comprehensive income (loss)	—	—	—	—	504	122	(13)	—	28	641	—	641
Recognition of share based payments	91	—	5	(2)	—	—	—	—	—	3	—	3
Dividends (Note 8)	—	—	—	—	(156)	—	—	—	—	(156)	(1)	(157)
Purchase of treasury shares (Note 8)	(2,312)	—	(100)	—	—	—	—	—	—	(100)	—	(100)
Other movements	—	—	—	—	6	—	—	—	—	6	—	6
<b>Balance at June 30, 2022</b>	<b>75,684</b>	<b>419</b>	<b>(201)</b>	<b>1,095</b>	<b>2,607</b>	<b>(591)</b>	<b>(11)</b>	<b>—</b>	<b>21</b>	<b>3,339</b>	<b>7</b>	<b>3,346</b>
<b>Balance at January 1, 2023</b>	<b>72,184</b>	<b>419</b>	<b>(296)</b>	<b>1,095</b>	<b>2,742</b>	<b>(618)</b>	<b>19</b>	<b>—</b>	<b>24</b>	<b>3,385</b>	<b>7</b>	<b>3,392</b>
Net income	—	—	—	—	175	—	—	—	—	175	1	176
Other comprehensive income (loss)	—	—	—	—	—	50	(19)	—	(1)	30	—	30
Total comprehensive income (loss)	—	—	—	—	175	50	(19)	—	(1)	205	1	206
Recognition of share based payments	65	—	2	—	—	—	—	—	—	2	—	2
Dividends (Note 8)	—	—	—	—	(144)	—	—	—	—	(144)	(1)	(145)
Cancellation of shares (Note 8)	—	(10)	100	(90)	—	—	—	—	—	—	—	—
Other movements	—	—	—	—	8	—	—	—	—	8	—	8
<b>Balance at June 30, 2023</b>	<b>72,249</b>	<b>409</b>	<b>(194)</b>	<b>1,005</b>	<b>2,781</b>	<b>(568)</b>	<b>—</b>	<b>—</b>	<b>23</b>	<b>3,456</b>	<b>7</b>	<b>3,463</b>

<sup>(1)</sup> Number of shares denominated in thousands, excludes treasury shares.

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# Aperam

## Interim Condensed Consolidated Statement of Cash Flows

(in millions of Euros)

	Six months ended June 30	
	2023	2022
<b>Operating activities:</b>		
Net income	176	504
<b>Adjustments to reconcile net income to net cash provided by operations and payments:</b>		
Depreciation and amortisation	95	90
Net interest expense	6	6
Income tax expense (Note 4)	44	162
Net write-downs of inventories to net realisable value (Note 5)	85	104
Unrealised gains on derivative instruments	(60)	(160)
Unrealised foreign exchange effects, other provisions and non-cash operating (income)/expenses, (net)	(80)	16
<b>Changes in operating working capital:</b>		
Trade accounts receivable	(38)	(216)
Trade accounts payable	(22)	312
Inventories	39	(587)
<b>Changes in other operating assets, liabilities and provisions:</b>		
Interest paid, (net)	(4)	(1)
Income taxes paid	(29)	(42)
Other working capital movements and provisions movements	(11)	(22)
<b>Net cash provided by operating activities</b>	<b>201</b>	<b>166</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment and intangible assets (CAPEX)	(102)	(92)
Purchase of biological assets and other investing activities, (net)	(13)	(7)
<b>Net cash used in investing activities</b>	<b>(115)</b>	<b>(99)</b>
<b>Financing activities:</b>		
Net payments of short-term debt	(11)	(34)
Proceeds from long term debt, net of debt issuance costs	—	299
Payments of long term debt	(24)	(201)
Purchase of treasury shares (Note 8)	—	(100)
Dividends paid	(72)	(78)
Payment of principal portion of lease liabilities and other financing activities, (net)	(8)	(6)
<b>Net cash used in financing activities</b>	<b>(115)</b>	<b>(120)</b>
Effect of exchange rate changes on cash and cash equivalents	1	14
Net decrease in cash and cash equivalents	(28)	(39)
<b>Cash and cash equivalents :</b>		
At the beginning of the period	457	524
At the end of the period	429	485

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# SUMMARY OF NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 1:** Nature of business, basis of presentation and consolidation

**Note 2:** Segment reporting

**Note 3:** Cost of sales

**Note 4:** Income tax

**Note 5:** Inventories

**Note 6:** Prepaid expenses and other current assets

**Note 7:** Short-term and long-term debt

**Note 8:** Equity

**Note 9:** Financial Instruments

**Note 10:** Commitments

**Note 11:** Contingencies

**Note 12:** Subsequent events

## NOTE 1: NATURE OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION

### Nature of business

Aperam *Société Anonyme* ("Aperam") was incorporated in Luxembourg on September 9, 2010 to own certain operating subsidiaries of ArcelorMittal *Société Anonyme* ("ArcelorMittal") which primarily comprised ArcelorMittal's stainless steel and specialty alloys business. This business was transferred to Aperam prior to the distribution of all its outstanding common shares to shareholders of ArcelorMittal on January 26, 2011. Collectively, Aperam together with its subsidiaries are referred to in these interim condensed consolidated financial statements as the "Company" (or "the Group"). The Company's shares have been trading on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011, and Brussels (Euronext) since February 16, 2017.

### Accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2022. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.



## NOTE 2: SEGMENT REPORTING

Aperam reports its operations in four segments: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables.

The following table summarises certain financial data relating to Aperam's operations in its different segments:

<i>(in millions of Euros)</i>	<b>Stainless &amp; Electrical Steel</b>	<b>Services &amp; Solutions</b>	<b>Alloys &amp; Specialties</b>	<b>Recycling &amp; Renewables</b>	<b>Others / Eliminations<sup>(1)</sup></b>	<b>Total</b>
<b>Six months ended June 30, 2023</b>						
Sales to external customers	1,233	1,168	463	713	1	3,578
Intersegment sales <sup>(2)</sup>	1,050	42	7	378	(1,477)	—
Operating income (loss)	81	(1)	23	43	(11)	135
Depreciation and amortisation	(51)	(7)	(5)	(31)	(1)	(95)
EBITDA <sup>(3)</sup>	132	6	28	74	(10)	230
Capital expenditures <sup>(4)</sup>	(69)	(8)	(14)	(11)	—	(102)

<i>(in millions of Euros)</i>	<b>Stainless &amp; Electrical Steel</b>	<b>Services &amp; Solutions</b>	<b>Alloys &amp; Specialties</b>	<b>Recycling &amp; Renewables</b>	<b>Others / Eliminations<sup>(1)</sup></b>	<b>Total</b>
<b>Six months ended June 30, 2022</b>						
Sales to external customers	1,727	1,619	308	1,069	(1)	4,722
Intersegment sales <sup>(2)</sup>	1,439	58	2	454	(1,953)	—
Operating income (loss)	550	112	31	(28)	(43)	622
Depreciation and amortisation	(50)	(6)	(5)	(28)	(1)	(90)
EBITDA <sup>(3)</sup>	600	118	36	—	(42)	712
Capital expenditures <sup>(4)</sup>	(73)	(2)	(7)	(10)	—	(92)

**Notes:**

- (1) Others / Eliminations includes all remaining operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.
- (2) Transactions between segments are conducted on the same basis of accounting as transactions with third parties.
- (3) EBITDA is defined as operating income / (loss) before amortization and depreciation expenses and impairment losses.
- (4) Capital expenditures (CAPEX) are defined as purchases of property plant and equipments and intangible assets.

The reconciliation from operating income to net income is as follows:

<i>(in millions of Euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating income</b>	<b>135</b>	<b>622</b>
Financing costs, net	85	44
<b>Income before taxes</b>	<b>220</b>	<b>666</b>
Income tax expense	(44)	(162)
<b>Net income (including non-controlling interests)</b>	<b>176</b>	<b>504</b>

## NOTE 3: COST OF SALES

Cost of sales includes the following components:

*(in millions of Euros)*

	June 30, 2023	June 30, 2022
Materials	2,784	3,378
Payroll and employee related expenses	282	278
Transportation and storage expenses	118	119
Depreciation, amortization and impairment	95	90
Bargain purchase gain	—	5
Other	13	88
<b>Total</b>	<b>3,292</b>	<b>3,958</b>

## NOTE 4: INCOME TAX

The income tax expense or benefit for the period is based on an estimated annual effective rate, which requires management to make its best estimate of annual pre-tax income for the year. During the year, management regularly updates its estimates based on changes in various factors such as geographical mix of operating profit, prices, shipments, product mix, plant operating performance and cost estimates, including labour, raw materials, energy and pension and other postretirement benefits.

Income tax was an expense of €(44) million and €(162) million for the six months ended June 30, 2023 and 2022, respectively. This decrease in income tax expense for the six months ended June 30, 2023 is primarily due to the lower level of profit before tax for the six months ended June 30, 2023, at €220 million compared to €666 million for the six months ended June 30, 2022. The effective tax rate for the six months ended June 30, 2023 was also lower at 20% compared to an effective tax rate of 24% for the six months ended June 30, 2022. The decrease of the effective tax rate was mainly due to the relative higher impact of a reduced taxation on the financing activity, that more than compensated a less favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions.

## NOTE 5: INVENTORIES

Inventories, net of provision for obsolescence, slow-moving inventories and excess of cost over net realisable value of €193 million and €187 million as of June 30, 2023 and December 31, 2022, respectively, are comprised of the following:

<i>(in millions of Euros)</i>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Production in process	939	950
Raw materials	747	728
Finished products	700	759
Manufacturing supplies, spare parts and other	174	155
<b>Total</b>	<b>2,560</b>	<b>2,592</b>

The amount of net write-down of inventories to net realisable value was €(85) million and €(104) million during the six months ended June 30, 2023, and 2022, respectively. The Company reversed previously recorded write-downs of €79 million and nil during the six months ended June 30, 2023, and 2022, respectively, due to normal inventory consumption. These movements were recognised in cost of sales in the interim condensed consolidated statement of operations.

The amount of inventories recognised as an expense in the cost of sales in the interim condensed statement of operations (due to normal inventory consumption) was €(2,820) million and €(3,291) million during the six months ended June 30, 2023, and 2022, respectively.

## NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

<i>(in millions of Euros)</i>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Value added tax (VAT) and other amount receivable from tax authorities	65	62
Derivative financial assets	39	55
Prepaid expenses and accrued receivables	23	14
Other	21	23
<b>Total</b>	<b>148</b>	<b>154</b>

## NOTE 7: SHORT-TERM AND LONG-TERM DEBT

Short-term debt, including the current portion of long-term debt, consisted of the following:

(in millions of Euros)

	June 30,	December 31
	2023	2022
Short-term bank loans and other credit facilities <sup>(1)</sup>	160	143
Current portion of long-term debt	85	102
Lease obligations	15	13
<b>Total</b>	<b>260</b>	<b>258</b>

Note:

(1) Including Commercial paper programme described below

### **Short-term bank loans and other credit facilities**

#### *Commercial paper programme*

On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of “Code monétaire et financier” of the French law, that the conditions as described in the financial documentation of its programme of NEU commercial paper for a maximum outstanding amount of €200 million, fulfil the requirements of law. The pricing of commercial papers is proposed to investors based on market expectations. In order to build the applicable interest rate of the commercial papers, Aperam considers benchmark interest rate plus a discretionary margin. The interest rate is proposed as all in rates for various maturities. As of June 30, 2023, the interest rates vary in a range between 3.40% and 5.60%.

An amount of €145 million and €114 million was drawn under the Aperam NEU CP programme on June 30, 2023, and December 31, 2022, respectively.

#### *Unsecured revolving credit facility*

On February 11, 2022, Aperam announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility (“The Facility”) of €500 million with a syndicate of 16 banks. Such Facility replaced the senior unsecured revolving credit facility of €300 million signed in June 2017. The Facility is for general corporate purposes. The pricing of this financing contract is linked to two strategic commitments of the Company being firstly to become a best-in-class stainless steel manufacturer in terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

On January 26, 2023, Aperam confirmed the extension of the maturity of the sustainably linked senior unsecured revolving credit facility of €500 million by one year.

The Facility and the Loan contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On June 30, 2023, this financial covenant was fully met.

On June 30, 2023 and December 31, 2022, the Facility was fully undrawn.

Long-term debt is comprised of the following:

<i>(in millions of Euros)</i>	<b>Year of maturity</b>	<b>Type of Interest</b>	<b>Interest rate<sup>(1)</sup></b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Term loan	2026-2028	Fixed	1.52%	299	299
Schuldscheindarlehen	2023-2026	Fixed	1.10% - 1.50%	150	150
Schuldscheindarlehen	n/a	Floating	n/a	—	40
EIB loan 1	2023-2028	Fixed	1.669%	33	33
EIB loan 2	2023-2029	Fixed	1.307%	75	88
EIB loan 3	2024-2031	Fixed	0.88%	75	75
<b>Total</b>				<b>632</b>	<b>685</b>
Lease obligations				98	97
Less current portion of long-term debt				(85)	(102)
Less current portion of lease obligations				(15)	(13)
<b>Total long-term debt, net of current portion</b>				<b>630</b>	<b>667</b>

Note:

(1) Interest rates applicable to balances outstanding as of June 30, 2023.

### *Fixed Rate Term facility*

On February 11, 2022, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of €300 million with a syndicate of 10 banks ("The Loan"). The Loan is dedicated to the refinancing of maturing debts of ELG. The pricing of this financing contract is fixed but linked to two strategic commitments of the Company being firstly to become a best-in-class stainless steel manufacturer in terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

The Loan contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On June 30, 2023, this financial covenant was fully met.

The Loan was fully drawn as of June 30, 2023 and December 31, 2022.

### *EIB loans*

On June 27, 2016, Aperam and the European Investment Bank ("EIB") announced the signing of a financing contract in the amount of €50 million which will be dedicated to financing a research and development programme over the 2016-2019 period, as well as an upgrade of two plants located in cohesion regions in France & Belgium (Isbergues - Hauts-de-France and Châtelet - Hainaut). This project was funded under the Investment Plan for Europe, also known as the "Juncker Plan". The financing contract which is senior unsecured was entirely drawn down on October 16, 2018, at a rate of 1.669% repayable in several tranches with final maturity date on October 16, 2028.

On February 25, 2019, the Company announced the signature of a financing contract where the EIB will make available to Aperam an amount of €100 million. The purpose of this contract is the financing of ongoing investments in the cold rolling, and annealing & pickling line at Aperam's Genk plant (Belgium) as well as the Company's ongoing modernisation programmes in the cohesion regions of Nord-Pas-de-Calais (France) - Isbergues plant, and Hainaut (Belgium) - Châtelet plant. The financing contract, which is senior unsecured, was entirely drawn down on March 15, 2019, at a rate of 1.307%, repayable in several tranches with a final maturity date of March 15, 2029.

On September 30, 2020, Aperam strengthened its liquidity profile with the signature of a top-up financing contract where the EIB will make available to Aperam an amount of €75 million, in addition to the outstanding loan of €100 million, in relation to the financing of advanced stainless steel manufacturing technologies. This

top up facility of €75 million was fully drawn on October 8, 2021, at a rate of 0.88%, with a final maturity date of October 25, 2031.

As of June 30, 2023 and December 31, 2022, €183 million and €196 million were outstanding on these EIB loans.

#### *Schuldscheindarlehen*

On September 24, 2019, Aperam successfully priced an inaugural €190 million multi-tranches Schuldscheindarlehen (debt instrument governed by the laws of the Federal Republic of Germany) with maturities at 4, 5, 6 and 7 years. On the back of a very positive investor perception and significantly oversubscribed orderbook, Aperam was able to upsize the deal volume from the initially announced volume of €100 million to ultimately €190 million. The Company was able to price all tranches at the tight end of the announced spread ranges. Aperam took advantage of the very constructive market to secure attractive conditions and successfully diversify its creditors base.

On March 27, 2023, in accordance with §489 subsection (1) of the German Civil Code (*“Bürgerliches Gesetzbuch”*), the Company called €40 million Schuldscheindarlehen for early repayment at its nominal amount plus interest accrued.

As of June 30, 2023 and December 31, 2022, €150 million and €190 million were outstanding on these *Schuldscheindarlehen*.

## NOTE 8: EQUITY

### Authorised shares

On February 2, 2023, and in accordance with the resolution of the Extraordinary General Meeting held on May 4, 2022, the Company decreased its authorised share capital by €1,355,420, equivalent to 289,971 shares. Following this decrease, the total authorised share capital (including its issued share capital) was €460,124,733 represented by 87,810,071 shares without nominal value.

### Share capital

On December 31, 2022, the share capital amounted to €419,030,922, represented by an aggregate number of 79,996,280 shares issued and fully paid up. The amount of shares outstanding was 72,183,690, with no par value, for a total amount of €378 million.

On February 7, 2023 the Company cancelled 1,959,592 treasury shares, the share capital decreased consequently from €419,030,922 to €408,912,245.

On June 30, 2023, the Company has 78,036,688 shares issued and 72,249,207 shares outstanding, with no par value, for a total amount of €379 million.

### Treasury shares

#### *Share unit plans*

In June 2023, a total of 65,517 shares were allocated to qualifying employees under the PSU and RSU plans granted in June 2020.

Aperam held 5,787,481 and 7,812,590 treasury shares as of June 30, 2023 and December 31, 2022, respectively.

## Dividends

On May 4, 2022, the shareholders approved, at the 2022 Annual General Meeting of shareholders, a base dividend per share of €2.00 (gross). The dividend is paid in four equal quarterly instalments of €0.5 (gross) per share.

On May 2, 2023, the shareholders approved, at the 2023 Annual General Meeting of shareholders, a base dividend per share of €2.00 (gross). The dividend is paid in four equal quarterly instalments of €0.5 (gross) per share.



## NOTE 9: FINANCIAL INSTRUMENTS

### Fair values versus carrying amounts

The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates. The following table summarises assets and liabilities based on their categories as of June 30, 2023.

(in millions of Euros)	Carrying amount in statement of financial position	Non-financial assets and liabilities	Assets at amortised cost	Liabilities at amortised cost	Assets/Liabilities at fair value		
					Fair value recognised in profit and loss	Equity instruments at Fair Value through OCI	Derivatives
ASSETS							
Current assets:							
Cash and cash equivalents	429	—	429	—	—	—	—
Restricted cash	3	—	3	—	—	—	—
Trade accounts receivable	492	56	436	—	—	—	—
Inventories	2,560	2,560	—	—	—	—	—
Prepaid expenses and other current assets	148	65	44	—	—	—	39
Income tax receivable	9	9	—	—	—	—	—
Total current assets	3,641	2,690	912	—	—	—	39
Non-current assets:							
Goodwill and intangible assets	456	456	—	—	—	—	—
Biological assets	77	—	—	—	77	—	—
Property, plant and equipment	1,907	1,907	—	—	—	—	—
Other investments	2	1	—	—	—	1	—
Deferred tax assets	90	90	—	—	—	—	—
Other assets	120	71	49	—	—	—	—
Total non-current assets	2,652	2,525	49	—	77	1	—
Total assets	6,293	5,215	961	—	77	1	39
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current portion of long-term debt	260	—	—	260	—	—	—
Trade accounts payable	1,164	15	—	1,149	—	—	—
Short-term provisions	21	21	—	—	—	—	—
Accrued expenses and other liabilities	409	41	—	342	—	—	26
Income tax liabilities	15	15	—	—	—	—	—
Total current liabilities	1,869	92	—	1,751	—	—	26
Non-current liabilities:							
Long-term debt, net of current portion	630	—	—	630	—	—	—
Deferred tax liabilities	133	133	—	—	—	—	—
Deferred employee benefits	136	136	—	—	—	—	—
Long-term provisions	58	58	—	—	—	—	—
Other long-term obligations	4	—	—	4	—	—	—
Total non-current liabilities	961	327	—	634	—	—	—
Equity:							
Equity attributable to the equity holders of the parent	3,456	3,456	—	—	—	—	—
Non-controlling interests	7	7	—	—	—	—	—
Total equity	3,463	3,463	—	—	—	—	—
Total liabilities and equity	6,293	3,882	—	2,385	—	—	26

The following tables summarise the bases used to measure certain assets and liabilities at their fair value:

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
<i>(in millions of Euros)</i>				
<b>Assets at fair value:</b>				
Biological assets	—	—	77	77
Equity instruments at Fair Value through OCI	—	—	1	1
Derivative financial current assets	—	39	—	39
<b>Total assets at fair value</b>	<b>—</b>	<b>39</b>	<b>78</b>	<b>117</b>
<b>Liabilities at fair value:</b>				
Derivative financial current liabilities	—	26	—	26
<b>Total liabilities at fair value</b>	<b>—</b>	<b>26</b>	<b>—</b>	<b>26</b>

Equity instruments classified as Level 1 refer to listed securities quoted in active markets. The total fair value is either the price of the most recent trade at the time of the market close or the official close price as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs. Equity instruments classified as Level 3 refer to securities not quoted in active markets. The fair value is thus based on the latest available financial statements (value of net equity).

Derivative financial assets and liabilities classified as Level 2 refer to instruments to hedge fluctuations in foreign exchange rates and commodity prices (base metals). The total fair value is based on the price a dealer would pay or receive for the security or similar securities, adjusted for any terms specific to that asset or liability.

Market inputs are obtained from well-established and recognised vendors of market data (Bloomberg and Reuters) and the fair value is calculated using standard industry models based on significant observable market inputs such as foreign exchange rates, commodity prices, swap rates and interest rates.

In order to determine the fair value of biological assets, a discounted cash flow model was used, with the harvest cycle of six to seven years. Fair value measurement of biological assets is categorised within level 3 of fair value hierarchy.

The fair value of our investments which are not valued daily in financial markets is based on the latest available financial statements (value of net equity, Level 3 fair value measurement).

Aperam's valuation policies for derivatives are an integral part of its internal control procedures and have been reviewed and approved according to the Company's principles for establishing such procedures. In particular, such procedures address the accuracy and reliability of input data, the accuracy of the valuation model and the knowledge of the staff performing the valuations.

The reconciliation of changes in the carrying value of biological assets between the beginning of the year and June 30 is as follows:

(in millions of Euros)

	Biological assets
<b>Balance at January 1, 2022</b>	<b>31</b>
Additions	3
Change in fair value <sup>(1)</sup>	2
Harvested trees	(12)
Foreign exchange differences	6
<b>Balance at June 30, 2022</b>	<b>30</b>
<b>Balance at January 1, 2023</b>	<b>51</b>
Additions <sup>(2)</sup>	36
Change in fair value <sup>(1)</sup>	2
Harvested trees	(14)
Foreign exchange differences	2
<b>Balance at June 30, 2023</b>	<b>77</b>

(1) Recognised in cost of sales in the interim condensed consolidated statements of operations.

(2) On June 7, 2023, the Company purchased additional trees in Brazil to further expand its charcoal production.

## Portfolio of Derivatives

The Company enters into derivative financial instruments to manage its exposure to fluctuations in exchange rates and the price of raw materials arising from operating, financing and investment activities.

The Company's portfolio of derivatives consists of transactions with Aperam Treasury S.C.A., which in turn enters into offsetting positions with counterparties external to Aperam. Aperam manages the counterparty risk associated with its instruments by centralising its commitments and by applying procedures which specify, for each type of transaction exposure, limits based on the risk characteristics of the counterparty.

The portfolio associated with derivative financial instruments classified as Level 2 as of June 30, 2023, is as follows:

	Assets		Liabilities	
(in millions of Euros)	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Foreign exchange rate instruments</b>				
Forward purchase contracts	533	2	473	(4)
Forward sale contracts	632	5	238	(3)
<b>Total foreign exchange rate instruments</b>		<b>7</b>		<b>(7)</b>
<b>Raw materials (base metal)</b>				
Term contracts sales metals	233	32	9	—
Term contracts purchases metals	10	—	223	(19)
<b>Total raw materials (base metal)</b>		<b>32</b>		<b>(19)</b>
<b>Total</b>		<b>39</b>		<b>(26)</b>

## NOTE 10: COMMITMENTS

The Company's commitments consist of two main categories:

- various purchase and capital expenditure commitments,
- pledges, guarantees and other collateral instruments given to secure financial debt and credit lines.

### Commitments given

*(in millions of Euros)*

	June 30, 2023	December 31, 2022
Purchase commitments	1,216	1,767
Guarantees, pledges and other collateral	261	288
<b>Total</b>	<b>1,477</b>	<b>2,055</b>

## NOTE 11: CONTINGENCIES

The Company is defendant in pending litigations, arbitrations or other legal proceedings. Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of success or loss and an estimation of damages are difficult to ascertain. Consequently, for a large number of these claims, the Company is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has disclosed information with respect to the nature of the contingency. The Company has not accrued a reserve for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty or the amount of provision accrued which is an estimate of the probable loss.

In a limited number of ongoing cases, the Company is able to make a reasonable estimate of the expected loss or range of possible loss and has accrued a provision for such loss, but management believes that publication of this information on a case-by-case basis would seriously prejudice the Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency, but has not disclosed its estimate of the range of potential loss.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management. Management believes that the aggregate provisions recorded for these matters are adequate based upon currently available information. However, given the inherent uncertainties related to these cases and in estimating contingent liabilities, the Company could, in the future, incur judgments that have a material adverse effect on its results of operations in any particular period.

In addition, in the normal course of business, the Company and its operating subsidiaries may be subject to audit by the tax authorities in the countries in which they operate. Those audits could result in additional tax liabilities and payments, including penalties for late payment and interest.

The Company defends itself in various environmental, labour, tax and other claims, the most significant are described in Note 26 to the consolidated financial statements as of and for the year ended December 31, 2022. Changes in contingencies since December 31, 2022, are described below:

## Tax Claims

On June 24, 2014, Aperam BioEnergia received a tax assessment from the Federal Revenue Service related to corporate income tax ("IRPJ" and "CSLL") due to disallowance of previous tax losses compensation made by the Company in 2011. The actualized amount under discussion is R\$107 million (€19.2 million). On December 10, 2015, Aperam BioEnergia received a partially favorable decision. The Company and the Federal Revenue appealed to the Administrative Tax Court. In May 2017, both appeals were denied. The Company presented a motion for clarification of the court decision that was denied in October 2017. The case was brought to the judicial level in November 2022 and the amount at stake was increased due to legal fees. In January 2023, the Company requested the suspension of the enforcement of the first decision as the debt has been guaranteed and is being discussed in an annulment lawsuit. In April 2023 an order to present a stay of execution was notified. The Company presented a motion for clarification and in June 2023 the Company presented a stay of execution.

## NOTE 12: SUBSEQUENT EVENTS

On June 8, 2023, Aperam announced the expansion of its forest business by pursuing its strategy of investing in sustainable new business models. The Company had concluded a partnership for the expansion of its forests for charcoal production with Ferbasa - one of the world's leading producers of ferroalloys. This expansion, as announced in the second quarter of 2022, is in line with Aperam's strategy to grow BioEnergia - its existing forest operations by 20% and to expand into new business models focusing on energy transition. On July 5, 2023, the final approvals have been received from the Brazilian Administrative Council for Economic Defense ("CADE") and the Company is now finalizing its legal internal procedures to incorporate the new partnership.

# Report on Review of Interim Condensed Consolidated Financial Statements



## Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of  
**Aperam S.A.**

We have reviewed the accompanying interim condensed consolidated financial statements of Aperam S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statement of operations, the interim condensed consolidated statement of comprehensive income/(loss), the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended and other explanatory information.

### Board of Directors' responsibility for the interim condensed consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

---

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
T : +352 494848 1, F : +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 26 July 2023

Gilles Vanderweyen



Aperam

24-26 Boulevard d'Avranches

L-1160 Luxembourg

Grand Duchy of Luxembourg



For more information, please visit our website:  
[www.aperam.com/investors](http://www.aperam.com/investors)



Aperam Becomes First Stainless Steel Company  
to Earn ResponsibleSteel™ Certification