aperam

Circular Economy in Action

Annual Report 2023

Table of contents

Disclaimer - The current version has been updated from the last signed version (approved by the Board of Directors on 25/03/2024 and published on 26/03/2024) in its EU Taxonomy section. The disclosures on eligibility have been amended in their explanatory wording to improve stakeholders information. Please note that the amendments do not impact core components of the disclosure, especially the final conclusions regarding eligibility and alignment which remain unaltered.

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 Annual Report to 'Aperam', the 'Group' and the 'Company' or similar terms refer to Aperam, '*société anonyme*', having its registered office at 24 Boulevard d'Avranches L-1160 Luxembourg, Grand Duchy of Luxembourg, and to its consolidated subsidiaries.

Message from the Chairman of the Board of Directors

Dear Shareholders,

After a number of exceptional years for Aperam, 2023 was a difficult year for the stainless steel industry as a whole. There were significant economic pressures to navigate, especially in Europe where we experienced continued margin pressure and historically low volumes.

Despite these headwinds, we remained resilient, in particular demonstrating the value of our new, enhanced Recycling and Renewables segment and its exposure to the circular economy.

Nevertheless, EBITDA was significantly lower than the previous year. Adjusted EBITDA was €304 million, compared with €1,129 million in 2022. Despite this reduced EBITDA, our free cash flow generation - before dividend payments and share buybacks - was €168 million. We returned €145 million to our shareholders through dividend payments even in a low cycle year.

When it comes to health and safety, I am pleased to be able to report steady progress. The lost time injury frequency rate decreased to 2.3x, compared with 2.5x in the previous year. The company is dedicated to the well-being of Aperam's employees. Our campaign to develop a zero-accident mentality is gaining momentum. Ensuring our people believe this is possible is an important step in achieving our overarching goal of zero incidents resulting in injuries.

Aperam's dedication to serving our customers consistently remained unwavering. Indeed this becomes even more important in adverse market dynamics.

In our pursuit of cost competitiveness, we surpassed the Leadership Journey® Phase four targets ahead of schedule. Cumulative gains of €186 million were realised, exceeding the initial €150 million target. This success was driven by a strategic combination of cost, growth, and mix improvement measures, reinforcing our commitment to enhancing profitability.

Looking ahead, the initiation of Phase five in 2024, themed Efficiency, marks a new chapter. With targeted gains of €200 million over the period from 2024 to 2026, our focus continues on advancing our operational excellence. This will play an important part in enabling Aperam to regain its position as the most profitable company within the sector.

Since 2022 and the creation of Aperam Recycling & Renewables as our fourth operating segment, establishing a leading position in the circular economy has been at the heart of our strategy. Beyond its positive financial impact, we take great pride in this significant progression in our sustainability journey. This enhanced focus also aligns with our commitment to reduce carbon emissions by 30% in 2030 compared to 2015, paving the way for our ambitious goal of contributing to global carbon neutrality by 2050.

To conclude, I must thank all Aperam employees and the Board of Directors for their hard work and invaluable contribution towards progressing the company's strategic priorities and goals, particularly in a year of considerable financial and market-related challenges.

Aperam's unwavering commitment to improving its industrial footprint and the relentless pursuit of innovative low-carbon products and solutions, alongside ambitious environmental, social and governance goals, positions us to continue to be the producer of choice in the stainless sector, delivering high-quality value for all stakeholders.

Lakshmi N. Mittal
Chairman of the Board of Directors

Message from the Chief Executive Officer

Dear Shareholders,

I am pleased to present our 2023 Annual Report, showcasing Aperam's unwavering commitment to resilience and adaptability in the face of an extremely challenging market environment.

Aperam's prime objective, the Health and Safety of Aperam's employees, demonstrated progress in 2023, with a reduced lost time injury frequency rate of 2.3x compared to 2.5x the previous year. Our dedicated Just Culture and No Repeat approaches are making strides, spanning all divisions, reinforcing our commitment to achieving an accident-free workplace and ensuring the well-being of our people.

Europe has been severely impacted and is marking signs of industrial recession, with persisting margin pressure and historically low volumes. The adjusted EBITDA reached €304 million for the year, compared with €1,129 million in 2022.

The performance of both our Stainless & Electrical Steel and Services & Solutions segments experienced notable difficulties, facing a substantial decline in EBITDA primarily attributed to a confluence of negative market factors. These include diminished volumes, reduced prices, and a noteworthy inventory valuation charge, exacerbated by an unfavourable price/cost development.
Navigating this year's challenges underscored the significance of our strategic integration into raw materials, proving pivotal in turbulent times as our Recycling & Renewables division became the largest earnings contributor. The segment benefited from increased efficiencies, solid prices and positive valuation effects to reach an EBITDA of €156 million.

Our Alloys & Specialties division delivered as well, and despite a significant negative inventory valuation charge, with a promising progression to a €49 million recorded EBITDA.

Aperam successfully surpassed Leadership Journey® Phase 4 targets ahead of schedule. Cumulative gains of €186 million were achieved, exceeding the €150 million target through a combination of cost, growth, and mix improvement measures. Our proactive strategy to bolster business robustness through self-help measures reduced reliance on external factors and resources. Looking ahead, 2024 marks the initiation of Phase 5 of our Leadership Journey®, Efficiency, with targeted gains of €200 million over 2024 to 2026, including a cost cutting plan in Europe of €50 million to combat the inflationary trend we have seen over the past few years in this region

Our comprehensive ESG approach keeps yielding tangible results, aligning with our commitment to sustainability. We are firmly on track to achieve our targeted 30% reduction in CO_2e emissions by 2030 compared to the 2015 baseline. External validations, including ratings and (re)certifications such as ResponsibleSteel™, along with the integration of Health and Safety, Environment, and Social KPIs into our Management Long Term Incentive Plan, set the path for the sustainability journey to be a shared vision. The acknowledgment of our efforts is further underscored by the receipt of Ecovadis Platinum rating this year.

2023 witnessed significant milestones and expansion initiatives. The introduction of Aperam Infinite™ for our near-zero CO_2 premium products for one, aligning with our decarbonization strategy. Concurrently, we fortified our presence with a new Joint venture expanding the forest business, improving our sequestration abilities, and explored new horizons with the introduction of a bio-oil product through BioEnergia.

I am also proud to report for the third year that more than 90% of our revenues were eligible under the EU taxonomy for environmentally sustainable activities.

Operating in an exceptionally challenging environment, we remain focused on increasing the resilience and flexibility of our business model through the next phase of our Leadership Journey®.

Looking ahead to 2024 and beyond, uncertainties in the market recovery shape persist. However, our confidence in emerging stronger stems from our commitment to cost reduction, laying a robust foundation to keep delivering value to all our stakeholders while achieving key milestones.

Timoteo Di Maulo
Chief Executive Officer

Glossary

This Annual Report includes Alternative Performance Measures (APM), which are non-GAAP (generally accepted accounting principles) financial figures. Aperam believes these APMs are needed to enhance the understanding of its financial position and to provide investors and management with additional information regarding the Company's financial performance, capital structure and credit assessment. The definition of these APMs have not changed since the Company was founded. These non-GAAP financial measures should be read in conjunction with, and not as an alternative to, Aperam's financial information prepared in accordance with International Financial Reporting Standards (IFRS). Such non-GAAP measures may not be comparable to similarly titled measures used by other companies. Aperam's APMs are detailed in the Operational Review section found later in the Report.

Financial Measures:

- **Adjusted EBITDA:** operating income[1] before depreciation[1], amortisation[1], impairment expenses[1] and exceptional items[1]
- **EBITDA:** operating income[1] before depreciation[1], amortisation[1] and impairment expenses[1]
- **Exceptional items:** (i) inventory write-downs equal to or exceeding 10% of total related inventory 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
- **Financial statements:** financial statements for the year ending on 31 December 2023 unless otherwise stated
- **Free cash flow before dividend and share buy-back:** the net cash provided by operating activities[1] less net cash used in investing activities[1]
- **Gearing:** net financial debt divided by equity[1]
- **Net financial debt (NFD):** long-term debt[1] plus short-term debt[1], less cash and cash equivalents[1] (including short-term investments)[1]

Other terms used in this Annual Report:

- **Absenteeism rate:** number of hours of absence for illness less than six months divided by the number of theoretical to-be-worked hours
- **Annealing:** process of heating cold steel to make it more suitable for bending and shaping and to prevent breaking and cracking
- **Austenitic stainless steel:** a steel alloy containing at least 16% chromium, where other alloying elements (usually nickel, sometimes manganese or nitrogen) are added to obtain an austenitic crystalline structure
- **Bright annealing:** final annealing lines (with an oven) with a reducing atmosphere that produces a bright annealed finish
- **Brownfield project :** expansion of an existing operation
- **Carbon steel scrap:** recycled carbon steel that is re-melted and recast into new steel
- **Cold rolling:** forming method employed after hot rolling
- **Downstream:** finishing operations. For example, in the case of flat products, the downstream would be the operations after the production of hot-rolled coil
- **EU ETS:** EU Emissions Trading System
- **Ferritic steel**: stainless steel grades with low/no nickel content
- **GHG:** Greenhouse Gas emissions
- **Greenfield project:** development of a new project
- **IFRS:** International Financial Reporting Standards as adopted in the European Union
- **Lost Time Injury Frequency rate** (LTIF)**:** metric that measures the time lost due to injuries per 1,000,000 worked hours
- **Pickling:** process where steel coils are cleaned using chemical baths to remove impurities, such as rust, dirt and oil

[1] Those measures are derived directly from the financial statements (see Notes to the Consolidated Financial Statements).

- **Production capacity:** annual production capacity of a plant and equipment based on existing technical parameters as estimated by management
- **R$ / BRL:** Brazilian Real converted into € using the closing exchange rate of €1= R$5.3516 as of 31 December 2023
- **Sales:** include shipping and handling fees and costs billed to a customer in a sales transaction
- **Scopes 1, 2 and 3:** various types of Greenhouse Gas emissions. When calculating a carbon footprint, three types of emissions are differentiated:
    - Scope 1 emissions are direct emissions produced by the burning of fuels of the emitter;
    - Scope 2 emissions are indirect emissions generated by the electricity consumed and purchased by the emitter;
    - Scope 3 covers indirect emissions generated by the emitter activity but owned, controlled and reported by a different emitter than the one reporting on the emissions.
- **Significant shareholder:** trusts (HSBC Trust (C.I.) Limited, as trustee) of which Mr. Lakshmi N. Mittal, Ms. Usha Mittal and their children are the beneficiaries, holding Aperam shares through Value Holdings II Sàrl, a limited liability company organised under the laws of Luxembourg (Value Holdings II)
- **Slabs:** compact blocks of crude steel (usually a product of the casting process in steel mills), that are used as a pre-product in hot rolling mills to produce hot rolled coils or strips
- **Spin-off:** transfer of the assets comprising ArcelorMittal's stainless and specialty steels businesses from its carbon steel and mining businesses to Aperam, and the pro rata allocation of the ordinary shares of Aperam to ArcelorMittal shareholders
- **Stainless steel scrap:** recycled stainless steel materials that are re-melted and cast into new steel
- **Steckel mill**: reversing steel sheet reduction mills with heated coil boxes at each end where steel strip is sent through the rolls of the reversing mill and then coiled at the end of the mill, reheated in the coil box and then sent back through the steckel stands where they are recoiled
- **Tonnes:** metric tonnes used in measurements involving stainless and specialty steel products (a metric tonne is equal to 1,000 kilograms or 2,204.62 pounds)
- **U.S.$ / USD:** U.S. dollars converted into € using the closing exchange rate of €1= U.S.$1.1050 as of 31 December 2023
- **Upstream:** operations that precede downstream steel-making, such as coke, sinter, blast furnaces, electric arc furnaces, casters and hot rolling/steckel mills

Management Report

The Board of Directors is pleased to present its report, which constitutes the Management Report as defined by Luxembourg Law, together with the audited consolidated financial statements and annual accounts as of 31 December 2023 and for the year then ended. As permitted by Luxembourg Law, the Board of Directors has elected to prepare a single Management Report covering both the Company and the Group.

Group Overview

Introduction

Aperam, including its subsidiaries (hereinafter referred to as either 'Aperam', 'the Company', 'we' 'our', or 'the Group'), is a leading global stainless and specialty steel producer. We also have the distinction of being the stainless steel producer with the world's lowest CO_2 footprint[2]. This is due to the fact that our European production process is based on fully recyclable stainless steel scrap, while our Brazil production uses charcoal from its own sustainably cultivated forests.

On 27 December 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 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 2023, we have a workforce of about 11,500 employees. Our distribution network consists of 14 Steel Service Centres (SSCs), four transformation facilities and 15 sales offices.

We are also the world's largest producer of bio-charcoal, made from our own sustainable forests, and are one of the world's leading suppliers of stainless and specialty alloy scrap, with 50 recycling operations located around the globe.

Our products are sold to customers across the world operating in the aerospace, automotive, catering, construction, household appliances, electrical engineering, industrial processes, medical, and oil & gas industries - amongst others.

Aperam posted €6.6 billion and €8.2 billion in sales and EBITDA of €293 million and €1,076 million for the years ending 31 December 2023 and 2022 respectively. Shipments amounted to 2.20 million tonnes and 2.31 million tonnes for the years ending 31 December 2023 and 2022 respectively.

[2] Scope 1 and 2

Our Business Model: how we create value

INPUTS

HUMAN CAPITAL – Our people are our first priority

- **Zero**-accident and a shared-vigilance culture
- **11,500** employees
- **16%** of our workforce are women

INTELLECTUAL CAPITAL – Our best-in-class R&D facilities to design the future

- **€24.3m** R&D spent
- **141** R&D employees in **3** main centres in Brazil and France

MANUFACTURING CAPITAL – We have a competitive footprint

- Modern European industrial setting
- Sole integrated producer flat stainless & electrical steel in South America
- **14** service centres, **15** sales offices, **4** transformation centres
- **€250m** capex

FINANCIAL CAPITAL – We have a strong financial position

- **€6.2bn** total balance sheet
- **€491m** net financial debt, net debt/EBITDA ratio **<1**
- **€6.6bn** sales

SOCIETAL CAPITAL – We have strong relationships with our stakeholders

- Mutually beneficial relations with suppliers, local authorities and communities
- First stainless steel company to join ResponsibleSteel™
- Aiming for excellence in Governance, Ethics and Compliance

NATURAL CAPITAL – Our respectful footprint - being accountable to nature

- **>1/3** energy use from renewables
- BioEnergia **>100,000** ha FSC®-certified forestry in Brazil for charcoal production, with externally verified yearly carbon sequestration
- Superior access to scrap in Europe
- Recyco unit: metallic content recovering from melt-shop dust and treatment for reuse

OUR OPERATIONS

OUR MISSION

To provide steel and alloys solutions that are both affordable and made for life, and that offer the strength, versatility and endless recyclability needed to build a sustainable society.

OUR AMBITION

To be sustainably safe and profitable and to be recognised as a preferred supplier, a facilitator and accelerator of change and an employer of choice.

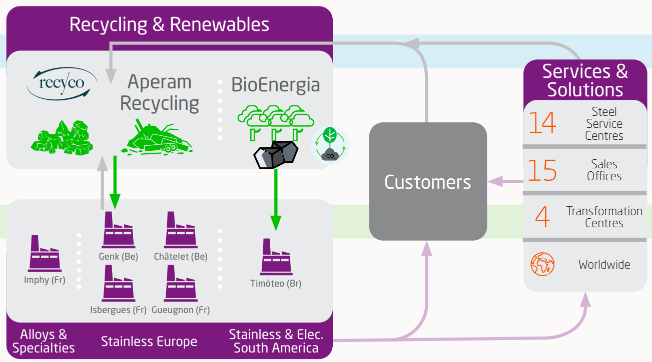
OUR STRATEGY

Product & service excellence
Strengthen our product and service differentiation

Cost excellence
Successfully implement Phase 4 of our Leadership Journey®

ESG excellence
Lead sustainably, based on our Health & Safety and CO_2 stewardship

Sustainability is fully embedded in our values and operations



R&D / Innovation / Continuous Improvement | People Management | Ethics / Compliance / Corporate Governance | Stakeholders Engagement and Transparency

OUTPUTS

We focus on their safety and development

- TRIR **<6**
- Employer's recognitions in Brazil and France
- **94%** of workers received at least one training

We provide innovative solutions for our customers

- Products development offering sustainable solutions (e.g. e-mobility and renewable energy)
- Continuous improvement of new product rate and service offer (e.g. e-business, EDI)

We continuously strive to improve our operations towards excellence

- **2.1mt** steel shipments
- **€186m** EBITDA level reached under Phase 4 of Leadership Journey® vs €150m target
- State-of-the-art industrial projects, allocating ¼ of R&D resources to process innovation to support initiatives on energy efficiency, quality improvement and CO_2 reduction
- Founding of new innovative partnerships like Botanickel's circular and bio-sourced nickel production process

We deliver value for our stakeholders

- **€6,567m** economic value distributed, incl. taxes and salaries
- **€168m** free cash flow
- **€304m** adjusted EBITDA
- **€203m** net income
- **€145m** returns to shareholders in 2023

We provide social value

- Our general philanthropic and local development efforts are boosted in Brazil by the Aperam Foundation.
- Stainless Europe and South America both ResponsibleSteel™ certified Good ESG ratings incl. "Top-rated" from Ecovadis (Platinum level)
- Forthcoming publication of our 2023 Sustainability Report

Sustainable products - recycling is at the core of our business

- One of the lowest CO_2 footprint in stainless industry globally with a strong roadmap to contribute to carbon neutrality by 2050. Rating from CDP of 'A-' for Climate Change and 'B' on Water Security
- Extractive coke fully replaced by renewable charcoal
- **90%** metallic scrap used in European austenitic stainless steels. As demonstrated by the creation of the Aperam Recycling division, Aperam continues to place the circular economy at the heart of its growth strategy. Aperam launches its new sustainability brand for all its near-zero footprint premium products, related services and solutions – **Aperam infinite™**
- **Over 90%** recycling/reuse rate overall

Our History

On 7 December 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 as an independent company. The objective 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.

At an extraordinary general meeting held 25 January 2011, ArcelorMittal shareholders voted to approve the spin-off proposal. The main shareholder ('Significant Shareholder', as defined in the Capital section of this Management Report) holds 40.85% of the voting rights.

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

Our Operational Organisation and Facilities

In 2023, we managed our business according to four primary operating segments:

- **Stainless & Electrical Steel:** We are a leading global producer of stainless steel by production capacity. We produce a wide range of stainless and electrical steels (both Grain Oriented and Non-Grain Oriented) and continuously expand our product portfolio by developing new and higher grades of stainless steel and electrical steel. The Stainless & Electrical Steel segment includes Aperam's Stainless Precision business.

This segment accounted for 34.94% of external sales and 27.6% of EBITDA for the year ending 31 December, 2023, and 38.4% of external sales and 73.5% of EBITDA for the year ending 31 December, 2022.

- **Services & Solutions:** Our Services & Solutions segment, which includes our tubes business, performs three core activities: (i) the management of exclusive direct sales of stainless steel products from our production facilities, primarily those located in Europe; (ii) distribution of our products and, to a much lesser extent, external suppliers' products; and (iii) transformation services, which include the provision of value added and customised steel solutions through further processing to meet specific customer requirements.

This segment accounted for 32.9% of external sales and 8.2% of EBITDA for the year ending 31 December 2023, and 32.9% of external sales and 8.6% of EBITDA for the year ending 31 December 2022.

- **Alloys & Specialties:** Our Alloys & Specialties segment is the fourth largest producer of specialty alloys in the world. We specialise in the design, production and transformation of various specialty alloys and certain specific stainless steels. Our products take the form of bars, semis, cold-rolled strips, wire and wire rods, and plates and are available in a wide range of grades.

This segment accounted for 13.2% of external sales and 16.7% of EBITDA for the year ending 31 December 2023, and 8.1% of external sales and 4.9% of EBITDA for the year ending 31 December 2022.

- **Recycling & Renewables:** Our newest segment includes all recycling and renewable energy activities: (i) Aperam Recycling (formerly ELG), a global leader in the trading, processing and recycling of raw materials for the stainless steel industry, as well as high performance materials such as superalloys and titanium; (ii) Recyco, our electric arc furnace recycling facility that retrieves and recycles dust and sludge, with the aim of using it to produce stainless steel raw materials while also reducing waste; and

(iii) Aperam BioEnergia, which produces wood and charcoal (biomass) from cultivated eucalyptus forests in Brazil that is then used as a substitute for coke at our Timóteo (Brazil) production facility.

This segment accounted for 18.9% of external sales and 53.2% of EBITDA for the year ending 31 December 2023, and 20.6% of external sales and 8.0% of EBITDA for the year ending 31 December 2022.

We also report EBITDA within our Others and Eliminations segment. This segment includes corporate costs and elimination between our primary operating segments. EBITDA for Others and Eliminations accounted for (5.8)% of EBITDA for the year ending 31 December 2023, and 5.0% of EBITDA for the year ending 31 December 2022.

Our key production sites

Genk (Belgium)

Châtelet (Belgium)

Gueugnon (France)

Isbergues (France)

Imphy (France)

Timóteo (Brazil)

Stainless & Electrical Steel

Europe

Our European facilities produce a full range of stainless steel products. In 2023, steel shipments from Stainless & Electrical Steel Europe facilities represented 979,000 tonnes (compared to 1.018 million tonnes in 2022).

We have two melt shops in Belgium, located in Genk and Châtelet. The Genk facility includes two electric arc furnaces, argon-oxygen decarburisation equipment, ladle refining metallurgy, a slab continuous caster and slab grinders. It also hosts a cold rolling mill facility. The Châtelet location is an integrated facility with a meltshop and a hot rolling mill. The Châtelet melt shop includes an electric arc furnace, argon-oxygen decarburisation equipment, ladle furnaces refining metallurgy, a slab continuous caster and slab grinders.

Our cold rolling facilities in Europe include four cold rolling mills located in Genk, Belgium and at our Gueugnon, Isbergues and Pont-de-Roide sites in France. These facilities include annealing and pickling lines (with shot blasting and pickling equipment), cold rolling mills, bright annealing lines (in Gueugnon and Genk), skin-pass and finishing operations equipment. The Isbergues plant also includes a Direct Rolling, Annealing and Pickling (DRAP) line.

South America

We are the only producer of flat stainless and electrical steel in South America. Our integrated production facility in Timóteo, Brazil produces a wide range of stainless and electrical steel and special carbon products. This accounts for approximately 37% of the Stainless & Electrical Steel segment's total shipments. Steel shipments from Stainless & Electrical Steel Brazil facilities represented 571 thousands tonnes in 2023, and 593 thousands tonnes in 2022.

The Timóteo integrated production facility includes two blast furnaces, one melting shop area (including two electrical furnaces, two converters, and two continuous casting machines), one hot rolling mill (including one walking beam and one pusher furnace with one rougher mill and one steckel mill), a stainless cold rolling shop (including one hot annealing and pickling line, two cold annealing and pickling lines, one cold preparation line, three cold rolling mills, and four batch annealing furnaces), and an electrical steel cold rolling shop (including one hot annealing and pickling line, two tandem annealing lines, one decarburising line, one thermo-flattening and carlite coating line, one cold rolling mill, and 20 batch annealing furnaces).

Aperam South America is in a unique position to produce stainless and specialty steel using charcoal from our sustainably cultivated forests in Brazil from the Recycling & Renewables division, which reduces its dependence on external sources for coke and energy.

In 2023, Aperam South America became the first special flat steel manufacturer in Latin America to receive ResponsibleSteel™ certification. The ResponsibleSteel™ Standard, which was designed together by business partners and NGOs with the aim of promoting steel as a responsible material of choice, contains 12 principles with more than 200 requirements that set the benchmark for responsible steel production

Our Stainless Europe operations were certified in 2021, making Aperam the world's first stainless steel and specialty alloys producer to achieve this distinction on two different continents.

Committed to maximising steel's contribution to a sustainable society, Aperam underwent a rigorous international audit process in 2023. The certification of Aperam South America reinforces our commitment to sustainability and our mission to offer steel solutions produced in a responsible manner.

Aperam Stainless & Electrical - Timóteo plant

Services & Solutions

We predominantly sell and distribute our products through our Services & Solutions segment, which includes our tubes business. With the aim of meeting specific customer requirements, this segment provides value added and customised steel solutions with further processing, very short lead times and a high level of service. Our global distribution network includes 14 steel service centres, four transformation facilities and 15 sales offices. Steel shipments from Services and Solutions represented 642,000 tonnes in 2022 and 647,000 tonnes in 2023.

Alloys & Specialties

Our Alloys & Specialties integrated production facility is located in Imphy, France, and includes a melt shop, a wire rod facility and a strip cold rolling facility. The melt shop is designed to produce specialty grades and includes one electric arc furnace, two induction furnaces with two vacuum oxygen decarburisation ladles and a ladle furnace, one vacuum induction melting furnace, two vacuum arc remelting furnaces, and one electroslag remelting furnace. The melt shop is also equipped with ingot casting facilities and a continuous billet caster.

Our wire rod mill specialises in the production of specialty alloys and has the ability to process a wide range of grades, including stainless steel. It consists of a blooming mill, billet grinding, a hot rolling mill with a capacity of 35,000 tonnes, and finishing lines.

Our strip manufacturing facilities are very versatile in terms of grades and formats and consist of several cold rolling mills, heat treatment furnaces and finishing capacities. They have a total capacity of more than 10,000 tonnes.

Steel shipments from our Alloys & Specialties facilities represented 27,000 tonnes in 2022 and 34,000 tonnes in 2023.

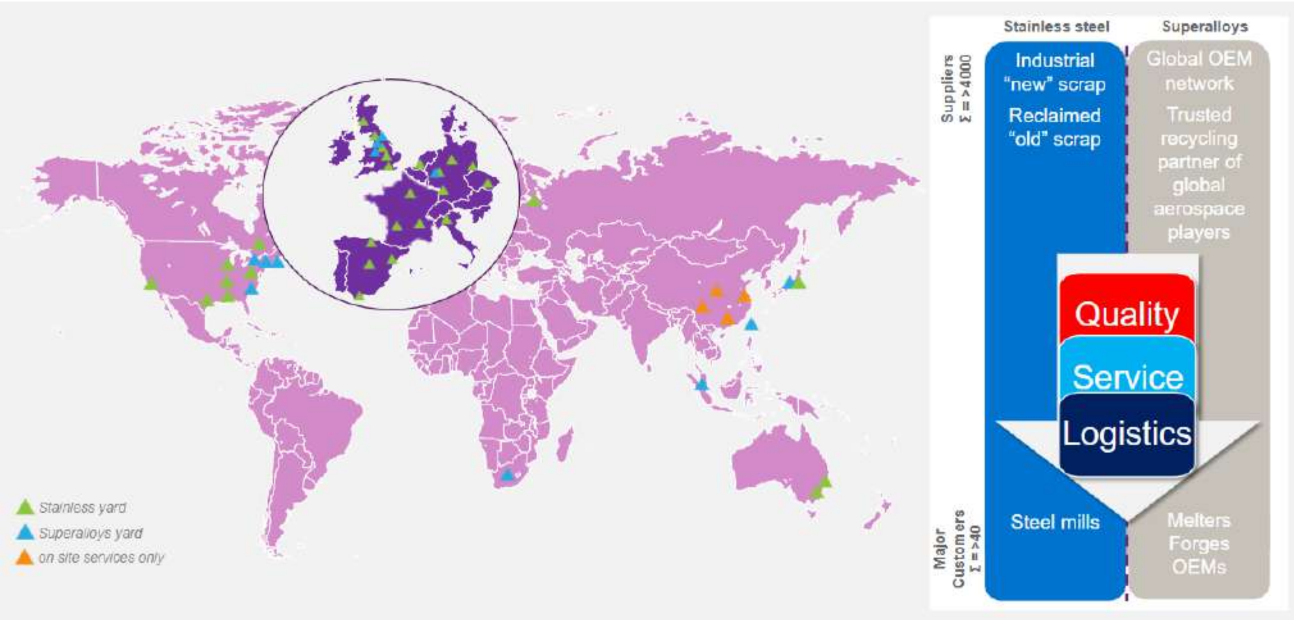
We also own downstream nickel alloy and specialty assets, including Aperam Alloys Rescal S.A.S., a wire drawing facility located in Epône, France; Aperam Alloys Amilly, an electrical components manufacturer located in Amilly, France; and Imhua Special Metals, a transformation subsidiary in Foshan, China. We further hold a majority stake in Innovative Clad Solutions, a production facility for industrial clads in Indore, (Madhya Pradesh) India.

Recycling & Renewables

Aperam Recycling & Renewables was established in 2022 and combines three recycling and renewable energy generating sub-segments, namely, Aperam Recycling, Recyco and BioEnergia.

Aperam Recycling

Aperam Recycling (formerly ELG) is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry, as well as high performance materials such as superalloys and titanium. With more than 50 locations in North America, Europe, Asia, Australia and South Africa, Aperam Recycling has one of the stainless recycling industry's largest global footprints.



Aperam Recycling's product lines include stainless steel, special metals and superalloys scrap. Its customers, primarily stainless steel producers as well as manufacturers from the aviation industry, receive the material in exactly the composition and form that their requirements demand.

Aperam Recycling is an integral part of the stainless steel and superalloys value chain, linking industrial customers, local scrap handlers, and mills and melt shops that purchase globally. Working with more than 4,000 trusted suppliers, Aperam Recycling sources small- and medium-sized lots of material of different compositions and qualities. Aperam Recycling's value creation consists of transforming a heterogeneous collection of materials into a tailor-made, homogenous, and constant stream of valuable raw material made available to its global customers. Especially in the stainless and superalloys segments, Aperam Recycling has developed sophisticated analytical methods and innovative techniques and services to meet the demanding quality standards of its customers.

Aperam Recycling continuously contributes to reducing the stream of metal waste: in 2023, 0.94 million tonnes of recycled raw material were shipped for transformation into new products.

Recyco

Recyco, our electric arc furnace recycling facility located in Isbergues, France, is dedicated to recovering and treating the metallic content from melting shop dust and sludge. Re-using the furnace of a former melt shop, we treat these residues, extract the valuable metallic content, and send it back for reuse.

Aperam BioEnergia

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 steel a leader in terms of its CO_2 footprint. Our forest is continuously cultivated and maintained and is carbon positive, which means it acts as a carbon sink. This is why our BioEnergia unit is a source of pride for our teams, who are keen to promote our 'green' label products.

Our forest management is based on best practices and is certified by the Forest Stewardship Council®'s (FSC®), whose standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility.

Our carbonisation process does not use any extractive fuels and is extraordinarily energy efficient, reusing the heat and gases generated by the incineration used to dry the wood. Thanks to this responsible and sustainable process, all the charcoal is produced efficiently and is sent to our Timóteo steel plant located approximately 350 kilometres away.

Aperam BioEnergia

Market Analysis

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, availability of raw material, energy prices, and fluctuations in exchange rates. In addition to these external factors, our operational results are further affected by certain factors specific to Aperam, including several initiatives we introduced in response to today's challenging economic environment. These factors are described in detail below.

2023 saw a slowdown in Global GDP growth, driven largely by inflationary pressure and a tightening of monetary policies, with interest rates remaining high throughout the year. Despite China's weak economic growth, the country refrained from rolling out major policy stimulus. Its economy is still being impacted from a weak property sector, as well as local government debt risk and a subdued economic outlook.

The Euro area suffered a sharp slowdown in 2023, resulting in a near standstill in terms of economic growth. This trend was seen across all countries and sectors. Even though the energy crisis has eased, energy costs remain above pre-crisis levels. Inflation adjusted downwards compared to 2022, and some relief was seen on interest rate cuts, which helped raise real income value.

Thanks to a commodity price boom, Brazil saw higher expectations for economic growth in 2023, allowing its economy to handle tighter fiscal and monetary policies. Additionally, there was a record grain harvest at the beginning of 2023. However, investment slowed towards the second half of the year, affecting employment and other segments of demand, but some fiscal expansion compensated, at least in some part, for the country's tight monetary policies.

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, along with differences in the availability of local raw material and purchase conditions - all of which impact sales price. Accordingly, there remains a limited market for uniform pricing or exchange trading of certain stainless steel products.

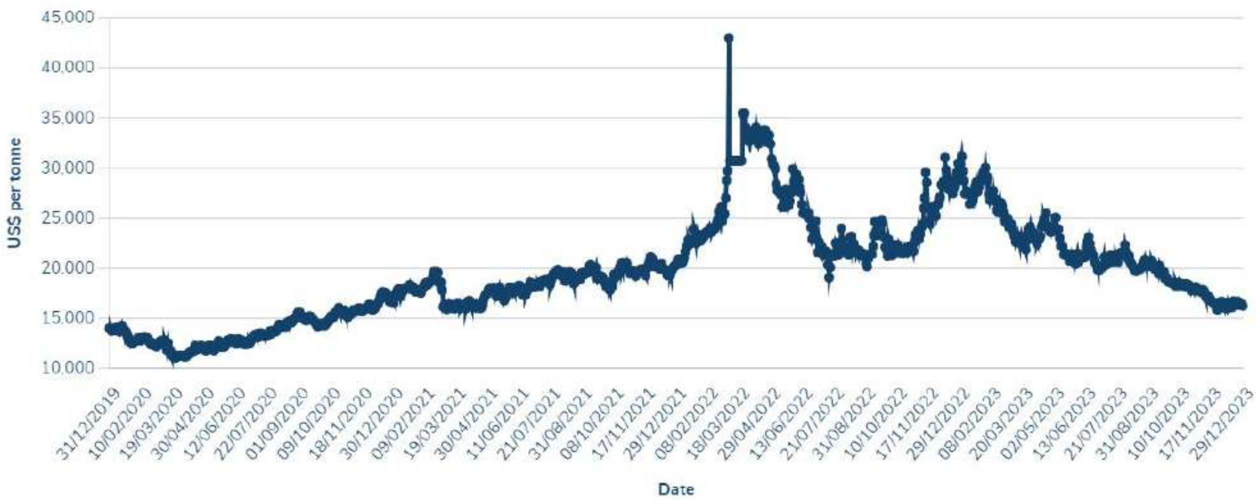
Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys that are added to confer certain specific properties (depending on the application). The cost of alloys used in stainless steel products varies across products and can fluctuate significantly.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

- **Base price**: negotiated with customers and depends on market supply and demand.

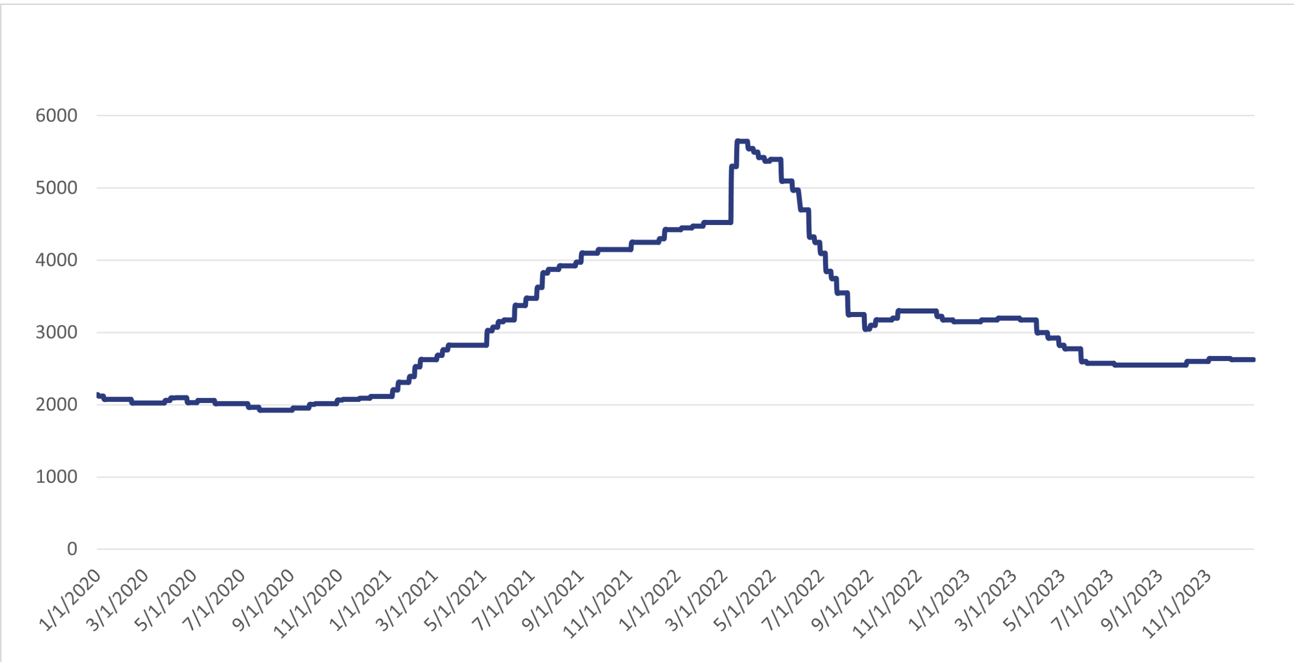
- **Alloy surcharge**: a supplementary charge to the selling price of steel that offsets the purchase price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases onto customers. The concept of the “alloy surcharge", which is calculated using the purchase prices of raw materials, 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 experienced several sudden spikes over the last decade before coming back to a lower level.

The graphs below shows the price of nickel on the LME, along with the European transaction price for CR304 stainless steel, for the period running 1 January 2020 to 31 December 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 are derived from the LME. Stainless steel/CR304 2B 2mm coil transaction price/Northern European domestic delivered prices are derived from Fastmarkets.

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

Electrical Steel Pricing

Similar to 2022, in 2023, prices for Grain Oriented (GO) and Non Grain Oriented (NGO) steels were strongly affected by global demand and supply dynamics.

The insatiable Chinese appetite for exporting electrical steels, fed by the country's slower recovery and the impact of the global availability of electrical steel, negatively impacts both GO and NGO prices. In 2023, NGO prices decreased by approximately 30% compared to 2022. Meanwhile, GO prices were negatively affected not only by Chinese exports, but also by the widespread availability of Russian GO steel on the global market, mostly being supplied via Russia's main trade partners (e.g. Turkey, Iran, China). In 2023, GO prices fell by almost 18%.

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 significantly affected by global economic and industrial trends. Short-term demand is also affected by fluctuations in nickel prices, as discussed in greater detail in the 'Stainless Steel Pricing' section above.

2022 saw the macro economic environment deteriorate, leading to a weakening in demand and an increase in stocks globally. In 2023, apparent consumption of stainless steel globally was estimated to be at a similar level as 2022. This was despite slight growth (~4%) in China, which was largely negated by a weak global macroeconomic context and large destocking. Overall, the rebound forecasted for 2023 was disappointing, particularly following negative growth in 2022. This brought consumption back to around 2021 levels. In the context of persistent weak demand, production cuts in China were insufficient to rebalance the stainless steel market, although they have pushed Nickel Pig Iron (NPI) into further oversupply. This resulted in a drop in NPI prices, which supported lower production costs for stainless steel and thus pushed prices down further.

In 2023, industrial production in Europe lagged growth, with the intermediate goods sectors underperforming. High energy prices kept production in energy-intensive upstream manufacturing sectors below past years, with some investments being shifted to lower energy price regions. In Brazil, 2023 demand was negatively affected by the global economic slowdown - even though the country itself posted stronger than expected domestic economic growth. In China, economic performance was stronger than in 2022, but still weaker than expected, with signs that consumer demand is recovering more slowly than hoped. Debt levels have risen massively.

With respect to electrical steel, the normalisation of ocean freight prices to pre-pandemic levels in several important global routes, together with Chinese GO and NGO steels regaining their competitive edge, contributed to steady export figures by Chinese electrical steel producers. Brazil's demand for GO steel is resilient, driven mainly by infrastructure and energy transition projects. However, demand for NGO steel did not show the same strength, being impacted by customer's high inventories and weak performances by several of Brazil's industrial sectors.

In contrast to the stainless steel market, nickel alloys remained resilient against downwards tendencies. The main drivers are the oil and gas and, especially, the aircraft/aerospace industries. On the oil and gas side, relevant market players (Schlumberger, Baker Hughes, Halliburton) expect that the market will continue to grow in 2024, part of a multi-year growth cycle in the segment. As a result, the industry will remain busy for the coming years.

On the aircraft/aerospace side of the equation, Aero, Boeing and Airbus have all increased production in 2023, although none are yet back to 2018 levels. Further growth is expected in 2024.

In the Power Generation segment, demand for stationary gas turbines remained satisfactory in 2023, with growth foreseen for 2024 and 2025. However, with the exception of Asia, demand for nuclear and coal power plant equipment shrank.

As for the CPI market, capital expenditure was high in 2023, providing growth opportunities in hydrogen projection (included in CPI), with Ni 201 demand for electrolysis applications having increased in 2023, with even higher forecasts for 2024 and 2025.

The automotive market grew by over 7% worldwide in 2023, the result of a high order backlog. From 2025 onward, demand for Ni alloys is expected to grow. Although e-cars have a lower demand for alloys than internal combustion engine (ICE) cars, batteries and high performance e-motors do have a need for nickel and cobalt alloys. Production of these components is expected to increase between 2024 and 2026.

On the shipbuilding side, 2023 saw the return of investments being made in the Liquefied Natural Gas (LNG) tanker business. A further increase is expected in 2024, and strong load of the shipyards is forecasted until 2027.

Finally, the use of electronic alloys in consumer goods saw negative growth in 2023, particularly in Europe, the Americas and Asia.

Production and capacity

After a sharp weakening in 2022, 2023 had a slight recovery mostly driven by China, with increased capacity, the utilisation rates saw a drop globally. This resulted during 2023 in demand being negatively impacted by high stocks, a weak recovery in China, and rather low demand in developed countries.

It is estimated that, in recent years, global structural overcapacity has grown, the result of additional capacity in China and Southeast Asia. In China, cold rolled overcapacity in 2023 was estimated at 4.5 million tonnes and close to 10 million tonnes globally. This high overcapacity is reinforced by a lower than expected consumption of cold rolled in China and weak demand ex-China, which reduces opportunities to increase exports.

Considering Indonesia's steady increase in stainless steel capacity, along with 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, keeping pressure on the global stainless value chain and trade flows.

Import pressure was rather limited in Europe during 2023. High stocks and weak demand, combined with longer lead-times and limited price advantages from imports, reduced Europe's interest in imports. Compared to 2022, in 2023, Brazil saw a reduction in its imports market share, with slight increase in stocks and a slight compression of apparent consumption.

Competition

Aperam is a leading flat stainless steel producer in South America, the second largest producer in Europe and one of the top 10 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 Baosteel) and Beihai Chengde now ranking among the 10 largest global flat stainless steel producers. In South America, we face competition primarily from Asian imports and, to a lesser extent, from North America.

Developments Regarding Trade Measures

Recent years have been marked by extensive developments in respect to trade measures, as described in greater detail below.

European Union

1. Safeguard measures on the import of steel products

The initial safeguard measure was introduced in July 2018 following the US decision to impose, under its Section 232 legislation, duties on the import of steel into the US market. The measures aimed to protect the EU steel market against trade diversion for a period of three years (July 2018 – June 2021). Due to the fact that the US Section 232 measures are still in force, the EU has prolonged its safeguard measures for an additional three years, from 1 July 2021 to 30 June 2024.

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

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 links:

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0978&from=EN

Anti-dumping measures on cold rolled stainless steel originating in China, 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 the safeguard or the anti-dumping and/or anti-subsidies duties are to be applied.

2. Expiry review of the anti-dumping measures applicable to the import 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%	26 March, 2015(1)
Cold Rolled Stainless Steel Flat Products	Taiwan	6.8% except China Far 0%	26 March, 2015(1)

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

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

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

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

On 6 October 2020, the European Commission published definitive anti-dumping duties on the import 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 EU 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(1)
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 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:32020R1408&from=EN

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

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

Implementing Regulation (EU) 2021/2012 (article 1(2)) was amended with the publication of the Implementing Regulation (EU) 2022/433 of 15 March 2022 (see below), which imposes new anti-dumping duties.

Type of Products	Countries	Definitive Anti-dumping Duty (%)	Effective From
Cold Rolled Stainless Steel Flat Products	India	From 10.0% up to 35.3%	28 May, 2021(1)
Cold 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 16 March 2022, the European Commission published Implementing Regulation (EU) 2022/433, imposing countervailing duties on the import of stainless steel cold-rolled flat products originating in India and Indonesia.

Type of Products	Countries	Definitive Countervailing Duty (%)	Effective From
Cold Rolled Stainless Steel Flat Products	India	From 4.3% up to 7.5%	17 March, 2022(1)
Cold Rolled Stainless Steel Flat Products	Indonesia	From 13.5% up to 21.4% except PT. Jindal Stainless Indonesia 0%	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. World Trade Organisation challenge against Indonesian restrictions on raw materials

On 22 November 2019, the European Union brought a dispute in the World Trade Organisation (WTO) against Indonesian export restrictions on the raw materials used to produce stainless steel.

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

On 14 January 2021, the European Union requested the establishment of a panel. At its meeting on 25 January 2021, the Dispute Settlement Body (DSB) deferred the establishment of said panel.

At its 22 February 2021 meeting, the DSB 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 19 April 2021, the European Union requested the Director-General to compose the panel.

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

On 1 November 2021, the Chair of the panel informed the DSB that, in accordance with the timetable adopted following consultations with the parties, the panel estimated that it would issue its final report during 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

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

With respect to the Domestic Processing Requirement (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 of nickel ore for export, it fell within the scope of the obligation in Article XI:1 of the GATT 1994. The panel thus found that the export ban was a prohibition on the export of nickel ore.

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.

The European Union noted its disagreement with Indonesia's appeal.

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

The European Union indicated that when the Appellate Body resumed its functions, it should set the schedule for the 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.

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

On 18 April 2023, the European Commission published a Regulation extending 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 and 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 European 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 expanded after the imposition of the measures and that the transformation of slabs of SSHR in Turkey qualifies as an 'assembly operation' circumvention practice.

The European Commission further 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 finds that the conditions for the extension of the duties have been met.

For further details please refer to the following link:
https://eur-lex.europa.eu/eli/reg_impl/2023/825/oj

8. Anti-circumvention investigation on imports of stainless steel cold-rolled flat products (SSCR) originating in Taiwan, Vietnam and Turkey

On 14 August 2023, the European Commission officially launched two anti-circumvention investigations in the stainless steel cold-rolled segment.

It found enough evidence to probe the import of stainless steel cold-rolled flat products (SSCR) from Taiwan, Turkey and Vietnam for the potential circumvention of the anti-dumping duties and of the countervailing duties imposed on Indonesian products in November 2021 and March 2022, respectively.

The European Commission also decided to immediately start registration of concerned imports from Taiwan, Turkey and Vietnam. This means that, should the investigation result in imposing new duties, they will be levied from the date the registration started.

Measures, if any, will be published during Q2 2024.

For further details please refer to the following links:
https://eur-lex.europa.eu/eli/reg_impl/2023/1631
https://eur-lex.europa.eu/eli/reg_impl/2023/1632

Brazil

Since 2013, Brazil's Trade Defence Department (Decom), an investigative body under the auspices of 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, ultimately imposing anti-dumping duties for a period of five years.

In 2021, anti-dumping and anti-subsidy investigations were opened against Indonesia. On 5 November 2021, stainless steel import duties were reduced from 14% to 12.6%. Another reduction, from 12.6% to 11.2%, happened on 23 May 2022 and was valid until 31 December 2023.

In December 2022, Decom imposed a definitive anti-subsidy duty of 18.79% on Indonesian Stainless Flat Cold Rolled 304 grades, in addition to CIF prices, for a period of 5 years.

In October 2023, Decom opened an anti-circumvention investigation on grades 200s and 410CR against China. The final decision is expected by mid April, 2024.

All current measures are described below.

Type of Products	Status of Import Duties	Anti-dumping (AD) Status
Stainless Steel Flat Products CR 304 and 430, in thicknesses between 0.35mm and 4.75mm	Normal import duties are 12.6%	AD duties starting 4 October 2013, lasting 5 years from U.S.$236/tonne to U.S.$1,077/tonne for imports. Renewal investigation launched on 3 October 2018, during which time AD duties will remain in place. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany. Renewed AD duties against China and Taiwan starting 4 October 2019 and 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. AD investigation on stainless steel flat CR 304 against Indonesia and South Africa launched on 25 February 2021. On 4 November 2021, the Brazilian Trade Defence authority closed the anti-dumping investigation. Anti-subsidy investigation on 304CR from Indonesia launched on 2 June 2021. On 2 December 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.
Stainless Steel Welded Tubes in thickness between 0.4mm to 12.70mm	Normal import duties are 12.6%	AD duties starting 29 July 2013, lasting 5 years, from U.S.$360/tonne up to U.S.$911/tonne. Countries involved are China and Taiwan. Renewal investigation launched on 16 July 2018, during which time AD duties will remain in place. AD duties starting 13 June 2018, lasting 5 years, from U.S.$367/tonne up to U.S.$888/tonne. Countries involved are Malaysia, Thailand and Vietnam. Renewed AD duties against China starting 24 July 2019, valid for 5 years, from U.S.$344/tonne to U.S.$405/tonne.

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

Raw Materials and Energy

Raw Materials

Stainless and specialty steel production requires a substantial amount 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 and carbon steel and thus tend to fluctuate in response to changes in supply and demand. Furthermore, since most of the raw materials we use are finite resources, their prices may fluctuate due to a perceived scarcity in reserves, along with the development of projects working to replace depleted reserves.

Stainless scrap prices at the beginning of the year were impacted by strong production and good demand for scrap. The summer saw European industrial activity begin to decrease, leading to a correction in scrap price. Towards the end of 2023, this lower industrial output resulted in tighter availability of scrap, which put further pressure on scrap prices. Ferrous scrap prices were less volatile than in 2022, with a price of USD 398 per tonne at the start of January. This was followed by a sharp increase in mid-March, peaking to USD 462 per tonne before declining back to beginning of the year levels.

Although the London Metal Exchange (LME) cash nickel price started 2023 at USD 31,200 per tonne, it declined steadily throughout the year, failing to reach this level again. This decline was triggered by a growing certainty of oversupply in all forms of nickel. During the course of the year, new technologies helped convert NPI to battery grade, which, together with the introduction of newly approved LME grades from new sources, helped reduce the pressure on Class 1 Nickel. Consequently, LME stocks started to pick up and, on 3

January, total LME nickel stocks stood at 55,380 tonnes. It reached a low of 36,810 tonnes on 19 June, before starting a recovery, reaching 64,056 tonnes on 29 December 2023.

The European Ferrochrome Benchmark was rolled over from the previous quarter at US$1.49/lb Cr. It then went up to US$1.72/lb Cr, reflecting the positive market expectations for Q2, which ultimately failed to materialise. This led to US$1.51/ and US$1.53/lb Cr for Q3 and Q4 respectively. During the course of 2023, production of FeCr increased by 14% year-on-year in China (7.3 million tonnes), largely offsetting the 17% loss in South African production (to 3.2 million tonnes), reaching 15.4 million tonnes (+2.1%) globally. During this same period, the consumption of FeCr jumped by 4.2%, to 14.5 million tonnes, driven mainly by China (9.5 million tonnes, or +8.8%).

Molybdenum was already in strong demand by the military, aerospace, oil & gas and renewable sectors throughout 2022. Accumulating supply disruptions in South America, which China production could not offset, destabilised a market already expected to be in deficit in 2023. In addition, allegations about traders shorting and end-users actively restocking prior to the Lunar New Year pushed Molybdenum prices to a historical high of US$104 at the end of January 2023 (+45% month-on-month). Thereafter, the market corrected to US$44 by mid-April before stabilising in a wide US$50-60 range, the result of an easing of supply tensions and bearish market sentiment in China. Both the ramp up of production at new South American mines and demand deterioration in Q4, pushed prices down to US$41 by early December. However, news that a European trader was short by 30 trucks a month for Q1 took prices slightly below US$50.

Energy

Russia's invasion of Ukraine resulted in a fundamental change in energy supply to the EU, which closed the supply gap with new LNG volumes. This change exposed European gas prices to global macroeconomic factors, especially regarding Asian (China/Japan) demand for LNG, as well as uncertainties related to LNG production. Implementing the necessary changes took time, meaning consumers were exposed to higher energy bills and supply shortages for part of the year (mainly Q1, 2023). Q2-Q4 2023 saw a supply/demand balance out and, with it, a significant easing in prices. The situation greatly benefited from a decrease in industrial demand and favourable weather conditions during the year.

Spot prices for natural gas TTF (Title Transfer Facility) in January 2023 averaged 62 EUR/MWh (compared to 85 EUR/MWh the year before) marking significant improvement as weather conditions were mild and industrial demand declined significantly. Healthy supply during the year resulted in year-on-year TTF spot prices being approximately three times lower than 2022 (123 EUR/MWh in 2022 compared to 41 EUR/MWh in 2023). The average for 2023 was 3 EUR/MWh below the five year average, although still almost twice that of 2018.

Considering that natural gas still accounts for 25% of European electricity generation, combined-cycle gas turbine (CCGT) power plants being marginal cost producers and additionally supported with renewable energy capacity increase together with improved availability of nuclear reactors (including announcements for construction of new ones), electricity prices followed natural gas price drop. Belgian electricity (105 EUR/MWh) averaged approximately 60% year-on-year (265 EUR/MWh), while in France the difference was even higher - approximately 65% lower compared to the year before.

In Europe, the Group is renegotiating natural gas and electricity supply agreements with ArcelorMittal Energy S.C.A. In Brazil, the Timóteo production facility has a natural gas supply contract with a Brazilian supplier.

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 a couple of suppliers, with balancing requirements managed through short-term arrangements.

The Group procures its industrial gas supplies using short or long-term contracts with various providers in different geographical regions.

As a stainless steel producing company, Aperam is a large consumer of electricity and natural gas and manages its energy needs through a mix of forward hedges, spot and fixed price contracts. Therefore the past energy and natural gas inflation had an impact during the whole year 2023.

Within this context, we sought to balance higher costs with efficiency gains and accelerated our procurement of electricity from renewables, mainly from on-site installations. This shows how important our 30% energy reduction target by 2030 is and that investments in energy savings have potentially high returns.

Impact of Exchange Rate Movements

At the end of 2022, the Euro amounted to 1.0666 USD/Euro and 5.5694 Brazilian real/Euro. In 2023, the Euro appreciated by 3.6% against the U.S. dollar to reach 1.1050 USD/Euro, and depreciated by 3.9% against the Brazilian real to reach 5.3516 Brazilian real/Euro.

Since a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the Euro (see Currency presentation), the Company 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 our operational results. 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 year ending 31 December 2023 and is compared to the year ending 31 December 2022.

Key Performance Indicators

The key performance indicators used to analyse our 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 per operating segment for the year ending 31 December 2023 and compared to the year ending 31 December 2022:

	Sales for the Year Ending 31 December, (1)		Shipments for the Year Ending 31 December, (1) (2) (3)		Average Selling Price for the Year Ending 31 December, (1)		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 (2) (4)	4,229	5,510	1,550	1,600	2,626	3,358	(23.2)	(3.1)	(21.8)
Services & Solutions	2,255	2,779	647	642	3,345	4,164	(18.9)	0.8	(19.7)
Alloys & Specialties	889	665	33	27	25,527	23,518	33.7	22.2	8.5
Recycling & Renewables (3)	1,977	2,428	1,373	1,358	1,440	1,788	(18.6)	1.1	(19.5)
Total (before intra-group eliminations)	9,350	11,382	3,603	3,627			(17.9)	(0.7)	
Others and elimination	(2,758)	(3,226)	(1,405)	(1,318)			(14.5)	6.6	
Total (after intra-group eliminations)	6,592	8,156	2,198	2,309			(19.2)	(4.8)	

Notes:
(1) Amounts are shown prior to intra-group elimination. For additional information, see Note 3 to the consolidated financial statements.
(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 655,000 tonnes and 634,000 tonnes in the year ending 31 December 2023 and 2022 respectively.
(3) Recycling & Renewables shipment amounts are shown prior to intersegment shipments of 746,000 tonnes and 684,000 tonnes in the year ending 31 December 2023 and 2022 respectively.
(4) Includes shipments of special carbon steel from the Company's Timóteo production facility.

In 2023, sales decreased by (19.2)% compared to 2022 primarily due to lower shipments and lower average selling prices.

Stainless & Electrical Steel

In 2023, Stainless & Electrical Steel sales (including intersegment sales) decreased by (23.2)% compared to 2022, the result of lower shipments and lower average steel selling prices in Europe and South America.

Steel shipments for this segment (including intersegment shipments) decreased by (3.1)% to 1,550 million tonnes for the year ending 31 December 2023, of which 571,000 tonnes were attributable to our operations in South America and 979,000 tonnes were attributable to our operations in Europe, including intersegment shipments. This was down from 1,600 million tonnes for the year ending 31 December 2022, of which 582,000 tonnes were attributable to our operations in South America and 1.018 million tonnes were attributable to our operations in Europe, including intersegment shipments. The average steel selling price for the Stainless & Electrical Steel segment decreased by (21.8)% in 2023 compared to 2022.

Stainless & Electrical Steel sales to external customers were €2,302 million for the year ending 31 December 2023, representing 34.9% of total sales, a decrease of (26.5)% as compared to sales to external customers of €3,131 million for the year ending 31 December 2022, 38.4% of total sales.

Services & Solutions

In 2023, Services & Solutions sales (including intersegment sales) decreased by (18.9)% compared to 2022, primarily due to a (19.7)% decrease in average steel selling prices for the segment, which was partly offset by 0.8% higher steel shipments.

Services & Solutions sales to external customers were €2,171 million for the year ending 31 December 2023, representing 32.9% of total sales, a decrease of (19.2)% compared to the €2,686 million the segment sold to external customers in the year ending 31 December 2022, which represented 32,9% of total sales.

Alloys & Specialties

In 2023, Alloys & Specialties sales (including intersegment sales) increased by 33.7% primarily due to average steel selling prices being 8.5% higher and steel shipments being 22.2% higher.

Alloys & Specialties sales to external customers were €871 million for the year ending 31 December 2023, representing 13.2% of total sales. This represented a 31.8% increase compared to €661 million in sales to external customers recorded for the year ending 31 December 2022, which represented 8.1% of total sales.

Recycling & Renewables

In 2023, Recycling & Renewables sales (including intersegment sales) decreased by (18.6)% compared to 2022, primarily due to decrease in average selling prices.

Recycling & Renewables sales to external customers were €1,248 million for the year ending 31 Decembe 2023, representing 18.9% of total sales. This represented a (25.6)% decrease compared to €1,678 million in sales to external customers recorded for the year ending 31 December 2022, which represented 20.6% of total sales.

Operating income

The following table provides our operating income and operating margin for the year ending 31 December 2023, as compared to the year ending 31 December 2022:

	Operating Income / (Loss) Year Ending 31 December		Operating Margin Year Ending 31 December	
	2023	2022	2023	2022
Operating Segment	**(in millions of Euros)**		**(%)**	
Stainless & Electrical Steel	(25)	689	(0.6)	12.5
Services & Solutions	10	79	0.4	2.8
Alloys & Specialties	40	44	4.5	6.6
Recycling & Renewables	84	27	4.2	1.1
Total(1)	**89**	**890**	**1.4**	**10.9**

Note:

(1) Amounts shown include eliminations and other items of €(20) million and €51 million for the years ending 31 December 2023 and 2022 respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with intersegment eliminations and/or non-operational items that are not segmented.

The Group's operating income for the year ending 31 December 2023, was €89 million, compared to an operating income of €890 million for the year ending 31 December 2022. Group operating income decreased by 90.0%. Excluding an exceptional loss of €(11) million made from restructuring-related charges in 2023, and exceptional losses of €(53) million related to the reversal of the inventory step-up of €(48) million recognised in the 2021 bargain purchase gain on the acquisition of ELG and a final bargain purchase gain adjustment on this acquisition for €(5) million in 2022, Group operating income decreased by 89.4%. This was due to lower volumes, a price / cost squeeze and the highest inventory valuation charge in the Company's history. Phase 4 of the Leadership Journey® - the Transformation Programme - realised a gain of €64 million in 2023.

Stainless & Electrical Steel

The operating result for the Stainless & Electrical Steel segment was a loss of €(25) million for the year ending 31 December 2023, of which an operating loss of €(124) million was attributable to our European operations, partly offset by an operating income of €99 million attributable to our operations in South America. This is compared to an operating income of €689 million for the year ending 31 December 2022, €321 million of which was attributable to our European operations and €368 million attributable to our South American operations. This significant drop in operating result was mainly driven by the combined effect of lower volumes, lower price and inventory valuation charges.

Services & Solutions

The operating income for the Services & Solutions segment was €10 million for the year ending 31 December 2023 (compared to €79 million for the year ending 31 December 2022). The lower operating income was mainly attributable to a significant inventory valuation charge versus a gain last year, to which an unfavourable price/cost development was added.

Alloys & Specialties

The operating income for the Alloys & Specialties segment was €40 million for the year ending 31 December 2023 (compared to operating income of €44 million for the year ending 31 December 2022). The decrease is mainly attributable to an inventory valuation charge in 2023, compared to a gain in 2022.

Recycling & Renewables

The operating income for the Recycling & Renewables segment was €84 million for the year ending 31 December 2023. The operating income for the Recycling & Renewables segment was a €27 million for the year ending 31 December 2022, including an exceptional loss of €(53) million related to the reversal of the inventory step-up of €(48) million recognised in the 2021 bargain purchase gain on the acquisition of ELG and a final bargain purchase gain adjustment on this acquisition for €(5) million. The increase is mainly due to higher volumes and positive valuation effects that compensated for slightly lower prices.

Financing Income / (Costs)

Financing income / (costs) include interest income, interest expense, net foreign exchange and derivative results, and other net financing costs. Net financing income was €30 million for the year ending 31 December 2023, compared to financing costs of €(137) million for the year ending 31 December 2022.

Excluding the foreign exchange and derivative results described below, net interest expense and other financing costs for the year ending 31 December 2023 were €(33) million, compared to a net interest expense and other financing costs of below €(15) million for the year ending 31 December 2022.

Net interest expense and other financing costs also includes recurring financing costs of €(35) million for the year ending 31 December 2023, of which the cash costs of financing accounted for €(26) million. This is compared to recurring financing costs of €(15) million for the year ending 31 December 2022, of which the cash costs of financing accounted for €(9) million. Cash costs of financing include interests and other expenses related to the servicing of debt and other financing facilities.

Realised and unrealised foreign exchange and derivative gains/losses accounted for a gain of €63 million for the year ending 31 December 2023. This was mainly driven by unrealised and realised results on nickel derivatives, which were compensated for primarily via operating results on higher foreign exchange denominated sales and realised results on foreign exchange derivatives. In comparison, realised and unrealised foreign exchange and derivative loss for the year ending 31 December 2022 were €(122) million. Foreign exchange results primarily relate to the accounting revaluation of non-Euro assets, liabilities, sales and earnings. Results on derivatives primarily relate to financial instruments used to hedge our exposure to nickel prices but which do not qualify for hedge accounting treatment under IFRS 9.

Income Tax

We recorded an income tax benefit of €87 million, which corresponds to a negative effective tax rate of (74)% for the year ending 31 December 2023. By comparison, our income tax expenses for the year ending 31 December 2022 were €(126) million, which corresponds to an effective tax rate of 17%. The change in the effective tax rate in 2023 compared to 2022 is mainly due to additional net deferred tax assets recognised on tax losses carried forward and other tax benefits.

Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of €203 million for the year ending 31 December 2023, compared to a profit of €625 million for the year ending 31 December 2022.

Alternative Performance Measures

This Annual Report includes Alternative Performance Measures (APM), which are non-GAAP financial measures. Aperam believes these APMs are relevant to enhance the understanding of its financial position and provide 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)

Year ending 31 December 2023	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations[1]**	**Total**
Operating income (loss)	(25)	10	40	84	(20)	**89**
Depreciation and amortisation	(106)	(14)	(9)	(72)	(3)	**(204)**
EBITDA	**81**	**24**	**49**	**156**	**(17)**	**293**

(in millions of Euros)

Year ending 31 December 2022	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations[1]**	**Total**
Operating income	689	79	44	27	51	**890**
Depreciation, amortisation and Impairment	(102)	(14)	(9)	(59)	(2)	**(186)**
EBITDA	**791**	**93**	**53**	**86**	**53**	**1,076**

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:

	December 31	
(in millions of Euros)	**2023**	**2022**
Long-term debt	574	667
Short-term debt	360	258
Cash and cash equivalents	(443)	(457)
Net Financial Debt	**491**	**468**
Equity	3,450	3,392
Gearing	**14%**	**14%**

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:

	Year ending December 31,	
(in millions of Euros)	**2023**	**2022**
Net cash provided by operating activities	471	642
Net cash used in investing activities	(303)	(297)
Free cash flow before dividend and share buy-back	**168**	**345**

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’ section. (See also the section entitled: ‘Principal Risks and Uncertainties Related to Aperam and the Stainless and Specialty Steel Industry’).

Outlook

On February 9, 2024, the Company released its fourth quarter and full year 2023 results, which are available on the Company’s website (www.aperam.com) under the Investors > Reports and Presentations > Quarterly Reports section. As part of its prospects, the Company announced that Q1 2024 adjusted EBITDA is expected to be at a comparable level versus Q4 2023. The Company also guided for a higher Q1 2024 net financial debt versus Q4 2023.

Aperam S.A. as the Parent Company

Aperam S.A., incorporated under the laws and domiciled in Luxembourg, is the parent company of the Aperam Group, a role it is expected to continue to play in the coming years.

The parent company was incorporated on 9 September 2010 to hold the assets that comprise ArcelorMittal's stainless and specialty steels businesses. As described in the parent company's articles of association, the corporate purpose of the company is the manufacturing, processing and marketing of stainless steel, stainless steel products and all other metallurgical products, as well as all products and materials used in their manufacturing, processing and marketing, and all industrial and commercial activities connected directly or indirectly with those objects, including mining and research activities and the creation, acquisition, holding, exploitation and sale of patents, licences, know-how and, more generally, intellectual and industrial property rights.

The parent 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 parent company directly or indirectly controls 89 subsidiaries.

The parent company generated a net profit[3] of €119 million in 2023, mainly due to €71 million of income from participating interests derived from affiliated undertakings consisting in interim dividends, and €34 million resulting from the intra-group transfers between the company and subsidiaries participating in the Luxembourg tax consolidation.

On 31 December 2023, the Company had 75,633 own shares, for a total book value of €2 million.

[3] The net profit has been established according to generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

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 on 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 €443 million and €457 million as of 31 December 2023 and 31 December 2022 respectively.

Our total gross debt, which includes long and short-term debt, was €934 million and €925 million as of 31 December 2023 and 31 December 31, 2022, respectively. As of 31 December 2023, Aperam had €116 million (out of a total gross debt of €934 million) outstanding at the subsidiary level (including €100 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 €491 million as of 31 December 2023. This is compared to €468 million as of 31 December 2022.

Gearing, defined as net financial debt divided by total equity, was 14% as of 31 December 2023, similar to the 14% recorded on 31 December 2022.

As of 31 December 2023, the Company had a total liquidity of €1,023 million. This included €443 million in cash and cash equivalents (including short term investments) and €580 million in committed credit lines (unsecured revolving credit facilities of €700 million) at the Aperam SA level.

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

Financing

€500m Unsecured Revolving Credit Facility / €300m Fixed Rate Term Facility

On 11 February 2022, Aperam announced having entered into a 5+1+1 years sustainably-linked senior unsecured revolving credit facility (hereinafter, 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 six year sustainably-linked amortising fixed rate term facility of €300 million with a syndicate of 10 banks (hereinafter, 'Loan'). The Facility is for general corporate purposes and the Loan is dedicated to the refinancing of ELG's maturing debts. The pricing of financing contracts is linked to two of the Company's strategic commitments: to become a best-in-class stainless steel manufacturer in terms of Health & Safety and to maintain its leadership position in low carbon steel-making.

On 26 January 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 for a maximum consolidated total debt of 90% of consolidated tangible net worth. On 31 December 2023, this financial covenant was fully met.

On 31 December 2023, the Facility was fully undrawn and the Loan was fully drawn.

€200m Unsecured Revolving Credit Facility

On 26 September 2023, Aperam entered into a 3+1 years sustainably-linked senior unsecured revolving credit facility (hereinafter, Facility') of €200 million with a syndicate of 7 banks. The Facility is for the repayment of amounts outstanding under the existing financial indebtedness, together with any breakage costs and other costs and expenses payable in connection with such repayment and for general corporate purposes.

The Facility contains a financial covenant, being a maximum consolidated total debt of 90% of consolidated tangible net worth. On 31 December 2023, this financial covenant was fully met.

On 31 December 2023, an amount of €120 million was drawn under the Facility.

EIB Financings

On 27 June 2016, Aperam and the European Investment Bank (EIB) announced the signing of a financing contract in the amount of €50 million, which was dedicated to financing a research and development programme over the 2016-2019 period, as well as an upgrade to two plants located in cohesion regions in France and 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 16 October 2018, at a rate of 1.669%, with a final maturity date of 16 October 2028.

On 25 February 2019, the Company announced the signing of a financing contract where the EIB made €100 million available to Aperam. The purpose of this contract was 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 15 March 2019, at a rate of 1.307%, with a final maturity date of 15 March 2029.

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

Schuldscheindarlehen

On 24 September 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 an initially announced volume of €100 million to €190 million. The fixed rate tranches, which total €150 million, bear an interest rate of = 1.10% - 1.50%. The floating rate tranches, which total €40 million, bear an interest rate of EURIBOR 6M + 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 27 March 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 10 July 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 31 December 2023, an amount of €135 million was drawn under the Aperam NEU CP programme.

True Sales of Receivables Programme

The Company has established sales without recourse to a 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 €550 million and €520 million as of 31 December 2023 and 31 December 2022, respectively. Through the TSR programme, certain Aperam operating subsidiaries 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 11 February 2022, Aperam increased its sales without recourse to a trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €420 million, up from €370 million.

On 27 April 2022, Aperam increased its sales without recourse to a trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €520 million, up from from €420 million.

On 22 June 2023, Aperam increased its sales without recourse to a trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €570 million, up from €520 million.

On 13 July 2023 Aperam decreased its sales without recourse to a trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €550 million, down from €570 million.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the years ending 31 December 2023 and 2022 were €2.8 billion and €2.8 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 €(23) million and €(10) million in 2023 and 2022 respectively.

Recent Developments

On 31 January 2024, Aperam confirmed the extension of the maturity of the sustainably-linked senior unsecured revolving credit facility of €500 million by one year, until 9 February 2029.

Credit Ratings

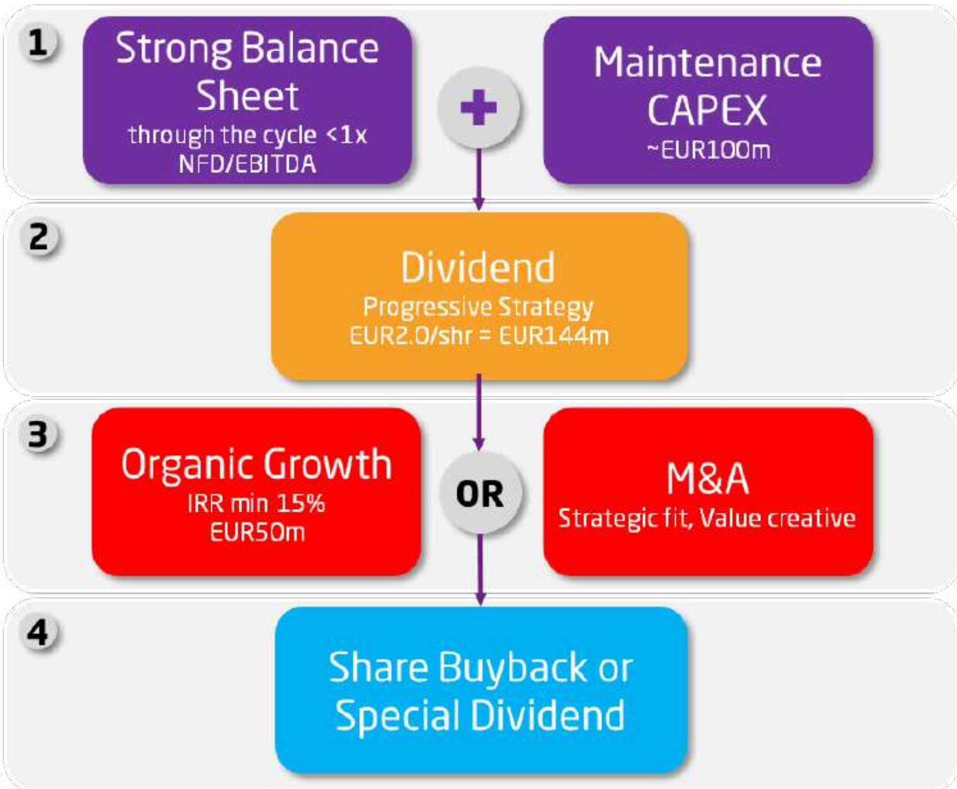
On 13 June 2019, Aperam announced that it has requested to be withdrawn from the credit rating services of S&P Global Ratings and Moody's Investor Service, while reaffirming to maintain investment grade financial ratios. Given the Company's low level of debt at that time and the nature of its funding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

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

On 15 July 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 maximise the long-term growth of the Company and the value accretion for its shareholders while maintaining a strong balance sheet.



Earnings Distribution

Dividend

Technicalities

As from 2019, 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 10 February 2023, Aperam announced its detailed dividend payment schedule for 2023. The Company proposed to maintain its base dividend of €2.00 per share, subject to shareholder approval at the 2023 Annual General Meeting. On 2 May 2023, at the 2022 Annual General Meeting, the shareholders approved a base dividend of €2.00 per share. The dividend was paid in four equal quarterly instalments of €0.5 (gross) per share.

In 2024

On 9 February 2024, Aperam announced its detailed dividend payment schedule for 2024. The Company proposes to maintain its base dividend of €2.00 per share, subject to shareholder approval at the 2024 Annual General Meeting of 30 April 2024. The dividend payments would occur in four equal quarterly instalments of €0.5 (gross) per share in 2024 as described below in the detailed dividend schedule:

	1st Quarterly Payment (interim)	2nd Quarterly Payment	3rd Quarterly Payment	4th Quarterly Payment
Announcement Date	22 February 2024	07 May 2024	12 August 2024	6 November 2024
Ex-Dividend	27 February 2024	10 May 2024	16 August 2024	11 November 2024
Record Date	28 February 2024	13 May 2024	19 August 2024	12 November 2024
Payment Date	21 March 2024	07 June 2024	12 September 2024	6 December 2024
FX Exchange Rate	23 February 2024	08 May 2024	13 August 2024	7 November 2024

Share Buy-back

Corporate authorisations

On 2 May 2023, the Annual General Meeting of Shareholders authorised the Board of Directors and the corporate bodies of 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.

Aperam did not perform any share buy-back programme in the course of 2023.

Sources and Uses of Cash

The following table presents a summary of our cash flows for the year ending 31 December 2023 and compared to the year ending 31 December 2022:

	Summary of Cash Flows	
	31 December	
	2023	2022
	(in millions of Euros)	
Net cash provided by operating activities	471	642
Net cash used in investing activities	(303)	(297)
Net cash used in financing activities	(152)	(419)

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to €471 million for the year ending 31 December 2023, compared to €642 million for the year ending 31 December 2022. The €171 million decrease in net cash provided by operating activities between 2022 and 2023 was mainly due to a lower operating income of €89 million in 2023 compared to €890 million in 2022. This was partly offset by a release of €(248) million in operating working capital in 2023, compared to an investment of €258 million in operating working capital in 2022.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to €(303) million for the year ending 31 December 2023, compared to €(297) million for the year ending 31 December 2022. The net cash used in investing activities for the year ending 31 December 2023 was mainly related to €250 million in capital expenditures and €51 million in purchases of biological assets, compared to €285 million of capital expenditures and €11 million of purchases of biological assets for the year ending 31 December 2022. In addition, we had €2 million and €1 million of other investing activities in 2023 and 2022 respectively.

Net Cash Used in Financing Activities

Net cash used in financing activities was €(152) million for the year ending 31 December 2023, compared to €(419) million for the year ending 31 December 2022. Net cash used in financing activities for the year ending 31 December 2023 was primarily due €(145) million of dividend payments, €(15) million of lease payments and €8 million of net proceeds from banks. Net cash used in financing activities for the year ending 31 December 2022 was primarily due to €(194) million of purchase of treasury stock, €(151) million of dividend payments, €(60) million of net payments to banks and €(14) million of lease payments.

Equity

Equity attributable to the equity holders of the parent company increased, from €3,385 million on 31 December 2022 to €3,442 million as of 31 December 2023. This is primarily due to a net profit of €203 million for the year, €19 million in other movements , €6 million in foreign currency translation adjustments and recognition of €3 million in share-based payments, partially compensated by a €(144) million dividend declaration, €(22) million of change in unrealised results on derivative financial instruments, and €(9) million of change in recognised actuarial gains and losses.

Capital Expenditure[4]

Capital expenditures for the years ending 31 December 2023 and 2022 were €250 million and €285 million respectively.

[4] Capital expenditure is defined as purchase of tangible assets and intangible assets, net of change in amount payables on these acquisitions

A Strong Focus on Self-help Measures

From its founding, Aperam has always pursued a strategy designed to reinforce the robustness of our business using self-help measures. We accomplish this by continuously leveraging our in-house internal improvement measures 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 have remained focused on achieving Phase 4 of the Leadership Journey® through a combination of cost, 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 below.

Completed Leadership Journey® initiatives by phase and total target gains

Phase 1: 2011-2013 Restructuring & Cost Cutting	Phase 2: 2014-2017 Upgrading Best Performing Assets	Phase 3: 2018-2020 Transforming the Company
Completed	*Completed*	*Completed*
Launched at the early stage of the Company in 2011, the restructuring initiatives focused on closing non-competitive capacities and reducing fixed costs through, for example , 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

The newly completed Phase 4 of the Leadership Journey®: Combining growth, mix and cost improvements

On 4 November 2020, Aperam announced Phase 4 of its Leadership Journey® with a cumulative target of €150 million in gains for the 2021 - 2023 period. This was to be achieved via a combination of cost, growth and mix improvement measures. This new phase of the Leadership Journey® consisted of two steps. First, changes to our footprint will defend our cost leadership in Europe by bundling volumes and expertise at the most efficient lines. This forms a solid basis for the second step, where the resulting increase in productivity has been used for improving our mix and growth pillars. We planned a total cash out of €90 million for Phase 4, which includes capex and any associated restructuring costs. Phase 4 of the Leadership Journey® concluded on 31 December 2023, with a cumulative gain of €186 million, well-above our target gain of €150 million. Despite a very challenging external environment, we managed to come out 24% ahead of target.

Structural Cost	– Cost leadership in Europe – Leadership Journey® (Phase 4) – Genk downstream ramp up – Footprint specialisation – SG&A improvement	Total gains reached under Phase 4: €186 million versus targeted gain of €150 million
Growth	– Top line strategy – Distribution growth – Alloys growth plan – Brazil growth	
Differentiation	– ESG leadership – Strong balance sheet – Financial discipline – Value oriented M&A approach	

Structural cost: Our new rolling lines in Genk - which has the distinction of being the lowest cost plant in Europe - have played a crucial part under Phase 4 and resulted in efficiency gains and considerable fixed cost reductions. Furthermore, we targeted improvements in our SG&A costs as we transition into a post-COVID-19 era.

Growth in Specialties: The reduced footprint and increased flexibility of our lines allows us to use specialised 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 extent, materialise beyond 2023 and yield gains in addition to those included in the Phase 4 gains.

In Phase 4, our successful growth initiatives included:

- 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 use of stainless steel 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 along with the provision of better customer service 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 and to address very specific customer requirements relating to, for example,e-mobility, renewable energies, new display devices (e.g. Oled screens), aerospace, automotive, and electronics - 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 the creative solutions we offer our customers. As an example, Aperam, together with Tekna, a leading actor in metallic powder manufacturing, launched a company called ImphyTek Powders. The company markets nickel and specialty alloy spherical powders for advanced additive manufacturing technologies

Differentiation: Our recognised Environmental-Social-Governance (ESG) leadership, strong balance sheet, financial discipline, and value oriented M&A approach has and will continue to support our cost and growth initiatives.

Looking at the next milestone, Phase 5 of the Leadership Journey®: Efficiency

Aperam is now launching Phase 5 of its Leadership Journey® , Efficiency, with targeted gains of €200 million to be realised over the 2024 to 2026 period. Gains will come from a combination of variable and fixed cost savings, as well as further improvements in purchasing and mix from what was achieved during Phase 4. Phase 5 includes a structural cost reduction plan of €50 million. To the extent that this plan would affect employment, we will consult with our social partners on any social impact.

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. Being the first stainless steel company to earn a ResponsibleSteel™ certification (for Aperam Stainless Europe in 2021 and South America in 2023) is reassurance to our stakeholders that we produce responsibly. With Aperam, our customers have selected a partner recognised as being 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 footprints in our industry, while also striving to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship.

Please refer to the section on Corporate Responsibility for more details.

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

	**e-Mobility solutions**	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
	**Clean air**	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
	**Cryogenic applications**	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
	**Sustainable water supply**	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
	**Solar power**	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
	**Renewable energy**	• Electrical steels enable high performing wind generators due to their high permeability • The magnetic properties of alloys convert and shape an electrical signal from generation to end use • Anemometric towers built of stainless steel enjoy an increased life span, reduced maintenance costs, better safety
	**The hydrogen economy**	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 having integrated ELG as Aperam Recycling into our Recycling & Renewables Division. These benefits include lower costs, environmental improvement and growth. With around 1,000 of our employees working in Aperam Recycling, the segment defends Aperam's cost leadership position. It also drives our environmental ambition by facilitating even higher uses of recycled materials, which further lowers our energy use and Greenhouse Gas emissions. Aperam Recycling supports our growth potential and opens new areas for development within Aperam by closing the recycling loop, increasing scrap volumes and by improving the quality of our stainless steel and our alloys and specialty superalloys. In Europe, Aperam now benefits from a secure supply of scrap, a key strategic raw material. In fact, we now 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 derived from our own sustainably cultivated eucalyptus forests. This unique feature gives us one of the best carbon footprints globally. In Brazil, about 1,800 of our employees are employed in the seedling, nursing and planting of eucalyptus trees as in transport of product. Our forest management is based on best practices and is recognised by the Forest Stewardship Council's (FSC®) certification, whose standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility. This commitment to responsible forest management can be seen in our use of the most ecological and advanced technologies to preserve our forests from diseases and fire. Beyond our environmental responsibility in Brazil, we are also very proud to be recognised as one of the best companies to work for in the Brazilian steel industry. Thanks to our own Foundation in Brazil, we are heavily engaged in the educational, cultural, environmental and social agendas of the communities we operate in.

Performance - A Competitive Footprint in Europe and Brazil

Aperam's modern production facilities allow 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, a best-in-class integrated rolling-mill (Isbergues, France). In January 2018, we announced a new investment project of €130 million at our Genk plant. This involved 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 an investment to revamp the Imphy hot rolling mill for long products and re-start the Argon Oxygen Decarburisation (AOD) converter project in Genk that was put on hold in 2019. Both projects, together with the planned specialties centre in Gueugnon, will further help reorientate our product portfolio towards specialties.

To adapt to market conditions, Aperam restructured its downstream operations shortly after its creation, going 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 to further invest in its industrial asset base with via 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), which produces a wide range of stainless, electrical steel and special carbon products. This production setup is unique, as it allows us to easily switch 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 its 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

<table>
<tr><th>Sourcing</th><th>Logistics</th><th>Production and Innovation</th><th>Sustainability</th></tr>
<tr><td rowspan="4">The only integrated upstream operations in the heart of Europe, with the best access to scrap supply though our Recycling division</td><td>Best location to serve Europe's biggest consumption areas</td><td>Full range of innovative stainless steel products</td><td rowspan="4">Aperam's main input in Europe is recycled scrap (>80%)

Our Recycling Division with Aperam Recycling, BioEnergia and Recyco offers Aperam a leading position in sustainability

Our 4 main plants have been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard</td></tr>
<tr><td rowspan="3">Efficient logistics and working capital management</td><td>Flexibility and efficient capacity</td></tr>
<tr><td>A strategy to be a cost benchmark on key Aperam products</td></tr>
<tr><td>2 R&D centres</td></tr>
</table>

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	Our blast furnace in Brazil uses only charcoal as fuel - produced from our sustainably cultivated FSC(C) -certified forests BIO OIL PRODUCTION Our main plant has been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard
	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	An improving cost position compared to the industry benchmark and one that benefits from best practice benchmarking with European operations	
		1 R&D centre	

Value Add and Proximity to Customer - Our Geography and Distribution Network

Aperam's research and development activities are closely aligned with our product and process development strategy. The Group's Research and Development team includes more than 141 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. To stay at the forefront of product development, they also partner with industrial end-users and leading research organisations.

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 also has a wide range of sustainably produced products. Some of these 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 72% of Aperam's sales are derived from developed markets, with 28% coming 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 by optimising production volumes, inventory and costs.

Furthermore, the Group has a highly integrated and technically advanced service centre and distribution network, allowing us to maintain direct contact with end-users through strong sales and marketing capabilities.

Aperam’s integrated stainless and specialty steel sales, distribution and service network consist of 14 Steel Service Centres, four transformation facilities and 15 sales offices, making it 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. Our global distribution network means we can tailor our products to address specific customer needs, which allows us to maintain our market share and capture 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 production of nickel and specialty alloy spherical powders for advanced additive manufacturing and metal injection moulding technologies through its ImphyTek Powders SAS joint venture.

Principal Risks and Uncertainties Related to the Aperam and the Stainless and Specialty Steel Industry

The following risk factors could cause actual results to materially differ from those discussed in the forward-looking statements included throughout this Annual Report:

Macro-economic and Geopolitical Risks that Could Indirectly Impact Aperam

Global economic cycle downturn

Aperam's activities and results are substantially affected by international, national and regional economic conditions, including geopolitical risks that could disrupt economic activity in affected countries. A slowdown in growth within emerging economies like China, Brazil, Russia, and India, along with other emerging Asian and Middle East markets, which are or are expected to be significant consumers of stainless and specialty steels, would have a considerable negative impact on our activities.

Overcapacity

Alongside economic factors, the stainless steel industry is influenced by global production capacity and the variability of stainless steel imports and exports. Production capacity in developing countries, including China and Indonesia, has increased significantly, with China becoming the world's largest producer of stainless steel. Consequently, the balance between China's domestic production and consumption directly influences global stainless steel prices. The export of stainless steel from these countries, together with the favourable conditions they benefit from (i.e., excess capacity in China/Indonesia and/or high market prices for stainless steel in regions other than China/Indonesia), can deeply affect stainless steel prices in other markets, including Europe and South America.

Over the short- to medium-term, Aperam faces the risk that increases in stainless steel production in China and other markets (including Indonesia) exceed increases in real demand, which could impede the recovery of prices in the industry as a whole.

China slowdown

A decline in China's economic growth rate, leading to a decrease in stainless and special steel consumption, in parallel with the expansion of China's steel production capacity, could have a lasting impact on domestic and global demand and the price of stainless and special steel.

The Risks of Nickel Price Fluctuation, Raw Material Price Uncertainty, Material Margin Squeeze, Over Dependency of Main Suppliers and Electricity, Along with the Risk of Not reaching Expectations Set by the Stakeholders Leadership Journey® Phase 5

Among other factors, Aperam's profitability correlates with raw material prices. Our production requires substantial amounts of raw materials (primarily stainless and carbon steel scrap, nickel, chromium, molybdenum, charcoal (biomass) and iron ore), which are often sourced in oligopolistic markets. Aperam is also exposed to price uncertainty and material margin squeeze with respect to each of these raw materials, which it mainly purchases under short- and long-term contracts, but also on the spot market.

A significant decrease in the price of nickel, the most important raw material, would have a negative impact on apparent demand due to the 'wait and see' behaviour of customers. For our alloy division, nickel is priced based on the LME quotation and thus subject to the fluctuation of the financial markets. For our stainless division, nickel largely follows the Chinese market price references of non-LME deliverable products.

Phase 5 of our Leadership Journey®,- Aperam's self help programme, started in 2024. Phase 5 is aiming to achieve €200 million efficiency gains by the end of 2026.

Fluctuations in Currency Exchange Rates

Aperam operates and sells its products globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the Euro (Aperam's reporting currency). Accordingly, currency fluctuations triggered by inflationary movements or other factors, especially the fluctuation of the value of the Euro relative to the U.S. dollar and the Brazilian real, as well as fluctuations in the currencies of the other countries in which Aperam has significant operations and/or sales, could have a material impact on its operational results.

Litigation Risks, Including Product Liability, Patent Infringement, Commercial Practices, Employment, Employment Benefits, Personal Data Protection, Taxes, Environmental Issues, and Health & Safety

A number of lawsuits, claims and proceedings have been and may be asserted against Aperam in relation to the conduct of its currently and formerly owned businesses. This includes lawsuits, claims and proceedings pertaining to product liability, patent infringement, commercial practices, employment, employee benefits, personal data protection, taxes, environmental aspects, health and safety, and occupational disease. Aperam is specifically subject to a broad range of environmental laws and regulations in each of the jurisdiction in which it operates. Such laws and regulations have a particular focus on air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic substances, slag treatment, soil pollution, waste disposal practices and the remediation of environmental contamination.

Due to the uncertainties of litigation, no assurance can be given that the Company will prevail on all claims made against it in the lawsuits that it currently faces. Nor can it assure that additional claims will not be made against it in the future. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may have an outcome that is adverse to Aperam, Management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on Aperam's financial condition or liquidity (although the resolution in any reporting period of one or more of these matters could have a materially adverse effect on the Company's results of operations for that period).

Risks of Lack of Competitiveness in Workforce Costs, Losing Key Competencies, Inability to Attract New Talent, and Social Conflicts

A lack of competitiveness in workforce costs might have a material adverse effect on Aperam's cost position. Aperam's key personnel have extensive knowledge on its business and, more generally, on the stainless and specialty steel sector as a whole. Its inability to retain key personnel and/or the experience of social conflicts could have a material adverse effect on its business, financial condition, operational results and/or cash flows.

Customer Risks in Respect to Default and Credit Insurance Companies Refusing to Insure the Risks

Due to today's challenging economic climate, Aperam may experience increased exposure to customer defaults or situations where credit insurance companies refuse to insure the recoverability risks of the Company's receivables. Such a scenario could have a material effect on Aperam's business, financial condition, operational results and/or cash flows.

Cybersecurity Risks

Aperam's operations depend on the secure and reliable performance of its digital systems. An increasing number of companies, including Aperam, are experiencing phishing attacks and other intrusion attempts for ransom money transfers, as well as attempts to compromise the operation of our digital systems. If such attempts would succeed, they could render applications unavailable, compromise data , and generate adverse publicity. A successful attack to our production systems could interrupt the Group's operations. Aperam could also be subject to litigation, civil or criminal penalties, and adverse publicity - all of which could adversely affect its reputation, financial condition and operational results.

Risk of Production Equipment Breakdown, Delays in Investment Ramp-ups, and Disruption to Operations and Supply Chain

Stainless steel manufacturing processes depend on critical steelmaking equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers).The production process may incur downtime as a result of unanticipated failures or other events, such as fires, severe climate events, explosions or furnace breakdowns.

Aperam's manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production, and disruptions to operations and the supply chain, as a result of such process failures or other events like natural disasters, epidemics, pandemics, extreme weather events, and environmental issues linked to climate change. Efficient project management is crucial to mitigating the risk of delays in investment ramp-ups to sustain Aperam's future growth.

Climate-related Disclosures

As a key player in the field of a high-carbon emitting industry, Aperam is fully aware of the challenges, risks and opportunities in relation to climate change and the transition to a lower-carbon economy, in particular with respect to our financial implications.

Aperam has an ambitious climate change action plan with solid targets for reducing greenhouse gas emissions, as well as general sustainable practices, including water stewardship, recycling and relevant monitoring. In our action plan, the impact we have on local stakeholders is a key performance indicator.

Aperam fully integrates the need for a more circular economy into its strategy, as demonstrated by the creation of our new Recycling & Renewables segment and the acquisition of the former ELG (a major player in the global stainless scrap recycling market) in December 2021.

We are aware of the mid- to long-term impact that the energy transition is expected to have. This is why, in 2016, we started using an internal price for carbon when assessing our investments. This allows Aperam to manage the possible repercussions in terms of emission trading system, price of commodities, access to credit, competition and market trends, amongst others.

Aperam is convinced that climate change, together with the transition to a more sustainable economy, will open new opportunities for our responsibly-manufactured products.

All these aspects are reported in our annual Group Sustainability Report and are considered part of the assumptions made in terms of the financial impacts incorporated into our Annual Report's consolidated financial statements, specifically with regard to assets in scope of IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets and to the impairment of non-financial assets under IAS 36 Impairment of Assets. No related material impairments are to be reported in this respect for the 2023 Financial Statements.

Our annual Sustainability Report is issued ahead of the Annual General Meeting of shareholders and is available on Aperam's website www.aperam.com under the 'Sustainability"' section. Below we highlight the key pillars of our Sustainability Roadmap.

Corporate Responsibility and Governance

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

Determined to be a leader in environmental excellence, we have one of the industry's best carbon footprints. We also strive to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship.

Our Sustainability Roadmap is threefold and is at the core of our strategy and identity.

On 23 September 2021, Aperam announced that its Stainless Europe operations were successfully certified to be operating at the ResponsibleSteel™ Standard by the independent auditors AFNOR. This made Aperam the first stainless steel company to earn a site-level certification.

The ResponsibleSteel™ initiative is the first global sustainability certification programme for the steel sector and its certification follows a stringent external audit of the company's practices in Environment, Social and Governance.

Becoming the first stainless steel player to be certified under the ResponsibleSteel™ Standard is reassurance to our stakeholders that we produce responsibly. With Aperam, our customers have selected a partner of choice, 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. At Aperam, we are convinced that true business success can only be achieved through social and environmental sustainability, and we will pursue our strategy to further embed sustainability within all our processes. Aperam is proud to be an industry leader in the field of Corporate Responsibility, and we are delighted that all our teams' efforts on sustainability and responsibility, as evidenced by our industry-leading CO_2 footprint, have been fully recognised with an all-encompassing third-party certification.

The ResponsibleSteel™ Standard, which was designed together by business partners and NGOs with the aim of promoting steel as a responsible material of choice, consists of 13 principles and more than 200 requirements that set the benchmark for responsible steel production. These cover such fields as:

- Governance and ethics
- Health & Safety and other labour and human rights
- Climate change, greenhouse gas emissions and biodiversity
- Water stewardship and other environmental impacts
- Stakeholder engagement and local community relations

In accordance with the standard process, Aperam's sites were screened based on written documentation, and underwent on-site audits by third-party auditors from AFNOR. The analysis was completed by dozens of exchanges with our external stakeholders, including officials, neighbours, associations, subcontractors, employees and unions. An independent Assurance Panel reviewed the final audit reports and agreed with the audit team's conclusion that Aperam met the criteria required to be ResponsibleSteel™ certified.

The audit of Aperam's Stainless Europe facilities took place in June 2021 and included Aperam's Châtelet, Genk, Gueugnon, Isbergues and Saint-Denis sites in Belgium and France. Aperam South America, primarily our Timóteo site, was audited in September 2022, with a certification being awarded in January 2023.

Please see the next section for details on our action plans.

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, and it is our objective to achieve zero fatalities and 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 appropriate mindsets and procedures (including certifications such as OHSAS 18.001) are always in place across the organisation. 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.

2023 was the year in which the integration of the former ELG, now part of our Recycling and Renewables segment, took place. Just as ELG was integrated, so too was its H&S performance integrated into Aperam's overall performance. The result of this integration is that we now have a single Lost Time Frequency Rate and Total Recordable Incident Rate for the entire Group.

With the introduction of our revised H&S paradigm in 2023 (for more details, see our next Sustainability Report) and the creation of the Divisional Lead functions (which focus on transversal steering and the implementation of the Global H&S Roadmap) we took an important step in our journey of becoming a sustainably safe company.

When looking at our lagging indicators, we clearly see an improvement over the year. Our Lost Time Injury Frequency Rate (LTIFR), which measures the time lost due to injuries, dropped from 2.45 in 2022 to 2.29 in 2023. Our TRIR (Total Recordable Injury Rate), which looks at the number of total recordable incidents and compares it to the total number of hours worked by all employees in a single year, went from 7.1 in 2022 to 5.95 in 2023. A recordable incident is defined as any work-related injury or illness that results in either death, loss of consciousness, days away from work, restricted work activity, transfer to another job, or medical treatment beyond first aid.

The severity rate of accidents decreased from 0.15 in 2022 to 0.14 in 2023. This was mainly the result of the lower rate of our contractor employees.

Both lagging indicators combine the former Aperam scope and the new Aperam Recycling division into one figure.

These results show that the chosen path of implementing strict H&S protocols and strict standards, along with a focus on our culture and well-being as our leading indicator set, is the right one to follow.

Our 2024 target on TRIR remains unchanged, at 4.5 for the Group.

People development and motivation

We believe that our employees' added-value appreciates over time with an expertise that is constantly being enhanced with on-the-job experience and training and greater autonomy - all of which are essential to continuous innovation and efficiency. This is why regularly monitoring the performance of our workforce over time and identifying well-defined training needs, is so essential.

Experienced employees also help with onboarding newcomers via a structured mentoring process or simply through day-to-day on-the-job training. But to ensure they can do this with perfect efficiency, we have expanded the coverage of the Learning Management module of our People Management Information System. This allows us to optimise the various learning opportunities provided to our teams, integrate more employees into the Performance Management module for an efficient feedback process, and develop our new culture of continuous capacity building.

In order 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 further improve 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 for in the steel industry, while in France, *Capital* magazine rates us among the best employers in the 'Heavy Industry & Metals' sector.

⇨ In 2023, our People Engagement Survey (ex-Climate Survey), which had a 77% response rate by Group employees, indicates that 79% of our staff would recommend Aperam as being a good place to work - the exact same score for three years in a row.

More details will be available in our next Sustainability Report.

An experienced and dynamic Leadership Team with an aligned organisation

Aperam benefits from the experience and industry know-how of its Leadership Team. The team has nine members, including the Chief Executive Officer (CEO), **Mr. Timoteo Di Maulo**. Mr. Di Maulo has more than 30 years of experience in the stainless steel industry, having held a number of positions in the controlling, purchasing, logistics and commercial areas, along with having been CEO of different units within the Group.

Mr. Di Maulo is supported by the other members of the Group's senior management team. This includes Chief Financial Officer (CFO) **Mr. Sudhakar Sivaji**, who has more than 20 years of experience in finance and transformation projects and who has spent the last 13 years in the steel industry.

The other members of the Leadership Team are: **Mrs. Vanisha Mittal Bhatia**, Chief Strategy Officer; **Mr. Nicolas Changeur**, Chief Executive Officer Services & Solutions and Chief Marketing Officer Stainless & Electrical Steel Europe; **Mr. Bernard Hallemans**, Chief Executive Officer Recycling & Renewables and Chief Technology & Sustainability Officer; **Mr. Frederico Ayres Lima**, Chief Executive Officer and Chief Marketing Officer Stainless & Electrical Steel South America; **Mr. Bert Lyssens**, Chief Human Resources Officer and Head of Communications; **Mr. Frédéric Mattei**, Chief Executive Officer Alloys & Specialties and Chief Innovation Officer; and **Mr. Geert Verbeeck**, Chief Executive Officer Stainless & Electrical Steel Europe.

The collective industry knowledge and leadership of Aperam's Leadership Team, along with their record of accomplishment in responding to challenging economic conditions, are key assets to Aperam's business.

The Group has also introduced various initiatives to improve the engagement and development of its employees, including an appraisal system based on broader feedback from colleagues, competency assessments, an extensive digital learning offer with generic and home-made courses, mentoring and coaching programmes, management meetings dedicated to people development topics and performance-based bonuses.

Company-wide objectives are cascaded into the individual objectives of all exempts across the organisation. This helps improve the alignment of our organisation around strategic goals and creates a culture of accountability and 'Management by Objectives'. Since 2020, we have further improved our internal alignment on our Sustainability Roadmap, the result of the cascading of our CEO's goals within our HR system. These Aperam organisational goals cover four sections, the first being 'Health, Safety and Sustainability'. This section includes topics like 'Health', Environment', 'Business Ethics' and 'Diversity'.

Social dialogue and employee relations

Social dialogue is a key component in our ability to engage with and motivate our people. Employee representatives and unions are not only a natural and legal intermediary for our staff, they are also a key business partner in discussions regarding the sustainability of our operations. This is why we always promote a positive dialogue, ensuring the right to collective bargaining at our sites and having collective labour agreements in place at our major operations sites. We also promote direct dialogue with all our employees and ensure everyone has access to our HR policies.

⇨ In 2023, Aperam maintained a high level of social dialogue, sharing the strategy and the situation of the company. This was achieved in a quite challenging context created by high energy costs and general inflation combined with low prices, which led to unfair trade bargains between different countries. Our regular meetings with the European Work Council focused on how Aperam managed the commercial and costs impacts of this situation in Europe, as well as the extension of the Leadership Journey® (Phase 4 and Booster) (see press release related to Q4 2023 Earnings Release).

Human Rights and diversity

Aperam's commitment is detailed in its Human Rights policy, with its initial diversity programme focused on Gender equality and diversity. Built around 10 principles inspired by the United Nations' Women Empowerment Principles, the policy covers all the aspects linked to equal opportunities (career, remunerations), as well as those related to safe working conditions (free from harassment, fighting stereotypes). Our procedures integrate a systematic, gender-based analysis, and regular communication campaigns are organised, notably with a diversity focus and highlighting interesting career paths that combat stereotypes.

Building on this framework, as well as on the extended pilot programme launched at our main units in Brazil, in 2021, Aperam enlarged the scope of its diversity programme to cover all possible types of discrimination and to nurture a positive and inclusive company culture and management style. Symbolically, the extended programme was launched on Human Rights' Day in December 2021. The launch included company-wide communications and mandatory training assigned to all white collar employees. This was enhanced in 2023 with the introduction of Aperam's first Inclusion & Diversity month (in March), and the release of our new Inclusion & Diversity Policy (December).

⇨ The company constantly monitors gender-related gaps in promotions and salary (for comparable jobs). While it continues to provide remunerations above the market median, in 2023, Aperam reported a stable 7.7% salary gap (favouring men), down from 7.9% in 2022 (excluding the former ELG perimeter).

We support the United Nations' Sustainable Development Goal 5 (Gender Equality).

For further information regarding sustainability, please refer to our annual 'Made for Life' sustainability reports and to our local country supplements, both available at www.aperam.com under the 'Sustainability' section.

Corporate Governance and Stakeholder Relationships

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

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

Corporate Governance

Corporate Citizenship

We strive to maintain constant engagement, benevolence and transparency with all our stakeholders, in line with our values and commitment to Corporate Responsibility. Through our actions and the way we keep our word, we aim to earn their trust and protect our business relationships, as well as our social licence to operate.

Community engagement

Aware that our success depends on the well-being of the communities we operate in - the home of our current and future employees, suppliers and end-users - we always try to mitigate any possible nuisance and organise our development in a fully respectful manner.

We engage openly with local stakeholders, such as neighbours and local authorities, to maintain sound and sustainable local relationships, especially at our larger plants. This commitment is reflected in a public policy released in 2021 that details our communication strategy for ensuring that a quality dialogue is in place, in line with the populations' needs, the true impact of our sites, and with the materiality assessment expected by the best governance standards (GRI and CSRD).

We are often a key employer in the regions we operate in, and in such cases our local economic impact goes well beyond creating direct jobs and paying wages and taxes. An organisation like ours can indirectly attract additional revenue to the local economy by supporting local partners in the supply chain, especially in remote settings or areas with high unemployment rates. We also have a responsibility on various local issues such as traffic and noise.

At its main sites, Aperam aims to develop local partnerships and programmes to support neighbouring communities on topics relating to local development and, more specifically, employment, education, culture and the environment. In Brazil, we do this primarily through our Aperam Acesita Foundation, which supports many projects and partnerships across Minas Gerais, and through numerous local programmes in the country.

⇒ In 2023, we celebrated the local 'Industry days/weeks' in France, with numerous visitors, including neighbours and scholars, gaining access to our Imphy and Isbergues facilities. They were met by our passionate guides, who explained our process and encouraged candidates of all genders to join our teams. We held similar events at our Châtelet and Genk plants in Belgium.

In Brazil, our Aperam Acesita foundation also continued its work on education and culture empowerment, environmental awareness, and the capacity building of local communities, with a special focus on women entrepreneurs. Its actions cover both the region of our Timoteo site, in the Steel Valley, as well as the Jequitinhonha Valley, where our BioEnergia forestry is located.

We support the United Nations' Sustainable Development Goal 11 (Sustainable Cities and Communities).

Aperam Acesita Foundation

Cooperation with authorities

As a responsible company, Aperam aims to sustain sound relationships with local authorities and regulators, which represent the interests of the general public, without interfering in the democratic debate. In addition to complying with regulations, we cooperate fully with the authorities and respond diligently when requested. Aperam does not usually participate in the public debate directly and relies primarily on its professional associations (primarily Eurofer, in Europe and Brazil Steel Institute in Brazil) to transparently promote its business interests. We disclose the specifics of our approach within the European Commission Transparency Register and our advocacy strategy related expenses within our Sustainability Report.

In addition, no support is ever granted by Aperam to any specific party, and the only financial contribution made to authorities is in the form of the taxes and duties owed, in which we pay scrupulously.

We support the United Nations' Sustainable Development Goal 16 (Peace, Justice and Strong Institutions).

To learn more on our Ethics and Compliance, please refer to section 'Business Ethics'.

Responsibility in the supply chain

As part of our Corporate Responsibility programme and in line with our recently updated Responsible Purchasing policy, we have screening processes in place to assess our potential partners alignment with our ethics and compliance policies and sustainability issues, including our Human Rights and Environmental responsibilities. For our main suppliers, this screening is organised on a continuous basis, based on an annual survey and combined with regular reviews.

Specific awareness is provided to our suppliers with respect to our Responsible Sourcing principles. This includes:

- principles enacted within our Code of Responsible sourcing, which is sent to all our suppliers every year;
- our code of business conduct, including human rights principles, stakeholder engagement and environmental stewardship;
- our general terms and conditions;
- participation in regular assessments, and
- an obligation of immediate information and remediation plan in the event of significant incidents (e.g., those that impact local communities or the environment).

Working with suppliers that do not comply with our high ethical standards is not aligned with our practices. When our due diligence concludes that a situation deviates from our standards and is not likely to be remediated and improved, and/or our demands in terms of information or monitoring remain insufficiently addressed, the business relationship can be either suspended or terminated.

Transparency

Since 2012, Aperam has publicly reported on its Sustainability Roadmap in our annual ‘Made for Life’ report. Based on best practices, this report follows the Global Reporting Initiative's framework and is verified by an external audit firm.

Since 2017, this report has been complemented with three online supplements for each of the three countries we operate in (Belgium, Brazil, France), representing over 80% of our total global workforce. These supplements ensure that key national metrics and yearly developments are available in the local language(s) (and English) of our employees and other local stakeholders. In 2023, we delivered these supplements in the form of videos.

Furthermore, each of our main sites display a dashboard with a few key ESG indicators at their entrance, as well as information on accessing our contact form. This ensure that all our local stakeholders know who we are and can freely interact with us.

⇒ On 27 April 2023, Aperam published its ‘Made for Life’ report that details the progress we made on our path to sustainability in 2022. The next edition will be released ahead of the 2024 Annual General Meeting of shareholders (scheduled for 30 April 2024) and made available on Aperam's website, (www.aperam.com) in the Sustainability section.

Composition of the Board of Directors

The Board of Directors is in charge of the overall management of the Company. It is responsible for the performance of all acts of administration necessary or useful to implementing the Company's corporate purpose as described in the Articles of Association, except for matters expressly reserved by Luxembourg laws or the Articles of Association to the general meeting of shareholders.

Aperam places a strong emphasis on corporate governance. Out of the seven members of the Board of Directors, four are independent. Furthermore, the Board's Audit and Risk Management Committee and Remuneration, Nomination and Corporate Governance Committee are each comprised exclusively of independent directors. Mr. Lakshmi N. Mittal is the Chairman of the Board of Directors. Dr. Ros Rivaz has served as the Lead Independent Director since February 2021. Dr. Ros Rivaz's principal duties and responsibilities include: coordinating the activities of the other Independent Directors; liaising between the Chairman and the other Independent Directors; calling the meetings of the Independent Directors when necessary and appropriate; leading the Board of Directors' self-evaluation process; and such other duties as are assigned from time to time by the Board of Directors.

On 2 May 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. Mr. Alain Kinsch is Chairman of the Remuneration, Nomination and Corporate Governance Committee and member of the Audit and Risk Management Committee.

The election of members of the Board of Directors is an agenda item published in the Company's convening notice to its shareholders' meetings. Members of the Board of Directors are elected by a simple majority of the represented shareholders at an ordinary general meeting of shareholders. The directors of Aperam are elected for three year terms.

No member of the Board of Directors has entered into a service contract with Aperam or any of its subsidiaries providing for benefits upon the end of his or her service on the Board. All non-executive Directors of the Company signed the Company's Appointment Letter, which confirms the conditions of their appointment, including compliance with a non-compete provision, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange, and the Company's Code of Business Conduct.

The members of the Board of Directors as of the date of this Annual Report are set forth below. The terms of the members of the Board of Directors expire at the Annual General Meeting of Shareholders as described in the table below.

Name	Age[1]	Position within the Company [2]	Date joined Board	Term expires
Mr. Lakshmi N. Mittal	73	Chairman of the Board of Directors	December 2010	May 2025
Dr Ros Rivaz[4]	68	Lead Independent Director	May 2020	May 2026
Mrs. Bernadette Baudier[3]	63	Director	May 2019	May 2025
Mrs. Roberte Kesteman[3] [4]	66	Director	May 2022	May 2025
Mr. Sandeep Jalan	56	Director	November 2020	May 2024
Mr. Alain Kinsch[3] [4]	52	Director	May 2020	May 2026
Mr. Aditya Mittal	47	Director	December 2010	May 2025

Notes:
(1) Age on 31 December 2023
(2) See section on Corporate Governance for the status of independent director
(3) Member of the Audit and Risk Management Committee.
(4) Member of the Remuneration, Nomination and Corporate Governance Committee

Mr. Lakshmi N. Mittal is the Chairman of the Board of Directors of Aperam. Mr. Mittal became executive chairman of ArcelorMittal in February 2021; he was previously chief executive officer of ArcelorMittal.
He is a renowned global businessman who serves on the boards of various companies and advisory councils. He is an active philanthropist engaged in the fields of education and child health. Mr. Mittal was born in Sadulpur in Rajasthan in 1950. He graduated from St Xavier's College in Kolkata, where he received a Bachelor of Commerce degree.

Mr. Mittal has received numerous awards for his contribution to the steel industry over the years and, in April 2018, he was awarded by the American Iron and Steel Institute with the Gary Medal Award recognising his great contribution to the steel industry. He is widely recognised for successfully integrating many company acquisitions in North America, South America, Europe, South Africa and the CIS. Mr. Mittal is Chairman of the board of Aperam and a member of the board of Goldman Sachs. He previously sat on the board of Airbus N.V. He is a member of the Foreign Investment Council in Kazakhstan, the National Investment Council of Ukraine, the Global CEO Council of the Chinese People's Association for Friendship with Foreign Countries, the World Economic Forum's International Business Council, the World Steel Association's Executive Committee, the European Round Table of Industrialists, the Indian School of Business and a member of the board of Trustees of the Cleveland Clinic. Mr. Mittal is the father of Aditya Mittal (who is Chief Executive Officer and a non-independent Director of ArcelorMittal) and Vanisha Mittal Bhatia (who is a Non-independent Director of ArcelorMittal Board). Mr. Mittal is a citizen of India.

Mrs. Bernadette Baudier is a non-executive and independent Director of Aperam and the Chairperson of the Audit and Risk Management Committee. She was the Senior Vice President, Finance & People of the Gas, Renewables & Power Division of TotalEnergies from 2020 to 2022.
Previously, she served as Senior Vice President Corporate Affairs of the Exploration & Production Division of Total (2016-2019), with responsibilities covering Finance, Compliance, Legal, Human Resources, Communication and IT.

From 2013 to 2016 she was Senior Vice President for Internal Control and Audit at Total Group (2013-2016). Prior to that she held various positions in finance within Total Group.
She started her career at Total in 1988 and worked for Société Générale from 1984 to 1988. Mrs. Baudier is a graduate of École des Hautes Études Commerciales (HEC) and is a citizen of France.

Mrs. Roberte Kesteman has a strong expertise in the infrastructure and utility sector, both in executive and non-executive roles. She is currently an independent director* of listed Elia Group, a Belgium electricity transport system operator.and a member of its Audit Committee and Remuneration Committee. She is also an independent director of listed Fluxys Belgium, a gas transport system operator and a member of its Remuneration Committee and Corporate Governance Committee. Mrs. Kesteman has been a Senior Advisor at First Sentier Investors International since January 2018.

From 2008 to 2012 she was Chief Executive Officer of Nuon Belgium NV. Prior to that she held the positions of Chief Financial Officer and Human Resources Director within Nuon Belgium NV. She started her career in 1979 and held leading positions in finance in large international corporations. Mrs. Roberte Kesteman holds a Master's degree in Applied Economics from VLEKHO. She also studied International Corporate Finance at INSEAD in France. She is a citizen of Belgium.

Mr. Sandeep Jalan is a non-independent Director of Aperam. He is Chief Financial Officer at SES, a global leader in satellite services, providing premium video content and seamless connectivity around the world. Mr. Jalan has over 30 years of experience in financial and operational leadership roles across Asia and Europe. Until May 2020, he was the CFO of Aperam, a role he had held since 2014.
Previously, he worked for the ArcelorMittal Group, holding various roles, including the CFO of ArcelorMittal Long Carbon Europe. He was also part of the M&A team responsible for numerous acquisitions in both steel and mining. He served as the CFO & Company Secretary for Ispat Alloys Ltd from 1993 to 1999.

Mr. Jalan is a Commerce Graduate from Banaras Hindu University (BHU), Chartered Accountant (equivalent to CPA) and Company Secretary from the respective Institutes in India. He has also completed an Executive Education Programme on Leadership at the London Business School and an Executive Education program on Strategic Finance at IMD, Lausanne. Mr. Jalan is an Indian national and a permanent resident of Luxembourg.

Mr. Alain Kinsch is a non-executive and independent Director of Aperam, as well as the Chairman of the Remuneration, Nomination and Corporate Governance Committee and a member of the Audit and Risk Management Committee. He has a career of 25 years in professional services. Between 2009 and 2020, he served as the Country Managing Partner of EY Luxembourg (1,600 professionals) and was a member of several EY European regional leadership teams and committees. Mr. Kinsch started his career at Arthur Andersen in Luxembourg in 1995, qualifying as a Réviseur d'Entreprises / CPA in 1999.

In 2002, he joined EY and became a Partner in 2004. Mr. Kinsch specialises in Private Equity and has been the founder and leader of the EY Private Equity practice from 2004 to 2012. From 2010 to 2020, he led the Private Equity fund practice for EY in EMEIA (Europe, Middle East, India & Africa). Throughout his 25 years with EY and Andersen, Mr Kinsch served a portfolio of major clients, both as signing audit partner for and engagement partner on valuation and transaction advisory mandates.
Mr Kinsch is the President of the Luxembourg Stock Exchange and serves on the board of several companies as non-executive director. He is the Vice-President of the Luxembourg State Council (Conseil d'Etat), the Consul General a.h. of the Republic of the Philippines to Luxembourg and the Vice-President of SOS Children's Villages in Luxembourg. Mr. Kinsch holds an M.B.A. from INSEAD, Fontainebleau and post-graduate and graduate degrees from the University of Paris-Dauphine. Mr. Kinsch is a citizen of Luxembourg.

Mr. Aditya Mittal is a non-independent Director of Aperam. Mr. Aditya Mittal is the Chief Executive Officer and Director of ArcelorMittal. He was previously President and Chief Financial Officer of ArcelorMittal.
Following the formation of ArcelorMittal in 2006, Aditya Mittal held various senior leadership roles, including managerial oversight of the Group's flat carbon steel businesses in the Americas and Europe, in addition to his role as CFO and membership of the Group Management Board. In 2008, Aditya Mittal was named 'European Business Leader of the Future' by CNBC Europe and was ranked fourth in *Fortune* magazine's '40 under 40' list in 2011.

He is an active philanthropist with a particular interest in child health. Together with his wife Megha, he is a significant supporter of the Great Ormond Street Children's Hospital in London, having funded the Mittal Children's Medical Centre. In India, the couple work closely with UNICEF, having funded the first ever country-wide survey on child nutrition, the results of which are being used by the Government of India to inform relevant policy. Aditya Mittal serves on the boards of ArcelorMittal, Aperam, HMEL and Iconiq Capital, and is the Chairman of the Board of ArcelorMittal Nippon Steel India. He is also a Trustee at the Brookings Institution, a member of Harvard University's Global Advisory Council. Aditya Mittal holds a Bachelor's degree in Economics with concentrations in Strategic Management and Corporate Finance from the Wharton School in Pennsylvania, United States. He is the son of Mr. Lakshmi N. Mittal and brother of Ms. Vanisha Mittal Bhatia. Mr. Aditya Mittal is a citizen of India.

Dr. Ros Rivaz is the Lead Independent Director of Aperam and a member of the Remuneration, Nomination and Corporate Governance Committee. Dr. Ros Rivaz is a Non-Executive Director of the listed companies Computacenter Plc, where she is Senior Independent Director and Remuneration Committee Chair, and Victrex plc, where she is also Senior Independent Director, being appointed on 1 May 2020. Dr. Ros Rivaz was appointed as Chair Designate of the UK Nuclear Decommissioning Authority in May 2020, taking up the role of Chair in September 2020. She is also a Non-Executive Director of the Ministry of Defence (MOD) Equipment and Support Board of the United Kingdom.

Dr. Ros Rivaz was a Non-Executive Director of RPC Group Plc from 2017 to 2019, and of ConvaTec Group Plc from 2017 until September 2020, where she was Remuneration Committee Chair. She stepped down from her position as the Deputy Chair of the Council of the University of Southampton after 10 years, where she holds an honorary doctorate. Dr. Ros Rivaz served as the Chief Operating Officer for Smith & Nephew plc and has held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.
Dr. Ros Rivaz holds a Bachelor of Science Honours Degree in Chemistry and an honorary Doctorate. She is a citizen of the United Kingdom.

Composition of the Leadership Team

Each member of Aperam's senior management is also a member of the Leadership Team, which is entrusted with the day-to-day management of the Company. The members of the Leadership Team are appointed and dismissed by the Board of Directors. The Leadership Team may only exercise the authority granted to it by the Board of Directors.

According to Aperam’s Articles of Association, the Board of Directors may delegate the day-to-day management of the Company’s business and the power to represent the Company with respect thereto to one or more executive officers (*directeurs généraux*) (who shall not qualify as *directeur général* under Article 441-11 of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time and in particular by the law of 10 August 2016 (hereinafter referred to as the ‘Law’), executives (*directeurs*) or other agents who may together constitute a management board (*direction générale*) (which shall not constitute a *comité de direction* pursuant to Article 441-11 of the Law) deliberating in conformity with rules determined by the Board of Directors.

Leadership Team members, as of the date of this Annual Report, are set forth below:

Name	Age(1)	Function
Mr. Timóteo Di Maulo	64	Chief Executive Officer
Mr. Sudhakar Sivaji	44	Chief Financial Officer
Mrs. Vanisha Mittal Bhatia(2)	43	Chief Strategy Officer
Mr. Nicolas Changeur	52	Chief Executive Officer Services & Solutions and Chief Marketing Officer Stainless Europe
Mr. Bernard Hallemans	56	Chief Executive Officer Recycling & Renewables and Chief Technology & Sustainability Officer
Mr. Frederico Ayres Lima	51	Chief Executive Officer and Chief Marketing Officer Stainless & Electrical Steel South America
Mr. Bert Lyssens	54	Chief Human Resources Officer and Head of Communications
Mr. Frédéric Mattei	50	Chief Executive Officer Alloys & Specialties, Chief Innovation Officer
Mr. Geert Verbeeck	59	Chief Executive Officer Stainless Europe

Notes:
(1) Age on 31 December 2023.
(2) Mrs. Vanisha Mittal Bhatia is the daughter of Mr. Lakshmi N. Mittal and sister of Mr. Aditya Mittal.

Mr. Timoteo Di Maulo has been the Chief Executive Officer since January 2015. Mr. Di Maulo has 30 years of experience in the stainless steel industry, having held a number of positions in the controlling, purchasing, logistics and commercial areas, along with having served as CEO of different units of the Group.
Prior to becoming CEO, Mr. Di Maulo served as Chief Commercial and Sourcing Officer from May 2012 to December 2014.
Prior to this function Mr. Di Maulo served as Chief Executive Officer - Services & Solutions since 2005.
In 1990, Mr. Di Maulo joined Ugine Italia, where he held various positions in the controlling, purchasing and sales departments. While at Ugine Italia, he successfully implemented and launched the ERP System, "Sidonie", across all of Ugine's subsidiaries worldwide. In 1996, Mr. Di Maulo joined Ugine's Commercial Direction in Paris, where he was in charge of its Industry and Distribution division. Mr. Di Maulo was subsequently named Service Division Industrial Director in 1998 and took on additional responsibilities as Chief Executive Officer of the German SSC, RCC.
In 2000, Mr. Di Maulo was named Chief Executive Officer of U&A Italy, a role that gave him full responsibility for its mill sales network and its two Italian SSCs. Mr. Di Maulo was then appointed Chief Executive Officer of ArcelorMittal's Stainless Europe Service Division in 2005 and, in 2008, of ArcelorMittal Stainless International (which included the division's worldwide mill sales network, all distribution and processing centres and ArcelorMittal Stainless Europe's tube mills and precision strips). Mr. Di Maulo is a graduate of Politecnico di Milano in Milan and holds an M.B.A. from Bocconi University in Milan. He is a citizen of Italy.

Mr. Sudhakar Sivaji has served as Aperam's Chief Financial Officer since 6 May 2020. Mr. Sivaji has 23 years of experience in finance, supply chain and engineering in the steel and aerospace industries.

His career has spanned across Europe, USA, Asia and Latin America, where he has worked for ThyssenKrupp Steel and Honeywell Aerospace. He has led steel, engineering and service centre businesses in finance and operational roles, managed international supply chains, run M&A projects and financed projects, assets and transactions.

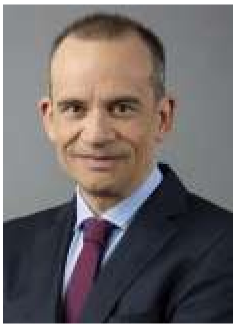
Mr. Sivaji holds an M.B.A. from the European School of Management and Technology, Berlin and a Bachelors in Engineering from Coimbatore Institute of Technology, India. Sudhakar is a citizen of Germany.

Mrs. Vanisha Mittal Bhatia joined Aperam in April 2011 and has since held the position of Chief Strategy Officer. She is a non-independent Director of ArcelorMittal. She was appointed as a member of the LNM Holdings Board of Directors in June 2004. Mrs. Vanisha Mittal Bhatia was appointed to Mittal Steel's Board of Directors in December 2004, where she worked in the Procurement department and led various initiatives, including the 'total cost of ownership programme'. She has a Bachelor of Sciences from the European Business School. She is a citizen of India. Ms. Vanisha Mittal Bhatia is the daughter of Mr. Lakshmi N. Mittal and the sister of Mr. Aditya Mittal.

Mr. Nicolas Changeur is the Chief Executive Officer Services & Solutions and Chief Marketing Officer Stainless Europe, a position he's held since September 2020.

Mr. Changeur first joined the Group in 2003 as Head of Strategy of J&L, USA. He then held various positions within the stainless segment in both strategy and operations in Europe and South America. These include serving as Chief Marketing Officer for Stainless & Electrical Steel and being responsible for R&D.

Prior to joining the Group, Mr. Changeur spent two years as a Senior Associate at AT Kearney, a strategy consulting firm, and several years in the manufacturing industry.
Mr. Changeur holds a Master in Science in general engineering from Ecole Nationale Supérieure des Arts et Métiers and an M.B.A. from INSEAD. He is a citizen of France.



Mr. Bernard Hallemans is the Chief Executive Officer Recycling & Renewables and Chief Technology & Sustainability Officer, positions he's held since September 2023. Previously, Mr. Hallemans held the position of CEO of Stainless Steel Europe. He also served as Chief Technical Officer and has been a member of the Leadership Team from November 2014 to September 2016.

Mr. Bernard Hallemans joined the Group in 1995 as a research and metallurgical engineer, a position he held until 2001. During that time, he conducted different research and development, quality and process improvement projects in the stainless steel making, hot rolling and cold rolling areas.

Between 2002 and 2007, he took several responsibilities in customer service and logistics within Stainless Europe. From 2008 to 2014, he held successive plant management positions at our Châtelet and Genk facilities.
Mr. Hallemans graduated as a Metallurgical Engineer and earned a PhD in Materials Science from KU Leuven. He holds a European Executive MBA from ESCP-EAP Paris. He is a citizen of Belgium.

Mr. Bert Lyssens has been the Chief of Human Resources and Head of Communications since April 2015. Mr. Lyssens was also Head of Sustainability from April 2015 to October 2020. Mr. Lyssens started his professional career in Belgium in 1994 as an Executive Search Consultant at Schelstraete & Desmedt before joining Cimad Consultants in 1997 as Project Staffing Manager and, in 1998, IBM as HR Manager. From 1999 to 2005, Mr. Lyssens held senior HR positions at AT&T, an American multinational telecommunications corporation, with assignments in the Netherlands and the UK and with responsibilities for the EMEA region.
He joined Agfa Gevaert in 2005 as HR Director responsible for the EMEA region and, in 2006, he was appointed HR Director International at Agfa Graphic. In 2008, he was appointed VP Human Resources at Agfa HealthCare and, in 2010, he was appointed Group Vice President. Mr. Lyssens holds a degree in Psychology from the University of Ghent. He is a citizen of Belgium.

Mr. Frederico Ayres Lima has been the Chief Executive Officer and Chief Marketing Officer Stainless & Electrical Steel South America since September 2020. He is also in charge of the eucalyptus forest business - Aperam BioEnergia. In 2014, Mr. Lima was named Chief Operating Officer Stainless & Electrical Steel South America. Prior to this role, he held the position of Commercial Director of Aperam Stainless & Electrical Steel South America. Mr. Lima started his career at the Group in 1996 in Brazil as Metallurgist performing various roles in cost efficiency, technical assistance and production.
Moving to Europe, Mr. Lima worked in exports from 2003 to 2006. In 2003, he was appointed Manager and was responsible for synergies between mills, logistics and the coordination of the stainless sales network.
Mr. Lima returned to Brazil in 2006, where he has held the positions of Export Manager and General Manager.
Mr. Lima holds Engineering and Master in Science degrees in Metallurgy from the Universidade Federal de Minas Gerais and an Executive MBA in International Business Management from the Fundação Getulio Vargas. He is a citizen of Brazil.

Mr. Frédéric Mattei has been the Chief Executive Officer of Alloys & Specialties since June 2014 and Chief Innovation Officer since November 2020.
He was also Global head of Health & Safety, Environment and Industrial Risk from October 2016 to March 2020. He began his career in 1998 at Creusot Loire Industrie, where he was successively project leader, manager of the hot rolling mill and clad plates workshop and Logistics and Quality Manager. From 2005 to 2007, he was the head of Strategy and Innovation of ArcelorMittal's Global Plates business unit. In 2007, he became the manager of the Le Creusot plant, part of ArcelorMittal's Industeel unit.

In 2013, Mr. Mattei joined the Salzgitter Group as CEO of Salzgitter Mannesmann Stainless Tubes - France. Mr. Mattei is a graduate of France's Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées and holds an Executive MBA from ESCP- EAP. He is a citizen of France.

Mr. Geert Verbeeck is the Chief Executive Officer Stainless Europe, a position he began in January 2023. Prior to this position, Mr. Verbeeck served as Chief Technology Officer Aperam and has been a member of the Leadership Team with responsibilities for Health, Safety & Environment, Industrial Risk & Innovation and Purchasing since April 2020. Mr. Verbeeck was also Head of Sustainability. Prior to joining Aperam, Mr. Verbeeck held the position of Chief Executive Officer ArcelorMittal Poland.

Mr. Verbeeck started his career in ArcelorMittal in 1989. He took several positions in the domain of IT and automation between 1989 to 2004, working at ArcelorMittal Gent, ArcelorMittal Bremen and TailorSteel Genk. In 2004, he became the head of the Automation department of ArcelorMittal Gent.
From 2006 to 2014, he was the plant manager of the steel plant in ArcelorMittal Gent and, in 2014, he became the Chief Operations Officer of ArcelorMittal Gent.

Mr Verbeeck graduated as an Engineer in Computer Science at the KU Leuven university, specialising afterwards in medical image processing and artificial intelligence. Mr Verbeeck is a citizen of Belgium.

Corporate Governance Practices

This section provides a summary of the corporate governance practices of Aperam. We comply with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange, which constitute Aperam's domestic corporate governance code.

Board of Directors, Leadership Team

Aperam is administered by a Board of Directors and a Leadership Team.

Board of Directors

Composition

7 members	7 non- executive directors	4 independent directors
43% women / 57% men	6 average years on Board	61 average age of directors

The Board of Directors is in charge of the overall governance and direction of the Company. It is responsible for the performance of all acts of administration necessary or useful to implementing the corporate purpose of the Company as described in the Articles of Association, except for matters expressly reserved by Luxembourg law or the Articles of Association to the general meeting of shareholders. The Articles of Association provide that the Board of Directors must be composed of a minimum of three members. None of the members of the Board of Directors may hold an executive position or executive mandate within the Company or any entity controlled by the Company. The Articles of Association provide that directors are elected and removed by the general meeting of shareholders by a simple majority of votes cast.

Any director may be removed with or without cause by a simple majority vote at any general meeting of shareholders. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may, by a simple majority, elect a new director to temporarily fulfil the duties of the vacant post until the next general meeting of shareholders.

As of the date of this Annual Report, the Board of Directors is composed of seven members. Mr. Lakshmi N. Mittal was elected Chairman of the Board of Directors in December 2010. Dr. Ros Rivaz was elected Lead Independent Director in February 2021. The Board is assisted by a Company Secretary Office, who also acts as Secretary of all Board committees. The Company Secretary Office fulfils those tasks and functions that are assigned to it by the Board of Directors. In particular, the Company Secretary ensures that all Directors are timely and properly informed and receive appropriate documentation for the performance of their tasks. The 10 Principles of Governance of the Luxembourg Stock Exchange, which constitute Aperam's domestic corporate governance code, require Aperam to define the independence criteria that apply to its directors, which are described in Article 8.1 of its Articles of Association.

The Board of Directors has a majority of independent directors, with four members of the Board of Directors being independent and the remaining three members being non-independent. A member of the Board of Directors is considered ‘independent’ if (i) he or she is independent within the meaning of the NASDAQ Listing Rules, as amended from time to time, or any successor manual or provisions, subject to the exemptions available for foreign private issuers, (ii) he or she is unaffiliated with any shareholder owning or controlling more than two percent (2%) of the total issued share capital of the Company, and (iii) the Board of Directors makes an affirmative determination to this effect. A person is deemed affiliated to a shareholder if he or she is an executive officer or a director who is also employed by the shareholder, a general partner, a managing member, or a controlling shareholder of such shareholder.

Specific Characteristics of the Director Role

There is no requirement in the Articles of Association that directors be shareholders of the Company. The Board of Directors improved its corporate governance framework on 4 February 2013 to align the Company's corporate governance practices with developing best practices in the area of term limits and over-boarding.

The purpose of these improvements is to limit a director’s time of service on the Board of Directors and to set limits with respect to the number of directorships they can hold. An independent director may not serve on the Board of Directors for more than 12 consecutive years, although the Board of Directors may, by way of exception to this rule, make an affirmative determination, on a case-by-case basis, that he or she can continue to serve beyond 12 years. Such an exception to the rule is warranted when a Director’s continued service is considered to be in the best interest of the Company based on the contribution of the director involved and the balance between knowledge, skills, experience and renewal in the Board.

As membership of the Board of Directors represents a significant time commitment, Directors are required to devote sufficient time to the discharge of their duties as a Director of Aperam. Directors are therefore required to consult with the Chairman and the Lead Independent Director before accepting any additional commitment that could conflict with or impact the time they can devote to their role as a Director of Aperam. Furthermore, a director may not serve on more than four public company boards in addition to the Aperam Board of Directors. However, service on the board of directors of any subsidiary or affiliate of Aperam or of any non-publicly listed company is not taken into account for purposes of complying with the foregoing limitation. The Board of Directors may, by way of exception, allow for a temporary lifting of this rule.

Although Directors of Aperam who change their principal occupation or business association are not necessarily required to leave the Board of Directors, the policy requires each Director, in such circumstances, to promptly inform the Board of Directors of the action he or she is contemplating. Should the Board of Directors determine that the contemplated action would generate a conflict of interest, such Director would be asked to tender his or her resignation to the Chair of the Board of Directors, who can then decide to accept or reject the resignation.

None of the members of the Board of Directors have entered into service contracts with Aperam or any of its subsidiaries that provide for any form of remuneration or for benefits upon the termination of their term. All non-executive Directors of the Group have signed the Group's Appointment Letter, which confirms the conditions of their appointment, including compliance with a non-compete provision, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange, and the Group's Code of Business Conduct.

The remuneration of the members of the Board of Directors is determined on a yearly basis by the annual general meeting of shareholders.

Share Transactions by Management

In compliance with laws prohibiting insider dealing, the Board of Directors of Aperam has adopted specific regulations that apply throughout the Aperam Group. These regulations are designed to ensure that insider information is treated appropriately within the Company and to avoid insider dealing and market manipulation. Any breach of the rules set out in this procedure may lead to criminal or civil charges brought against the individuals involved, as well as disciplinary action by the Company. Share transactions by Management are reported on the Company’s website under section Investors > “News & Contact > “Manager’s Transactions.

Board of Directors Management rules

General

The Board of Directors and the Board committees may engage the services of external experts or advisers, as well as take all actions necessary or useful to implement the Company's corporate purpose and strategy. The Board of Directors including its Committees has its own budget, which covers such functioning costs as external consultants and travel expenses.

Board of Directors Meetings

The Board of Directors shall choose amongst its members a chairperson of the Board of Directors (*Président du conseil d'administration*) (Chairperson). The Board may also choose one or several vice-chairs. The meetings of the Board of Directors shall be chaired by the Chairperson or, in his or her absence, by a vice-chair. The Board of Directors meets when convened by the Chairperson of the Board, a Vice-Chair, or two members of the Board of Directors.

In the absence of the Chairperson, the Board of Directors will appoint, by majority vote, a chairperson for the meeting in question. The Chairperson may decide not to participate in a Board of Directors' meeting, provided they have given a proxy to one of the directors who will be present at the meeting. For any meeting of the Board of Directors, a director may designate another director to represent him or her and vote in his or her name, provided that the director so designated does not represent more than one of his or her colleagues at any given time.

The Board of Directors holds meetings on at least a quarterly basis, as five regular meetings are scheduled per year. The Board of Directors holds additional meetings if and when circumstances require, in person or by teleconference, and can make decisions by written circulation, provided that all members of the Board of Directors agree.

The Board of Directors held five meetings in 2023. The average attendance rate of directors at the Board of Directors' meetings held in 2023 was 100%, with appropriate delegation of powers as described below.

In order for a meeting of the Board of Directors to be validly held, a majority of the directors must be present or represented, including at least a majority of the independent directors.

Votes

Each director has one vote and none of the directors, including the Chairperson, has a casting vote. Decisions of the Board of Directors are made by a majority of the directors present and represented at a validly constituted meeting. The decisions of the Board of Directors relating to the issue of any financial instruments carrying or potentially carrying a right to equity pursuant to the authorisation conferred by Article 5.5 of the Articles of Association, shall be taken by a majority of two-thirds of the directors present or represented at a validly constituted meeting.

Lead Independent Director

The independent members of the Board of Directors are entitled to nominate a Lead Independent Director on an annual basis, whose functions include the following:

- Coordination of the activities of the independent directors;
- Liaising between the non-independent directors and the independent directors;

- Calling meetings of the independent directors when necessary and appropriate; and
- Performing such other duties as may be assigned to him or her by the Board of Directors from time to time.

Dr. Ros Rivaz was elected by the Board of Directors as Aperam's Lead Independent Director in February 2021. Such designation was renewed in 2023.

Separate Meetings of Independent Members of the Board of Directors

The independent members of the Board of Directors may hold meetings without the presence of management and non-independent directors. In 2023, the independent members of the Board of Directors met on two occasions.

Annual Self-evaluation

Since 2011, the Board of Directors and its committees have conducted annual self-evaluations in order to identify potential areas for improvement. The self-evaluation process includes structured interviews between the Lead Independent Director and the members of the Board of Directors and covers the overall performance of the Board of Directors, its relations with the Leadership Team, the performance of individual directors, and the performance of the Committees. The process is supported by the Company Secretary, under the supervision of the Chairperson and the Lead Independent Director.

The conclusions of the self-evaluation process are reviewed respectively by the Remuneration, Nomination and Corporate Governance Committee and by the Audit & Risks Management Committee and presented, along with recommendations from the Committees, to the Board of Directors for adoption and implementation. Suggestions for improvement of the Board of Directors' process based on the prior year's performance and functioning are implemented during the following year.

The 2023 Board of Directors' self-evaluation was completed by the members of the Board of Directors in February 2024. The members of the Board of Directors were of the opinion that both it and Management had continued to perform successfully during 2023. Highlights include:

- Notable enhancements have been observed in the quality of contributions and exchanges during Board of Directors meetings. The Board of Directors preparation and support have been highly appreciated.
- The Chairperson and Lead Independent Director received commendation for their successful completion of objectives in 2023 and the governance in place, improving links between the Chairperson, the Lead and independent members.
- The Board members have expressed satisfaction with the current mix of expertise, leading to interesting exchanges.
- The plants visits organised for members of the Board of Directors with the Management proved highly beneficial for enhancing business and strategy knowledge, as well as facilitating communication. They are to be continued. In 2023, all independent Board members were able to visit at least one site, completing a 2022 assessment action point.

The Board of Directors believes that its members have the appropriate range of skills, knowledge, experience, and diversity needed to effectively govern the business. Board composition is reviewed on a regular basis and additional skills and experience are actively searched for in line with the expected development of Aperam's business as and when appropriate.

For 2024, the members of the Board of Directors continued to set priorities for discussion and review, including:

- Plant visit, visit, confirming that the plant tour organised in 2023 was considered valuable for improving knowledge of the stainless steel industry and the company's value chain, for keeping up with the development of the Company, and for guaranteeing a qualified contribution to the success of the company;
- Continuous awareness of Corporate Sustainability Reporting (CSRD) in connection with its impact on Aperam;
- Proactively planning for succession in both Management and Board of Directors profiles in light of the strategy through active collaboration with the Remuneration, Nomination and Corporate Governance Committee; and
- Considering support for new sectors, innovative products, trends and markets as crucial priorities.

Required Skills, Experience and Other Personal Characteristics

Diverse skills, backgrounds, knowledge, experience, geographic locations, nationalities and gender are required to effectively govern a global business the size of the Group's operations.

The Board and its committees are therefore required to ensure that the Board has the right balance of skills, experience, independence and knowledge needed to perform its role in accordance with the highest standards of governance.

The Company's directors must demonstrate unquestioned honesty and integrity; preparedness to question, challenge and constructively critique; and a willingness to understand and commit to the highest standards of governance. They must be committed to the collective decision-making process of the Board and must be able to debate issues openly and constructively and question or challenge the opinions of others. Directors must also commit themselves to remaining actively involved in Board decisions and to applying strategic thinking to the matters at issue. They must be clear communicators and good listeners who actively contribute to the Board in a collegial manner. Each director must also ensure that no decision or action is taken that places his or her interests in front of the interests of the business. Each director has an obligation to protect and advance the interests of the Group and must refrain from any conduct that would harm it.

In order to govern effectively, non-executive directors must have a clear understanding of the Group's strategy and a thorough knowledge of the Aperam Group and the industries in which it operates. Non-executive directors must also be sufficiently familiar with the Group's core business to be able to effectively contribute to its strategic development and monitor its performance.

Furthermore, the composition of the non-executive directors should be such that the combination of experience, knowledge and independence of its members allows the Board to fulfil its obligations to the Company and other stakeholders in the best possible manner.

The Remuneration, Nomination and Corporate Governance Committee ensures that the Board is composed of high-calibre individuals whose background, skills, experience and personal characteristics enhance the overall profile of the Board. The Committee also helps the Board meet its needs and diversity aspirations by nominating high quality candidates for election to the Board by the general meeting of shareholders.

Board Profile

The key skills and experience of the directors, and the extent to which they are represented on the Board and its committees, are set out below. In summary, the non-executive directors contribute in terms of:

- International and operational experience;
- Understanding of the industry sectors in which we operate;
- Knowledge of world capital markets and being a company listed in several jurisdictions; and
- An understanding of the health, safety, environmental, political and community challenges that we face.

Each director is required to adhere to the values set out in, and sign, the Aperam Code of Business Conduct. In addition, each director is expected to bring an area of specific expertise to the Board.

Renewal

The Board plans for its own succession, with the assistance of the Remuneration, Nomination and Corporate Governance Committee. In doing so, the Board:

- Considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
- Assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
- Identifies any inadequate representation of those attributes and agrees on the process needed to ensure the selection of a candidate who brings these attributes to the Board; and
- Reviews how Board performance might be enhanced, both at an individual director level and for the Board as a whole.

The Board believes that orderly succession and renewal is achieved through careful planning and by continuously reviewing its composition.

When considering new appointments to the Board, the Remuneration, Nomination and Corporate Governance Committee oversees the preparation of a position specification that is provided to an independent recruitment firm retained to conduct a global search, taking into account, among other factors, geographic location, nationality and gender. In addition to the specific skills, knowledge and experience required of the candidate, the specification contains the criteria set out in the Aperam Board profile.

Diversity

Overall, diversity at Aperam is aligned with the global effort to increase gender diversity on the boards of directors of listed and unlisted companies. Three of the Board’s seven directors are women. The Aperam Board's diversity not only relates to gender, but also to the background, professional industry experience, age and nationality of its members.

Director Induction, Training and Development

The Board considers that the development of the directors' knowledge of the Group, its business activities, its engagements towards stakeholders, and the markets in which the Group operates in is an ongoing process. Upon his or her election, each new non-executive director undertakes an induction programme specifically tailored to his or her needs. The Board's development activities include the provision of regular updates to directors on each of the Group's products and markets. Non-executive directors may also participate in training programmes designed to maximise the effectiveness of the directors throughout their tenure and link to their individual performance evaluations.The training and development programme covers not only matters of a business nature, but also matters falling into the environmental, social and governance areas. In 2024, a training focused on the CSRD regulation and its consequences to the Company’s reporting was delivered to the independent board members.

Structured opportunities are provided to build knowledge through such initiatives as plant visits and business briefings during Board meetings. Non-executive directors also build their Group and industry knowledge through the involvement of the Leadership Team members and other senior employees at Board meetings. Business briefings, site visits and development sessions underpin and support the Board's work on monitoring and overseeing progress towards the corporate purpose of creating long-term shareholder value through the development of our stainless steel business. We therefore continuously build-up our directors' knowledge to ensure that the Board remains up-to-date with developments within our segments, as well as developments in the markets in which we operate.

In 2022, the directors participated in comprehensive business briefings intended to provide them with a deeper understanding of the Group's activities, environment, key issues and strategy, and remuneration framework.These briefings are provided to the Board by the Leadership Team members. The key briefings provided during the course of 2023 included health and safety, Environmental-Social-Governance related topics (such as the Company’s ResponsibleSteel™ certification and 2030 environmental targets), operational and financial performance, execution of the Leadership Journey®, footprint strengthening initiatives, the competitive landscape, the global stainless steel outlook and strategic review, innovation and refinancing. Development sessions on specific topics of relevance also took place, covering regulatory developments (among them, the CSRD) and the external audit.

The Remuneration, Nomination and Corporate Governance Committee oversees directors’ training and development. This approach allows induction and learning opportunities to be tailored to the directors' committee memberships, as well as the Board's specific areas of focus. This approach also ensures a coordinated process in relation to succession planning, Board renewal, training, development and committee composition, all of which are relevant to the Remuneration, Nomination and Corporate Governance Committee’s role in securing a consistent supply of talent to the Board.

Committees of the Board of Directors

As of 31 December 2023, the Board of Directors had two committees: the Audit and Risk Management Committee and the Remuneration, Nomination and Corporate Governance Committee, both of which are described in greater detail below.

Committee Composition

The composition of the Committees of the Board of Directors, as of 31 December 2023, is set forth below.

Name	Position within Aperam	Independent/ Non Independent Status	Audit & Risk Management Committee	Remuneration, Nomination and Corporate Governance Committee
Bernadette Baudier	Member of Board of Directors	Independent Director	X (Chair)	
Roberte Kesteman	Member of Board of Directors	Independent Director	X	X
Alain Kinsch	Member of Board of Directors	Independent Director	X	X (Chair)
Ros Rivaz	Member of Board of Directors	Lead Independent Director		X

Audit and Risk Management Committee

Role: The Audit and Risk Management Committee is composed of three directors. The members are appointed by the Board of Directors each year following the annual general meeting of shareholders. The Audit and Risk Management Committee makes decisions by a simple majority.

With respect to audit related matters, the primary function of the Audit and Risk Management Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the Company's:

- Financial reports and other financial information provided to any governmental body or the public;
- System of internal control regarding finance, accounting, tax, legal, compliance and ethics established by the Board of Directors and the Leadership Team;
- Sustainability roadmap and climate-related disclosures; and
- Auditing, accounting and financial reporting processes generally.

With respect to audit-related matters, the Audit and Risk Management Committee's primary duties and responsibilities include:

- Serving as an independent and objective party to monitor the Company's financial reporting process and internal controls system;
- Reviewing and appraising the work carried out by Aperam's independent external auditors and global assurance department;
- Reviewing major legal, tax, and compliance matters and their follow up;
- Providing an open avenue of communication among the Company's independent auditors, Leadership Team, the internal audit department, and the Board of Directors;
- Approving the appointment and fees of the Company's independent auditors; and

- Monitoring the independence of the independent auditors.

With respect to risk management related matters, the primary function of the Audit and Risk Management Committee is to support the Board of Directors in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of our risk management process. In this regard, its main responsibilities and duties are to assist the Board of Directors by developing recommendations regarding the following matters:

- Oversight, development and implementation of a risk identification and management process and the review of this process in a consistent manner throughout the Group;

- Review of the effectiveness of the Company's risk management framework, policies and process at the corporate and operating segment levels and the proposal of improvements, with the aim of ensuring that the Company's management is supported by an effective risk management system;

- Promotion of constructive and open exchanges on risk identification and management among the Leadership Team, the Board of Directors, the legal department and other relevant departments of the Group;

- Review of proposals to assess, define and review the level of risk tolerance to ensure that appropriate risk limits are in place;

- Review of internal and external audit plans to ensure that they include a review of the major risks the Company faces; and

- Make recommendations within the scope of its charter to Aperam's Leadership Team and to the Board of Directors about Leadership Team's proposals concerning risk management.

The Committee also reviews the Company's Sustainability roadmap and its progress.

In fulfilling its duties, the Audit and Risk Management Committee may seek the advice of outside experts.

Composition: The three members of the Audit and Risk Management Committee are Mrs. Bernadette Baudier, Mrs. Roberte Kesteman and Mr. Alain Kinsch. Mrs. Bernadette Baudier has been the Chairperson of the Audit and Risk Management Committee since August 2019. Each of these members is an independent director in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

- Mrs. Bernadette Baudier has over 35 years of experience, with senior roles held in Finance, Internal Control, and Audit. Mrs. Baudier was Senior Vice President Finance & People of the Gas, Renewables & Power Division of TotalEnergies from 2020 to 2022. Previously, she was Senior Vice President Corporate Affairs of the Exploration & Production Division of Total (2016-2019) with responsibilities covering Finance, Compliance, Legal, Human Resources, Communication and IT. From 2013 to 2016 she was Senior Vice President for Internal Control and Audit of Total Group (2013-2016). Prior to that she held various positions in Finance within Total Group. She started her career at Total in 1988 and worked for Société Générale from 1984 to 1988. Mrs. Baudier is a graduate of *École des Hautes Études Commerciales* (HEC).

According to its charter, the Audit and Risk Management Committee is required to meet at least four times a year. During 2023, the Audit Committee met four times. The attendance rate of the directors at the Audit and Risk Management Committee meetings held in 2023 was 100%. Invitees at the Committee in 2023 included: Dr. Ros Rivaz and Mr. Sandeep from the Board of Directors, the CEO and the CFO from the Leadership Team. Other invitees included members of the Finance Team, Legal Team, Compliance Team and Global Assurance Team, as well as representatives from External Audit as appropriate. The Company Secretary acts as secretary of the Committee.

During 2023, the Audit and Risk Management Committee reviewed on a quarterly basis the Financial Reporting, Governance and Compliance reports, External Auditor's report, Global Assurance reports and Risk Management reports (including risks described in detail at the end of this Annual Report).

As part of the annual self-evaluation interviews, the Audit and Risk Management Committee performed an evaluation, which was completed in February 2024 with respect to performance in 2023.

Remuneration, Nomination and Corporate Governance Committee

The Remuneration, Nomination and Corporate Governance Committee may be composed of two or three directors and is currently composed of three directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The Remuneration, Nomination and Corporate Governance Committee makes decisions by a simple majority.

The Board of Directors has established the Remuneration, Nomination and Corporate Governance Committee to:

- Determine Aperam's compensation framework, including short- and long-term incentives for the Chief Executive Officer, and the other members of the Leadership Team and to make its recommendations to the Board;

- Review and approve succession and contingency plans for key managerial positions at the Leadership Team level;

- Review and evaluate on a yearly basis the performance of the Leadership Team as a whole and of its individual members;

- Consider any candidate for appointment or reappointment to the Board of Directors at the request of the Board of Directors and provide the Board with advice and recommendations regarding the same;

- Evaluate the functioning of the Board of Directors and monitor the Board of Directors' self-assessment process; and

- Develop, monitor and review corporate governance principles and corporate responsibility policies applicable to Aperam, as well as their application in practice.

The Remuneration, Nomination and Corporate Governance Committee's main goal for determining the compensation of executives is to encourage and reward performance that will lead to the long-term enhancement of shareholder value. In fulfilling its duties, the Remuneration, Nomination and Corporate Governance Committee may seek the advice of outside experts.

The three members of the Remuneration, Nomination and Corporate Governance Committee are Mr. Alain Kinsch, Mrs. Roberte Kesteman and Dr. Ros Rivaz. Mr. Alain Kinsch is the Chairperson of the Remuneration, Nomination and Corporate Governance Committee. Each of these members is an independent director in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

The Remuneration, Nomination and Corporate Governance Committee is required to meet at least twice a year. During 2023, this committee met three times. The attendance rate at the Remuneration, Nomination and Corporate Governance Committee meetings held in 2023 was 100%. Invitees at the Committee in 2023 included Mr. Sandeep Jalan from the Board of Directors, members of the Leadership Team, the CEO, the CFO, and the Head of Human Resources and Communications.

In 2023, the Remuneration, Nomination and Corporate Governance reviewed: the succession planning for the Board and the Leadership Team, the performance of the Leadership Team members, the Group’s long-term incentive plan, the Leadership Team’s remunerations, and corporate governance matters of relevance for the Board and the Company.

As part of the annual self-evaluation interviews, the Remuneration, Nomination and Corporate Governance Committee performed an evaluation, which was also completed in February 2024 with respect to performance in 2023.

Leadership Team

The Leadership Team is entrusted with the day-to-day management of Aperam. Mr. Timoteo Di Maulo is the Chief Executive Officer and a member of the Leadership Team. The members of the Leadership Team are appointed and dismissed by the Board of Directors. The Leadership Team is not a corporate body under Luxembourg law or Aperam's Articles of Association. It exercises the authority conferred to it by the Board of Directors.

Succession Planning

Succession planning within the Group is a systematic and deliberate process for identifying and preparing potential employees to fill key organisational positions should the current incumbent's term expire. This process applies to all executives up to and including the Leadership Team. Succession planning aims to ensure the continued effective performance of the organisation by providing experienced and capable employees who are prepared to assume these roles as they become available. For each position, candidates are identified based on performance, potential and 'years to readiness'. Their development needs are also discussed and confirmed. Regular reviews of succession plans are conducted to ensure that they are accurate and up-to-date. Succession planning is a necessary process to reduce risk, create a pipeline of future leaders, ensure smooth business continuity and improve employee motivation while also monitoring Aperam's diversity and representativity.

Luxembourg Takeover Law Disclosure

The following disclosures are made in compliance with Article 11 of the Luxembourg Law of 19 May 2006, transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, on takeover bids. The Company's Articles of Association are available at www.aperam.com under the Investors < Corporate Governance - Articles of Association section.

- With reference to article 11 (1) (a) of the above mentioned law - The Company has issued a single category of shares (ordinary shares). As per article 13.6 of the Company's Articles of Association, each share is entitled to one vote. The shareholder structure, including voting rights, is set out in the share capital section of this Management Report and available at www.aperam.com under section Investors > Equity Investors > Share Capital & Voting Rights, where the shareholding structure table is updated monthly.

- With reference to article 11 (1) (b) of the above mentioned law - the ordinary shares of the Company are freely transferable.

- With reference to article 11 (1) (c) of the above mentioned law - the beneficial ownership and voting rights in the Company by each person who is known to be the beneficial owner of 2.5% or more of the Company's issued share capital is set out in the share capital section of this Management Report and available at www.aperam.com Investors > Equity Investors > Share Capital & Voting Rights section, where the shareholding structure table is updated monthly.

- With reference to article 11 (1) (d) of the above mentioned law - all of the issued and outstanding ordinary shares in the Company have equal voting rights and there are no special control rights attaching to the ordinary shares. As per article 13.6 of the Company’s Articles of Association, each share is entitled to one vote. As per article 8.4 of the Company’s Articles of Association, the Mittal Shareholder (as defined in the Articles of Association) may, at its discretion, decide to exercise the right of proportional representation and nominate candidates for appointment as members of the Board of Directors. The Mittal Shareholder has not, to date, exercised that right.

- With reference to article 11 (1) (e) and (f) of the above mentioned law - not applicable. However, the sanction of suspension of voting rights automatically applies, subject to limited exceptions set out in the Transparency Law (as defined below), to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in article 7 of the Articles of Association and articles 8 to 15 of the Luxembourg law of 11 January 2008, on the transparency requirements regarding issuers of securities (Transparency Law) but have not notified the Company accordingly. The sanction of suspension of voting rights will apply until such time as the notification has been properly made by the relevant shareholder(s).

- With reference to article 11 (1) (g) of the above mentioned law - not applicable.

- With reference to article 11 (1) (h) of the above mentioned law - as per article 8.3 of the Company’s Articles of Association, the members of the Board of Directors shall be elected by the shareholders at the annual general meeting or at any other general meeting of shareholders for a term not exceeding three years and shall be eligible for re-election. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may, by a simple majority, elect a new director to temporarily fulfil the duties attached to the vacant post until the next general meeting of shareholders. The Board of Directors' election is also set out in the section Corporate Governance - Board of Directors of this Management Report. Rules governing amendments of the Company's Articles of Association are set out in article 14 of said Articles.

- With reference to article 11 (1) (i) of the above mentioned law - as of 31 December 2023, the Company's issued share capital was represented by 78,036,688 fully paid up shares without nominal value. As of 31 December 2023, the Company's authorised share capital, including the issued share capital, consisted of 87,810,071 shares without nominal value.

- On 2 May 2023, the Annual General Meeting 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 4 May 2022 with respect to the Company’s share buy-back programmes, and (b) to authorise, effective immediately after the 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 (the ‘Law’), as amended , 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 maximum number of shares that may be acquired is a number of shares such that the aggregate accounting par value of the Company’s shares held by the Company following repurchases does not in any event exceed 10% of the Company’s issued share capital. The maximum number of own shares that Aperam may hold at any time directly or indirectly may not have the effect of reducing its net assets (*actif net*) below the amount mentioned in paragraphs 1 and 2 of Article 461-2 of the Law.

  The purchase price per share to be paid shall not exceed 110% of the average of the final listing prices of the thirty (30) trading days preceding the three (3) trading days prior to each date of repurchase, and shall not be less than one euro cent. The final listing prices are those on the Euronext markets where the Company is listed or the Luxembourg Stock Exchange, depending on the market on which the purchases are made.

For off-market transactions, the maximum purchase price shall be 110% of the reference price on the Euronext markets where the Company is listed. The reference price will be deemed to be the average of the final listing prices per share on these markets during thirty (30) consecutive days on which these markets are open for trading preceding the three (3) trading days prior to the date of purchase. In the event of a share capital increase by incorporation of reserves or issue premiums and the free allotment of shares as well as in the event of the division or regrouping of the shares, the purchase price indicated above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the issued share capital prior to the transaction and such number following the transaction.

- With reference to article 11 (1) (j) of the above mentioned law - not applicable.
- With reference to article 11 (1) (k) of the above mentioned law - not applicable.

Articles of Association

The last version of the Company’s Articles of Association is dated 7 February 2023, and is available on the Company’s website (www.aperam.com) under the Investors > Corporate Governance section.

Compensation

Remuneration Policy

Board Oversight

The Board is responsible for ensuring that the Group's remuneration arrangements are equitable and aligned with the long-term interests and sustainability of the Company and its shareholders.It is therefore critical that the Board remains independent from management when making decisions affecting the remuneration of the Chief Executive Officer and its direct reports.

To this end, the Board has established the Remuneration, Nomination and Corporate Governance Committee (RNCG) to assist it in maintaining a formal and transparent procedure for setting policy on senior management's remuneration and determining an appropriate remuneration package for senior management. The RNCG Committee should ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with applicable rules and regulations. All members of the RNCG Committee are required to be independent under the Group's corporate governance guidelines, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the NASDAQ Listing Rules.

The independence criteria that applies to the Directors is defined under the section Corporate Governance Practices - Board of Directors in this Management Report.

RNCG members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The members have relevant expertise or experience relating to the purposes of the Committee.

The RNCG Committee makes decisions by a simple majority with no member having a casting vote. The RNCG Committee is chaired by Mr. Alain Kinsch. The primary function of the RNCG Committee, as well as how it functions, is described in greater detail in the Corporate Governance Practices section of this report.

In line with Aperam's Code of Business Conduct, members of the Board of Directors and employees must always act in the best interests of the Company and must avoid any situation where personal interests conflict or could conflict with obligations toward the Company. An annual process is in force for members of the Board of Directors and employees to report any potential conflict of interest they may have. However, notifications should be made as soon as a potential conflict of interest is identified.

Contracts and Arrangements

As mentioned in the previous "Composition of the Board of Directors" section, no member of the Board of Directors has entered into a service contract with Aperam or any of its subsidiaries providing for benefits upon the end of his or her service on the Board. All non-executive Directors of the Company have signed the Company's Appointment Letter, which confirms the conditions of their appointment, including compliance with a non-compete provision, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange, and the Company's Code of Business Conduct.

Each member of the Aperam's Leadership Team is also entrusted with the day-to-day management of the Company. The members of the Leadership Team are appointed and dismissed by the Board of Directors. The Leadership Team may exercise only the authority granted to it by the Board of Directors. The members of the Leadership Team have permanent employment contracts, and notice periods follow applicable legislation. Members of the Leadership Team benefit from supplementary pension schemes according to local practice. The Company does not provide for specific early retirement schemes and payments linked to termination for its members of the Leadership Team beyond what is required by local labour legislation requirements.

Remuneration Strategy for Members of the Board of Directors

The remuneration structure of the members of the Board of Directors is submitted annually for shareholder approval and is based on annual fees comprising a basic remuneration, to which additional fees are added for Committee members. The remuneration structure is reviewed periodically by the Remuneration, Nomination and Corporate Governance Committee, which makes recommendations to the Board of Directors and takes into account relevant benchmarks (e.g., similar size, industry) to attract and retain high-quality and experienced directors. The remuneration structure of the Board of Directors has remained unchanged since the Company's inception in 2011, and is highlighted in detail below:

(Amounts in Euros):

Position	**Compensation (annual basis)**
Basic Director's remuneration	€70,000
Lead Independent Director's remuneration	€80,000
Additional remuneration for the Chair of the Audit and Risk Management Committee	€15,000
Additional remuneration for Audit and Risk Management Committee members	€7,500
Additional remuneration for the Chair of the Remuneration, Nomination and Corporate Governance Committee	€10,000
Additional remuneration for members of the Remuneration, Nomination and Corporate Governance Committee	€5,000

Remuneration Strategy for Members of the Leadership Team

Scope

Aperam's remuneration philosophy and framework apply to the following group of senior managers:
- Chief Executive Officer
- Eight other members of the Leadership Team

The remuneration philosophy and governing principles also apply, with certain limitations, to a wider group of employees, including General Managers and Managers.

Remuneration Philosophy

Aperam's remuneration philosophy for its senior managers is based on the following principles:
- Provide total remuneration, competitive with that of executive remuneration levels of a peer group composed of a selection of industrial companies of a similar size and scope;
- Encourage and reward performance that will lead to the long-term and sustainable enhancement of shareholder value;
- Promote internal pay equity and provide 'market' median (determined by reference to its identified peer group) base pay levels for Aperam's senior managers, with the possibility to move up to the third quartile of the markets base pay levels, depending on sustained high performance and/or certain critical and scarce competencies;
- Base Salaries, Total Target Cash (Base Salary + On Target Bonus) and Total Direct Compensation (TTC + LTIP) are compared to the appropriate market reference (P50 or market median);

- Performance is evaluated based on previously agreed on quantified personal objectives. Personal objectives are aligned with Aperam's organisational goals covering:
    - People (including motivation and engagement, competencies) and Social Sustainability, with a particular attention to Health and Safety,
    - Environmental Sustainability, and
    - Sustainable Profitability, including business transformation and governance.

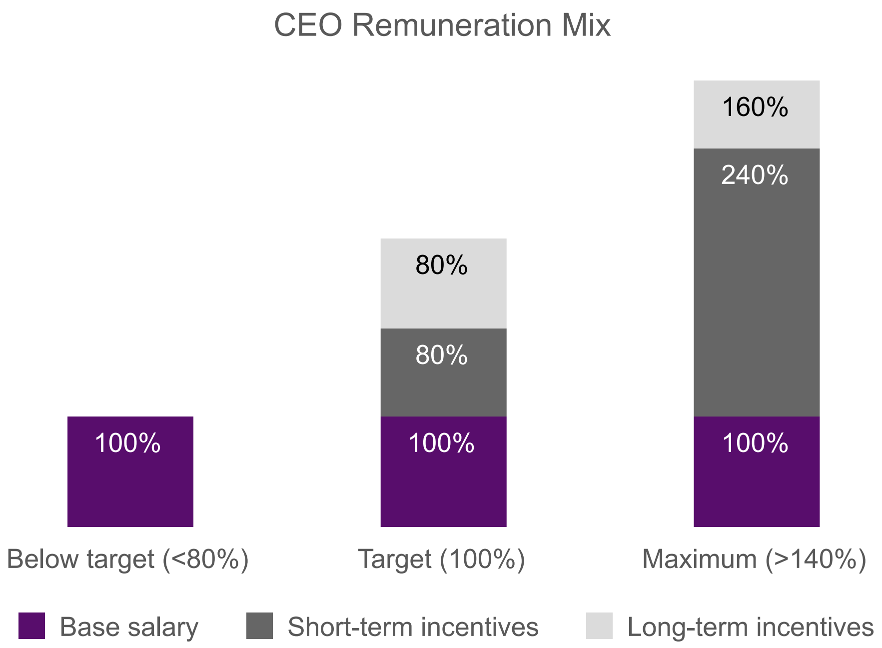
Remuneration Framework

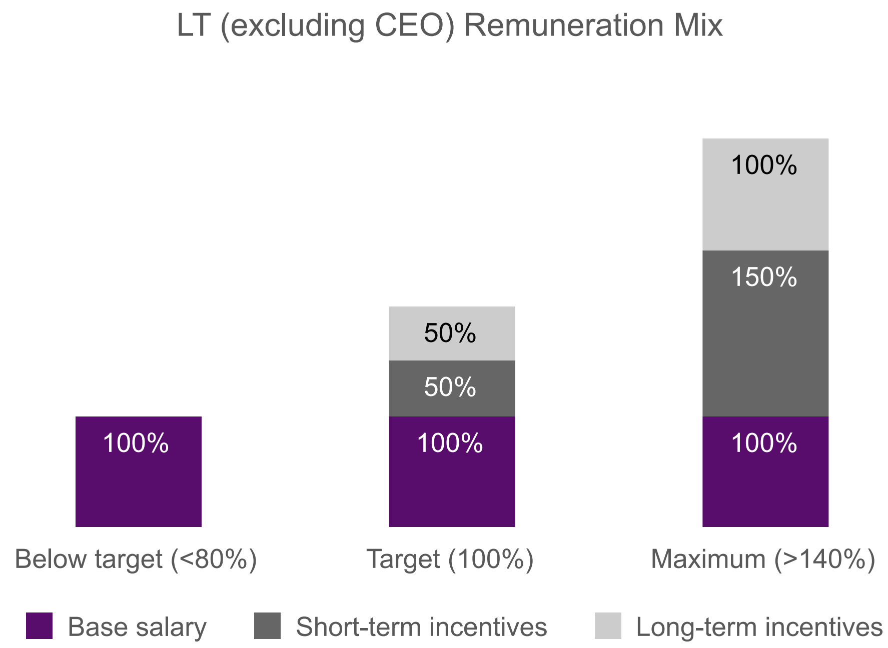
The Remuneration, Nomination and Corporate Governance Committee develops proposals on senior management remuneration annually for consideration by the Board of Directors. Such proposals include the following components:

- Fixed annual salary;
- Short-term incentives (i.e., performance-based bonuses); and
- Long-term incentives
    - Since May 2013, Leadership Team members only receive (performance based) PSUs as equity based incentive.
    - Outstanding stock options for ArcelorMittal plans for Leadership Team members who participated in this plan prior to the creation of Aperam in January 2011 only.

The total remuneration target of the CEO and other members of the Leadership Team is structured to attract and retain executives and to provide total remuneration competitive with executive remuneration levels of a peer group composed of a selection of industrial companies of a similar size and scope.

The following remuneration charts illustrate the various elements of compensation for the CEO and the other members of the Leadership Team applicable for 2023.





The graphs above show the minimum and maximum payout of each plan based on the achievement of the plan objectives and considering the maximum individual performance multiplier.

At the individual level, the payout of short-term incentives is also subject to an individual bonus coefficient that is based on the achievement of personal objectives. This coefficient can vary between 0 and 1.5, meaning that, in theory, the payout of the annual bonus (STIP) can vary between 0 and 300% of the target amount (in case of a maximum financial and maximum personal performance).

Fixed Annual Salary

Strategy: attract and retain high-quality and experienced senior executives

Base salary levels are reviewed annually and are compared to the market to ensure that Aperam stays competitive.

Short-term Incentives

Annual Performance Bonus Plan

Strategy: motivate senior executives to achieve stretch performance on strategic priorities

Aperam has a short-term incentive plan consisting of a performance-based bonus plan. Bonus calculations for each employee reflect the performance of the Aperam Group as a whole, the performance of the relevant business units and the individual employee's overall performance.

The calculation of Aperam's performance bonus is aligned with its strategic objectives of improving financial performance and overall competitiveness and on the following principles:

- No performance bonus will be triggered if the achievement level of the performance measures is less than the threshold of 80%;
- Achievement of 100% of the performance measure yields 100% of the performance bonus pay-out; and

- As of 2022, for the bonus paid in 2023, achievement of more than 100% and up to 140% of the performance measure generates a higher performance bonus pay-out, capped at 200%.

For the Chief Executive Officer and the Members of the Leadership Team, the 2023 bonus formula is based on:

2023 Measures	% Weighting for the Chief Executive Officer and LT members	Review
EBITDA • *Rationale: demonstrates growth and operational performance*	40%	Incentive attributed to this metric
Free Cash Flow • *Rationale: demonstrates growth and operational performance*	20%	Incentive attributed to this metric
Leadership Journey® • *Rationale: demonstrates capacity to improve operational excellence by self-help measures*	20%	Incentive attributed to this metric
Gap to competition • *Rationale: demonstrated capacity to outperform peers*	20%	Incentive attributed to this metric

As from 2022 bonus paid in 2023, the achievement level of performance for performance bonus is summarised as follow:

	Business Plan Achievement Threshold at 80%	Business Plan Achievement Target at 100%	Business Plan Achievement Ceiling at 120%	Business Plan Achievement Ceiling at 140%
CEO	40% of base pay	80% of base pay	120% of base pay	160% of base pay
Leadership Team Member (VP)	25% of base pay	50% of base pay	75% of base pay	100% of base pay

Note:
VP = Vice-President

The principles of the performance bonus plan, with different weights for performance measures and different levels of target bonuses, are applicable to approximately 1,100 employees worldwide.

The Remuneration, Nomination and Corporate Governance Committee, together with the Board of Directors, assess progress against performance measures, leading to the determination of the short-term incentive bonus. The 2023 Performance Bonus Plan, with respect to senior management, is structured based on the same criteria as the 2022 Bonus Plan.

Other Benefits

In addition to the primary elements of compensation described above, other benefits may be provided to senior management, such as company cars, contributions to pension plans and insurance policies, all of which will be in line with relevant local market and peer group practices.

Long-term Incentives: Equity-based Incentives

Share Unit Plans

The first shareholders' meeting after the creation of Aperam, held on 12 July 2011, approved an equity-based incentive. The plan, which consists of a Restricted Share Unit Plan (RSU Plan) and a Performance Share Unit Plan (PSU Plan), is designed to drive employee involvement, improve the Group's long-term performance and retain key employees. Both the RSU Plan and the PSU Plan are intended to align the interests of the Company's shareholders and eligible employees by allowing them to participate in the success of the Company. The maximum number of Restricted Share Units (each being an RSU) and Performance Share Units (each being a PSU) available to grant during any given year is subject to the prior approval of the Company's shareholders at the annual general meeting.

The allocation of share based incentives is reviewed by the Remuneration, Nomination and Corporate Governance (RNCG) Committee of the Company, which is composed of three independent directors, and which makes a recommendation to the Board of Directors. The RNCG Committee also reviews the proposed granting of share based incentives to eligible employees other than the members of the Leadership Team, and the principles governing their proposed allocation. The Committee further decides on the criteria for granting share based incentives and makes its recommendation to the Board of Directors. The vesting criteria are also monitored by the RNCG Committee.

RSU Plan (no grants under this scheme for Leadership Team members since 2012)

The aim of the RSU Plan was to provide a retention incentive to eligible employees. It was subject to ‘cliff vesting’ after three years, with 100% of the grant vesting on the third anniversary of the grant, contingent upon the continued active employment of the eligible employee within the Aperam Group. The decision was taken by the Board of Directors not to grant any RSUs to the members of the Leadership Team as of the May 2012 shareholder authorisations. As a consequence, RSUs are now only granted to Senior Management below LT.

PSU Plan

The PSU Plan's main objective is to be an effective performance-enhancing scheme based on the employee's contribution to the eligible achievement of the Group's strategy. Awards under the PSU Plan are subject to the fulfilment of cumulative performance criteria over a three-year period from the date of the PSU grant. The target group for PSU grants is primarily the Chief Executive Officer and the other members of the Leadership Team.

To ensure that Senior Management continues to focus on long-term sustainability and value creation, the Remuneration, Nomination and Corporate Governance Committee regularly reviews the Long Term Incentive Plan Structure for the members of the Leadership Team and proposes amendments to the Board of Directors when relevant. These amendments are then subject to shareholder approval. The below summarises the PSU plan structure in place since 2022:

- Focus on the sustainable improvement of Aperam’s strategic ESG challenges
- Relative Index performance to capture Aperam’s performance in the most relevant geographical regions from a commercial perspective: France (SBF120 index) and Germany (DAX index)
- Peer group consists of direct stainless steel competitors (two peers) and the most relevant steel players (four peers) from a statistical point of view
- Future outperformance, capped at 200%
- Grant based on value of 80% of the base salary for the CEO, and 50% for other Members of the Leadership Team
- The long term orientation of the plan at three years
- Awards under the LT PSU Plan are subject to the fulfilment of the cumulative performance criteria over a three year period from the date of the PSU grant
- Vesting:

20% vesting is linked to the sustainable improvement of Aperam’s strategic ESG challenges. Specific targets are:

- 5% Health and Safety: Total Recordable Incident Rate (TRIR) reduction. The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance, and 200% for achieving 140% of Index Performance
- 5% Gender Diversity: Increase in the % of women in Top 1000. The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance, and 200% for achieving 140% of Index Performance
- 10% Environment: Reduction in CO_2 emissions (Kg CO_2/T). The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance, and 200% for achieving 140% of Index Performance

40% vesting is linked to TSR evolution compared to SBF120 index and DAX index over a three year period:

- 20% of vesting is linked to TSR evolution compared to SBF120 index over a three year period: The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance, and 200% for achieving 140% of Index Performance

– 20% of vesting is linked to TSR evolution compared to DAX index over a three year period: The percentage of PSUs vesting will be 50% for achievement 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance, and 200% for achieving 140% of Index Performance

40% vesting is linked to EPS and TSR evolution compared to a peer group over a three year period:

- 20% of vesting is linked to EPS evolution compared to a peer group over a three year period:
  - 10% of vesting is linked to EPS evolution compared to the stainless steel peer group. The percentage of PSUs vesting will be 50% for achievement of 80% of median EPS, 100% for achieving median EPS, 150% for achieving 120% of median EPS, and 200% for achieving 140% of median EPS
  - 10% of vesting is linked to EPS evolution compared to the carbon steel peer group. The percentage of PSUs vesting will be 50% for achievement of 80% of median EPS, 100% for achieving median EPS, 150% for achieving 120% of median EPS, and 200% for achieving 140% of median EPS
- 20% of vesting is linked to TSR evolution compared to a peer group over a three year period:
  - 10% of vesting is linked to TSR evolution compared to the stainless steel peer group. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, and 200% for achieving 140% of median TSR
  - 10% of vesting is linked to TSR evolution compared to the carbon steel peer group. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, and 200% for achieving 140% of median TSR

As from the 2018 PSU plans, each PSU may give right to up to two shares. The LT PSU Plan provides for cliff vesting on the third anniversary of the grant date, under the condition that the relevant LT member continues to be actively employed by the Aperam Group on that date. If the LT member is retired on that date or in case of an early retirement by mutual consent, the relevant LT member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the Company.

Details of shareholder approvals and allocated PSUs and RSUs, granted shares at vesting:

- On 5 May 2020, annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2020 and the 2021 annual general meeting, to key employees of Aperam a maximum of 150,000 of the Company's shares for grants under the Leadership Team PSU Plan and other performance-based grants below the Leadership Team level.
  - Grant 2020:
    - In June 2020, a total of 101,806 PSUs were granted to a total of 29 employees at a fair value of €21.58 per share (out of which 81,970 PSUs were for the 10 members of the Leadership Team).
    - In June 2020, a total of 54,060 RSUs were granted to a total of 42 employees.
  - Vesting 2020:
    - In June 2023, a total of 91,318 PSUs were vested and 38,018 shares were allocated to qualifying employees (out of which 23,074 were for members of the Leadership Team).
    - In June 2023, a total of 46,753 RSUs were vested and 46,753 shares were allocated to qualifying employees.
      - Globally 65,517 shares were transferred to beneficiaries (net number of 19,254 shares retained for tax purposes)

- On 8 June 2021, annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2021 and the 2022 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other grants below the Leadership Team level.
  - Grant 2021

        - In June 2021, a total of 54,336 PSUs were granted to a total of 28 employees at a fair value of €43.18 per share (out of which 39,611 PSUs were for the 9 members of the Leadership Team).
        - In June 2021, a total of 39,325 RSUs were granted to a total of 44 employees.

- On 4 May 2022, annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2022 and the 2023 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other grants below the Leadership Team level.
    - Grant 2022
        - In June 2022, a total of 66,815 PSUs were granted to a total of 32 employees at a fair value of €38.83 per share (out of which 51,920 PSUs were for the 9 members of the Leadership Team).
        - In June 2022, a total of 43,425 RSUs were granted to a total of 58 employees.

- On 2 May 2023, the annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2023 and the 2024 annual general meeting, to key employees of Aperam a maximum of 350,000 of the Company's shares for grants under the Leadership Team PSU Plan and other grants below the Leadership Team level.
- Grant 2023
    - In June 2023, a total of 88,146 PSUs were granted to a total of 36 employees at a fair value of €33.25 per share (out of which 63,846 PSUs were for the 9 members of the Leadership Team).
    - In June 2023, a total of 97,750 RSUs were granted to a total of 100 employees.

The ‘Remuneration Report’ provides additional details on the achievement of the vesting criteria at the time of vesting, as well as on the applicable peer group.

Remuneration Report

Remuneration of Board of Directors

As of 31 December 2023 and 2022, Aperam did not have any outstanding loans or advances to members of its Board of Directors and, as of 31 December 2023, Aperam had not given any guarantees for the benefit of any member of its Board of Directors. The table below shows the Directors' compensation for the financial periods ending 31 December 2023 and 2022. In particular, at the 2 May 2023 annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2022 financial year at €550,000. The directors' compensation for the financial period ending 31 December 2023 will be submitted for shareholder approval at the annual general meeting, which is expected to take place on 30 April 2024.

Name	Financial period ending 31 December 2022 (1)	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee (4)	Financial period ending 31 December 2023 (1)	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee (4)
Mr. Lakshmi N. Mittal	€70,000	0.54	€70,000	0.69
Mrs. Bernadette Baudier	€85,000	0.65	€85,000	0.84
Mr. Joseph Greenwell (2)	€28,027	0.22	N/A	N/A
Mr. Sandeep Jalan	€70,000	0.54	€70,000	0.69
Mr. Alain Kinsch	€87,500	0.67	€87,500	0.87
Mrs. Roberte Kesteman (3)	€54,473	0.42	€82,500	0.82
Mr. Aditya Mittal	€70,000	0.54	€70,000	0.69
Dr. Ros Rivaz	€85,000	0.65	€85,000	0.84
Total	€550,000		€550,000	
Shareholders' approval date	May 2, 2023		N/A	
Shareholders' expected approval date	N/A		April 30, 2024	

Notes:
(1) The directors compensation structure remained unchanged between 2022 and 2023. Reported changes in amounts are due to changes in the Board of Directors composition. See below.
(2) Mr. Joseph Greenwell resigned effective 4 May 2022. Mr. Joseph Greenwell was member of the Remuneration, Nomination and Corporate Governance Committee and of the Audit and Risk Management Committee.
(3) Mrs. Roberte Kesteman was elected at the annual general meeting of shareholders held 4 May 2022. Mrs. Roberte Kesteman is a member of the Remuneration, Nomination and Corporate Governance Committee and a member of the Audit and Risk Management Committee.
(4) Ratio between total remuneration of the members of the Board of Directors and the average remuneration on a full time equivalent basis of Aperam S.A. (€106k in 2021, €130k in 2022 and €101k in 2023)

Remuneration of Leadership Team

Aperam's remuneration for the Leadership Team is tied to the long-term performance of the Company as follows:

- Aperam senior management have a significant part of their total remuneration that is variable and 100% linked to Aperam's performance as defined in measurable KPIs:
    - Short term (annual bonus or short-term incentive plans)
    - Long term (3 years long-term incentive plans)

- Both variable plans have performance thresholds, below which no payment is made, and cappings (max ceiling for payment). Please refer to the plan descriptions for further details.
- Individual Differentiation is possible based on annually agreed on personal objectives that are linked to one of the Aperam Organisation Goals: People (including motivation and engagement, competencies) and Social Sustainability, with a particular focus on Health and Safety, Environmental Sustainability and Sustainable Profitability, including business transformation and governance.

The total compensation paid to the members of the Leadership Team in 2023 is aligned with the Remuneration Policy and application of performance criteria. The total remuneration, which consists of the base salary, fringe benefits, the short-term performance-related variable pay (consisting of a bonus linked to 2022 results), and pension expenses, is available in the table below.

2023

Total Actual Remuneration of the CEO and the Leadership Team excluding the CEO

Name	Year	1 Fixed Remuneration		2 Variable remuneration		3	4	5	6
		Base Salary	Fringe Benefits and local allowances [1]	One year-variable (STIP) and % vs. Total Rem.	Multi-year variable (LTIP) [2] and % vs. Total Rem.	Exceptional one off items	Pension expense [3]	Total Remuneration	Comparison versus average remuneration on a full time equivalent basis of an Aperam SA employee [4]
CEO	2023	€850k	€17k	€1,202k (46%)	€348k (13%)	0	€175k	€2,591k	25.6x
	2022	€794k	€17k	€1,416k (34%)	€1,420k (34%)	€368k	€159k	€4,173k	32.1x
	2021	€737k	€17k	€783k (25%)	€1,120k (35%)	€368k	€149k	€3,175k	29.9x
LT excluding CEO (8 members)	2023	€2,838k	€285k	€2,169k (35%)	€604k (10%)	0	€256k	€6,152k	7.6x
	2022	€2,605k	€197k	€1,987k (26%)	€1,802k (24%)	€735k	€233k	€7,558k	7.3x
	2021	€2,209k	€151k	€898k (15%)	€1,706k (29%)	€748k	€202k	€5,914k	6,9x

(1) Company car, residence benefit, health care, and local allowances (for French LT Members: local profit sharing according to CLA is included. For Belgian LT Members: legal holiday pay linked to the variable remuneration paid the previous year is included)
(2) Number of shares received multiplied by the share price at vesting date
(3) Retirement, death and disability insurances
(4) Ratio between total remuneration of the CEO or LT excluding CEO; and the average remuneration on a full time equivalent basis of Aperam S.A. (€106k in 2021, €130k in 2022 and €101k in 2023)

2022 short term incentives paid in 2023:

	Realisation as a % of business targets Achievement
CEO	124%
Leadership Team Member excluding CEO (average)	123%

Note: Individual performance not included in the percent of realisation.

Long term incentive plans

The members of the Leadership Team also participate in share-based compensation plans sponsored by Aperam. The Leadership Team is also referred to as Aperam's senior management. In June 2023, the persons comprising the Company's Leadership Team received 63,846 PSUs, corresponding to a value at grant equal to 80% of the year base salary for the Chief Executive Officer and 50% of the year base salary for the other Leadership Team members. The fair value per share for this grant was €33.25. Each PSU may give right to up to two shares of the Company. The following tables summarise the detailed allocation of equity-based incentives to the Leadership Team ('LT' thereafter in the table) members under the shareholder approval. Additional information about the equity-based incentives is available in greater detail in the 'Long-term Incentives: Equity Based Incentives' section of the Remuneration Policy of this report.

Name	Main conditions of the PSU plans					Information regarding the reported financial year : 2023					
						Opening balance	During the year				Closing balance
	Specification of plan	Performance Period	Fair Value per share (in €)	Award date	Vesting date	PSUs at the beginning of the year [1]	PSUs awarded [1]	PSUs vested [1]	Number of own shares given from PSUs vested	PSUs forfeited [1]	PSUs remaining subject to a performance condition [1]
CEO											
Tim Di Maulo, CEO	LTIP 2020	3 years	21.58	1 June 2020	1 June 2023	27,163	NA	27,163	11,313	(27,163)	0
Tim Di Maulo, CEO	LTIP 2021	3 years	43.18	14 June 2021	14 June 2024	13,577	NA	NA	NA	NA	13,577
Tim Di Maulo, CEO	LTIP 2022	3 years	38.83	1 June 2022	1 June 2025	16,657	NA	NA	NA	NA	16,657
Tim Di Maulo, CEO	LTIP 2023	3 years	33.25	1 June 2023	1 June 2026	0	20,434	NA	NA	NA	20,434
LT excluding CEO											
LT excluding CEO	LTIP 2020	3 years	21.58	1 June 2020	1 June 2023	47,163	NA	47,163	19,641	(47,163)	0
LT excluding CEO	LTIP 2021	3 years	43.18	14 June 2021	14 June 2024	26,034	NA	NA	NA	NA	26,034
LT excluding CEO	LTIP 2022	3 years	38.83	1 June 2022	1 June 2025	34,632	NA	NA	NA	NA	34,632
LT excluding CEO	LTIP 2023	3 years	33.25	1 June 2023	1 June 2026	0	43,412	NA	NA	NA	43,412

[1] Expressed in numbers of PSUs

Aperam does not have any outstanding loans or advances to members of the Company's senior management or any guarantees for the benefit of any member of the Company's senior management.

None of the members of the senior management has entered into service contracts with the Company or any of our affiliates that provide for benefits upon the termination of their service.

The general meeting of the Company held on 21 January 2011, resolved to delegate to the Board of Directors responsibility for determining how to compensate employees who have outstanding ArcelorMittal stock options and who are transferring from ArcelorMittal to the Company. Upon the recommendation of the Board of Directors' Remuneration, Nomination & Corporate Governance Committee, the Board has approved that Aperam employees remain beneficiaries of the ArcelorMittal Stock option, under the same conditions as if they were still ArcelorMittal employees. The ArcelorMittal stock option plan administration committee has agreed to this treatment for the ArcelorMittal management transferred to Aperam.

PSU Plans - cumulative performance criteria:

As from the 2022 shareholder approval, the performance criteria of the Performance Share Unit Plans defined in the section Long-term Incentives: Equity Based Incentives are as follows:

- 20% of the criteria is based on the Sustainable Improvement of our strategic Environment, Social and Governance (ESG) challenges. Specific targets will be in the area of Environment and Climate Change, Diversity and Inclusion, and Health and Safety, and will be specifically decided at the moment of the grant.

- 40% of the criteria is based on the development of Total Shareholder Return (TSR), defined as the share price at the end of the period, minus the share price at the start of the period, plus any dividend paid, divided by the share price at the start of the period compared to two representative indexes (20% weight: SBF 120 index; 20% weight DAX index), over a three year period.

- 40% of the criteria is based on the development of Earnings Per Share (EPS) for 20%, defined as the amount of earnings per share outstanding, compared to a peer group of companies, over a three year period, and on the development of TSR for 20% compared to a peer group of companies, over a three year period.

- The applicable peer group of companies used for the comparative performance of the TRS and EPS remains unchanged as from the approval submitted to shareholders in 2018.

The performance criteria of the Performance Share Unit Plans under the shareholders approvals until 2021 defined in the section Long-term Incentives: Equity Based Incentives are as follows:

- 50% of the criteria is based on the development of Total Shareholder Return (TSR), defined as the share price at the end of the period, minus the share price at the start of the period, plus any dividend paid, divided by the share price at the start of the period compared to two representative indexes (25% weight: SBF 120 index; 25% weight DAX index), over a three year period.

- 50% of the criteria is based on the development of Earnings Per Share (EPS) for 25%, defined as the amount of earnings per share outstanding, compared to a peer group of companies, over a three year period, and on the development of TSR for 25% compared to a peer group of companies, over a three year period.

- The applicable peer group of companies used for the comparative performance as part of the Leadership Team PSU Plan submitted to shareholder approval in 2018 is as follows:

    - The group of companies consists of two stainless steel companies and four carbon steel companies. These companies have been retained by the Board of Directors based on industry classification, size and on correlation to whether this group is sound from a statistical viewpoint.

Steel Peer Group	Company	Market Capitalisation[(1)]	Correlation[(2)]
Stainless Steel peer group (weight inside peer group 50%)	Acerinox	2,657	0.89
	Outokumpu	2,049	0.73
Carbon Steel peer group (weight inside peer group 50%)	Thyssen-Krupp	3,929	0.66
	Salzgitter	1,683	0.57
	ArcelorMittal	21,896	0.84
	Voestalpine	5,099	0.79

Notes:
(1) On 31 December 2023, in million €, source Bloomberg
(2) Correlation calculated from 01/01/2020 to 31/12/2023

LTIP vesting in 2023: PSU Plan under the 5 May 2020 shareholder authorisation

Awards under the LT PSU Plan are subject to the fulfilment of the cumulative performance criteria defined above for TSR and EPS compared to a peer Group over a three year period from the date of the PSU grant.

The value of the grant at grant date will equal 80% of the year base salary for the Chief Executive Officer and 50% for the other LT members. Each PSU may give right to up to two shares of the Company.

Vesting:

No vesting will take place for performance below 80% of the median compared to the peer group over three years. The percentage of PSUs vesting will be 50% for achieving 80% of the median TSR, 100% for achieving the median TSR, 150% for achieving 120% of the median TSR, and up to a maximum of 200% for achieving 140% of the median TSR. The percentage of PSUs vesting will be 50% for achieving 80% of the median EPS, 100% for achieving the median EPS, 150% for achieving 120% of the median EPS, and up to a maximum of 200% for achieving 140% of the median EPS.

Grant date: 1 June 2020
Vesting date: 1 June 2023
Percentage of achievement after third anniversary date (cliff vesting):

Performance criteria		% Weighting of criteria	Percentage of achievement at review at third grant anniversary date (1 June 2023)
TSR - SBF 120 Index		25.00%	0%
TSR - DAX Index		25.00%	Above median: 28,37%
TRS - Peer Group	Carbon Steel	12.50%	0%
	Stainless Steel	12.50%	0%
EPS - Peer Group	Carbon Steel	12.50%	Above median: 13,28%
	Stainless Steel	12.50%	0%
Total		**100.00%**	**41.65%**

For the PSU Plans under the 8 June 2021, 4 May , 2022 and 2 May 2023 shareholder authorisations, no vesting has yet been reached. The LT PSU Plans provide for cliff vesting on the third year anniversary of the grant date subject to the fulfilment of cumulative performance criteria over a three-year period, under the condition that the relevant LT member continues to be actively employed by the Aperam Group on that date.

Share Ownership by Directors and Leadership Team

As of 31 December 2023, the aggregate beneficial share ownership of Aperam directors and the Leadership Team amount to 204,595 Aperam shares (excluding shares owned by Aperam's significant shareholder). Other than the significant shareholder, no director or member of senior management beneficially owns more than 1% of Aperam's shares. See definition of significant shareholder in the 'Share Capital' section of this report.

The allocation of Aperam equity incentives to senior management is described in the 'Share Capital' section of this report.

In accordance with the Luxembourg Stock Exchange's 10 Principles of Corporate Governance, non-executive members of Aperam's Board of Directors do not receive share options, RSUs or PSUs.

Business Ethics

Ethics and Compliance

Business Ethics and Fair Dealings

At Aperam, ethics are governed by the Aperam Code of Business Conduct, which establishes the behavioural standards to be followed by all employees and directors of Aperam in the exercise of their duties. This Code specifies the 'do's and don'ts' that apply in all our countries of operations. It addresses topics ranging from the fight against discrimination up to the expectations of our business partners, be they customers or suppliers. It also covers the numerous facets of conflict of interest: an Aperam employee should always act in the best interests of the Company and must avoid any situation in which their personal interests could conflict with their obligations to Aperam.

Any behaviour that deviates from the Code of Business Conduct is to be reported (see § Process for handling complaints below) and sanctions can apply, up to termination, as we have a zero-tolerance policy for non-compliant behaviours.

Code of Business Conduct training happens on arrival at Aperam via an induction training and is regularly repeated to ensure it remains top-of-mind. A set of additional policies, published externally, detail Aperam's stance on such key topics as anti-corruption and money laundering, gift and entertainment, antitrust, data privacy and human rights, to name a few. These policies come with operational guidelines that are regularly updated in line with current best practices and with regularly refreshed training routines. Our key policies are available in the section Investors > Corporate Governance > Corporate Policies of Aperam's website (www.aperam.com)

Process for Handling Complaints

Our updated Prevention of Misconduct & Whistleblowing Policy encourages all employees to report any violation of the Aperam Code of Business Conduct, including but not limited to, all issues related to fraud, corruption and conflicts of interests, along with matters and irregularities related to health, safety, the environment, human rights and data privacy. Reporting should be done using the employee's direct reporting lines, the compliance correspondents, HR or internal audit, but also using the Aperam whistleblowing line, available in the footer of the Whistleblower section of the Aperam homepage (www.aperam.com).

⇒ In 2023, there were 59 allegations relating to fraud, corruption and conflicts of interests that were referred to the Group Global Assurance Department, out of which 16 led to in depth investigation. At the end of 2023, 14 forensic cases had been investigated, with nine cases considered to be founded, but without material impact on Aperam accounts, and five cases unfounded. These cases are reviewed by the Audit and Risk Management Committee, which makes a report to the Board of Directors.

A Compliance-focused Workforce

In a global organisation like Aperam, it is of the utmost importance to ensure that all employees are at all times fully aligned with the corporate governance and compliance framework and that a zero tolerance policy for non-compliant behaviours is achieved.

To fully implement this culture, the Group continuously improves its corporate governance and compliance framework and practices, as well as its employees' overall awareness of the subject. For instance, Aperam invests a lot of effort making sure all its numerous policies are well understood, in topics as varied as anti-corruption and anti money laundering to antitrust, conflicts of interest, and data privacy. We do this using a network of compliance correspondents who spread the word at our sites and from the C-suite down to the shop-floor. We also use a specific Ethics & Compliance Academy on our Learning Management System that features off-the-shelf courses and tailor-made learning modules available in many languages. We further use automated processes like the annual Compliance Certificate and the declarations of potential conflicts of interests, which are based on MyHR, our People Management System. This allows it to deliver effective training while protecting the confidentiality of data and by leveraging all the features of a powerful ERP (master people database, automatic notifications, reminders).

⇒ Other key actions taken in 2023 include the in-house deployment of two compliance e-learning modules focused on conflicts of interests and on the Know Your Customer / Know Your Supplier processes. We also held the fifth edition of our Fraud Awareness Week.

Global Assurance

Aperam has a Global Assurance function that, through its Chief of Global Assurance, reports directly to the Audit and Risk Management Committee. The vision of the Global Assurance function is to be an agile and trusted advisor that provides value-adding assurance services and facilitates change through a talent pool of future business leaders. The function, which uses best-in-class methodologies in line with the Institute of Internal Auditors (IIA) standards, is staffed by full-time professional staff located at our Head Office in Luxembourg and at the main production sites in Europe and Brazil. The function supports the Audit and Risk Management Committee and the Leadership Team in fulfilling their oversight responsibilities in governance, risk management, compliance and forensic services. Recommendations to improve the internal control environment are made by the Global Assurance function and their implementation is reviewed quarterly by the Audit and Risk Management Committee.

Independent Auditors

The selection and determination of fees of the independent auditors is the direct responsibility of the Audit and Risk Management Committee. The Audit and Risk Management Committee is further responsible for obtaining, at least once each year, a written statement from the independent auditors that their independence has not been compromised. The Audit and Risk Management Committee has obtained such a statement of independence from Aperam's key independent auditors, as well as a confirmation that none of its former employees are in a position within Aperam that may compromise the auditor's independence. The appointment of the independent auditors is submitted to shareholder approval.

Audit fees in 2023 were €2.2 million for the auditing of financial statements. Please refer to Note 29 to the Consolidated Financial Statements for further details.

Measures to Prevent Insider dealing and Market Manipulation

The Board of Directors of Aperam has adopted Insider Dealing Regulations (IDR), which are updated when necessary and in relation to which training is conducted throughout the Group. In 2016, the IDR were updated following the automatic implementation on 3 July 2016, in all EU member states, including Luxembourg, of Regulation No 596/2014 of the European Parliament and the Council of 16 April 2014, on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The IDRs are available on Aperam's website (www.aperam.com) under the section 'Investors > Corporate Governance > Corporate Policies'.

The Board of Directors has appointed the Company Secretary to act as the IDR Compliance Officer, responsible for responding to questions about the IDR's interpretation. Aperam maintains a list of insiders as required by law. The IDR Compliance Officer may assist senior executives and directors with the filing of notices required by Luxembourg law which are to be filed with the Luxembourg financial regulator, the CSSF (*Commission de Surveillance du Secteur Financier*). Furthermore, the IDR Compliance Officer has the power to conduct investigations in connection to the application and enforcement of the IDR, in which any employee or member of senior management or of the Board of Directors is required to cooperate with.

Our Environmental Responsibility

Aperam is one of the world's lowest CO_2 footprints stainless steel producer.[5] This is the result of our European production route based on fully recyclable stainless steel scrap, and the use of charcoal from our sustainable cultivated forests in Brazil. With the acquisition of ELG, completed in December, 2021, Aperam is investing in sustainable recycling and will further improve its leading environmental footprint and support its CO_2 reduction targets.

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 the circular economy.

Sustainable Production Processes

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

After the acquisition of ELG, a global leader in stainless steel and superalloys recycling, in 2021, we continued our journey to improve our leading environmental footprint and support our CO_2 reduction targets (see below).

Our 2030 environmental objectives, are as follows :

- **30% CO_2 intensity reduction vs. 2015 (scope 1+2)**
- **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%**

(2023 performance will be disclosed and commented in the upcoming Sustainability Report)

Climate Change and CO_2 Leadership

Our state-of-the-art carbon footprint (scope 1 and 2), which is already nearly three times better than ISSF's average of 0.9 t CO_2/tons of crude steel, is based on the leveraging of the best available techniques.

- On the European side, our electric arc furnaces leverage locally available scrap material instead of extractive raw materials. In doing so, they generate about 5 to 6 tonnes less CO_2 per tonne of stainless-steel produced compared to integrated producers using blast furnaces or Rotary Kiln Furnaces for Nickel Pig Iron (Asia). Having a specialist in recycling (ELG) within our group makes this recycling component much more explicit.

[5] Scope 1 and 2

– On the Brazilian side, our blast furnace plant is fuelled with charcoal (biomass) from Aperam BioEnergìa, our eucalyptus forestry, which is a natural and renewable substitute for fossil fuels (coke).

On top of other minor methodological adjustments aimed at fine-tuning the evaluation of our decarbonisation roadmap[6], we also calculated the CO_2 sequestration operated by our forestry. This was done following the best practices emerging in Brazil and based on the ISO 14064 standard, verified by an external third party, and on ISAE 3000, with limited assurance by PwC.
The outcome of this assessment is that our forestry has very significant annual sequestration capacities for the coming decades. Once our decarbonisation plan is complete, this will help close the gap to carbon neutrality by 2050.

⇨ Thanks to this three-fold strategy, we have reported detailed 2022 figures in our Sustainability Report, including certified carbon offsets (after fires) of 412kt and a net carbon intensity (scope 1+2, market based, all tons processed[7]) of 0.32 tons of CO_2e by ton of crude steel (vs 0.34 the year before). 2023 figures will be disclosed in our upcoming Sustainability Report.

But we aim to go further, and so we have been using an internal price of CO_2 since 2016 in order to incentivise the teams to integrate this aspect in every investment project and look for innovative solutions. Likewise, our set of 2030 targets is only a first step towards our long-term objective of achieving carbon neutrality by 2050 for all our operations. 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.
Since 2021, we have also actively worked on reducing our scope 3 emissions (those coming from upstream raw materials), aiming at a double-digit percentage cut by 2030. To achieve this, we are partnering with key suppliers in this field. This is key because the weight of scope 3 emissions is paramount in the total footprint of a typical stainless steel product, as the total emissions per ton of stainless made of extractive materials is estimated to be up to five times higher than ours

⇨ As proof of our commitment, in 2023, we received an 'A-' rating on climate change from the 2023 Carbon Disclosure Project (CDP) assessment. We also officially sent to the Science-Based Targets initiative our commitment to set near-term and long-term targets in order to limit global warming to 1.5°C and our request to see our full CO_2 roadmap (scope 1,2,3) analysed, validated and endorsed by the organisation.

BioEnergia, Our Responsible Forestry and Renewable Biocoal Producer

In Brazil, we have the unique capability to manufacture stainless and specialty steel from low cost biomass (charcoal) produced by Aperam BioEnergìa with the wood from its eucalyptus forests. The charcoal produced at BioEnergìa 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 metal solutions leaders in terms of CO_2 footprint.
Please refer to section 'Our Operational Organisation and Facilities' of this Report for more information.

Aperam Recycling, Recyco and the Circular Economy

At Aperam, the circular economy is truly at the heart of our strategy.

Including the recent addition of Aperam Recycling, Aperam will have about 30% of its workforce creating value from working in the renewable and recycling upstream.

Stainless steel is an endlessly reusable product, meaning it is both an input and an output to our industrial process. This is a unique property, and one that Aperam is fully committed to optimising. Many of our products contain over 80% metallic scrap, and this is especially true for the stainless steel melt in Genk and Châtelet, where some of our austenitic products contain an average of 90% scrap.

[6] Detailed in our 2022 Sustainability Report - see page 32-33 and the methodological appendix, page 97
[7] Tons processed including purchased slabs.

But as an active promoter of a circular economy, we not only recycle scrap into our production, we also recycle and reuse such external wastes as tires and cans, as well as recycled materials used in our production process like electrodes and refractories.

We are very proud of our unique capability to treat meltshop by-products such as dust and sludge with the aim of extracting valuable metallic content, primarily Nickel. This is done by our Recyco subsidiary, hosted at our Isbergues site. Recyco recovers the valuable components of the residues coming from Aperam's European steel mills, as well as from other external steel makers. In doing so, we can avoid the landfill of useful materials and reduce the need to further extract new materials.

Pollution Prevention and Water Management

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 emergency drill 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. Furthermore, we conduct periodic and complementary soil and noise analyses.

Our sole unit operating in a severe permanent hydric stressed area is BioEnergia. Thanks to the work of our local research & development team, genetic improvement technology has been continuously adapting our trees to the dry local conditions, ending up depriving the plants from the so-called pivoting roots that could have reached deep water tables. The unit also continuously develops and applies measures to control and sustainably use water and raise the awareness of local communities about fire and water related risks. Furthermore, BioEnergia is unique in that it only plants trees on rainy days. Although doing so results in operational difficulties, it significantly decreases the amount of water used.

⇨ As proof of our commitment to the responsible use of water, in 2023, for the first time, we responded to the 'Water' survey of the Carbon Disclosure Project (CDP). For the second reporting year, Aperam is proud to disclose a B rating in recognition of its efforts.

Biodiversity Protection

Unique to our industry is Aperam's focus on biodiversity. BioEnergìa's forestry has been planted for decades and in no way contributes to deforestation - a very valid concern from environmental organisations. Because the now cultivated land used to be a large, mostly infertile and little used territory of Minas Gerais, far from the Amazon rainforest, the Brazilian government decided to dedicate it for profitable forestry back in the 1970's.

Today, Aperam BioEnergia maintains native forest areas as a reserve of local biodiversity and is also systematically avoiding and minimising the use of chemical fertilisers and pesticides that eventually concentrate into the soil and water.

⇨ Our Brazilian forestry had its Forest Stewardship Council's (FSC®) renewed. This recognition was the outcome of a thorough review of our unit's innovative practices, which combine efficient plantation management (using biological pest control) and a widely-recognised programme for protecting local flora and fauna, including large mammals, all on top of our state-of-the-art stakeholder engagement.

Provision of Energy-efficient and/or Water-saving Steel Solutions

Within our responsibility to the environment, we are also committed to proposing energy-efficient and water-saving steel products that can help society solve global environmental challenges. Stainless steel's endless recyclability, durability and mechanical resistance make it the perfect material for a sustainable society, opening up new opportunities for Aperam.

Our products are used in a number of energy efficient applications, thereby contributing to the United Nations' Sustainable Development Goals 3, 5, 6, 7, 9, 11, 12, 13 and 16, which relate to 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; and Peace, Justice and Strong Institutions.

Our 100% recyclable and low energy-consumer comprise:

> e-mobility solutions,

> clean air,

> cryogenic applications,

> sustainable water supply,

> solar power,

> renewable energy,

> hydrogen economy.

EU Taxonomy

Compliance with Regulation (EU) 2020/852 on EU Taxonomy

Disclaimer - The current version has been updated from the last signed version (approved by the Board of Directors on 25/03/2024 and published on 26/03/2024) in its EU Taxonomy section. The disclosures on eligibility have been amended in their explanatory wording to improve stakeholders information. Please note that the amendments do not impact core components of the disclosure, especially the final conclusions regarding eligibility and alignment which remain unaltered.

Introduction

In order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal, in line with the Paris Agreement, the Green Pact and the Sustainable Development Goals, investments will have to be channelled towards sustainable projects and activities. The EU Taxonomy is a classification system establishing the conditions that an economic activity has to meet in order to qualify as sustainable, as described by the Regulation (EU) 2020/852 published on 18 June 2020.

Specifically an activity must make a substantial contribution to one or more of the six environmental objectives established by the European Union, without having a significant detrimental impact (the Do No Significant Harm principle or DNSH) on the other five, while meeting certain minimum social safeguards, defined as ILO Core Labour Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Complementary regulatory developments were published in the course of 2021 specifying the content, methodology and presentation of information to be disclosed by Financial and Non-Financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. A phased implementation is planned in accordance with the Disclosures Delegated Act: non-financial undertakings had to disclose in 2022 on the 2021 accounts, as a preliminary analysis the proportion of EU Taxonomy-eligible and EU Taxonomy non-eligible economic activities in their total turnover, capital and operational expenditure, whereas starting on the 2022 accounts, the alignment with all criteria contributing to climate change mitigation or adaptation (including DNSH) shall be assessed and reported. In the 2023 update to the EU Taxonomy regulation, key changes include the integration of Taxonomy disclosures into the sustainability statement under the Corporate Sustainability Reporting Directive (CSRD), with a dedicated section in the company's management report. Additionally, a draft Environmental Delegated Act introducing four new environmental objectives and amendments to the Climate Delegated Act were published, both to be applied in 2024 for Taxonomy reporting on 2023, with simplification rules for certain elements in the first year, such as reporting only Taxonomy-eligibility for new activities in 2024. The European Commission also proposed changes to the Disclosures Delegated Act for first-time reporting on new activities and modification of reporting templates, to be applied in 2024 for Taxonomy reporting in 2023, with similar simplification rules.

Implications for Aperam, as a Non-financial Undertaking

In accordance with Article 10 (3) of the Disclosures Delegated Act, non-financial undertakings shall disclose from 1 January 2023 their key performance indicators (KPIs) and accompanying information pursuant to Annex I and II of the Regulation. This is a step forward as the previous year only required the publication of eligible activities and not their full alignment.

The identification of the eligible activities corresponds to a preliminary screening of the activities likely to participate in a transition to a low-carbon EU economy. Alignment entails the confirmation of the undertaking

meeting the technical criteria defined for its sector (for instance, in terms of CO_2 intensity or level of circularity), together with the DNSH requirements and Minimum Safeguards.
Turnover KPI: represents the proportion of the net turnover derived from products or services that are EU Taxonomy-aligned. The Turnover KPI gives a static view of the company's contribution to environmental goals.
OpEx KPI: represents the proportion of the operating expenditure associated with EU Taxonomy-aligned activities or to the CapEx plan. The operating expenditure covers direct non-capitalised costs relating to research and development, renovation measures, short-term leases, maintenance and other direct expenditures relating to the day-to-day servicing of assets or property, plant and equipment that are necessary to ensure the continued and effective use of such assets.
CapEx KPI: represents the proportion of the capital expenditure of an activity that is either already EU Taxonomy-aligned or is part of a credible plan to extend or reach EU Taxonomy alignment. CapEx provides a dynamic and forward-looking view on companies' plans to transform their business activities.
For further, details please refer to the following link:
https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-faq_en.pdf

Aperam provided in its 2021 Annual Report a preliminary analysis with respect to the eligibility of some of its activities, in wait for clarifications of the regulation, together with a first reassurance concerning their ability to meet their sector-specific substantial criteria. In this 2023 Annual Report, as in the 2022 Report, the aim is to continue the process initiated by deepening the analyses and methodologies put in place in accordance with the additional publications and guidance of the authorities.

Methodology & Results

Disclosure

Aperam, given its internal timeframe on availability of sustainability audited figures and specifics and in line with Article 8 of the Disclosures Delegated Act, opted, in line with previous years, to first disclose a preview of its 2023 results based on the last available audited data. As such in this report, we use 2022 results for sustainability data and 2023 results for financial data. This section therefore aims to provide a comprehensible and transparent overview of what is to be expected in the final, to-be-published assessment.

The last version of the Company's KPIs of Non Financial Undertakings is available on the Company's website (www.aperam.com) under the Section Investors > Taxonomy and will be updated with 2023 results before the end of the first semester.

To ensure the timely and legally-compliant fulfilment of its disclosure obligations, Aperam established an interdisciplinary project team that is analysing the existence of taxonomy-eligible activities in close coordination with the representatives of the Group's segments and functions.

Eligibility

Following an analysis of our activities, we concluded that our entire Stainless and Electrical Steel production, as well as our Services & Solutions service centres, are considered by EU Taxonomy as economic activity: 3.9- Manufacture of iron and steel. This activity is identified in the supplementing Commission Delegated Regulation 2021/2139, which focuses on climate mitigation and climate change adaptation objectives and are even seen as 'enabling activities', meaning activities supporting the transition of other sectors towards low-carbon operations. For further reference, the substantial contribution criterion for Climate Change mitigation from the Iron and Steel sector is one of the following: a CO_2e intensity calculated at crude steel level (for blast furnaces or electric arc furnaces) or a percentage of scrap input relative to the production output, which stands as 70% minimum for the production of high alloy (stainless) steel.

Since 2022, our Alloys & Specialties business has been included in our analysis and reporting, which can be found below, and under economic activity: 3.9- Manufacture of iron and steel. In 2023, prompted by an external challenge regarding the eligibility of Alloys & Specialties within the EU Taxonomy framework, we conducted a thorough re-evaluation. We concluded on keeping included as eligible the division's activities, supported by a set of key indicators and the equivalence of the industrial process leading to the elaboration of

so-called ‘stainless steel’ (high alloys, according to the EU Taxonomy’), our core products, on the one hand, and other materials marketed by Aperam Alloys Imphy as ‘alloys’ on the other hand (see below).
Following the guidance detailed below issued by the European Commission on the content of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation, we concluded that Alloys products, though not directly considered by the Taxonomy Regulation through NACE codes, should be deemed eligible based on continuum of process and usual business practices. The absence of a unique definition for steel and ferro-alloys led us to analyse the proximity of classification between Alloys & Stainless Steel activities.
Both are covered by the EUROFER association under the ‘stainless & specialty steel’ category next to ‘steel’, and are subjected to the same rules and norms, such as national permit procedures, the European Union’s Emission Trading System, and the EU Best Available Techniques for Iron and Steel Production. This common categorisation is justified by the seamless process of design, production, and transformation of specialty alloys and specific stainless steels, with no inherent distinction beyond alloying element percentages (to learn more on the process, please refer to the item below “Stainless & Alloys, a Production Continuum”). The shared objective of creating economic activities aligned with the EU's highest environmental and climate objectives further supports our position.
Considering NACE codes as guidance rather than strict determinants, in accordance with the European Commission FAQ[8],the eligibility assessment was revisited by virtue of production continuum and usual business practices. This methodology involved examining not only the similarities in business processes and product composition within the Alloys steel production sector, but also a careful analysis of consistent regulatory treatment of Alloys & Specialties compared to Stainless Steel. This nuanced approach ensures a thorough understanding of the sector's compliance with EU Taxonomy criteria, maintaining alignment with sustainability and environmental responsibility goals.
This guidance confirmed our initial analysis. Therefore, Alloys and Specialties will be included and examined under the same criteria as our Stainless and Electrical Steel production.

Lastly, as Aperam Recycling’s statement of financial position has now been consolidated into Aperam’s consolidated statement of financial position as of December 2022, we have been able to assess their eligibility as of the 2022 Annual Report. We assessed that Aperam Recycling operations are in line with economic activity 5.9-Material recovery from non-hazardous waste. This activity is identified in the supplementing Commission Delegated Regulation 2021/2139. For further reference, the substantial contribution criterion for Climate Change mitigation is that the activity shall convert at least 50%, in terms of weight, of the processed and separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.

We identified two different activities as a result, in continuity with the preliminary assessment conducted in 2022 and taking into account the four new environmental objectives introduced this year which did not add another relevant economic activity for Aperam.

Alignment

Substantial Criteria

As for our Stainless (and Electrical Steel) and Alloys (and Specialties) activities considered as part of the Taxonomy ‘Manufacturing of iron and steel’, their alignment depends on their ability to meet either one of the two thresholds hereafter:

a- The GHG emissions, calculated according to the methodology used for EU-ETS benchmarks (i.e., the Commission Delegated Regulation (EU) 2019/331). This methodology refers to the direct[9] GHG emissions generated by the production of hot metal (ex-caster, i.e., before hot rolling), which shall not exceed the following values applied to the different manufacturing process steps:

- Hot metal from blast furnace route = 1,443 tCO_2e/t product (adaptation) or 1.331 (mitigation)
- Electric arc furnace (EAF) high alloy steel = 0,360 tCO_2e/t product (adaptation) or 0.266 (mitigation)

b- The steel scrap input relative to product output is: (i) at least 70 % for the production of high alloy steel or (ii) at least 90% for production of carbon steel.

[8] FAQ EU Taxonomy Eligibility reporting part 2: How should NACE codes be used to identify Taxonomy-eligible activities in the context of eligibility reporting ?
[9] Usually referred to as ‘scope 1’ in line with the greenhouse gas (GHG) protocol, in relation to ‘scope 2’ and ‘scope 3’

Following Aperam's externally verified calculations regarding CO_2e emissions (scopes 1 and 2), in line with the best standards and whose consolidated results have been published as part of the 2022 Extended Annual Group Sustainability Report (here), both our Stainless & Electrical Steel (Europe and South America), as well as Alloys & Specialties activities had, in 2022 and like previous years, a CO_2e intensity calculated at crude steel level (non-biogenic, ex caster) and compliant with the requirements of the substantial criteria for alignment as 'climate change mitigation' activities.

Aperam Recycling's activity is accounting for a well above the required conversion rate in terms of weight, of the separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes. As the sourcing and reconditioning of the scrap do not include any substantial loss of volume due to the lack of heat-processing, the conversion rate is to be considered at a minimum of 90%.

Do No Substantial Harm (DNSH) Criteria

DNSH criteria compliance assessment has been made according to the Technical Working Group Methodological Report (March 2022) and the four objective-specific Annexes. The 'Circular Economy' objective is not applicable to our activities. Assessment of conformity has been carried out by reviewing the existing policies, procedures, and risk management plans in place both at the local and global levels and having in scope all steps of our activities. Their effectiveness is measured both by internal KPIs and reporting, as well as the assessment made of notices of non-conformities received for the previous year.

However, as part of the DNSH 'Pollution Prevention and Control' (PPC) stands a specific requirement that, to our understanding, demands that our sector's operating units' emissions be within or lower than the emission levels associated with the best available techniques (BAT-AEL) for iron and steel production.

All our main units taken as reference for this analysis, and as such the Brazilian plant of Timóteo, operate in compliance with their applicable regulation and Aperam internal standards[10], defined as per the local regulations and common practices with detailed air emissions and water intake/discharge specifications. Lack of alignment between the requirements defined under the rules of EU Taxonomy (BAT) and those applicable under Brazilian law currently prevents us from concluding our Brazilian operations's compliance to the DNSH PPC in 2023 or 2022 and of its subsequent alignment with the EU Taxonomy criteria. However, we are proud to declare that our Brazilian units are on track with ensuring compliance with BAT, a commitment that, when reached, will allow full alignment per EU Taxonomy standards.

A first milestone has been reached by obtaining the ResponsibleSteel™ certification (See also § Corporate Responsibility and Governance) beginning in early 2023.

Minimum Safeguards

The verification of compliance with the Minimum Safeguards, as described in point (c) of Article 3 of the regulation, is the final phase of analysis. As the Aperam Group deals with these international standards at a global level, a common analysis of the eligible activities was performed to determine the results. Taxonomy reporting underlines Aperam's wide-ranging commitment over many years to its employees and stakeholders, reflected in the Group's long-standing adoption of internal charters, policies and codes of conduct that are based on the highest regulatory and sectoral standards and which serve as guidelines for all our activities (see Aperam's Code of Conduct, available here). Aperam's duty of care on the monitoring and evaluation of compliance with these principles is materialised in its dedicated governance structure, which ensures that its values and guidelines are applied at all levels (See also § Corporate Governance). In line with our values of transparency and accountability, Aperam makes its annual Sustainability Report (available here) publicly available, which contains a detailed report of alerts and follow-up. Aperam continues its commitment to the most demanding international standards and has inscribed this effort in a long-term and global effort, with several certification processes achieved and ongoing (See also 'Corporate Responsibility and Governance').

KPIs

10 Standards in line with ResponsibleSteel™ certification for Timóteo

We confirm to the best of our knowledge that the financial information of Aperam presented under the European Taxonomy section is a contributive financial information in line with the IFRS. All calculations are based on the latest independently audited figures available, as per the Accounting Policies tailored to Aperam's business and situation, referred to in the Annual Report's Financial Report notes.
The totals of the economic activities eligible for the taxonomy were obtained by adding the total per entity and using the same accounting principles that apply to the preparation of our Consolidated Annual Financial Statements. Non-eligible and non-aligned activities have then been processed following the same methodology, by segments and entities contribution when finer examination is needed to distinguish non-aligned entities in the same segment.
The proportion of turnover derived from taxonomy-aligned activities was calculated in line with the Accounting Directive and included the elimination of intercompany balances. Please refer to the Consolidated Statements Note 3 Segment and Geographic Information for additional information.
Capital Expenditures taken into consideration consist of purchases of property, plant, equipment and purchases of intangible assets related to either supporting steel-making or recycling capabilities. It is reported in the Consolidated Statement of Financial Position, Note 14 "Property, Plant and Equipment". As of the year 2023, plans to improve alignment have not yet been taken into account separately.
Operating expenditures are restricted under applicable regulation, and consist of expenses related directly to the production. Have been considered compliant: expenses of Materials (R&M related Costs) and of Others, rental charges (production), other production services such as cleaning, testing; and IT dedicated to production maintenance.
Overall, according to our analysis above, the two activities considered aligned under the EU Taxonomy regulation represent 82% of turnover, 74% of OpEx, and 55% of CapEX of the Aperam Group as of 31 December 2023. The complete overview is available in the Annex below.

Aperam	EU Taxonomy - eligible (%)	EU Taxonomy - aligned (%)	EU Taxonomy Non-aligned and Non-eligible (%)
Turnover	100%	82%	18%
CapEx	81%	55%	45%
OpEx	92%	74%	26%

Assumptions, Data Limitation and Perspectives

Aperam is committed to ensuring the continuity and traceability of its disclosed results. Therefore, we applied to each assessment process described herein specific control and alert procedures to allow the internal reporting channel to directly consider the EU Taxonomy's requirements and to measure the potential impact, when not already in place. Our aim is to be 'EU Taxonomy-compliant by design' as well as fully auditable when required by regulation.

To determine the alignment of our activities since 2021, we used publicly available sector information, along with audited publicly available financial and environmental data.

At this date, no event during the financial year 2023 allows us to foresee that 2023 reporting, to be published on our website and in our Sustainability Report, will not be in line with the above cited disclosures. We are confident that the assessment made in line with the Regulation is legitimate. We also expect further clarifications and additions to the EU Taxonomy documentation to address some uncertainties and recognise the benefits of specific sub-sectors. Therefore, further work will be necessary in 2024 in order to publish our 2023 final results once available and to continue assessing our activities in the evolving regulatory framework.

In parallel, our reporting framework will undergo significant adaptations in alignment with the forthcoming Corporate Sustainability Reporting Directive (CSRD), which aims to establish uniform reporting standards across Europe, enhance transparency, and mandate consistent sustainability information disclosure. The evolution of our methodology will focus on aligning with the evolving regulatory landscape and ensuring robust, transparent disclosures capable of withstanding scrutiny. This commitment underscores our dedication to providing stakeholders with accurate and comparable sustainability information in the dynamic landscape of EU Taxonomy compliance.

Share Capital

As of 31 December 2023, the Company's authorised share capital, including the issued share capital, consisted of 87,810,071 shares without nominal value. The Company's issued share capital was represented by 78,036,688 fully paid-up shares without nominal value.

The following table sets forth information as of 31 December 2023 with respect to the beneficial ownership and voting rights in the Company by each person who is known to be the beneficial owner of 5% or more of the Company's issued share capital.

	Shares	% of Issued Rights	% of Voting Rights
Significant shareholder(1)	29,513,459	37.82 %	40.85 %
Treasury shares	5,787,481	7.42 %	— %
Other public shareholders	42,735,748	54.76 %	59.15 %
Total issued shares	**78,036,688**	**100 %**	**100 %**
of which: Directors and Leadership Team(2) (3)	204,595	0.26 %	0.28 %

Notes:

(1) The term 'significant shareholder' means the trust (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'). For purposes of this table, ordinary shares owned directly by Mr. Lakshmi N. Mittal and his wife, Ms. Usha Mittal, are aggregated with those ordinary shares beneficially owned by the significant shareholder. As of 31 December 2023, Mr. Lakshmi N. Mittal and Ms. Usha Mittal had direct ownership of Aperam ordinary shares and indirect ownership, through the significant shareholder, of one holding company that owns Aperam ordinary shares: Value Holdings II. Value Holdings II was the owner of 29,513,459 Aperam ordinary shares. Mr. Lakshmi N. Mittal was the direct owner of 11,090 Aperam ordinary shares. Ms. Usha Mittal was the direct owner of 2,250 Aperam ordinary shares. Mr. Lakshmi N. Mittal, Ms. Usha Mittal and the significant shareholder shared indirect beneficial ownership of 100% of Value Holdings II. Accordingly, Mr. Lakshmi N. Mittal was the beneficial owner of 29,524,549 Aperam ordinary shares, Ms. Usha Mittal was the beneficial owner of 29,515,709 Aperam ordinary shares and the significant shareholder was the beneficial owner of 29,513,459 ordinary shares.

(2) Includes shares beneficially owned by the directors listed in the section 'Composition of the Board of Directors' and members of the Leadership Team listed in the section 'Composition of the Leadership Team'. Excludes shares beneficially owned by Mr. Mittal.

(3) These 204,595 Aperam common shares are included in the shares owned by other public shareholders in the table above.

The Company's ordinary shares are in registered form only and are freely transferable. Ownership of the Company's shares is recorded in a shareholders' register kept by the Company at its corporate headquarters at 24-26 Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg (Shareholders' Register). The Company's ordinary shares may also be registered on one of two local registers, the European register (European Register) and the New York register (New York Register).

The European Register is kept by the Company. ABN AMRO Bank N.V. provides certain administrative services in relation to the European Register. The New York Register is kept by Citibank, N.A. (New York Branch) (Citibank) on the Company's behalf. Ordinary shares registered on the European Register are referred to as 'European Shares' and ordinary shares registered on the New York Register are referred to as 'New York Registry Shares'.

As of 31 December 2023, there were 1,924 shareholders - other than the significant shareholder and Aperam as holder of treasury shares - with an aggregate of 79,875 Aperam common shares registered in Aperam's shareholder register, representing approximately 0.1024% of the common shares issued. As of 31 December 2023, there were 37 U.S. shareholders holding an aggregate of 207,294 New York Registry Shares, representing approximately 0.27% of the common shares issued. Aperam's knowledge of the number of New York Registry Shares held by U.S. holders is based solely on the records of Citibank. As of 31 December 2023, there were 35,380,815 Aperam common shares being held through ABN AMRO clearing system in The Netherlands, France and Luxembourg. ABN AMRO is a Netherlands-based financial services company that specialises in the settlement of securities transactions, as well as the safekeeping and asset servicing of these securities.

Shareholding Notification with Reference to Transparency Law Requirements

With reference to the law and Grand-Ducal regulation of 11 January 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 at www.bourse.lu and on the Company's website (www.aperam.com) under Investors, Equity Investors, Share Capital & Voting Rights.

In 2023, no such notification has been made.

Related Party Transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 24 to the Consolidated Financial Statements for further details.

Agreements with ArcelorMittal Post Spin-Off

In connection with the spin-off of its stainless steel division into a separately focused company, Aperam SA (Aperam), which was completed on 25 January 2011, ArcelorMittal entered into several agreements with Aperam and/ or certain Aperam subsidiaries that are still in force:

- Regarding procurement, a purchasing services agreement for negotiation services from ArcelorMittal Purchasing ('Purchasing Services Agreement') entered into for an initial term of two years, until 24 January 2013, has been renewed and remains in force in relation to the following key categories: operating materials (only hot strip mill), refractory materials, spare parts, sea freight, industrial products and support services (excluding industrial services). The Purchasing Services Agreement also permits Aperam to avail itself of the services and expertise of ArcelorMittal for certain capital expenditures.

  In Europe, Aperam purchased most of its electricity and natural gas through energy supply contracts put in place for the period 2014-2020 through ArcelorMittal Energy SCA. The electricity contract has been renewed in 2022 and for 2023 under the same terms and conditions. Both contracts are currently under negotiation. Electricity and natural gas supplies will continue in 2024 under new terms and conditions, which are currently under review.

  Another supply agreement entered into between Aperam and ArcelorMittal Sourcing is effective from January 2020 for the sale of electrodes.

- The parties agreed to renew a limited number of services where expertise and bargaining power created value for each party. ArcelorMittal will continue to provide certain services in 2023 and 2024 relating to such areas as environmental and technical support.

- In the area of research and development, at the time of the spin-off, Aperam entered into a framework agreement with ArcelorMittal in 2011, and amended in 2015, to establish a structure for future cooperation in relation to certain ongoing or new research and development programmes. Currently, little yet valuable research and development support is implemented through this agreement. New exchanges about breakthrough technologies or possible technical developments of interest to both companies were launched in 2020, 2021 and 2022 and are still ongoing.

- Specific IT service agreements have been put in place with Aperam, one for Asset Reliability Maintenance Programme (ARMP) at its Brazilian entities, and two others for the use in Europe of ARMP and for the worldwide area network (WAN).

- In addition, since 2011, a services agreement has been concluded between ArcelorMittal Shared Service Center Europe Sp z.o.o. Sp.k. and Aperam for accounting services.

- In Brazil: In connection with the spin-off, management renegotiated an existing Brazilian cost-sharing agreement between ArcelorMittal Brasil and Aperam Inox América do Sul S.A. Aperam Inox Serviços Brasil Ltda., Aperam Inox Tubos Brasil Ltda., and Aperam BioEnergia Ltda. Pursuant to this agreement, ArcelorMittal Brasil continued to perform purchasing for the benefit of these Aperam's Brazilian subsidiaries, with costs being shared on the basis of the cost allocation parameters agreed to by the parties on an annual basis.

- Headquarters
  ArcelorMittal Kirchberg Real Estate S.à.r.l., Kennedy 2020 SAS, and Aperam Real Estate S.à.r.l, which are subsidiaries of ArcelorMittal and Aperam, respectively, signed a land use right for a combined head office project in Kirchberg, Luxembourg with Fonds Kirchberg on 7 March 2019. This agreement was amended on 20 December 2022. Following the signature of a share purchase agreement on 12 October 2022, the shares of Aperam Real Estate S.à.r.l. were sold by the Company to Kennedy 2020 SAS. Aperam Real Estate S.à.r.l became a wholly owned subsidiary of ArcelorMittal and was renamed K22 S.à.r.l. on 8 December 2022.

Shareholder Information

The Company

The Company is a Luxembourg public limited liability company (*société anonyme*) incorporated on 9 September 2010 to hold the assets which comprise the stainless and specialty steels businesses historically held by ArcelorMittal. The Company has its registered office at 24 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.

Listing and Indexes

The Company's ordinary shares are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange (symbol APAM) and are traded on the Euronext Single Order Book with Amsterdam as the Market of Reference (symbol APAM and Euronext code NSCNL00APAM5).

The ordinary shares were admitted to listing and trading on the regulated market of the Luxembourg Stock Exchange, Euronext Amsterdam and Euronext Paris on 31 January 2011, and Euronext Brussels on 16 February 2017.

The ordinary shares of the Company are accepted for clearance through Euroclear and Clearstream Luxembourg under common code number 056997440.

The Aperam shares are also traded as New York registry shares on the OTC under the symbol APEMY.

The Company is a member of the different indexes, including BEL20, SBF 120, NEXT 150, CAC MID 60, AMX.

Investor Relations

At Aperam, we attach a high importance to providing clear, high-quality, regular and transparent communication with institutional investors and other financiers and providers of capital. We aim to be the first choice for investors in the stainless steel sector. To achieve this objective and provide the most relevant information fitting the needs of the financial community, Aperam implements an active and broad investor communications policy that includes conference calls, roadshows, regular participation at investor conferences and plant visits.

You can contact the Investor Relations department at: Investor.Relations@aperam.com

Socially Responsible Investors

Aperam is proud to be a leader in sustainability within its sector and has been issuing annual Sustainability Reports since its creation in 2011. The Sustainability Team is in charge of answering questions from socially responsible investors and ESG rating agencies[11].

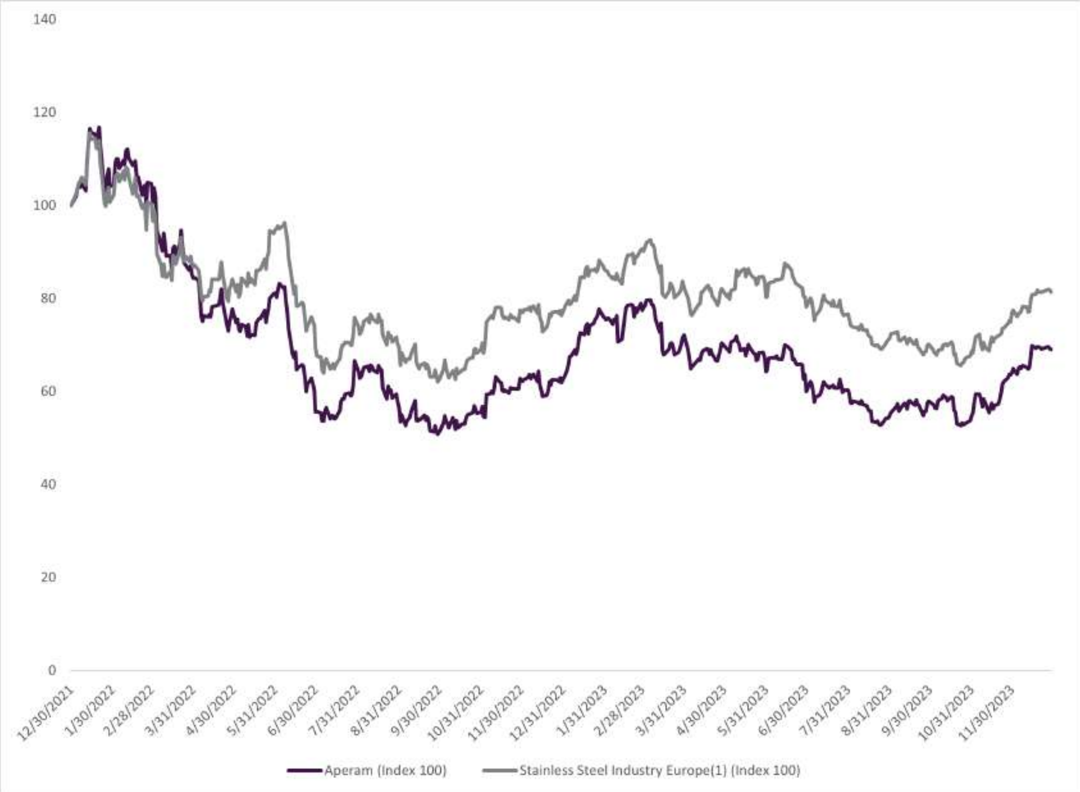
We are proud that in 2023 our efforts have once again been recognised by ESG analysts. Last years' highlights include our Platinum rating from Ecovadis and Aperam South America becoming the first in its segment to obtain the ResponsibleSteel™ certification in Latin America.

You can contact the Sustainability Team at: sustainability@aperam.com

[11] Rating agencies assess Aperam according to social, environmental, economic and governance criteria.

Share Performance

The graph below shows the share price performance of Aperam and the European Stainless Steel Industry[(1)] over the years 2022 to 2023 in index base 100:



Note:
(1) European Stainless Steel Industry: Average Acerinox, Aperam, Outokumpu share price in index 100

Financial Calendar

Earnings calendar[(1)]

> 3 May 2024: earnings for 1st quarter 2024
> 2 August 2024: earnings for 2nd quarter 2024 and 6 months 2024
> 8 November 2024: earnings for 3rd quarter 2024 and 9 months 2024

Note:
(1) Earnings are issued before the opening of the European stock exchanges on which the Aperam share is listed

General meeting of shareholders

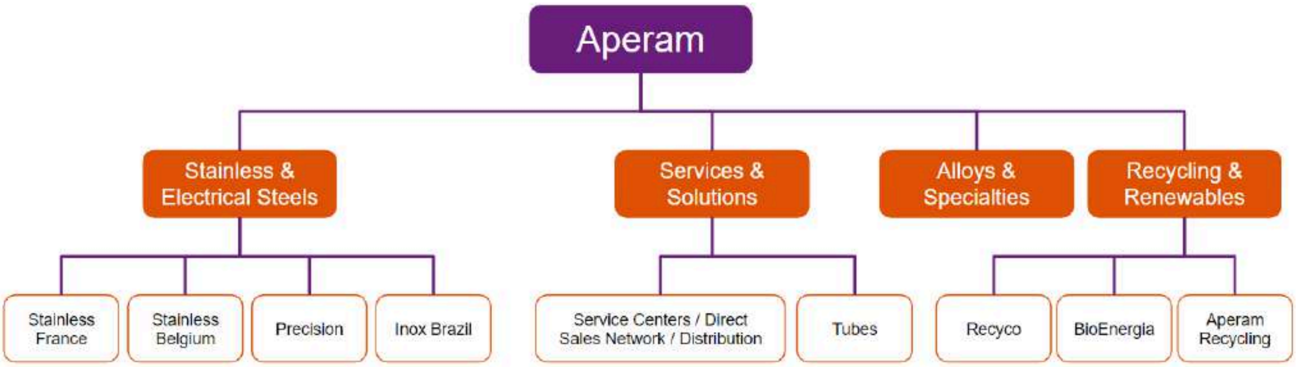
- 30 April 2024: Annual general meeting of shareholders, Luxembourg

Dividend Schedule

Please refer to the section 'Liquidity' of this Report for further details with respect to the Company's detailed dividend schedule for 2024.

Organisational Structure

Aperam is a holding company with no business operations of its own. All of its significant operating subsidiaries are owned directly or indirectly through intermediate holding companies. The following chart represents its operational structure in 2023. See Note 28 to the Consolidated Financial Statements for a list of the Group's significant subsidiaries.



Contacts

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Grand-Duchy of Luxembourg

To contact Aperam by email, please write to stainless@aperam.com. Please include your full name, postal address and telephone number.

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Thorsten Zimmermann: +352 27 36 27 304

Appendixes

Appendix I - EU Taxonomy mandatory tables (Turnover, CapEx, OpEx)

Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A. 2.) turnover, year N-1 (18)	Category Enabling activity (19)	Category transitional activity (20)
Text		Currency	%	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of iron and steel - Aperam Stainless & Electrical Europe	CCM 3.9, CCA	1,384,778,934	21.01	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	23.19	N/E	Y
Manufacture of iron and steel - Aperam Services & Solution	CCM 3.9, CCA	1,887,954,670	28.64	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	29.11	N/E	Y
Manufacture of iron and steel - Alloys & Specialties	CCM 3.9, CCA	870,921,188	13.21	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	8.1	N/E	Y
Recycling - Material recovery from non-hazardous waste - Aperam Recycling	CCM 5.9, CCA, CE	1,231,910,320	18.69	Y	Y	N/E	N/E	Y	N/E	Y	Y	Y	Y	Y	Y	Y	20.54	N/E	N/E
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5,375,565,112	81.55	81.55 %	0%	N/E	N/E	0%	N/E	Y	Y	Y	Y	Y	Y	Y	80.94		
Of which Enabling		N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	N/E	N/E	
Of which Transitional		4,143,654,792	62.86	62.86%						Y	Y	Y	Y	Y	Y	Y	60.40%		Y
A.2.Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of iron and steel - Aperam Stainless & Electrical Brazil	CCM 3.9	916,224,754	13.90														15.21		
Manufacture of iron and steel - Aperam Services & Solution (related to S&E Brazil)	CCM 3.9	283,518,189	4.30														3.82		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,199,742,943	18.20														19.03		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		6,575,308,055	99.75														99.97		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		16,505,838	0.25																
TOTAL		6,591,813,893	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of Turnover year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category Enabling activity (19)	Category transitional activity (20)
Text		Currency	%	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of iron and steel - Aperam Stainless & Electrical Europe	CCM 3.9, CCA	106,745,587	33.17	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	43.36	N/E	Y
Manufacture of iron and steel - Aperam Services & Solution	CCM 3.9, CCA	19,222,678	5.97	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	3.09	N/E	Y
Manufacture of iron and steel - Alloys & Specialties	CCM 3.9, CCA	37,984,892	11.80	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	10.52	N/E	Y
Recycling - Material recovery from non-hazardous waste - Aperam Recycling	CCM 5.9, CCA	13,595,195	4.22	Y	Y	N/E	N/E	Y	N/E	Y	Y	Y	Y	Y	Y	Y	3.98	N/E	N/E
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		177,548,352	55.17	55.17 %	0%	N/E	N/E	0%	N/E	Y	Y	Y	Y	Y	Y	Y	60.95		
Of which Enabling		N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	N/E	N/E	
Of which Transitional		163,953,157	50.95	50.95%						Y	Y	Y	Y	Y	Y	Y	56.97%		Y
A.2.Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of iron and steel - Aperam Stainless & Electrical Brazil	CCM 3.9	80,231,915	24.93														23.48		
Manufacture of iron and steel - Aperam Services & Solution (related to S&E Brazil)	CCM 3.9	3,555,239	1.10														0.79		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		83,787,154	26.04														24.27		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		261,335,506	81.21														85.22		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy non-eligible activities		60,473,131	18.79																
TOTAL		321,808,637	100%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of Turnover year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A. 2.) OpEx, year N-1 (18)	Category Enabling activity (19)	Category transitional activity (20)
Text		Currency	%	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y; N; N/E (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of iron and steel - Aperam Stainless & Electrical Europe	CCM 3.9, CCA	129,291,464	51.68	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	55.65	N/E	Y
Manufacture of iron and steel - Aperam Services & Solution	CCM 3.9, CCA	8,871,066	3.55	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	3.59	N/E	Y
Manufacture of iron and steel - Alloys & Specialties	CCM 3.9, CCA	23,560,668	9.42	Y	Y	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	8.62	N/E	Y
Recycling - Material recovery from non-hazardous waste - Aperam Recycling	CCM 5.9, CCA	23,066,258	9.22	Y	Y	N/E	N/E	Y	N/E	Y	Y	Y	Y	Y	Y	Y	8.29	N/E	N/E
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		184,789,456	73.87	73.87 %	0%	N/E	N/E	0%	N/E	Y	Y	Y	Y	Y	Y	Y	76.15		
Of which Enabling		N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	Y	Y	Y	Y	Y	Y	Y	N/E	N/E	
Of which Transitional		161,723,198	64.65	64.65%						Y	Y	Y	Y	Y	Y	Y	67.86%		Y
A.2.Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of iron and steel - Aperam Stainless & Electrical Brazil	CCM 3.9	40,592,285	16.23														15.97		
Manufacture of iron and steel - Aperam Services & Solution (related to S&E Brazil)	CCM 3.9	5,474,932	2.19														2		
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		46,067,217	18.42														17.97		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		230,856,673	92.29														94.12		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		19,297,361	7.71																
TOTAL		250,154,034	100%																

	Proportion of turnover/Total turnover		Proportion of CapEx/Total CapEx		Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy eligible per objective	Taxonomy-aligned per objective	Taxonomy eligible per objective	Taxonomy-aligned per objective	Taxonomy eligible per objective
CCM	81.55 %	100%	55.17 %	81%	73.87 %	92%
CCA	81.55 %	100%	55.17 %	81%	73.87 %	92%
WTR	0%	0%	0%	0%	0%	0%
CE	18.69 %	18.69 %	4.22 %	4.22 %	9.22 %	9.22 %
PPC	0%	0%	0%	0%	0%	0%
BIO	0%	0%	0%	0%	0%	0%

Financial Statements 2023

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Executed using grade Aperam 304L with Uginox Meca 7D (Mirror polish)

Aperam Société Anonyme

Consolidated financial statements

As of and for the year ending December 31, 2023

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

This version of the consolidated financial statements has been prepared based on the ESEF version, which is the only authoritative one.

Responsibility statement

We confirm to the best of our knowledge that:

1. the consolidated financial statements of Aperam presented in this Annual Report and established in conformity with International Financial Reporting Standards 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; and

2. the annual accounts of Aperam presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and results of the Company; and

3. the management report presented in this Annual 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
April 19, 2024

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

Consolidated Statement of Operations

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

	Year ending December 31,	
	2023	**2022**
Sales (Note 3) (including 83 and 118 of sales to related parties in 2023 and 2022, respectively (Note 24))	6,592	8,156
Cost of sales (Note 4) (including amortisation, depreciation and impairment of 204 and 186 (Note 3), and purchases from related parties of 399 and 504 (Note 24) for 2023 and 2022, respectively)	(6,213)	(6,976)
Gross margin	**379**	**1,180**
Selling, general and administrative expenses (Note 5)	(290)	(290)
Operating income (Note 3)	**89**	**890**
Loss from associates, joint ventures and other investments	(2)	(1)
Financing income / (costs), net (Note 6)	30	(137)
Income before taxes	**117**	**752**
Income tax benefit / (expense) (Note 7)	87	(126)
Net income (including non-controlling interests)	**204**	**626**
Net income attributable to Equity holders of the parent	203	625
Net income attributable to Non-controlling interests	1	1
Net income (including non-controlling interests)	**204**	**626**
Earnings per common share (in Euros): (Note 21)		
Basic	2.81	8.33
Diluted	2.79	8.29
Weighted average common shares outstanding (in thousands) (Note 21):		
Basic	72,222	75,062
Diluted	72,776	75,403

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

Aperam

Consolidated Statement of Comprehensive Income / (Loss)

(in millions of Euros)

	Year ending December 31,	
	2023	2022
Net income (including non-controlling interests)	**204**	**626**
Items that cannot be reclassified to the consolidated statement of operations:		
Remeasurement of defined benefit obligation during the period, net of tax benefit / (expense) of 2 and (13) for 2023 and 2022, respectively (Note 20)	(9)	31
Investments in equity instruments at FVOCI:		
Gain arising during the year, net of tax expense of nil for 2023 and 2022, respectively	1	—
Items that can be reclassified to the consolidated statement of operations:		
Cash flow hedges (Note 23):		
(Loss) / gain arising during the year, net of tax benefit / (expense) of 4 and (20) for 2023 and 2022, respectively	(9)	61
Reclassification adjustments for gain included in the consolidated statement of operations, net of tax benefit of 4 and 14 for 2023 and 2022, respectively	(13)	(44)
Total cash flow hedges	(22)	17
Exchange differences arising on translation of foreign operations, net of tax (expense) of (1) and (3) for 2023 and 2022, respectively	7	94
Total other comprehensive income / (loss)	**(23)**	**142**
Total other comprehensive income / (loss) attributable to:		
Equity holders of the parent	(24)	143
Non-controlling interests	1	(1)
Total other comprehensive income / (loss)	**(23)**	**142**
Net comprehensive income	**181**	**768**
Net comprehensive income attributable to:		
Equity holders of the parent	179	768
Non-controlling interests	2	—
Net comprehensive income	**181**	**768**

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

Aperam

Consolidated Statement of Financial Position

(in millions of Euros)

	December 31, 2023	December 31, 2022 (1)
ASSETS		
Current assets:		
Cash and cash equivalents (Note 8)	443	457
Restricted cash	3	—
Trade accounts receivable (Note 9)	429	454
Inventories (Note 10)	2,281	2,592
Prepaid expenses and other current assets (Note 11)	111	99
Derivative financial current assets (Note 23)	23	55
Income tax receivable	9	13
Total current assets	**3,299**	**3,670**
Non-current assets:		
Goodwill and intangible assets (Note 12)	452	451
Biological assets (Note 13)	108	51
Property, plant and equipment (Note 14)	2,003	1,859
Investments in associates, joint ventures and other investments (Note 15)	8	3
Deferred tax assets (Note 7)	213	101
Derivative financial non-current assets (Note 23)	2	—
Income tax receivable	38	26
Other non-current assets (Note 16)	91	96
Total non-current assets	**2,915**	**2,587**
Total assets	**6,214**	**6,257**

Note:
(1) Comparative information for 2022 was reclassified to conform with the current year presentation. For more details, refer to Note 2.

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

Aperam

Consolidated Statement of Financial Position

(in millions of Euros, except share data)

	December 31, 2023	December 31, 2022 [(1)]
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt including current portion of long-term debt (Note 17)	360	258
Trade accounts payable	1,130	1,175
Short-term provisions (Note 18)	24	26
Accrued expenses and other liabilities (Note 19)	292	286
Derivative financial current liabilities (Note 23)	29	93
Income tax liabilities	16	21
Total current liabilities	**1,851**	**1,859**
Non-current liabilities:		
Long-term debt, net of current portion (Note 17)	574	667
Deferred tax liabilities (Note 7)	115	131
Employee benefits (Note 20)	153	136
Long-term provisions (Note 18)	55	63
Derivative financial non-current liabilities (Note 23)	2	—
Other long-term obligations	14	9
Total non-current liabilities	**913**	**1,006**
Total liabilities	**2,764**	**2,865**
Equity:		
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 December 31, 2023 and December 31, 2022, respectively) (Note 21)	409	419
Treasury shares (5,787,481 and 7,812,590 common shares as of December 31, 2023 and December 31, 2022, respectively) (Note 21)	(194)	(296)
Share premium	1,005	1,095
Retained earnings	2,821	2,742
Other comprehensive loss	(599)	(575)
Equity attributable to the equity holders of the parent	**3,442**	**3,385**
Non-controlling interests	8	7
Total equity	**3,450**	**3,392**
Total liabilities and equity	**6,214**	**6,257**

Note:
(1) Comparative information for 2022 was reclassified to conform with the current year presentation. For more details, refer to Note 2.

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

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

						Other Comprehensive Income / (Loss)						
	Shares[1]	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)	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
Balance at January 1, 2022	**77,905**	**419**	**(106)**	**1,097**	**2,253**	**(713)**	**2**	**—**	**(7)**	**2,945**	**8**	**2,953**
Net income	—	—	—	—	625	—	—	—	—	625	1	626
Other comprehensive income / (loss)	—	—	—	—	—	95	17	—	31	143	(1)	142
Total comprehensive income	—	—	—	—	625	95	17	—	31	768	—	768
Recognition of share based payments (Note 21)	91	—	4	(2)	—	—	—	—	—	2	—	2
Purchase of treasury shares (Note 21)	(5,812)	—	(194)	—	—	—	—	—	—	(194)	—	(194)
Dividends	—	—	—	—	(150)	—	—	—	—	(150)	(1)	(151)
Other movements	—	—	—	—	14	—	—	—	—	14	—	14
Balance at December 31, 2022	**72,184**	**419**	**(296)**	**1,095**	**2,742**	**(618)**	**19**	**—**	**24**	**3,385**	**7**	**3,392**
Balance at January 1, 2023	**72,184**	**419**	**(296)**	**1,095**	**2,742**	**(618)**	**19**	**—**	**24**	**3,385**	**7**	**3,392**
Net income	—	—	—	—	203	—	—	—	—	203	1	204
Other comprehensive income / (loss)	—	—	—	—	—	6	(22)	1	(9)	(24)	1	(23)
Total comprehensive income / (loss)	—	—	—	—	203	6	(22)	1	(9)	179	2	181
Recognition of share based payments (Note 21)	65	—	2	—	1	—	—	—	—	3	—	3
Cancellation of shares (Note 21)	—	(10)	100	(90)	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	(144)	—	—	—	—	(144)	(1)	(145)
Other movements	—	—	—	—	19	—	—	—	—	19	—	19
Balance at December 31, 2023	**72,249**	**409**	**(194)**	**1,005**	**2,821**	**(612)**	**(3)**	**1**	**15**	**3,442**	**8**	**3,450**

(1) Number of shares denominated in thousands, excludes treasury shares.

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

Aperam

Consolidated Statement of Cash Flows

(in millions of Euros)

	Year ending December 31,	
	2023	**2022 (1)**
Operating activities:		
Net income (including non-controlling interests)	204	626
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, amortisation and impairment (Note 3)	204	186
Net interest expense (Note 6)	5	—
Income tax (benefit) / expense (Note 7)	(87)	126
Net write-downs of inventories to net realisable value (Note 10)	91	77
Labour agreements and separation plans	2	2
Change in fair value of biological assets (Note 13)	(49)	(22)
Unrealised (gains) / losses on derivative instruments (Note 6)	(70)	51
Bargain purchase gain	—	5
Other	(9)	25
Changes in assets and liabilities that provided (required) cash:		
Trade accounts receivable	16	96
Trade accounts payable	(60)	(19)
Inventories	292	(335)
VAT and other amounts (paid) / received to / from authorities	(18)	(35)
Other movements on accruals and provisions	(11)	(26)
Interest paid	(43)	(19)
Interest received	38	22
Income taxes paid	(34)	(118)
Net cash provided by operating activities	**471**	**642**
Investing activities:		
Acquisition of property, plant and equipment and intangible assets (CAPEX) (Note 3)	(250)	(285)
Acquisition of biological assets	(51)	(11)
Other investing activities, (net)	(2)	(1)
Net cash used in investing activities	**(303)**	**(297)**
Financing activities:		
Proceeds from short-term debt (Note 17)	157	95
Payments of short-term debt (Note 17)	(125)	(253)
Payments of long-term debt (Note 17)	(24)	(201)
Proceeds from long-term debt, net of debt issuance costs (Note 17)	—	299
Purchase of treasury shares (Note 21)	—	(194)
Dividends paid (Note 21)	(145)	(151)
Repayment of principal portion of lease liabilities (Note 17)	(15)	(14)
Net cash used in financing activities	**(152)**	**(419)**
Effect of exchange rate changes on cash	(30)	7
Net increase in cash and cash equivalents	(14)	(67)
Cash and cash equivalents (Note 8):		
At the beginning of the year	457	524
At the end of the year	443	457

Note:
(1) Comparative information for 2022 was reclassified to conform with the current year presentation. For more details, refer to Note 2.

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

SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 2: Summary of material accounting policies, critical accounting judgements and change in accounting estimates

Note 3: Segment and geographic information

Note 4: Cost of sales

Note 5: Selling, general and administrative

Note 6: Financing income / (costs) - net

Note 7: Income tax

Note 8: Cash and cash equivalents

Note 9: Trade accounts receivable

Note 10: Inventories

Note 11: Prepaid expenses and other current assets

Note 12: Goodwill and intangible assets

Note 13: Biological assets

Note 14: Property, plant and equipment

Note 15: Other investments

Note 16: Other non current assets

Note 17: Short-term and long-term debt

Note 18: Provisions

Note 19: Accrued expenses and other liabilities

Note 20: Employee benefits

Note 21: Equity

Note 22: Leases

Note 23: Financial instruments

Note 24: Balances and transactions with related parties

Note 25: Commitments

Note 26: Contingencies

Note 27: Employees and key management personnel

Note 28: List of significant subsidiaries as of December 31, 2023

Note 29: Independent auditor fees

Note 30: 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 consolidated financial statements (the "Financial Statements") as the "Company" or "the Group". Aperam *Société Anonyme* is the ultimate parent company of the Group. 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 Company's shares have been traded on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011, and Brussels (Euronext) since February 16, 2017.

Aperam has a flat Stainless and Electrical steel capacity of 2.5 million tonnes in Brazil and Europe and is a leader in high value specialty products. In addition to its industrial network, spread over six production facilities in Brazil, Belgium and France, Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and special steels from low cost biomass (charcoal made from its own FSC-certified forestry). With ELG now called Aperam Recycling, Aperam is also a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys, delivering approximately 1.2 million tonnes of materials annually.

Note 28 provides an overview of the Company's principal operating subsidiaries.

Basis of presentation

The consolidated financial statements (or the "financial statements") of Aperam and its subsidiaries for the year ended 31 December 2023 have been prepared on a historical cost basis, except for equity instruments at fair value through other comprehensive income, derivative financial instruments and biological assets which are measured at fair value and the financial statements of the Company's subsidiary in Argentina ("Aperam Stainless Services & Solutions Argentina S.A."), for which hyperinflationary accounting is applied (see Note 2 below).

The consolidated financial statements as of and for the year ended December 31, 2023 ("financial statements") have been prepared in accordance with IFRS accounting standards ("IFRS") as adopted in the European Union ("EU"). They are presented in Euros with all amounts rounded to the nearest million, except for share and per share data.

These consolidated financial statements were authorised for issuance on April 19, 2024 by Aperam's Board of Directors.

Adoption of new IFRS Standards, amendments and Interpretations applicable in 2023

The Group applied for the first-time certain amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- IAS 1 (Amendment) - Disclosure of accounting policies: IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of the consolidated financial statements.

- IAS 8 (Amendment) - Definition of accounting estimates: IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policies.

- IAS 12 (Amendment) - Deferred tax related to assets and liabilities arising from a single transaction: In certain circumstances, under IAS 12, companies are exempt from recognising deferred taxes when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised upon initial recognition. The amendment clarifies that the exemption does not apply and therefore, there is an obligation to recognise deferred taxes on such transactions. The amendment is effective for tax years beginning on or after January 1, 2023, although earlier application is permitted. The Group does not expect material effect on the consolidated financial statements.

- IAS 12 (Amendment) - temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments also require to disclose: the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, their current tax expense (if any) related to the Pillar Two income taxes, and during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity’s exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

- On January 1, 2023, the Company adopted IFRS 17 "Insurance Contracts", which is designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations. On June 25, 2020, the IASB issued amendments to IFRS 17, including a deferral of the effective date to periods beginning on or after January 1, 2023. IFRS 17 should be applied retrospectively unless impracticable, with earlier adoption permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. On December 9, 2021, the IASB issued a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time whereby an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. As the Company does not issue insurance contracts and considering the limited extent of its reinsurance activities, the adoption of this standard did not have a material impact to the Company's consolidated financial statements.

New IFRS standards and interpretations applicable from 2024 onwards

There are new standards, amendments and interpretations which will be mandatorily applicable in the coming years and have not been applied early.

The standards, interpretations and amendments applicable as from January 1, 2024 which have not been early adopted by the Group and which could have an impact, are as follows:

- Amendments to IFRS 10 and IAS 28: these amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures. The amendments only apply when an investor sells or contributes assets to its associate or joint venture. The Group does not expect the application of this standard to have any impact as the investments in associates are insignificant and no such contributions have been made to date. Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after January 1, 2016. However, at the close of 2015, the IASB took the decision to postpone the effective date of these without setting a new specific date, as it is planning a broader review that may result in simplifying the accounting for such transactions and other aspects of accounting for associates and joint ventures. The Group does not expect any impact to arise from the application of these amendments.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants (Amendments to IAS 1): these amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The effective date of application of these amendments is January 1, 2022, although their early adoption is allowed. However, in July 2020 there was an amendment to change the effective date thereof to January 1, 2024. The Group does not expect the application of these amendments to have any impact on its consolidated financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. The amendment to change the effective date thereof to January 1, 2024. The Group does not expect the application of these amendments to have any impact on its consolidated financial statements.

- Supplier finance arrangements (Amendments to IAS 7 and IFRS7) IAS 7 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of the consolidated financial statements to assess the effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendment to change the effective date thereof to January 1, 2024 has not yet been endorsed by EU. The Group will apply the standard once it becomes mandatory.

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, and its respective interest in associated companies. Subsidiaries are consolidated from the date the Company obtains control until the date control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Associated companies are those companies over which the Company has the ability to exercise significant influence on the financial and operating policy decisions, which it does not control. Generally, significant influence is presumed to exist when the Company holds more than 20% of the voting rights. In addition, joint ventures are arrangements where the Company has joint control under a contractual agreement and has the right to the net assets of the arrangement. The consolidated financial statements include the Company's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis from the date that significant influence commences until the date significant influence ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's profit or loss. The Company's share of those changes is recognised directly in equity.

Investments in other entities, over which the Company and/ or its operating subsidiaries do not have the ability to exercise significant influence, are accounted for as investments in equity instruments at Fair Value through OCI (FVOCI) with any resulting gain or loss, net of related tax effect, recognised in the consolidated statements of other comprehensive income. Realised gains and losses from the sale of investments in equity instruments at FVOCI are reclassified from other comprehensive income to retained earnings within equity upon disposal.

While there are certain limitations on the Company's operating and financial flexibility arising from the restrictive and financial covenants of the Company's principal credit facilities described in Note 17, there are no significant restrictions resulting from borrowing agreements or regulatory requirements on the ability of consolidated subsidiaries, associates and jointly controlled entities to transfer funds to the parent in the form of cash dividends to pay commitments as they come due.

Intra-company balances and transactions, including income, expenses and dividends, are eliminated in the preparation of the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated statement of operations and within equity in the consolidated statement of financial position.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND CHANGE IN ACCOUNTING ESTIMATES

Material accounting policies

Translation of financial statements denominated in foreign currency
The functional currency of each of the major operating subsidiaries is the local currency. Transactions in currencies other than the functional currency of a subsidiary are recorded at the rates of exchange prevailing at the date of the transaction.

Monetary assets and liabilities in currencies other than the functional currency are remeasured at the rates of exchange prevailing at the statement of financial position date and the related transaction gains and losses are reported in the consolidated statement of operations. Non-monetary items that are carried at cost are translated using the rate of exchange prevailing at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate prevailing when the fair value was determined and the related transaction gains and losses are reported in the consolidated statement of comprehensive income/ loss.

Upon consolidation, the results of operations of the Company's subsidiaries and associates whose functional currency is other than the Euro are translated into the Euro the Company's presentation currency, at the monthly average exchange rates and assets and liabilities are translated at the year-end exchange rates. Translation adjustments are recognised directly in other comprehensive income and are reclassified in income or loss in the statement of operations only upon sale or liquidation of the underlying foreign subsidiary or associate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the year-end exchange rate are recorded as part of the shareholders' equity under "Foreign currency translation adjustments". When a foreign entity is disposed, such exchange differences are recognised in the consolidated statement of operations as part of the gain or loss on disposal.

Argentina is considered a hyperinflationary economy and therefore the financial statements of Aperam Stainless Services & Solutions Argentina are adjusted to reflect the changes in the general purchasing power of the local currency before being translated into Euros. The Company used estimated general price indices (Consumer Price Index "CPI") of 3,533.2% and 1,134.6%, respectively, for the years ending December 31, 2023 and December 31, 2022 for this purpose. As a result of the inflation-related adjustments on monetary items, a loss of €(5.8) million and a gain of €1.2 million were recognised in net financing costs for the year ending December 31, 2023 and December 31, 2022. The government in Argentina imposed significant restrictions on foreign exchange transactions, including but not limited to the mandatory sale of the foreign currency proceeds from export operations, access to the foreign exchange market for payment of the import of services and for the payment of dividend requires approval of Argentinian Central Bank.

Cash and cash equivalents
Cash and cash equivalents consist of cash and short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the time of purchase and are carried at cost plus accrued interest, which approximates fair value.

Trade accounts receivable
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance at an amount that it considers to be a sufficient estimate of losses resulting from the inability of its customers to make required

payments. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the average cost method. Costs of production in process and finished goods include the purchase costs of raw materials and conversion costs such as direct labour and an allocation of fixed and variable production overheads. Raw materials and spare parts are valued at cost inclusive of freight and shipping and handling costs. Net realisable value is the expected selling price of those goods less costs to sell. In the case of work in progress, the estimated costs of completion are also deducted from this price. Costs incurred when production levels are abnormally low are partially capitalised as inventories and partially recorded as a component of cost of sales in the consolidated statement of operations. Write-down to net realisable value and movements in the allowances for obsolescence and slow-moving inventories are recognised in cost of sales in the consolidated statement of operations.

Business combination

The Group applies the acquisition method for business combinations.

The acquisition date is that on which the Group obtains control of the acquiree. The Group considers that control is obtained when the investor, due to its involvement with the acquiree, is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the investee. In an acquisition, the Group is generally deemed to have obtained control when the consideration is legally transferred and the assets and liabilities of the acquiree are acquired and assumed, respectively. However, control may be obtained at a prior date if, by means of a written agreement, a prior date of obtainment of control is envisaged. The Group considers all pertinent facts and circumstances in order to identify the acquisition date.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that is contingent on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any amounts that are not part of the exchange for the acquiree. The costs associated with an acquisition are recognised as expenses on an accrual basis.

The Group recognises at their acquisition-date fair value the assets acquired and the liabilities assumed (and any non-controlling interest in the acquiree). The liabilities assumed include contingent liabilities to the extent that they represent present obligations that arise from past events and their fair value can be measured reliably. Also, the Group recognises indemnification assets granted by the seller at the same time that it recognises the indemnified item and following the same measurement criteria as those used for the indemnified item, considering, where applicable, the risk of default and any contractual limitation on the indemnified amount.

Exempt from application of this criterion are non-current assets and disposal groups classified as held for sale, long-term defined benefit obligation liabilities, share-based payment transactions, deferred tax assets and liabilities and intangible assets arising from the acquisition of previously granted rights.

The assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of the contractual terms, economic conditions, operating and accounting policies and other pertinent conditions existing at the acquisition date, except in the case of leases in which the business acquired is the lessor and insurance contracts.

The acquirer's application of the recognition principle and conditions may result in recognising some assets and liabilities that the acquiree had not previously recognised as assets and liabilities in its financial statements.

Any excess of the consideration transferred plus the value assigned to the non-controlling interests over the net amount of the assets acquired and the liabilities assumed is recognised as goodwill.

If the business combination can only be provisionally calculated, the identifiable net assets are initially recognised at their provisional amounts, recognising the valuation adjustments made in the measurement period as if they had been known at the acquisition date and restating, where applicable, the comparative figures for the previous year. In any event, adjustments to provisional amounts only reflect information on facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

After the measurement period ends, the initial accounting for a business combination is revised only to correct an error.

Until they are settled, cancelled or expire, contingent liabilities are measured at the higher of the amount initially recognised less the amounts that should be recognised in profit or loss in accordance with the standard on recognition of revenue from customers and the amount that would be recognised in accordance with the standard on measuring provisions.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

Goodwill

The goodwill recorded by the Company includes an allocation of the goodwill arising from the acquisition of Arcelor by Mittal Steel on August 1, 2006. Goodwill arising on acquisitions subsequent to January 1, 2007, is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, goodwill shall be carried at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

In a business combination in which the fair value of the identifiable net assets acquired exceeds the cost of the acquired business, the Company reassesses the fair value of the assets acquired. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (bargain purchase gain) is recognised immediately in the consolidated statement of operations.

Intangible assets
Intangible assets recorded by the Company include customer relationships, trademarks and technology acquired through business combinations that are recorded at fair value, and are amortised on a straight-line basis over their estimated economic useful lives which typically are not to exceed ten years.

Concessions, patents and licenses are recognised only when it is probable that the expected future economic benefits attributable to the assets will flow to the Company and the cost can be reliably measured. They are recorded at cost and are amortised on a straight-line basis over their estimated economic useful lives which typically are not to exceed five years.

Biological assets
The Company classifies eucalyptus plantations (except for the roots of the plantation which are qualified as bearer plants, see below) as biological assets. The purpose of such plantations is to produce charcoal to be used in the production process.

Biological assets are measured at fair value, net of estimated costs to sell at the time of harvest, with any change therein recognised in the consolidated statement of operations.

The fair value is determined based on the discounted cash flow method, taking into consideration the cubic volume of wood, segregated by plantation year, and the equivalent sales value of standing trees. The average market price was estimated based on domestic market prices.

Property, plant and equipment
Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. Property, plant and equipment except land are depreciated using the straight-line method over the useful lives of the related assets which are presented in the table below. The Company reviews the residual value, the useful lives and the depreciation method of its property, plant and equipment at least annually.

Asset Category	Useful Life Range
Land	Not depreciated
Buildings	10 to 50 years
Steel plant equipment	15 to 30 years
Auxiliary facilities	15 to 30 years
Other facilities and equipment	3 to 20 years
Bearer plants	14 years

Major improvements, which add to productive capacity or extend the life of an asset, are capitalised, while repairs and maintenance are charged to expense as incurred. Where a tangible fixed asset comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment under construction are recorded as construction in progress until they are ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Gains and losses on retirement or disposal of assets are reflected in the consolidated statement of operations.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-

of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Impairment of Property Plant & Equipment and Intangible Assets

Goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment (as of October 31), or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the Group's CGU carrying amount exceeds its recoverable amount. The recoverable amount of the GCGU is determined as the higher of its fair value less costs of disposal and its value in use. The value in use calculations is based on discounted cash flow model. Cash flow forecasts are derived from the most recent financial budget approved by the Board of Directors and forecast is prepared for at least next 5 years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated terminal growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognized, impairment losses for goodwill are not reversed. On disposal of a subsidiary, any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Whenever the cash generating units comprising the operating segments are tested for impairment at the same time as goodwill, the cash generating units are tested first and any impairment of the assets is recorded prior to the testing of goodwill.

The key assumptions for the value in use calculations are disclosed in “Critical accounting judgments section”.

Aperam gives regard to climate change and other sustainability risks when determining the recoverable amount of each CGU. The Group has climate change action plans, greenhouse gas emission reduction targets for its production sites, environmental management and other sustainability initiatives. The Company reports these in its annual Sustainability Report (available on the Company's web site). The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These key assumptions have been included in the cash-flow forecasts in assessing value in use amounts.

Property Plant & Equipment and Intangible Assets (excluding goodwill)

At each reporting date, the Company reviews whether there is any indication that the carrying amounts of its property plant & equipment and intangible assets (excluding goodwill) may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any. The recoverable amount is the higher of its fair value less cost of disposal and its value in use.

In assessing its value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The cash generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised. An impairment loss is recognised as an expense immediately as part of operating income in the consolidated statement of operations.

In the case of permanently idled assets, the impairment is measured at the individual asset level on the basis of salvage value. Otherwise, it is not possible to estimate the recoverable amount of the individual asset because the cash flows are not independent from that of the cash generating unit to which it belongs.

Accordingly, the Company's assets are measured for impairment at the cash generating unit level. In certain instances, the cash generating unit is an integrated manufacturing facility which may also be an operating subsidiary. Furthermore, a manufacturing facility may be operated together with another facility with neither facility generating cash flows that are largely independent from the cash flows of the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2023 and 2022, the Company had determined it has nine cash generating units.

An impairment loss recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset due to a reversal of an impairment loss will not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately as part of operating income in the consolidated statement of operations.

Investment in associates and other entities

Investments in associates, in which the Company has the ability to exercise significant influence, are accounted for under the equity method.

The investment is carried at the cost at the date of acquisition, adjusted for the Company's share in undistributed earnings or losses since acquisition, less dividends received and impairment.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included in the carrying amount of the investment and is evaluated for impairment as part of the investment.

The Company reviews all of its investments in associates at each reporting date to determine whether there is an indicator that the investment may be impaired.

If objective evidence indicates that the investment is impaired, the Company calculates the amount of the impairment of the investments as being the difference between the higher of the fair value less costs of disposal or its value in use and its carrying value. The amount of any impairment is included in the overall result from associates and joint ventures in the consolidated statement of operations.

Regarding investments in other entities, upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as result from associates, joint ventures and other investments in the consolidated statement of operations when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Employee benefits

Defined contribution plans are those plans where the Company pays fixed contributions to an external life insurance or pension fund for certain categories of employees. Contributions are paid in return for services rendered by the employees during the period. They are expensed as they are incurred in line with the treatment of wages and salaries. No provisions are established in respect of defined contribution plans, as they do not generate future commitments for the Company.

Defined benefit plans are those plans that provide guaranteed benefits to certain categories of employees, either by way of contractual obligations or through a collective agreement. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Current service cost, which is the increase of the present value of the defined benefit obligation resulting from the employee service in the current period, is recorded as an expense as part of cost of sales and selling, general and administrative expenses in the consolidated statement of operations.

The net interest cost, which is the change during the period in the net defined benefit liability or asset that arises from the passage of time, is recognised as part of net financing costs in the consolidated statements of operations. The discount rate used is determined by reference to market yields at the end of the reporting period based on high quality corporate bonds.

The Company recognises gains and losses on the curtailment of a defined benefit plan when the curtailment occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or a curtailment. Past service cost is recognised immediately in the consolidated statement of operations in the period in which it arises.

Voluntary retirement plans primarily correspond to the practical implementation of social plans or are linked to collective agreements signed with certain categories of employees. Early retirement plans are those plans that primarily correspond to terminating an employee's contract before the normal retirement date. Early retirement plans are considered effective when the affected employees have formally been informed and when liabilities have been determined using an appropriate actuarial calculation.

Liabilities relating to the early retirement plans are calculated annually on the basis of the effective number of employees likely to take early retirement and are discounted using an interest rate which corresponds to that of highly rated bonds that have maturity dates similar to the terms of the Company's early retirement obligations. Termination benefits are provided in connection with voluntary separation plans. The Company recognises a liability and expense when it has a detailed formal plan which is without realistic possibility of withdrawal and the plan has been communicated to employees or their representatives.

Other long-term employee benefits include various plans that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave.

The amount recognised as a liability is the present value of benefit obligations at the statement of financial position date, and all changes in the provision (including actuarial gains and losses or past service costs) are recognised in the consolidated statement of operations.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions and accruals

Aperam recognises provisions for liabilities and probable losses that have been incurred when it has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost. Provisions for onerous contracts are recorded in the consolidated statement of operations when it becomes known that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provisions for restructuring relate to the estimated costs of initiated reorganisations that have been approved by the Aperam Management Committee, and which involve the realignment of certain parts of the industrial and commercial organisation. When such reorganisations require discontinuance and/or closure of lines or activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognised for those costs only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease payments related to company cars have been scoped out of IFRS 16 since for most of them the control of the cars is within the employee and the remaining part is not material to the Group. Related lease payments are recognised as an expense on a straight-line basis over the lease term. Before each year’s end closing the Group conducts an exhaustive review of current portfolio to verify that amounts remain non material.

Lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. As stated by IFRIC decision on IFRS 16 Lease Term, the Group considers the broader economics of the contract, and not only contractual termination payments when estimating the lease term.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Environmental costs

Environmental costs that relate to current operations are expensed or capitalised as appropriate. Environmental costs that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation or cost reduction, are expensed. Liabilities are recorded when environmental assessments and or remedial efforts are probable and the cost can be reasonably estimated based on ongoing engineering studies, discussions with the environmental authorities and other assumptions relevant to the nature and extent of the remediation that may be required. The ultimate cost to the Company is dependent upon factors beyond its control such as the scope and methodology of the remedial action requirements to be established by environmental and public health authorities, new laws or government regulations, rapidly changing technology and the outcome of any potential related litigation.

Environmental liabilities are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments are fixed or reliably determinable.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's expense for current tax is calculated using tax rates that have been enacted or substantively enacted as of the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the taxable temporary difference arises from the initial recognition of goodwill or if the differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Fair value measurement
Assets and liabilities carried or measured at fair value have been classified into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Significant inputs other than within Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices);
Level 3: Inputs for the assets or liabilities that are not based on observable market data and require management assumptions or inputs from unobservable markets.

Financial instruments

The classification of financial instruments depends on their contractual cash flow characteristics and the Group's business model.

Derivative financial instruments
See critical accounting judgments.

Non-derivative financial instruments
Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, investments in equity securities, trade and other payables and debt and other liabilities. These instruments are recognised initially at fair value when the Company becomes a party to the contractual provisions of the instrument. They are derecognised if the Company's contractual rights to the cash flows from the financial instruments expire or if the Company transfers the financial instruments to another party without retaining control or substantially all risks and rewards of the instruments.

Debt and liabilities, other than provisions, are measured at amortised cost using the Effective Interest Rate method. Effective Interest Rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. However, loans that are hedged under a fair value hedge are remeasured for the changes in the fair value that are attributable to the risk that is being hedged.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. For trade receivables, the Group has assumed a backstop of 180 days past due. This is more closely aligned to the risk management practices used by the Group, local conditions and current practices in the industry in which the Group operates. The impact on the Group's ECL allowance of this assumption is not material. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Emission rights
The Company's industrial sites which are regulated by the European Directive 2003/87/EC of October 13, 2003 on carbon dioxide emission rights, effective as of January 1, 2005, are located in Belgium and France. The emission rights allocated to the Company on a no-charge basis pursuant to the annual national allocation plan are recorded in the consolidated statement of financial position at nil and purchased emission rights are recorded at cost.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the related asset and credited to the consolidated statement of operations on a straight-line basis over the expected useful live of the asset.

When the Group receives grants of non-monetary assets, the asset and the grant are are usually accounted for at fair value. When fair value cannot be measured reliably, both the asset and the grant will be record at a nominal amount.

Revenue recognition
The Company's revenue is derived from the single performance obligation to transfer primarily stainless steel, specialty alloys products, raw materials for the stainless steel industry and high performance materials under arrangements in which the performance obligation is satisfied upon transfer of control of the products to the customer. Revenue from the sale of goods is recognised when (i) the Company has transferred control of the products to the customer and the customer obtains the benefits from the products, (ii) the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and (iii) it is probable that the Company will collect the consideration to which it is entitled to in exchange for the products.

The Company transfers control of the products either when the goods are shipped from the Company's facilities or when they are delivered to the customer, depending on the delivery terms of the arrangement. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

The Company's payment terms range from 30 to 90 days upon delivery, depending on the market and product sold.

The contracts entered by the Company usually do not contain material variable considerations. Hence, the determination of transaction price does not involve material judgements and estimates requiring disclosures in the financial statements. The transaction price is the price as mentioned in the contract.

For the Company, given that each contract has one performance obligation, the price as per the invoice/contract is wholly allocated to this performance obligation. That is, no significant judgements or estimates are applied in determining the transaction price to be allocated to performance obligations. The Company's revenue divided into categories corresponds to the revenue by segment disclosed in Note 3.

Shipping and handling costs
The Company records amounts billed to a customer in a sale transaction for shipping and handling costs as sales and the related shipping and handling costs incurred as cost of sales.

Financing costs
Financing costs include interest income and expense, amortisation of discounts or premiums on borrowings, amortisation of costs incurred in connection with the arrangement of borrowings, and unrealised gains and losses on foreign exchange and raw material derivative contracts.

Earnings per common share

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing income available to equity holders and assumed conversion by the weighted average number of common shares and potential common shares from restricted share units and performance share units as well as potential common shares from the conversion of convertible bonds whenever the conversion results in a dilutive effect.

Assets held for sale and disposal

Non-current assets and disposal groups that are classified as held for sale and disposal are measured at the lower of carrying amount and fair value less costs of disposal. Assets and disposal groups are classified as held for sale and for disposal if their carrying amount will be recovered through a sale or a disposal transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset, or disposal group, is available for immediate sale or disposal in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. Assets held for sale and disposal are presented separately on the consolidated statements of financial position and are not depreciated.

Equity settled share based payments

Aperam issued equity-settled share-based payments consisting in restricted share units to key employees of the Company. Prior to the spin-off, ArcelorMittal issued equity settled share based payments consisting of stock options to certain Aperam employees. Equity settled share based payments issued to Aperam employees are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market based vesting conditions. The expected life used in the calculation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line method over the vesting period and adjusted for the effect of non-market-based vesting conditions.

Segment reporting

Operating segments are components of the Company that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), for which discrete financial information is available and whose operating results are evaluated regularly by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance. Aperam management identified the Chief Executive Officer and Chief Financial Officer of the Company as its CODM, which is the individual or body of individuals responsible for the allocation of resources and assessment of performance of the operating segments.

The CODM manages the business according to four operating segments:

– Stainless & Electrical Steel that represents the production of a full range of stainless steel products in Europe (Belgium and France) and of a wide range of flat stainless and electrical steel and special carbon products in Brazil.

– Alloys & Specialties that includes an integrated production facility in France with a meltshop designed to produce specialty grades. This segment also includes downstream activities with nickel alloy and specialty assets.

– Services & Solutions that sells and distributes the Company's products. It includes our tubes business. The segment also provides value added and customised steel solutions through further processing to meet customer specific requirements.

– Recycling & Renewables that collects, trades, processes and recycles stainless steel scrap and high performance alloys.

The information of the measure of the assets, liabilities and profit or loss for each segment is regularly provided to the CODM. Financing items are managed centrally for the Company as a whole and so are not directly attributable to individual operating segments.

Geographical information is separately disclosed and represents the Company's most significant regional markets. Non-current assets do not include goodwill (as it is not allocated to the geographic regions), deferred tax assets, investments in associates, joint ventures and other investments and other non-current assets.

Reclassifications

Certain reclassifications have been made to the consolidated statements of financial position and the consolidated statement of cash flows in the comparative information to conform to the current year's presentation and in order to achieve comparability with the presentation used for the year ended December 31, 2023. These reclassifications for comparative information were made in Note 3 for the determination of Capital expenditures following a change in the definition as from January 1, 2023.

In Note 14, the Group revised its presentation of Right-of-use assets as of December 31, 2023 and changed comparative information to conform to the current year's presentation.

In Note 23, the comparative information for the contractual maturities of the financial liabilities was adjusted to conform to current year presentation.

Critical accounting judgments

The critical accounting judgments and significant assumptions made by management in the preparation of these financial statements are provided below.

Deferred Tax Assets

The Company records deferred tax assets and liabilities based on the differences between the carrying amount of assets and liabilities in the consolidated financial statements and their corresponding tax bases. Deferred tax assets are also recognised for the estimated future effects of tax losses carried forward and other tax benefits.

The Company reviews the deferred tax assets in the different jurisdictions in which it operates periodically to assess the possibility of realising such assets based on projected taxable profit, the expected timing of the reversals of existing temporary differences, the carry forward period of temporary differences and tax losses carried forward and the implementation of tax-planning strategies.

Note 7 describes the total deferred tax assets recognised in the consolidated statements of financial position. As of December 31, 2023, the amount of future income required to recover the Company's deferred tax assets was approximately €699 million at certain operating subsidiaries (€363 million as of December 31, 2022).

Uncertain tax positions

The Company takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering the inherently complex process of assessing the conclusions that the tax administrations may ultimately take on some of the Group's tax positions, Management believes there is a risk that some of the tax assets and liabilities may require adjustments in the future to reflect final tax assessments.

Employee Benefits

The Company's operating subsidiaries have different types of pension plans for their employees. Also, some of the operating subsidiaries offer other post-employment benefits. The expense associated with these pension plans and post-employment benefits, as well as the carrying amount of the related liability/asset on the consolidated statement of financial position is based on a number of assumptions and factors such as discount rates, expected rate of compensation increase, average longevity at retirement age for current pensioners.

- Discount rates. The discount rate is based on several high quality corporate bond indexes in the appropriate jurisdiction (rated AA or higher by a recognised rating agency). Nominal interest rates vary worldwide due to exchange rates and local inflation rates.

- Rate of compensation increase. The rate of compensation increase reflects actual experience and the Company's long-term outlook, including contractually agreed upon wage rate increases for represented hourly employees.

- Average longevity at retirement age for current pensioners. The assumption made on mortality and retirement rates are based on actual and projected plan experience.

Note 20 details the net liabilities of pension plans and other post-employment benefits including a sensitivity analysis illustrating the effects of changes in assumptions.

Legal, Environmental and Other Contingencies
The Company may be involved in litigation, arbitration 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 loss and an estimation of damages are difficult to ascertain. 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. The Company recognises a liability for contingencies when it is more likely than not that the Company will sustain a loss and the amount can be estimated.

The Company is subject to changing and increasingly stringent environmental laws and regulations concerning air emissions, water discharges and waste disposal, as well as certain remediation activities that involve the clean-up of soil and groundwater. The Company recognises a liability for environmental remediation when it is more likely than not that such remediation will be required and the amount can be estimated.

The estimates of loss contingencies for environmental matters and other contingencies are based on various judgments and assumptions including the likelihood, nature, magnitude and timing of assessment, remediation and/ or monitoring activities and the probable cost of these activities.

In some cases, judgments and assumptions are made relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of cost of these activities, including third parties who sold assets to the Company or purchased assets from the Company subject to environmental liabilities. The Company also considers, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third party consultants and contractors and its historical experience with other circumstances judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. As estimated costs to remediate change, the Company will reduce or increase the recorded liabilities through credits or expenses in the consolidated statement of operations.

Impairment of Property Plant & Equipment and Intangible Assets

Goodwill
Goodwill impairment test is performed at GCGU level. For the purpose of the annual impairment test, value in use calculations are prepared. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate and the expected changes to raw material margin including nickel price, shipments and added costs during the period.

Management estimates discount rates using post-tax rates as cash flows are adjusted for tax effects. The terminal growth rates estimated considering macroeconomic factors including inflation in all GCGUs. These rates did not exceed the average long-term growth rate for the relevant markets.

Assumptions for raw material margin and shipments were based on historical experience and expectations of future changes in the market where the Company is active in as well as on the basis of projections provided by external sources. The nickel price estimate for the next 5 years was determined by the management based on internal analysis giving due consideration to forecasts published by external sources. The discount rate for the GCGUs was estimated from the weighted average cost of capital and cost of debt of producers which operate a portfolio of assets similar to those of the Group's assets.

Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market. When estimating GCGU's average selling price for the purpose of 2023 impairment test, the Group used an average price per tonne based on Stainless steel/CR304 2B 2mm coil transaction price/Southern European domestic delivered prices derived from Steel Business Briefing ("SBB").

Assumptions value and related sensitivity analysis of the key assumptions performed is disclosed in Note 12.

Property Plant & Equipment and Intangible Assets (excluding goodwill)
At each reporting date, the Company reviews whether there is any indication that the carrying amounts of its property plant & equipment and intangible assets (excluding goodwill) may not be recoverable through continuing use.

During the years 2023 and 2022, such indications were noted and impairment test was performed. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate and the expected changes to raw material margin including nickel price, shipments and added costs during the period.

Assumptions value and related sensitivity analysis of the key assumptions performed is disclosed in Note 14.

Derivative financial instruments
The Company enters into derivative financial instruments principally to manage its exposure to fluctuation in exchange rates and prices of raw materials. Derivative financial instruments are classified as current assets or liabilities based on their maturity dates and are accounted for at trade date. Embedded derivatives are separated from the host contract and accounted for separately if required by IFRS 9, "Financial Instruments". The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate.

See Note 23 for analysis of the Company's sensitivity to changes in certain of these inputs. Gains or losses arising from changes in the fair value of derivatives are recognised in the statement of operations, except for derivatives that are highly effective and qualify for cash flow hedge accounting.

The effective portion of changes in the fair value of a derivative that is designated and that qualifies as a cash flow hedge are recorded in other comprehensive income. Amounts deferred in other comprehensive income are recorded in the consolidated statement of operations in the periods when the hedged item is recognised in the consolidated statement of operations and within the same line item. Any ineffective portion of changes in the fair value of the derivative is recognised directly in the consolidated statement of operations.

The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised the accumulated unrealised gain or loss on the hedging instrument is maintained in equity until the forecasted transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss, which had been recognised in equity, is reported immediately in the consolidated statement of operations.

With increased volatility in the markets, specifically LME Nickel contracts, Aperam has reviewed and adjusted its management of the risk on nickel derivatives to match business correlation to the market development in 2022. For such instruments not accounted for as cash flow hedges, gains or losses arising from changes in fair value of derivatives and gains or losses realised upon settlement of derivatives are recognised in the consolidated statement of operations within the same line item.

Net realisable value

The Group estimates the net realisable values of its inventories in order to recognise the appropriate valuation adjustments. The expected selling prices of the inventories less costs to sell are taken into account when determining the net realisable value. Net realizable value represents the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling, and distribution. Net realizable value is estimated based on the most reliable evidence available at the time the estimates were made of being the amount that the inventory is expected to realise, taking into account the purpose for which the inventory is held.

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS recognition and measurement principles and, in particular, making the aforementioned critical accounting judgments require 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.

Judgements and estimates made in assessing the impact of climate change and the transition to a low carbon economy

As a key player in the field of a high-carbon emission sector, Aperam is fully aware of the challenges, risks and opportunities in relation to climate change and the transition to a low carbon economy, in particular with respect to its financial implications. In that context, the Company continues to develop its assessment of the potential impacts of climate change and the transition to a low carbon economy and has considered such impacts when preparing its consolidated financial statements. Aperam intends on paving the way towards the most sustainable practices that transform steelmaking with solid roadmaps to further reduce our CO_2 and air emissions, as well as our energy and water consumption by 2030, and participate to global carbon neutrality by 2050 in line with the United Nations' Paris agreement.

Aperam has an ambitious climate change action plan with solid greenhouse gas emissions reduction targets as well as general sustainable practices, including water stewardship, recycling and relevant monitoring.

Assumptions in respect of climate change and the transition to a low carbon economy may impact the Company's significant judgements and key estimates and result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods.

- **Investments through:**
    - **Business combination:** Aperam fully integrates into its strategy the need for a more circular economy, as demonstrated with the creation of a Recycling & Renewables segment and the acquisition of ELG, a major player in the global stainless scrap recycling market, in December 2021;
    - **Joint ventures:**
        - **Botanickel:** In 2023, Aperam and Econick have formed a joint venture to become a world leader in the responsible and sustainable production of biosourced nickel for the stainless steel industry;
        - **Bahia Minas Bioenergia:** In 2023, Aperam created a joint venture for the expansion of its forests for charcoal production with Ferbasa - one of the world's leading producers of ferroalloys. This expansion is in line with Aperam's strategy to grow BioEnergia and its existing forest operations by 20% and to expand into new business models focusing on energy transition.
- **Biological assets:** In Brazil, our blast furnace plant is fuelled with charcoal (biomass) from Aperam BioEnergìa, our eucalyptus forestry, which is a natural and renewable substitute for fossil fuels (coke).

As from 2021, on top of other minor methodological adjustments aimed at fine-tuning the evaluation of our decarbonisation roadmap, we calculated the CO_2 sequestration operated by our forestry. This was done following the best practices emerging in Brazil and verified based on the ISO 14064 by external third parties. The outcome of this assessment is that our forestry has very significant yearly sequestration capacities for the coming decades, which we will be helping, once our decarbonisation plan is complete, to close the gap to carbon neutrality by 2050;

◦ **Impairment of property plant and equipment and intangible assets, including goodwill:** Value in use calculations relating to Stainless & Electrical Steel and Alloys & Specialties operations include the impact of decarbonisation. Accordingly, the Company developed assumptions in determining related capital expenditures which reflect announced commitments and initiatives in place, operating costs including commodity prices and carbon emission costs on the basis of historical experience and expectations of future changes. As an example, we started to use an internal price of carbon for the assessment of our capital expenditures as from 2016. This requires assessing the future development in supply, technology change, production changes and other important factors. These assumptions may change, which could result in significant changes to value in use calculations in future periods and affects impairment assessments;

◦ **Long-term debt:** The pricing of new 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.

◦ **Share-based payments:** Aperam's remuneration philosophy for senior management comprises, among others, equity incentive plans that contain certain performance criteria based on environmental sustainability and sustainable profitability, including business transformation and governance.

NOTE 3: SEGMENT AND GEOGRAPHIC INFORMATION

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:

(in millions of Euros)	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations (1)**	**Total**
Year ending December 31, 2023						
Sales to external customers	2,302	2,171	871	1,248	—	6,592
Intersegment sales (2)	1,927	84	18	729	(2,758)	—
Operating income / (loss)	(25)	10	40	84	(20)	89
Depreciation and amortisation	(106)	(14)	(9)	(72)	(3)	(204)
EBITDA (3)	81	24	49	156	(17)	293
Capital expenditures	(168)	(19)	(34)	(29)	—	(250)

(in millions of Euros)	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations (1)**	**Total**
Year ending December 31, 2022						
Sales to external customers	3,131	2,686	661	1,678	—	8,156
Intersegment sales (2)	2,379	93	4	750	(3,226)	—
Operating income	689	79	44	27	51	890
Depreciation, amortisation and Impairment	(102)	(14)	(9)	(59)	(2)	(186)
EBITDA (3)	791	93	53	86	53	1,076
Capital expenditures (4)	(203)	(12)	(30)	(40)	—	(285)

Notes:
(1) Others / Eliminations includes all other operations than mentioned above, together with intersegment 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 amortisation and depreciation expenses and impairment losses.
(4) Definition of Capital expenditures has been changed in 2023 from "Purchase of property, plant & equipment, intangible assets and biological assets" into "Purchase of property, plant & equipment and intangible assets". For the sake of comparison, information for 2022 has been recast accordingly.

The reconciliation from operating income regularly provided to the CODM to net income is as follows:

(in millions of Euros)	**2023**	**2022**
Operating income	**89**	**890**
Loss from associates, joint ventures and other investments	(2)	(1)
Financing income / (costs) - net	30	(137)
Income before taxes	**117**	**752**
Income tax expense	87	(126)
Net income	**204**	**626**

Geographical information

Sales (by destination)

(in millions of Euros)	**2023**	**2022**
Americas		
Brazil	1,031	1,433
United States	796	1,010
Argentina	111	94
Others	109	71
Total Americas	**2,047**	**2,608**
Europe		
Germany	1,201	1,510
Italy	711	877
France	305	362
Belgium	254	357
Spain	260	296
United Kingdom	241	280
Finland	49	236
Poland	148	188
Czech Republic	113	138
Austria	117	134
Switzerland	128	126
Turkey	85	117
Netherlands	84	111
Luxembourg	—	1
Others	269	342
Total Europe	**3,965**	**5,075**
Asia & Africa		
Taiwan	177	166
South Korea	156	113
China	99	66
India	64	45
Vietnam	24	27
Japan	14	14
Australia	6	12
Others	40	30
Total Asia & Africa	**580**	**473**
Total	**6,592**	**8,156**

Non-current assets[1] per significant country

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Americas		
Brazil	549	415
USA	77	83
Others	10	13
Total Americas	**636**	**511**
Europe		
Belgium	835	796
France	460	445
Germany	95	94
United Kingdom	17	18
Italy	13	11
Poland	11	9
Netherlands	10	7
Spain	8	8
Czech Republic	6	8
Luxembourg	5	5
Others	2	2
Total Europe	**1,462**	**1,403**
Asia Pacific & Africa		
India	19	7
China	3	3
Singapore	2	—
Taiwan	1	2
Japan	2	2
Australia	1	1
Total Asia & Africa	**28**	**15**
Unallocated assets[1]	789	658
Total	**2,915**	**2,587**

Note:
(1) Non-current assets do not include goodwill (as it is not allocated to the geographic regions), deferred tax assets, investments in associates, joint ventures and other investments and other non-current assets. Such assets are presented under the caption “Unallocated assets”.

NOTE 4: COST OF SALES

Cost of sales includes the following components:

(in millions of Euros)	**2023**	**2022**
Materials	5,250	5,915
Payroll and employee related expenses	505	504
Transportation and storage expenses	228	226
Depreciation, amortisation and impairment	204	186
Bargain purchase gain	—	5
Other (1)(2)	26	140
Total	**6,213**	**6,976**

Notes:

(1) The change in Other by €114 million between 2022 and 2023 is mainly related to the negative effect, in 2022, of the reversal of the inventory step-up of €48 million recognized in the 2021 bargain purchase gain on ELG acquisition and the higher impact of the change in fair value of biological assets in 2023 for €27 million.

(2) Other include payroll and employee related expenses related to temporary staff

NOTE 5: SELLING, GENERAL & ADMINISTRATIVE

Selling, general and administrative includes the following components:

(in millions of Euros)	**2023**	**2022**
Payroll and employee related expenses	168	171
Professional services	30	24
IT Services	26	26
Tax & duties	13	11
Selling expenses	12	20
Other (1)	41	38
Total	**290**	**290**

Note

(1) Others include payroll and employee related expenses related to temporary staff

NOTE 6: FINANCING INCOME / (COSTS) - NET

(in millions of Euros)	**2023**	**2022**
Recognised in the consolidated statement of operations		
Interest income	38	22
Interest expense	(43)	(22)
Net other financing costs [(1)]	(28)	(15)
Net interest expense and other financing costs - net	**(33)**	**(15)**
Realised gains / (losses) on derivative instruments	38	(73)
Unrealised gains / (losses) on derivative instruments	70	(51)
Net foreign exchange result	(45)	2
Foreign exchange and derivatives gains / (losses)	**63**	**(122)**
Financing income / (costs) - net	**30**	**(137)**

Note:
(1) Other financing costs mainly include expenses related to our True Sale of Receivables programme ("TSR"), discount effects on provisions for other liabilities and charges, bank fees, interest cost on employee benefits plans and other financing costs.

Unrealised gains/(losses) on derivative instruments are mainly related to the fair value adjustments of raw material financial instruments and foreign exchange instruments which do not qualify for hedge accounting.

NOTE 7: INCOME TAX

Income tax expense

The breakdown of the income tax expense for each of the years ending December 31, 2023 and 2022, respectively, is summarised as follows:

(in millions of Euros)	**2023**	**2022**
Current tax expense	(29)	(105)
Deferred tax benefit / (expense)	116	(21)
Total income tax expense	**87**	**(126)**

The following table reconciles the income tax expense to the statutory tax expense as calculated:

(in millions of Euros)	**2023**	**2022**
Net income (including non-controlling interests)	**204**	**626**
Income tax benefit / (expense)	87	(126)
Income before tax:	**117**	**752**
Tax expense at domestic rates applicable to countries where income was generated	(51)	(234)
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income		
Tax exempt revenues	—	3
Net change in measurement of deferred tax assets	90	44
Tax credits	1	1
Other tax exempt income and other permanent differences	47	60
Income tax benefit / (expense)	**87**	**(126)**

The weighted average statutory tax expense was €(51) million and €(234) million in 2023 and 2022, respectively.

The income tax benefit was €87 million in 2023, which corresponds to a negative effective tax rate of (74)%, compared to an income tax expense of €(126) million and an effective tax rate of 17% in 2022. The change in the effective tax rate in 2023 compared to 2022 is mainly due to additional net deferred tax assets recognised on tax losses carried forward and other tax benefits.

Tax exempt revenues

Tax exempt revenues were nil in 2023 and €3 million in 2022. They mainly relate to partial exemption of various types of Intellectual Property income charged by Aperam SA to certain subsidiaries.

Net change in measurement of deferred tax assets

Net change in measurement of deferred tax assets of €90 million in 2023 mainly relates to the recognition of additional net deferred tax assets on tax losses carried forward and other tax benefits of €101 million in various jurisdictions, partly offset by the effect of the recapture of interest expense on intercompany loans and withholding tax due to dividends received by some subsidiaries for €(7) million.

Net change in measurement of deferred tax assets of €44 million in 2022 mainly relates to the recognition of additional net deferred tax assets on tax losses carried forward of €51 million in various jurisdictions, partly offset by the effect of the recapture of interest expense on intercompany loans and withholding tax due to dividends received by some subsidiaries for €(10) million.

Tax credits

Tax credits of €1 million in 2023 and in 2022 relate to research tax credits in France.

Other tax exempt income and other permanent differences

Other tax exempt income and other permanent differences in 2023 and 2022 consists of a reduced taxation on the financing activity, taxation on dividends and interests on net equity, withholding taxes on intra-group corporate service fees and adjustments for tax deductible and non-deductible items.

Income tax recognised directly in equity

Income tax recognised in equity for the years ending December 31, 2023 and 2022 is as follows:

(in millions of Euros)	**2023**	**2022**
Deferred tax benefit / (expense)		
Recognised in Other Comprehensive Income / (Loss):		
Recognised actuarial gain / (loss)	2	(13)
Unrealised gain / (loss) on derivative financial instruments	8	(6)
Foreign currency translation adjustments	(1)	(3)
Recognised in Retained Earnings:	**—**	**—**
Total	**9**	**(22)**

The net deferred tax benefit / (expense) recorded directly to equity was €9 million as of December 31, 2023 and €(22) million as of December 31, 2022. There was no current tax booked directly in equity in 2023 and 2022.

Deferred tax assets and liabilities

The origin of deferred tax assets and liabilities is as follows:

	Assets		**Liabilities**		**Net**	
	December 31,		**December 31,**		**December 31,**	
(in millions of Euros)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Intangible assets	3	8	(14)	(9)	(11)	(1)
Property, plant and equipment	3	3	(169)	(169)	(166)	(166)
Biological assets	—	—	(27)	(17)	(27)	(17)
Inventories	36	29	(5)	(13)	31	16
Financial instruments	8	5	(5)	(11)	3	(6)
Other assets	4	8	(15)	(18)	(11)	(10)
Provisions	32	30	(64)	(76)	(32)	(46)
Other liabilities	32	36	(2)	(3)	30	33
Tax losses carried forward	138	149	—	—	138	149
Tax credits and other tax benefits	143	18	—	—	143	18
Deferred tax assets/(liabilities)	**399**	**286**	**(301)**	**(316)**	**98**	**(30)**
Deferred tax assets					213	101
Deferred tax liabilities					(115)	(131)

Deferred tax assets not recognised by the Company as of December 31, 2023, were as follows:

(in millions of Euros)	**Gross amount**	**Total deferred tax assets**	**Recognised deferred tax assets**	**Unrecognised deferred tax assets**
Tax losses carried forward	1,263	337	138	199
Tax credits and other tax benefits	597	191	143	48
Other temporary differences	431	118	118	—
Total		**646**	**399**	**247**

Deferred tax assets not recognised by the Company as of December 31, 2022, were as follows:

(in millions of Euros)	**Gross amount**	**Total deferred tax assets**	**Recognised deferred tax assets**	**Unrecognised deferred tax assets**
Tax losses carried forward	1,327	352	149	203
Tax credits and other tax benefits	339	113	18	95
Other temporary differences	432	119	119	—
Total		**584**	**286**	**298**

The Company has unrecognised deferred tax assets relating to tax losses carry forward, tax credits and other tax benefits amounting to €247 million and €298 million as of December 31, 2023 and 2022, respectively. As of December 31, 2023, the deferred tax assets not recognised relate to tax losses carry forward attributable to subsidiaries located in Luxembourg (€167 million), Brazil (€21 million), the Netherlands (€4 million), the United States (€4 million), Turkey (€2 million) and Italy (€1 million) and other tax benefits attributable to a subsidiary located in Malta (€48 million) with different statutory tax rates. Therefore, the amount of the total deferred tax assets is the aggregate amount of the various deferred tax assets recognised and unrecognised at the various subsidiaries and not the result of a computation with a blended rate.

The utilisation of tax losses carry forward is restricted to the taxable income of the subsidiary.

As of December 31, 2023, based upon the level of historical taxable income and projections for future taxable income over the periods in which the deductible temporary differences are anticipated to reverse, Management believes it is probable that the Company will realise the benefits in relation to an amount of deferred tax assets recognised for €213 million.

The amount of future taxable income required to be generated by the Company's operating subsidiaries to utilise the total deferred tax assets is approximately €699 million. Historically, the Company has been able to generate taxable income in sufficient amounts to permit it to utilise tax benefits associated with net operating losses carry forward and other deferred tax assets that have been recognised in its consolidated financial statements. However, the amount of the deferred tax assets considered realisable could be adjusted in the future if estimates of taxable income are revised.

The Company has not recorded any deferred income tax liabilities on the undistributed earnings of its foreign subsidiaries for income tax due if these earnings would be distributed. For investments in subsidiaries, branches, associates and investments, that are not expected to reverse in the foreseeable future, no deferred tax liability has been recognised as of December 31, 2023.

Tax losses carry forward

As of December 31, 2023, the Company had total estimated net tax losses carry forward of €1,263 million.

Such amount includes net operating losses of €336 million related to Aperam SA in Luxembourg and ELG Metals Holding Corp in the United States which expire as follows:

Year expiring	**Amount** *(in millions of Euros)*
2024	—
2025	—
2026	—
2027	—
2028	—
2029 - 2043(1)(2)	336
Total	**336**

Notes:
(1) Starting in 2017, any tax losses generated in 2017 and onwards will have an expiry date of 17 years in Luxembourg while tax losses generated before 2017 have no expiry date.
(2) Starting in 2018, any tax losses generated in 2018 and onwards will no longer have an expiry date in the United States while tax losses generated before 2018 have an expiry date of 20 years.

The remaining tax losses carry forward of €927 million are indefinite and attributable to the Company's operations in Australia, Belgium, Brazil, France, Germany, Italy, Luxembourg, South Africa, Spain, The Netherlands, Turkey, UK and the United States. Tax losses carry forward are denominated in the currency of the countries in which the respective subsidiaries are located and operate. Fluctuations in currency exchange rates could reduce the Euro equivalent value of these tax losses carry forward in future years.

Pillar Two Model Rules

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 upon their release on May 23, 2023). The Amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure as of December 31, 2023. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax. The Company will account for it as a current tax when incurred and when the legislation will be effective. Pillar Two legislation has been enacted or substantively enacted in the jurisdiction of Aperam S.A., the ultimate parent of the Group, and in certain other jurisdictions where the Company operates. The legislation is effective for the Company's financial year beginning January 1, 2024. Based on the applicable criteria, the Company is subject to Pillar Two minimum tax and has substantially performed the assessment of its potential exposure. The assessment that is being carried out is based on the latest available tax filings, country-by-country reporting for 2022, and the latest financial information for 2023, and considers the Pillar Two legislation as enacted in Luxembourg in execution of the EU Directive 2022/2523 by the Law of 22 December 2023, based on and published by OECD rules and guidelines. Based on the assessment carried out so far, Aperam does not expect a material impact of the Pillar Two legislation to the consolidated financial statements. Nevertheless, as the rules are complex, uncertainty exists and unforeseen outcomes of the Pillar Two legislation may exceptionally result in additional top-up tax.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Bank current accounts	109	262
Term accounts (initial maturity < 3 months)	334	195
Total	**443**	**457**

Aperam cash deposits are done with leading banks, having investment grade credit ratings in countries where it is represented.

NOTE 9: TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consisted of the following:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Trade accounts receivable from customers	352	389
Advance to suppliers	66	60
Other amounts receivable on TSR programme	11	5
Total	**429**	**454**

Trade accounts receivable from customers and loss allowance are as follows:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Gross amount	364	399
Loss allowance	(12)	(10)
Total	**352**	**389**

See Note 24 for information regarding trade accounts receivable from related parties.

Before accepting any new customer, the Company requests a credit limit authorisation from credit insurance companies or uses an internally developed credit scoring system to assess the potential customer's credit quality and to define credit limits by customer. For all significant customers, the credit terms must be approved by relevant credit committees. Limits and scoring attributed to customers are reviewed periodically. There are no customers which represent more than 10% of the total balance of trade accounts receivable and revenues.

Exposure to credit risk by reportable segment

The maximum exposure to credit risk for trade accounts receivable from customers by reportable segment is:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Stainless & Electrical Steel	76	126
Services & Solutions	133	153
Alloys & Specialties	57	44
Recycling & Renewables	86	66
Total	**352**	**389**

Exposure to credit risk by geography

The maximum exposure to credit risk for trade accounts receivable from customers by geographical area is:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Europe	191	206
South America	82	96
North America	71	78
Asia	8	9
Total	**352**	**389**

Ageing of trade accounts receivable

The ageing of trade accounts receivable from customers and loss allowance is as follows:

	December 31, 2023		**December 31, 2022**	
(in millions of Euros)	**Gross**	**Allowance [1]**	**Gross**	**Allowance [1]**
Not past due	308	—	348	—
Past due 0-30 days	25	—	28	—
Past due 31-180 days	19	—	13	—
More than 180 days	12	(12)	10	(10)
Total	**364**	**(12)**	**399**	**(10)**

Note:
[1] The large majority of the Group's trade receivables are covered by letters of credit or credit insurance obtained from reputable banks and other financial institutions, therefore ECL (Expected Credit Losses) is not significant.

The movement in the loss allowance in respect of trade accounts receivable during the year is as follows:

(in millions of Euros)

Balance as of January 1, 2022	**Additions**	**Deductions/ Releases**	**Balance as of December 31, 2022**
7	10	(7)	10

(in millions of Euros)

Balance as of January 1, 2023	**Additions**	**Deductions/ Releases**	**Balance as of December 31, 2023**
10	10	(8)	12

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are in the large majority covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. At December 31, 2023 and 2022, only trade receivables due above 180 days were fully impaired for an impact of €12 million and €10 million, respectively.

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 €550 million and €520 million as of December 31, 2023 and 2022, respectively. Through the TSR programme, certain operating subsidiaries of Aperam surrender control, major 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.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the years ending December 31, 2023 and 2022 were €2.8 billion and €2.8 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 €(23) million and €(10) million in 2023 and 2022, respectively.

NOTE 10: INVENTORIES

Inventories, net of provision for obsolescence, slow-moving inventories and excess of cost over net realisable value of €194 million and €187 million as of December 31, 2023 and December 31, 2022, respectively, are comprised of the following:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Finished products	654	759
Production in process	740	950
Raw materials	713	728
Manufacturing supplies, spare parts and other	174	155
Total	**2,281**	**2,592**

The amount of inventory pledged as collateral was below €1 million as of December 31, 2023 and 2022, respectively.

The movement in the allowance for obsolescence, slow-moving inventories and excess of cost over net realisable value is as follows:

(in millions of Euros)

Balance as of January 1, 2022	Additions	Deductions	Releases	Other Movements	Balance as of December 31, 2022
107	83	(6)	(1)	4	187

(in millions of Euros)

Balance as of January 1, 2023	Additions	Deductions	Releases	Other Movements	Balance as of December 31, 2023
187	107	(16)	(83)	(1)	194

The amount of inventories recognised as an expense in the cost of sales in the consolidated statement of operations (due to normal inventory consumption) was €(5,260) million and €(5,833) million during the years ending December 31, 2023, and 2022, respectively.

NOTE 11: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

(in millions of Euros)	December 31, 2023	December 31, 2022
Value added tax (VAT) and other amount receivable from tax authorities	75	62
Prepaid expenses and accrued receivables	22	14
Other	14	23
Total	**111**	**99**

NOTE 12: GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(in millions of Euros)	**Goodwill**	**Customer relationships, trade marks & technology and other intangible assets**	**Concessions, patents and licenses**	**Total**
Cost				
At January 1, 2022	414	145	100	659
Acquisitions	—	2	1	3
Disposals	—	—	(1)	(1)
Foreign exchange differences	15	5	3	23
Other movements	—	(5)	5	—
At December 31, 2022	**429**	**147**	**108**	**684**
Accumulated amortisation and impairment losses				
At January 1, 2022	—	(135)	(85)	(220)
Amortisation charge	—	—	(6)	(6)
Disposals	—	—	1	1
Foreign exchange differences	—	(5)	(3)	(8)
At December 31, 2022	**—**	**(140)**	**(93)**	**(233)**
Carrying amount				
At December 31, 2022	**429**	**7**	**15**	**451**
Cost				
At January 1, 2023	429	147	108	684
Acquisitions	—	1	1	2
Disposals	—	—	—	—
Foreign exchange differences	5	1	—	6
Other movements	—	(4)	4	—
At December 31, 2023	**434**	**145**	**113**	**692**
Accumulated amortisation and impairment losses				
At January 1, 2023	—	(140)	(93)	(233)
Amortisation charge	—	—	(6)	(6)
Disposals	—	—	—	—
Foreign exchange differences	—	(1)	—	(1)
At December 31, 2023	**—**	**(141)**	**(99)**	**(240)**
Carrying amount				
At December 31, 2023	**434**	**4**	**14**	**452**

As a result of the acquisition of Arcelor by Mittal Steel on August 1, 2006, associated goodwill, intangible assets, and certain fair value adjustments were recorded.

The goodwill acquired in this business combination was allocated to the four below operating segments based on the relative fair values of the operating segments :

(in millions of Euros)	Net value January 1, 2023	Foreign exchange differences	Net value December 31, 2023
Stainless & Electrical Steel	334	5	339
Alloys & Specialties	20	—	20
Services & Solutions	59	—	59
Recycling & Renewables	16	—	16
Total	**429**	**5**	**434**

Goodwill is tested at the group of cash-generating unit ("GCGU") level for impairment annually or whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2023, goodwill was tested at the GCGU level for impairment as of October 31. The Group reviewed as of December 31, 2023 any indication that long-lived assets (including goodwill) may be impaired. There were no additional triggers for impairment at the end of 2023 since the impairment test performed as of October 31, 2023. The GCGU is at the operating segment level of Aperam, which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amounts of the GCGUs are determined based on their value in use. The Company determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less costs of disposal of the GCGUs as the carrying value of the GCGUs was lower than their value in use.

The key assumptions for the value in use calculations are primarily the discount rates, terminal growth rates and the expected changes to raw material margin including nickel price, shipments and added costs during the period.

The discount rates used in the value in use calculations are presented in the table below:

	Stainless & Electrical Steel	Alloys & Specialties	Services & Solutions	Recycling & Renewables
GCGU weighted average post-tax discount rate used in 2022	8.5%	8.7%	10.5%	8.9%
GCGU weighted average post-tax discount rate used in 2023	8.8%	8.9%	11.9%	7.9%

The terminal growth rate used is estimated for 2023 at 2% (2022: 2%).

The results of the goodwill impairment test of 2022 and 2023 for each GCGU did not result in an impairment of goodwill as the value in use exceeded the carrying value of the GCGUs.

In validating the value in use determined for the GCGUs, key assumptions used in the discounted cash-flow model (such as discount rates, raw material margins, shipments, terminal growth rate and added costs) were sensitised to test the resilience of value in use.

The analysis did not result in any scenarios whereby a reasonable possible change in the aforementioned key assumptions would result in a recoverable amount for the GCGU to be inferior to the carrying value.

Research and development costs

Research and development costs do not meet the criteria for capitalisation and are expensed and included in selling, general and administrative expenses within the consolidated statement of operations. These costs amounted to €(24) million and €(21) million in the years ending December 31, 2023, and 2022, respectively.

There were no research and development costs capitalised during any of the periods presented.

NOTE 13: BIOLOGICAL ASSETS

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

(in millions of Euros)

Balance at January 1, 2022	31
Additions	18
Change in fair value[1]	22
Harvested trees	(25)
Foreign exchange differences	5
At December 31, 2022	**51**
Balance at January 1, 2023	51
Additions	44
Change in fair value[1]	49
Harvested trees	(37)
Foreign exchange differences	1
At December 31, 2023	**108**

Note:
(1) Recognised in cost of sales in the consolidated statements of operations.

The Company's biological assets comprise eucalyptus forests cultivated and planted in order to supply raw materials for the production of charcoal. The total area of 134 thousand hectares is composed of eucalyptus forest reserves in Brazil on December 31, 2023 compared to 127 thousand hectares on December 31, 2022. These areas are managed by Aperam BioEnergia Ltda that provides planting and coal production services.

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 projected cash flows are consistent with the area's growing cycle. The volume of eucalyptus production to be harvested was estimated considering the average productivity in cubic meters of wood per hectare from each plantation at the time of harvest. The average productivity varies according to the genetic material, climate and soil conditions and the forestry management programmes. The projected volume is based on the average annual growth which at the end of 2023 was equivalent to 28.6m3/ha/year, compared to 26m3/ha/year at the end of 2022.

The average net sales price of 119 Brazilian real per m3 (€22 per m3) on 2023 and 92 Brazilian real per m3 (€19 per m3) on 2022, was projected based on the estimated price for eucalyptus in the local market, through a market study and research of actual transactions, adjusted to reflect the price of standing trees by region. The average estimated cost considers expenses for felling, chemical control of growing, pest control, composting, road maintenance, inputs and labour services. Tax effects based on current rates of 34% in 2023, and 34% in 2022, as well as the contribution of other assets, such as property, plant and equipment and land were considered in the estimation based on average rates of return for those assets.

The valuation model considers the net cash flows after income tax and the post-tax discount rate used of 13.5% in 2023, and 13.76% in 2022. Discount rate is calculated using a Capital Asset Pricing Model.

The following table illustrates the sensitivity to a 10% variation in each of the significant unobservable inputs used to measure the fair value of the biological assets on December 31, 2023:

(in millions of Euros)	**Impacts on the fair value resulting from**	
Significant unobservable impacts	**10% increase**	**10% decrease**
Average annual volume	20	(20)
Average selling price	20	(20)
Discount rate	(8)	9

Sensitivity to a 10% variation in each of the significant unobservable inputs used to measure the fair value of the biological assets on December 31, 2022:

(in millions of Euros)	**Impacts on the fair value resulting from**	
Significant unobservable impacts	**10% increase**	**10% decrease**
Average annual volume	12	(12)
Average selling price	12	(12)
Discount rate	(5)	5

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarised as follows:

(in millions of Euros)	**Machinery, equipment and others** [(2)]	**Land, buildings and improvements**	**Right of use** [(1)]	**Construction in progress**	**Total**
Cost					
At January 1, 2022	2,387	742	129	118	3,376
Additions	48	2	9	234	293
Foreign exchange differences	59	19	1	8	87
Disposals	(70)	(11)	(1)	—	(82)
Transfer	67	7	—	(74)	—
Acquisitions through business combinations	(4)	(3)	—	—	(7)
Other movements	—	—	(1)	—	(1)
At December 31, 2022	**2,487**	**756**	**137**	**286**	**3,666**
Accumulated depreciation and impairment losses					
At January 1, 2022	(1,380)	(256)	(45)	—	(1,681)
Depreciation charge of the year [(3)]	(119)	(20)	(14)	—	(153)
Impairment loss [(3)]	(1)	(1)	—	—	(2)
Disposals	70	1	1	—	72
Foreign exchange differences	(36)	(8)	—	—	(44)
Other movements	(1)	—	2	—	1
At December 31, 2022	**(1,467)**	**(284)**	**(56)**	**—**	**(1,807)**
Carrying amount					—
At December 31, 2022	**1,020**	**472**	**81**	**286**	**1,859**
Cost					
At January 1, 2023	2,487	756	137	286	3,666
Additions	66	8	20	199	293
Foreign exchange differences	20	4	(1)	3	26
Disposals	(13)	—	(6)	(1)	(20)
Transfer	132	10	—	(142)	—
Other movements	1	—	1	3	5
At December 31, 2023	**2,693**	**778**	**151**	**348**	**3,970**
Accumulated depreciation and impairment losses					
At January 1, 2023	(1,467)	(284)	(56)	—	(1,807)
Depreciation charge of the year [(3)]	(124)	(20)	(17)	—	(161)
Impairment loss [(3)]	—	—	—	—	—
Disposals	13	1	6	—	20
Foreign exchange differences	(13)	(4)	—	—	(17)
Other movements	(1)	(1)	—	—	(2)
At December 31, 2023	**(1,592)**	**(308)**	**(67)**	**—**	**(1,967)**
Carrying amount					—
At December 31, 2023	**1,101**	**470**	**84**	**348**	**2,003**

Notes:
(1) The presentation of Right-of-use assets has changed in 2023 within the Note 14. For the sake of comparison, information for 2022 has been recast accordingly. right-of-use assets included in those sections are also detailed in Note 22 “Leases”.
(2) Bearer plants are included in this section for a net amount of €48 million at end December 31, 2023 and €38 million at end December 31, 2022.
(3) The amount of amortisation, depreciation and impairment of €204 million recorded in the consolidated statement of operations for the year ending December 31, 2023 consists in the depreciation charge of PP&E of €161 million, the amount of harvested trees in Biological assets of €37 million (Note 13), and the amortisation charge of intangible assets of €6 million (Note 12), compared to €186 million recorded in the consolidated statement of operations for the year ending December 31, 2022 consists in the depreciation charge of PP&E of €153 million, the amount of harvested trees in Biological assets of €25 million (Note 13), the amortisation charge of intangible assets of €6 million (Note 12) and the impairment losses in PP&E of €2 million.

As of December 31, 2023, and 2022, temporarily idle assets included in the Stainless & Electrical Steel segment were below €1 million and below €1 million, respectively. There were no temporarily idle assets included in the other segments as of any of the periods presented.

During the year ending December 31, 2023, and in conjunction with its testing of goodwill for impairment, the Company analysed the recoverable amount of its property, plant and equipment. Property, plant and equipment were tested at the Cash Generating Unit (“CGU”) level. In certain instances, the CGU is an integrated manufacturing facility which may also be an operating subsidiary. Furthermore, a manufacturing facility may be operated together with another facility, with neither facility generating cash flows that are largely independent from the cash flows in the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2023 and December 31, 2022, the Company had determined it has nine CGUs. The recoverable amounts of the CGUs are determined based on value in use calculation with application of the discount rates estimated as weighted average cost of capital and follow similar assumptions as those used for the test on impairment for goodwill.

The amount of property, plant and equipment pledged as collateral was €1.7 million as of December 31, 2023 and €1.6 million as of December 31, 2022.

NOTE 15: ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The Company holds the following investments:

		December 31,	
(in millions of Euros)	**Location**	**2023**	**2022**
Equity instruments at fair value through OCI	Various	3	1
Investments accounted for under equity method	Various	5	2
Total investments in associates, joint ventures and other investments		**8**	**3**

NOTE 16: OTHER NON CURRENT ASSETS

Other non current assets consisted of the following:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Long-term VAT receivables	38	35
Pension fund assets (Note 20)	16	13
Cash guarantees and deposits	12	22
Life insurance policies	11	11
Receivable from public authorities	4	4
Reimbursement rights (Note 20)	2	2
Other financial assets	8	9
Total	**91**	**96**

NOTE 17: 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)	**December 31, 2023**	**December 31, 2022**
Short-term bank loans and other credit facilities[1]	274	143
Current portion of long-term debt	70	102
Lease obligations (Note 22)	16	13
Total	**360**	**258**

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.

On December 31, 2023, an amount of €135 million was drawn under the Aperam NEU commercial paper programme at an interest rate range between 4.05% and 4.34% for the EUR denominated part and 5.84% for the USD denominated part (€114 million on December 31, 2022 at an interest rate range between 0.00% and 2.75%).

€500m 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 contains a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2023, this financial covenant was fully met.

On December 31, 2023 and December 31, 2022, the Facility was not drawn.

€200m Unsecured revolving credit facility

On September 26, 2023, Aperam entered into a 3+1 years sustainably linked senior unsecured revolving credit facility ("The Facility") of €200 million with a syndicate of 7 banks. The Facility is for the repayment of amounts outstanding under the existing financial indebtedness, together with any breakage costs and other costs and expenses payable in connection with such repayment and for general corporate purposes.

The Facility contains a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2023, this financial covenant was fully met.

On December 31, 2023, an amount of €120 million was drawn under the Facility at an interest rate range between 4.67% and 4.76%.

Long-term debt is comprised of the following:

(in millions of Euros)	**Year of maturity**	**Type of Interest**	**Interest rate(1)**	**December 31, 2023**	**December 31, 2022**
Corporate					
Term facility	2026-2028	Fixed	1.52%	299	299
EIB loan 1	2024-2028	Fixed	1.669%	27	33
EIB loan 2	2024-2029	Fixed	1.307%	75	88
EIB loan 3	2024-2031	Fixed	0.88%	75	75
Schuldscheindarlehen	2024-2026	Fixed	1.20% - 1.50%	82	150
Schuldscheindarlehen	2024-2026	Floating	n/a	—	40
Other debt	n/a	n/a	n/a	2	—
Total				**560**	**685**
Lease obligations (2)				100	97
Less current portion of long-term debt				(70)	(102)
Less current portion of lease obligations (2)				(16)	(13)
Total long-term debt, net of current portion				**574**	**667**

Notes:
(1) Rates applicable to balances outstanding as of December 31, 2023.
(2) Details on Lease obligations in Note 22 Leases

Fixed Rate Term facility

On February 11, 2022, Aperam announced having entered into a 6 years sustainably linked amortising 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 December 31, 2022, this financial covenant was fully met.

The Loan was fully drawn as of December 31, 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% 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%, 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 December 31, 2023, €177 million was outstanding on these EIB loans (€196 million as of December 31, 2022).

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 order book, 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 which resulted in full repayment of the floating part.

As of December 31, 2023, €82 million was outstanding on this *Schuldscheindarlehen* (€190million as of December 31, 2022)

Scheduled maturities of short-term and long-term debt are as follows:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
2023	—	258
2024	360	96
2025	79	73
2026	146	151
2027	135	136
2028	135	135
Subsequent years	79	76
Total	**934**	**925**

The following table presents the structure of the Company's debt and cash in original currencies:

(in millions of Euros)	In EUR equivalent as of December 31, 2023				
	Total EUR	**EUR**	**USD**	**BRL**	**Others**
Short-term debt and current portion of long-term debt	360	335	3	4	18
Long-term debt	574	536	26	9	3
Cash and cash equivalents	443	312	35	57	39

(in millions of Euros)	In EUR equivalent as of December 31, 2022				
	Total EUR	**EUR**	**USD**	**BRL**	**Others**
Short-term debt and current portion of long-term debt	258	224	22	1	11
Long-term debt	667	632	29	4	2
Cash and cash equivalents	457	206	90	132	29

The following tables summarise the Company's bases used to measure its debt at fair value. Fair value measurement has been classified into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	As of December 31, 2023				
(in millions of Euros)	**Carrying Amount**				**Fair Value**
		Level 1	**Level 2**	**Level 3**	**Total**
Instruments payable bearing interest at fixed rates	795	—	735	—	735
Instruments payable bearing interest at variable rates	139	—	133	—	133
Total	**934**	**—**	**868**	**—**	**868**

	As of December 31, 2022				
(in millions of Euros)	**Carrying Amount**				**Fair Value**
		Level 1	**Level 2**	**Level 3**	**Total**
Instruments payable bearing interest at fixed rates	747	—	692	—	692
Instruments payable bearing interest at variable rates	178	—	170	—	170
Total	**925**	**—**	**862**	**—**	**862**

Fixed rate debt is based on estimated future cash flows which are discounted using current zero coupon rates for the relevant maturities and currencies as well as Aperam's credit spread quotations for the relevant maturities and classified as Level 2.

The following table summarises the movements on financial liabilities between financing cash flows impacts and other non-cash impacts :

(in millions of Euros)	**Short-term debt and current portion of long-term debt**	**Long-term debt, net of current portion**
Balance at January 1, 2022	271	719
Changes from financing cash flows		
Net proceeds / (payments) of debt	(158)	98
Repayments of lease (Note 22)	(12)	(2)
Total changes from financing cash flows	**(170)**	**96**
Effect of changes in foreign exchange rates	4	2
New leases during the year (Note 22)	1	8
Other debt	—	(6)
Reclassification between non-current and current debt	152	(152)
Balance at December 31, 2022	**258**	**667**
Balance at January 1, 2023	258	667
Changes from financing cash flows		
Net proceeds / (payments) of debt	32	(24)
Repayments of lease (Note 22)	(13)	(2)
Total changes from financing cash flows	**19**	**(26)**
Effect of changes in foreign exchange rates	(4)	(1)
New leases during the year (Note 22)	4	16
Other debt	—	1
Reclassification between non-current and current debt	83	(83)
Balance at December 31, 2023	**360**	**574**

For the purposes of preparation of this table interest expenses were ignored as materially equal to interest repayments.

NOTE 18: PROVISIONS

The movements by provision were as follows:

(in millions of Euros)	Balance at January 1, 2022	Additions	Provisions used during the year	Provisions reversed during the year	Foreign Exchange and other movements	Balance at December 31, 2022
Litigation (Note 26)	28	6	—	(2)	2	34
Environmental (Note 26)	30	1	(3)	(2)	—	26
Vacating and demolition (Note 26)	8	—	(2)	—	—	6
Voluntary separation plans	5	1	(2)	—	—	4
Other	16	7	(2)	(4)	2	19
Total	**87**	**15**	**(9)**	**(8)**	**4**	**89**
Short-term provisions	27					26
Long-term provisions	60					63
Total	**87**					**89**

(in millions of Euros)	Balance at January 1, 2023	Additions	Provisions used during the year	Provisions reversed during the year	Foreign Exchange and other movements	Balance at December 31, 2023
Litigation (Note 26)	34	4	(2)	(11)	2	27
Environmental (Note 26)	26	4	(3)	(2)	2	27
Vacating and demolition (Note 26)	6	—	—	—	—	6
Voluntary separation plans	4	2	(1)	(1)	—	4
Other	19	5	(6)	(1)	(2)	15
Total	**89**	**15**	**(12)**	**(15)**	**2**	**79**
Short-term provisions	26					24
Long-term provisions	63					55
Total	**89**					**79**

There are uncertainties regarding the timing and amount of the provisions above. Changes in underlying facts and circumstances for each provision could result in differences with the amounts above and the actual outflows.

Provisions for litigations related to probable losses that have been incurred due to a present legal or constructive obligation are expected to be settled in a period of one to four years. Details about legal matters is provided in Note 26.

Environmental provisions are related to probable environmental assessments and are expected to be used for up to 20 years.

Vacating and demolition provisions are related to remedial efforts and are expected to be used for up to 20 years.

Voluntary separation plans are mainly due to social costs provisions related to asset optimisation.

Other includes provisions for technical warranties, guarantees as well as other disputes.

NOTE 19: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses were comprised of the following as of:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Accrued payroll and employee related expenses	148	166
Payables for acquisition of intangible assets & property plant & equipment	69	47
VAT and other amounts due to public authorities	31	34
Unearned revenue and accrued payables	15	11
Accrued interests	2	3
Other creditors	27	25
Total	**292**	**286**

NOTE 20: EMPLOYEE BENEFITS

The total net employee benefits as of December 31, 2023 and 2022 are presented as follows in the below table:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Pension fund assets (Note 16)	16	13
Employee Benefits liabilities	(153)	(136)
Total Net Employee Benefits	**(137)**	**(123)**

The Company's operating subsidiaries have different types of pension plans for its employees. Also, some of the operating subsidiaries offer other post-employment benefits, principally retirement indemnities. Limited health care benefits are also offered to some employees in Belgium. The expense associated with these pension plans and employee benefits, as well as the carrying amount of the related liability / asset on the statements of financial position are based on a number of assumptions and factors such as the discount rate, expected compensation increases, actual return on plan assets and market value of the underlying assets.

Statement of Financial Position

Together with plans and obligations that do not constitute pension or other post-employment benefits, the total employee benefits are as follows :

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Pension plan benefits liabilities	*(88)*	*(80)*
Pension fund assets (Note 16)	*16*	*13*
Net Pension Plan	(72)	(67)
Other post-employment benefits	(38)	(36)
Early retirement benefits	(27)	(20)
Other long-term employee benefits	—	—
Total Net Employee Benefits	**(137)**	**(123)**
Reimbursement rights (Note 16)	2	2
Total Net Employee Benefits and reimbursement rights	**(135)**	**(121)**

Pension Plans

A summary of the significant defined benefit pension plans is as follows:

Brazil

Brazilian entities have defined contribution ("DC") plans that are financed by employer and employee contributions. The prior defined benefit ("DB") plans, financed through trust funds, have been closed to new entrants and are covering mostly liabilities for retirees. For the time being, assets in the funds are sufficient to cover liabilities and Aperam is not contributing. Aperam is not allowed to recover the excess of assets in these funds.

Europe

Certain European operating subsidiaries maintain primarily unfunded defined benefit pension plans for a certain number of employees. Benefits are based on such employees' length of service and applicable pension table under the terms of individual agreements. Some of these unfunded plans have been closed to new entrants and replaced by defined contribution pension plans for active members financed by employer and employee contributions.

The majority of the funded defined benefit payments (mainly Brazil) provide benefit payments from external fully insured assets. Aperam also sponsors a number of unfunded plans where the Company meets the benefit payment obligation as it falls due.

Aperam has maintained significant defined benefit (DB) pension plans in the following major countries:

- In France, for covering the liabilities for retirement indemnities for all active employees and for the closed pension plan IRUS ("*Institution de Retraite Usinor Sacilor*") with no more active employees. There are no separate assets to cover these liabilities.
- In Germany, covering mostly retired employees and with no separate assets.
- In Belgium, there are several pension arrangements (DB and DC-Defined Contribution plans with guaranteed interest) funded through separate insured assets under group insurances. Most of the insured plans have assets in Branch 21 (with a guaranteed return and potentially profit sharing) and there are also insured plans in Branch 23 which assets are invested in funds. For time being, for the DC plans the return on assets obtained (guaranteed interest rates plus profit sharing or return on investments) are sufficient to honour the minimum guaranteed interest rates to which Aperam is liable under plan rules and Belgian legislation.

Aperam Recycling

Aperam Recycling recognises defined benefit obligations for benefit programmes inherited from the acquisition of ELG Group in 2021. These programmes consist of both defined contribution and defined benefit pension systems. For the defined contribution pension plans, there is no additional obligation beyond the payment of contributions. The pension obligations are largely attributable to Germany, UK and the USA and the characteristics specific to these countries are described below.

In Germany, obligations are financed through provisions. The British and American defined benefit pension obligations are largely financed through plan assets (UK) and life insurance investments (USA). The investment strategies and minimum assets allocation are regularly reviewed.

The following tables detail the reconciliation of defined benefit obligation and plan assets in the consolidated statement of financial position.

(in millions of Euros)	2023 Total	Americas	Europe
Change in benefit obligation			
Benefit obligation at beginning of the year	(271)	(79)	(192)
Service cost	(6)	—	(6)
Interest cost	(16)	(8)	(8)
Actuarial losses	(24)	(12)	(12)
Demographic assumptions	*1*	—	*1*
Financial assumptions	*(20)*	*(7)*	*(13)*
Experience adjustments	*(5)*	*(5)*	—
Benefits paid	16	7	9
Foreign currency exchange rate differences and other movements	(4)	(4)	—
Benefit obligation at end of the year	**(305)**	**(96)**	**(209)**
Actives	*(138)*	*(4)*	*(134)*
Terminated vested	*(28)*	—	*(28)*
Retirees	*(139)*	*(92)*	*(47)*
Benefit obligation at end of the year	**(305)**	**(96)**	**(209)**
Change in plan assets			
Fair value of plan assets at beginning of the year	245	122	123
Interest income on plan assets	19	14	5
Return on plan assets greater than discount rate	6	2	4
Employer contributions	8	—	8
Benefits paid	(12)	(7)	(5)
Foreign currency exchange rate differences and other movements	6	5	1
Fair value of plan assets at end of the year	**272**	**136**	**136**
Present value of wholly or partly funded obligation	(219)	(90)	(129)
Fair value of plan assets	272	136	136
Net present value of wholly or partly funded obligation	**53**	**46**	**7**
Present value of unfunded obligation	(87)	(6)	(81)
Prepaid due to unrecoverable surpluses	(38)	(38)	—
Recognised net liabilities	**(72)**	**2**	**(74)**
Change in unrecoverable surplus			
Unrecoverable surplus at beginning of the year	41	41	—
Interest cost on unrecoverable surplus	5	5	—
Change in unrecoverable surplus in excess of interest	(8)	(8)	—
Exchange rates changes	—	—	—
Unrecoverable surplus at end of the year	**38**	**38**	**—**

(in millions of Euros)		2022	
	Total	**Americas**	**Europe**
Change in benefit obligation			
Benefit obligation at beginning of the year	(342)	(76)	(266)
Service cost	(8)	—	(8)
Interest cost	(11)	(7)	(4)
Actuarial gains	84	7	77
Demographic assumptions	*—*	*—*	*—*
Financial assumptions	*80*	*5*	*75*
Experience adjustments	*4*	*2*	*2*
Benefits paid	14	7	7
Foreign currency exchange rate differences and other movements	(8)	(10)	2
Benefit obligation at end of the year	**(271)**	**(79)**	**(192)**
Actives	*(124)*	*(3)*	*(121)*
Terminated vested	*(26)*	*—*	*(26)*
Retirees	*(121)*	*(76)*	*(45)*
Benefit obligation at end of the year	**(271)**	**(79)**	**(192)**
Change in plan assets			
Fair value of plan assets at beginning of the year	270	106	164
Interest income on plan assets	12	10	2
Return on plan assets less than discount rate	(48)	(3)	(45)
Employer contributions	9	1	8
Benefits paid	(10)	(7)	(3)
Foreign currency exchange rate differences and other movements	12	15	(3)
Fair value of plan assets at end of the year	**245**	**122**	**123**
Present value of wholly or partly funded obligation	(198)	(79)	(119)
Fair value of plan assets	245	122	123
Net present value of wholly or partly funded obligation	**47**	**43**	**4**
Present value of unfunded obligation	(73)	—	(73)
Prepaid due to unrecoverable surpluses	(41)	(41)	—
Recognised net liabilities	**(67)**	**2**	**(69)**
Change in unrecoverable surplus			
Unrecoverable surplus at beginning of the year	29	29	—
Interest cost on unrecoverable surplus	3	3	—
Change in unrecoverable surplus in excess of interest	4	4	—
Exchange rates changes	5	5	—
Unrecoverable surplus at end of the year	**41**	**41**	**—**

Asset ceiling

In accordance with IFRS, assets recognised for a defined benefit plan are limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan. The amount not recognised in the fair value of plan assets due to the asset ceiling was €38 million and €41 million at December 31, 2023, and 2022, respectively.

Other post-employment benefits

The Company’s entities located in France and Belgium provide Other Post-Employment Benefits (“OPEB”) to retirees. The following tables detail the reconciliation of OPEB and plan assets in the consolidated statement of financial position.

	Year Ending December 31, 2023		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Change in post-employment benefit obligation			
Benefit obligation at beginning of year	(36)	—	(36)
Service cost	(2)	—	(2)
Interest cost	(1)	—	(1)
Actuarial losses	(2)	—	(2)
Demographic assumptions	—	—	—
Financial assumptions	*(2)*	—	*(2)*
Experience adjustments	—	—	—
Benefits paid	3	—	3
Benefit obligation at end of year	**(38)**	**—**	**(38)**
Actives	*(38)*	—	*(38)*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of year	**(38)**	**—**	**(38)**
Fair value of assets	—	—	—
Present value of funded obligation	—	—	—
Fair value of plan assets	—	—	—
Net present value of funded obligation	—	—	—
Present value of unfunded obligation	(38)	—	(38)
Recognised liabilities	**(38)**	**—**	**(38)**

	Year Ending December 31, 2022		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Change in post-employment benefit obligation			
Benefit obligation at beginning of year	(48)	—	(48)
Service cost	(3)	—	(3)
Interest cost	(2)	—	(2)
Actuarial gains	14	—	14
Demographic assumptions	—	—	—
Financial assumptions	*12*	—	*12*
Experience adjustments	*2*	—	*2*
Benefits paid	3	—	3
Benefit obligation at end of year	**(36)**	**—**	**(36)**
Actives	*(36)*	—	*(36)*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of year	**(36)**	**—**	**(36)**
Fair value of assets	—	—	—
Present value of funded obligation	—	—	—
Fair value of plan assets	—	—	—
Net present value of funded obligation	—	—	—
Present value of unfunded obligation	(36)	—	(36)
Recognised liabilities	**(36)**	**—**	**(36)**

Reimbursement rights

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to €2 million as of December 31, 2023 and €2 million as of December 31, 2022.

Plan Assets

The weighted average asset allocations by asset category in Americas were as follows:

	December 31, 2023	December 31, 2022
Equity Securities	1%	1%
Asset classes that have a quoted market price in an active market	*1%*	*1%*
Asset classes that do not have a quoted market price in an active market	*—%*	*—%*
Fixed Income (including cash)	87%	87%
Asset classes that have a quoted market price in an active market	*87%*	*87%*
Asset classes that do not have a quoted market price in an active market	*—%*	*—%*
Real Estate	2%	2%
Asset classes that do not have a quoted market price in an active market	*2%*	*2%*
Asset classes that have a quoted market price in an active market	*—%*	*—%*
Other	10%	10%
Total	**100%**	**100%**

The weighted average asset allocations by asset category in Europe were as follows:

	December 31, 2023	December 31, 2022
Equity Securities	3%	3%
Asset classes that have a quoted market price in an active market	*3%*	*3%*
Asset classes that do not have a quoted market price in an active market	*—%*	*—%*
Fixed Income (including cash)	22%	22%
Asset classes that have a quoted market price in an active market	*22%*	*22%*
Asset classes that do not have a quoted market price in an active market	*—%*	*—%*
Real Estate	1%	1%
Asset classes that do not have a quoted market price in an active market	*1%*	*1%*
Asset classes that have a quoted market price in an active market	*—%*	*—%*
Other	74%	74%
Total	**100%**	**100%**

The assets related to the funded defined benefit pension plans in Europe are related to insured contracts in Belgium and to a pension trust in the UK, and in Americas invested mainly in government and corporate bonds. These assets do not include any direct investment in Aperam or in property or other assets occupied or used by Aperam and hence classified under other asset category above. This does not exclude Aperam shares included in mutual fund investments. The invested assets produced an actual return of €25 million in 2023 and a negative actual return of €36 million in 2022.

The Remuneration Committee of the Board of Directors for the respective operating subsidiaries has general supervisory authority over the respective trust funds. This committee has established the following asset allocation targets. These targets are considered benchmarks for 2023 and 2022 and are not mandatory.

	AMERICAS	EUROPE
Equity Securities	2%	2%
Fixed Income (including cash)	85%	5%
Real Estate	2%	1%
Other	11%	92%
Total	**100%**	**100%**

Weighted average assumptions used to determine benefit obligations:

	Pension Plans		Other Post-Employment Benefits	
	December 31,		December 31,	
	2023	2022	2023	2022
	Discount rate			
Range [1]	3.25%-9.09%	3.50%-7.20%	3.25%	3.75%
Weighted average	5.16%	4.76%	3.25%	3.75%
	Rate of compensation increase			
Range [1]	2.00%-4.73%	2.00%-5.19%	2.00%-3.05%	2.00%-3.3%
Weighted average	2.05%	2.12%	2.00%	3.05%
	Average longevity at retirement age for current pensioners (years)			
Males	22.265	22.475	n/a	n/a
Females	26.412	26.604	n/a	n/a

Note:
(1) Rates denominated in the functional currency of the related Company's subsidiaries.

Cash Contributions

Cash contributions to the defined contribution plans, sponsored by the Company, were €2 million and €3 million in 2023 and 2022, respectively. Cash contributions in respect of defined contribution plans and other pension plans to be made during the year ending December 31, 2024 are expected to be similar to 2023.

Maturity profile of the defined benefits plans

On December 31, 2023, the weighted average durations of the pension and other post-employment benefits plans were 13 years and 7 years, respectively.

On December 31, 2022, the weighted average durations of the pension and other post-employment benefits plans were 11 years and 12 years, respectively.

Risks associated with defined benefit plans

Through its defined benefit pension plans and OPEB plans, Aperam is exposed to a number of risks, the most significant of which are detailed below:

Change in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Investment risk
The present value of the defined plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. For Aperam's funded plans, plan assets hold a significant portion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the plans.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Sensitivity analysis
The following information illustrates the sensitivity to a change in certain assumptions related to the Company's operating subsidiaries' pension plans (as of December 31, 2023 and December 31, 2022, the defined benefit obligation ("DBO") for pension plans were €305 million and €271 million):

(in millions of Euros)	**Effect on 2023 Pre-Tax Pension Expense (sum of service cost and interest cost) (1)**	**Effect of December 31, 2023 DBO**
Change in assumption		
100 basis point decrease in discount rate	1	(31)
100 basis point increase in discount rate	(1)	28
100 basis point decrease in rate of compensation	—	—
100 basis point increase in rate of compensation	—	—
1-year increase of the expected life of the beneficiaries	—	(6)
1-year decrease of the expected life of the beneficiaries	—	6

Note:
(1) Effects of change in assumptions on 2023 Pre-Tax pension expense were below €1 million

(in millions of Euros)	**Effect on 2022 Pre-Tax Pension Expense (sum of service cost and interest cost) (1)**	**Effect of December 31, 2022 DBO**
Change in assumption		
100 basis point decrease in discount rate	1	(28)
100 basis point increase in discount rate	(1)	26
100 basis point decrease in rate of compensation	—	1
100 basis point increase in rate of compensation	—	(1)
1-year increase of the expected life of the beneficiaries	—	(2)
1-year decrease of the expected life of the beneficiaries	—	2

Note:
(1) Effects of change in assumptions on 2022 Pre-Tax pension expense were below €1 million.

The following table illustrates the sensitivity to a change in the discount rate assumption related to the Company's operating subsidiaries' OPEB plans (as of December 31, 2023 and December 31, 2022, the DBO for post-employment benefit plans were €38 million and €36 million):

(in millions of Euros)	**Effect on 2023 Pre-Tax Pension Expense (sum of service cost and interest cost)(1)**	**Effect of December 31, 2023 DBO**
Change in assumption		
100 basis point decrease in discount rate	—	(4)
100 basis point increase in discount rate	—	3
100 basis point decrease in rate of compensation	—	3
100 basis point increase in rate of compensation	—	(3)
1-year increase / decrease of the expected life of the beneficiaries	—	—

Note:
(1) Effects of change in assumptions on 2023 OPEB expense were below €1 million.

(in millions of Euros)	**Effect on 2022 Pre-Tax Pension Expense (sum of service cost and interest cost)(1)**	**Effect of December 31, 2022 DBO**
Change in assumption		
100 basis point decrease in discount rate	—	(3)
100 basis point increase in discount rate	—	2
100 basis point decrease in rate of compensation	—	3
100 basis point increase in rate of compensation	—	(3)
1-year increase / decrease of the expected life of the beneficiaries	—	—

Note:
(1) Effects of change in assumptions on 2022 OPEB expense were below €1 million.

The above sensitivities reflect the effect of changing one assumption at a time. Actual economic factors and conditions often affect multiple assumptions simultaneously, and the effects of changes in key assumptions are not necessarily linear. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

NOTE 21: 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, following the decision of the Extraordinary General Meeting of May 7, 2019, to cancel issued shares acquired under the share buyback programme announced on July 30, 2021, the Company cancelled 1,959,592 issued shares acquired under the programme. The share capital decreased consequently from €419,030,922 to €408,912,245.

On December 31, 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.

To the knowledge of the Board of Directors, the shareholding (1) may be specified as follows:

	December 31, 2023	December 31, 2022
Significant Shareholder (2)	37.82%	36.91%
Treasury shares (3)	7.42%	9.77%
Other public shareholders	54.76%	53.32%
Total	**100.00%**	**100.00%**

Notes:
(1) Shareholding disclosed in the above table relates to shareholders owning 5% or more of the share capital.
(2) Please refer to the share capital section of the Management Report for the definition of the term "Significant shareholder".
(3) Treasury shares of 7.42% includes 75,633 shares held by Aperam SA and 5,711,848 shares held by Aperam HoldCo S.à r.l.

Treasury shares

Share buy-back

Between February 18, 2022 and April 12, 2022 the Company acquired 2,311,849 of its own shares under the share buy-back programme announced on February 11, 2022, for a total consideration of €100 million.

Between August 2, 2022 and September 30, 2022 the Company acquired 3,499,999 of its own shares under the share buy-back programme announced on May 6, 2022, for a total consideration of €94 million.

On February 7, 2023, 1,959,592 shares acquired under the 2021 share buyback programme were cancelled in line with the announced purpose of the programme.

Share unit plans

During 2022, a total of 90,545 shares (130,759 shares, net of 40,214 shares retained for tax purposes) were allocated to qualifying employees under the PSU plan granted in June 2019.

During 2023, a total of 65,517 shares (84,771 shares, net of 19,254 shares retained for tax purposes) were allocated to qualifying employees under the PSU plan granted in June 2020.

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

Dividends

On May 4, 2022, at the 2022 Annual General Meeting, the shareholders approved a base dividend of €2.00 (gross) per share. The dividend was paid in four equal quarterly instalments of €0.50 (gross) per share.

On May 2, 2023, at the 2023 Annual General Meeting, the shareholders approved a base dividend of €2.00 (gross) per share. The dividend was paid in four equal quarterly instalments of €0.50 (gross) per share.

Share Unit Plan

On July 12, 2011, the ordinary general meeting of shareholders approved an equity-based incentive plan to key employees of Aperam. The plan comprised a Restricted Share Unit Plan (“RSU Plan”) and a Performance Share Unit Plan (“PSU Plan”) designed to incentivise the targeted employees, to improve the long-term performance of the Company and to retain key employees. Both the RSU Plan and the PSU Plan were intended to promote the alignment of interests between the Company’s shareholders and eligible employees by allowing them to participate in the success of the Company.

The RSU and PSU plans shall vest in full on the three-year anniversary of the date on which the award was granted contingent upon the continued active employment of the employee within the Group. The aim of the RSU Plan was to provide a retention incentive to eligible employees. The RSUs were an integral part of the Company’s remuneration framework in which it serves the specific objective of medium-term and long-term retention.

The main objective of the PSU Plan is to be an effective performance-enhancing scheme based on the achievement of the Company’s strategy.

The maximum number of shares available for grant is subject to the prior approval of the Company’s shareholders at the annual general meeting, such approval being valid until the next annual general meeting.

The allocation of equity based incentives to eligible employees under the RSU Plan and the PSU Plan is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which makes a proposal and recommendation to the full Board of Directors.

The following table summarises the Company's share unit plans outstanding on December 31, 2023:

At Grant date						Number of units issued as of December 31, 2023		
Grant date	Type of plan	Number of units	Number of beneficiaries	Maturity	Fair value per units (in €)	Units outstanding	Units vested	Units forfeited
Jun 1, 2020	PSU	101,806	29	Jun 1, 2023	21.58	—	(91,318)	(10,488)
Jun 1, 2020	RSU	54,060	42	Jun 1, 2023	21.58	—	(46,753)	(7,307)
Jun 14, 2021	PSU	54,336	28	Jun 14, 2024	43.18	54,089	—	(247)
Jun 14, 2021	RSU	39,325	44	Jun 14, 2024	43.18	38,048	—	(1,277)
Jun 1, 2022	PSU	66,815	32	Jun 1, 2025	38.83	65,708	—	(1,107)
Jun 1, 2022	RSU	43,425	58	Jun 1, 2025	38.83	40,918	—	(2,507)
Jun 1, 2023	PSU	88,146	36	Jun 1, 2026	33.25	88,146	—	—
Jun 1, 2023	RSU	97,750	100	Jun 1, 2026	33.25	97,750	—	—
TOTAL		**545,663**				**384,659**	**(138,071)**	**(22,933)**

The following table summarizes the Company's share unit plans outstanding on December 31, 2022:

At Grant date						Number of units issued as of December 31, 2022		
Grant date	Type of plan	Number of units	Number of beneficiaries	Maturity	Fair value per units (in €)	Units outstanding	Units vested	Units forfeited
Jun 1, 2019	PSU	102,662	48	Jun 1, 2022	26.23	—	(84,922)	(17,740)
Jun 1, 2020	PSU	101,806	29	Jun 1, 2023	21.58	91,318	—	(10,488)
Jun 1, 2020	RSU	54,060	42	Jun 1, 2023	21.58	46,753	—	(7,307)
Jun 14, 2021	PSU	54,336	28	Jun 14, 2024	43.18	54,336	—	—
Jun 14, 2021	RSU	39,325	44	Jun 14, 2024	43.18	38,295	—	(1,030)
Jun 1, 2022	PSU	66,815	32	Jun 1, 2025	38.83	66,815	—	—
Jun 1, 2022	RSU	43,425	58	Jun 1, 2025	38.83	43,425	—	—
TOTAL		**462,429**				**340,942**	**(84,922)**	**(36,565)**

The fair value of the units allocated to the beneficiaries is recorded as an expense in the consolidated statements of operations (selling, general and administrative expenses) over the relevant vesting or service periods. The compensation expense recognised for the performance and restricted stock units was €(3) million and €(4) million for the years ending December 31, 2023, and 2022, respectively.

Share unit plan activity is summarised below as of and for each year ending December 31, 2023 and 2022:

	RSUs		PSUs	
	Number of units	Fair value per units (€)	Number of units	Fair value per units (€)
Outstanding Jan 1, 2022	**86,078**	**31.45**	**230,576**	**28.38**
Granted	43,425	38.83	66,815	38.83
Vested	—	—	(84,922)	26.23
Forfeited	(1,030)	43.18	—	—
Outstanding Dec 31, 2022	**128,473**	**33.85**	**212,469**	**32.53**
Granted	97,750	33.25	88,146	33.25
Vested	(46,753)	21.58	(91,318)	21.58
Forfeited	(2,754)	39.22	(1,354)	39.62
Outstanding Dec 31, 2023	**176,716**	**36.68**	**207,943**	**37.60**

Earnings per common share

(in millions of Euros)	Year Ending December 31, 2023	2022
Net income considered for the purposes of basic earnings per share	**203**	**625**
Net income considered for the purposes of diluted earnings per share	**203**	**625**
Weighted average common shares outstanding (in millions) for the purposes of basic earnings per share	**72.2**	**75.1**
Incremental shares from assumed conversion of stock options, restricted share units and performance share units	0.6	0.3
Weighted average common shares assuming conversions (in millions) used in the calculation of diluted earnings per share	**72.8**	**75.4**
Earnings per common share (in Euros)		
Basic	2.81	8.33
Diluted	2.79	8.29

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The group's objectives when managing capital are to:
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using a ratio of Net Financial Debt divided by Equity attributable to the equity holders of the parent which is called gearing ratio. Net Financial Debt refers to long-term debt, plus short-term debt, less cash and cash equivalents.

The gearing ratio at end of the reporting period was as follows :

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Long-term debt	574	667
Short-term debt	360	258
Cash and cash equivalents	(443)	(457)
Net financial debt	**491**	**468**
Equity	3,442	3,385
Gearing	**14%**	**14%**

No changes were made in the objectives, policies or processes for managing capital during the years ending December 31, 2023 and 2022 and the Group maintained target ratio for gearing ratio.

NOTE 22: LEASES

The Group has lease contracts for various items of land and buildings, machinery and equipment used in its operations. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(in millions of Euros)	**Machinery, equipment and others**	**Land, buildings and improvements**	**Total right-of-use assets**
Cost			
At January 1, 2022	55	74	129
Additions	8	1	9
Foreign exchange differences	—	1	1
Disposals	—	(1)	(1)
Other movements	(1)	—	(1)
At December 31, 2022	**62**	**75**	**137**
Accumulated depreciation			
At January 1, 2022	(35)	(10)	(45)
Depreciation charge of the year	(7)	(7)	(14)
Disposals	—	1	1
Foreign exchange differences	—	—	—
Other movements	2	—	2
At December 31, 2022	**(40)**	**(16)**	**(56)**
Carrying amount			
At December 31, 2022	**22**	**59**	**81**
Cost			
At January 1, 2023	62	75	137
Additions	11	9	20
Foreign exchange differences	—	(1)	(1)
Disposals	(4)	(2)	(6)
Other movements	—	1	1
At December 31, 2023	**69**	**82**	**151**
Accumulated depreciation			
At January 1, 2023	(40)	(16)	(56)
Depreciation charge of the year	(10)	(7)	(17)
Disposals	4	2	6
Foreign exchange differences	—	—	—
Other movements	—	—	—
At December 31, 2023	**(46)**	**(21)**	**(67)**
Carrying amount			
At December 31, 2023	**23**	**61**	**84**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(in millions of Euros)	Lease liabilities
Balance at January 1, 2022	**100**
Additions	9
Foreign exchange differences	2
Payments	(14)
Balance at December 31, 2022	**97**
Balance at January 1, 2023	**97**
Additions	20
Foreign exchange differences	(2)
Payments	(15)
Balance at December 31, 2023	**100**
Current	16
Non-current	84

Scheduled maturities of lease debt are as follows:

(in millions of Euros)	**December 31, 2023**
2024	16
2025	22
2026	9
2027	7
2028	7
Subsequent years	39
Total	**100**

(in millions of Euros)	**December 31, 2022**
2023	13
2024	12
2025	11
2026	9
2027	8
Subsequent years	44
Total	**97**

The following are the amounts recognised in profit or loss:

(in millions of Euros)	**2023**	**2022**
Depreciation expense of right-of-use assets	(17)	(14)
Interest expense on lease liabilities	(7)	(4)
Expense relating to short-term leases (included in cost of sales)	(16)	(14)
Expense relating to leases of low-value assets (included in cost of sales)	(1)	—
Variable lease payments (included in cost of sales)	—	—
Total amount recognised in profit or loss	**(41)**	**(32)**

The Group has some leases with options to extend, purchase and terminate in relation to which the potential additional lease payments were considered in the measurement of the lease liabilities according to the respective probability of occurrence.

NOTE 23: 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. For financial assets and financial liabilities measured at amortised cost, their carrying amount approximates their fair value at the reporting date, except for debt for which fair value is disclosed in Note 17.

The following table summarises assets and liabilities based on their categories as of December 31, 2023.

(in millions of Euros)	Carrying amount in statements 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	Assets/Liabilities at fair value: Equity instruments at Fair Value through OCI	Assets/Liabilities at fair value: Derivatives
ASSETS							
Current assets:							
Cash and cash equivalents	443	—	443	—	—	—	—
Restricted cash	3	—	3	—	—	—	—
Trade accounts receivable	429	66	363	—	—	—	—
Inventories	2,281	2,281		—	—	—	—
Prepaid expenses and other current assets	111	75	36	—	—	—	—
Derivative financial current assets	23	—	—	—	—	—	23
Income tax receivable	9	9	—	—	—	—	—
Total current assets	**3,299**	**2,431**	**845**	**—**	**—**	**—**	**23**
Non-current assets:							
Goodwill and intangible assets	452	452	—	—	—	—	—
Biological assets	108	—	—	—	108	—	—
Property, plant and equipment	2,003	2,003	—	—	—	—	—
Investments in associates and joint ventures	5	5	—	—	—	—	—
Other investments	3	—	—	—	—	3	—
Deferred tax assets	213	213	—	—	—	—	—
Derivative financial non-current assets	2	—	—	—	—	—	2
Other non-current assets	129	117	12	—	—	—	—
Total non-current assets	**2,915**	**2,790**	**12**	**—**	**108**	**3**	**2**
Total assets	**6,214**	**5,221**	**857**	**—**	**108**	**3**	**25**
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current portion of long-term debt	360	—	—	360	—	—	—
Trade accounts payable	1,130	14	—	1,116	—	—	—
Short-term provisions	24	24	—	—	—	—	—
Accrued expenses and other liabilities	292	45	—	247	—	—	—
Derivative financial current liabilities	29	—	—	—	—	—	29
Income tax liabilities	16	16	—	—	—	—	—
Total current liabilities	**1,851**	**99**	**—**	**1,723**	**—**	**—**	**29**
Non-current liabilities:							
Long-term debt, net of current portion	574	—	—	574	—	—	—
Deferred tax liabilities	115	115	—	—	—	—	—
Employee benefits	153	153	—	—	—	—	—
Long-term provisions	55	55	—	—	—	—	—
Derivative financial non-current liabilities	2	—	—	—	—	—	2
Other long-term obligations	14	—	—	14	—	—	—
Total non-current liabilities	**913**	**323**	**—**	**588**	**—**	**—**	**2**
Equity:							
Equity attributable to the equity holders of the parent	3,442	3,442	—	—	—	—	—
Non-controlling interests	8	8	—	—	—	—	—
Total equity	**3,450**	**3,450**	**—**	**—**	**—**	**—**	**—**
Total liabilities and equity	**6,214**	**3,872**	**—**	**2,311**	**—**	**—**	**31**

The following table summarises assets and liabilities based on their categories as of December 31, 2022.

(in millions of Euros)	Carrying amount in statements 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	Assets/Liabilities at fair value: Equity instruments at Fair Value through OCI	Assets/Liabilities at fair value: Derivatives
ASSETS							
Current assets:							
Cash and cash equivalents	457	—	457	—	—	—	—
Trade accounts receivable	454	60	394	—	—	—	—
Inventories	2,592	2,592		—	—	—	—
Prepaid expenses and other current assets	99	62	37	—	—	—	—
Derivative financial current assets	55	—	—	—	—	—	55
Income tax receivable	13	13	—	—	—	—	—
Total current assets	**3,670**	**2,727**	**888**	**—**	**—**	**—**	**55**
Non-current assets:							
Goodwill and intangible assets	451	451	—	—	—	—	—
Biological assets	51	—	—	—	51	—	—
Property, plant and equipment	1,859	1,859	—	—	—	—	—
Other investments	3	—	—	—	—	3	—
Deferred tax assets	101	101	—	—	—	—	—
Other non-current assets	122	100	22	—	—	—	—
Total non-current assets	**2,587**	**2,511**	**22**	**—**	**51**	**3**	**—**
Total assets	**6,257**	**5,238**	**910**	**—**	**51**	**3**	**55**
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current portion of long-term debt	258	—	—	258	—	—	—
Trade accounts payable	1,175	12	—	1,163	—	—	—
Short-term provisions	26	26	—	—	—	—	—
Accrued expenses and other liabilities	286	45	—	241	—	—	—
Derivative financial current liabilities	93	—	—	—	—	—	93
Income tax liabilities	21	21	—	—	—	—	—
Total current liabilities	**1,859**	**104**	**—**	**1,662**	**—**	**—**	**93**
Non-current liabilities:							
Long-term debt, net of current portion	667	—	—	667	—	—	—
Deferred tax liabilities	131	131	—	—	—	—	—
Employee benefits	136	136	—	—	—	—	—
Long-term provisions	63	63	—	—	—	—	—
Other long-term obligations	9	—	—	9	—	—	—
Total non-current liabilities	**1,006**	**330**	**—**	**676**	**—**	**—**	**—**
Equity:							
Equity attributable to the equity holders of the parent	3,385	3,385	—	—	—	—	—
Non-controlling interests	7	7	—	—	—	—	—
Total equity	**3,392**	**3,392**	**—**	**—**	**—**	**—**	**—**
Total liabilities and equity	**6,257**	**3,826**	**—**	**2,338**	**—**	**—**	**93**

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

	As of December 31, 2023			
(in millions of Euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
Biological assets	—	—	108	108
Investments in associates, joint ventures and other investments	—	—	8	8
Derivative financial assets	—	25	—	25
Total assets at fair value	**—**	**25**	**116**	**141**
Liabilities at fair value:				
Derivative financial liabilities	—	31	—	31
Total liabilities at fair value	**—**	**31**	**—**	**31**

	As of December 31, 2022			
(in millions of Euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
Biological assets	—	—	51	51
Investments in associates, joint ventures and other investments	—	—	3	3
Derivative financial assets	—	55	—	55
Total assets at fair value	**—**	**55**	**54**	**109**
Liabilities at fair value:				
Derivative financial liabilities	—	93	—	93
Total liabilities at fair value	**—**	**93**	**—**	**93**

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 market participant would pay or receive for the contract 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.

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.

In determining fair value measurement, the impact of potential climate-related matters, including legislation,

which may affect the fair value measurement of assets and liabilities in the financial statements has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

At present, the impact of climate-related matters is not material to the Group's financial statements.

The following tables summarised the reconciliation of the fair value of the assets and liabilities classified as Level 3 for the year ending December 31, 2023:

(in millions of Euros)	**Equity instruments at fair value through OCI**	**Investments accounted for under equity method**	**Total**
Balance as of December 31, 2022	1	2	3
Additions	1	5	6
Equity method result	—	(2)	(2)
Change in fair value[1]	1	—	1
Balance as of December 31, 2023	**3**	**5**	**8**

Note:
(1) Recognised in other comprehensive income / (loss) in the consolidated statement of changes in equity.

For more information on Biological assets, please refer to Note 13.

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.

The Company's portfolio of derivatives consists of transactions with Aperam Treasury S.C.A. and ELG GmbH, 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 December 31, 2023, is as follows:

	Assets		**Liabilities**	
(in millions of Euros)	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Foreign exchange rate instruments				
Forward purchase contracts	67	2	428	(8)
Forward sale contracts	361	12	289	(2)
Total foreign exchange rate instruments		**14**		**(10)**
Raw materials (base metal)				
Term contracts sales metals	94	11	13	—
Term contracts purchases metals	21	—	111	(19)
Total raw materials (base metal)		**11**		**(19)**
Interest rate instruments				
Interest rate swaps	—	—	120	(2)
Total interest rate instruments		**—**		**(2)**
Total		**25**		**(31)**

The portfolio associated with derivative financial instruments classified as Level 2 as of December 31, 2022, is as follows:

(in millions of Euros)	Assets Notional Amount	Assets Fair Value	Liabilities Notional Amount	Liabilities Fair Value
Foreign exchange rate instruments				
Forward purchase contracts	182	2	712	(14)
Forward sale contracts	428	14	349	(2)
Total foreign exchange rate instruments		**16**		**(16)**
Raw materials (base metal)				
Term contracts sales metals	76	3	599	(76)
Term contracts purchases metals	176	30	7	(1)
Total raw materials (base metal)		**33**		**(77)**
Interest rate instruments				
Interest rate swaps	47	6	—	—
Total interest rate instruments		**6**		**—**
Total		**55**		**(93)**

Exchange rate risk

The Company is exposed to fluctuations in foreign exchange rates due to a substantial portion of the Company's assets, liabilities, sales and earnings being denominated in currencies other than the Euro (its presentation currency). These currency fluctuations, especially the fluctuation of the value of the Euro relative to the U.S. dollar, Brazilian real, as well as fluctuations in the other countries' currencies in which the Company has significant operations and/or sales, could have a material impact on its results of operations.

Following its Treasury and Financial Risk Management Policy, the Company hedges its net exposure to exchange rates through spot and derivative transactions. The Company follows this exposure through sensitivity analysis detailed below.

Credit risk

The credit risk is managed by the Company's treasury department. Credit risk arises from cash and cash equivalents and restricted cash, as well as credit exposures to customers, including outstanding receivables and other instruments that amounted to €809 million as of December 31, 2023 (€851 million as of December 31, 2022). For more details about ECL measurement, refer to Note 9.

Interest rate risk

The Company can be exposed to fluctuations in interest rates, mostly on debts denominated in Euro and U.S. dollars. Such interest rate fluctuations have limited impact on its results of operations thanks to a balanced mix of fixed and floating interest rates on debts. At the time of attracting new debt, the Group use its judgment to decide whether it believes that a fixed or floating rate would be more favourable to the Group over the expected period until maturity. Refer to Note 17 and below for information about maturity dates and effective interest rates of financial instruments.

Following its Treasury and Financial Risk Management Policy, the Company hedges, from time to time, its net exposure to interest rates through derivative transactions.

Liquidity Risk

The Company's principal sources of liquidity are cash generated from its operations, bank debt and credit lines and various working capital credit lines at its operating subsidiaries. The levels of cash, credit lines and debt are closely monitored and appropriate actions are taken in order to manage the maturity profile and currency mix.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

(in millions of Euros)						December 31, 2023
	Carrying Amount	**Contractual Cash Flows**	**Less than 1 year**	**1-2 Years**	**2-5 Years**	**More than 5 Years**
Non-derivative financial liabilities						
Trade payables	(1,130)	(1,130)	(1,130)	—	—	—
Short and long-term debt	(934)	(967)	(375)	(87)	(426)	(79)
Total	**(2,064)**	**(2,097)**	**(1,505)**	**(87)**	**(426)**	**(79)**
Derivative financial liabilities						
Foreign exchange contracts	(10)	(10)	(10)	—	—	—
Other commodities contracts	(21)	(21)	(19)	(2)	—	—
Total	**(31)**	**(31)**	**(29)**	**(2)**	**—**	**—**

(in millions of Euros)						December 31, 2022
	Carrying Amount	**Contractual Cash Flows**	**Less than 1 year**	**1-2 Years**	**2-5 Years**	**More than 5 Years**
Non-derivative financial liabilities						
Trade payables	(1,175)	(1,175)	(1,175)	—	—	—
Short and long-term debt	(925)	(961)	(268)	(104)	(376)	(213)
Total	**(2,100)**	**(2,136)**	**(1,443)**	**(104)**	**(376)**	**(213)**
Derivative financial liabilities						
Foreign exchange contracts	(16)	(16)	(16)	—	—	—
Other commodities contracts	(76)	(76)	(76)	—	—	—
Total	**(92)**	**(92)**	**(92)**	**—**	**—**	**—**

Cash flow hedges

The following table presents the periods in which cash flows hedges are expected to mature:

						December 31, 2023 (outflows)/inflows
(in millions of Euros)	**Carrying Amount**	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	(6)	(2)	(3)	(1)	—	—
Foreign exchange contracts	4	4	—	—	—	—
Total	**(2)**	**2**	**(3)**	**(1)**	**—**	**—**

						December 31, 2022 (outflows)/inflows
(in millions of Euros)	**Carrying Amount**	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	13	9	2	2	—	—
Foreign exchange contracts	6	5	1	—	—	—
Total	**19**	**14**	**3**	**2**	**—**	**—**

The following table presents the periods in which cash flows hedges are expected to impact the statement of operations:

						December 31, 2023 (expense)/income
(in millions of Euros)	**Carrying Amount**	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	(6)	(2)	(3)	(1)	—	—
Foreign exchange contracts	4	4	—	—	—	—
Total	**(2)**	**2**	**(3)**	**(1)**	**—**	**—**

						December 31, 2022 (expense)/income
(in millions of Euros)	**Carrying Amount**	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	13	9	2	2	—	—
Foreign exchange contracts	6	5	1	—	—	—
Total	**19**	**14**	**3**	**2**	**—**	**—**

Raw materials

The Company utilises derivative instruments such as forwards, swaps and options to manage its exposure to commodity prices both through the purchase of commodities and through sales contracts.

Fair values of raw material (base metal) instruments are as follows:

(in millions of Euros)	**December 31, 2023**	**December 31, 2022**
Assets associated with raw material (base metal)	11	33
Liabilities associated with raw material (base metal)	(19)	(77)
Total	**(8)**	**(44)**

The Company consumes large amounts of metals including nickel, the price of which is fixed on the London Metal Exchange. The Company is exposed to price volatility in respect of its purchases in the spot market and under its long-term supply contracts.

Sensitivity analysis

Foreign currency sensitivity

The following table details the Company's sensitivity as it relates to derivative financial instruments to a 10% variation of the Euro against the U.S. dollars to which the Company is exposed. The sensitivity analysis does not include non-derivative foreign currency denominated monetary items. A positive number indicates an increase in statement of operations where a negative number indicates a decrease in statement of operations and other equity.

	December 31, 2023	
(in millions of Euros)	**Income**	**Other Equity Cash Flow Hedging Reserves**
10% appreciation in Euro	19	—
10% depreciation in Euro	(19)	—

	December 31, 2022	
(in millions of Euros)	**Income**	**Other Equity Cash Flow Hedging Reserves**
10% appreciation in Euro	48	—
10% depreciation in Euro	(48)	—

Cash flow sensitivity analysis for variable rate instruments

The Company's sensitivity to a change of 100 basis points variation in interest rates for variable rate instruments would have an impact lower than €1 million on profit or loss and equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Base metals

The following table details the Company's sensitivity to a 10% variation in the prices of base metals. The sensitivity analysis include not matured base metal derivative instruments

	December 31, 2023	
(in millions of Euros)	**Statement of operations**	**Other Equity Cash Flow Hedging Reserves**
+10% in prices Base Metals	2	9
-10% in prices Base Metals	(2)	(9)

	December 31, 2022	
(in millions of Euros)	**Statement of operations**	**Other Equity Cash Flow Hedging Reserves**
+10% in prices Base Metals	35	11
-10% in prices Base Metals	(35)	(11)

NOTE 24: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The consolidated financial statements include transactions performed with the following related parties:

- key executives of the Group and members of the Boards of Directors; and

- the significant Shareholder and its related parties.

Transactions with related parties of the Group, were as follows:

(in millions of Euros)	Year Ending December 31,		December 31,	
	2023	**2022**	**2023**	**2022**
Transactions		**Sales**		**Trade accounts receivable**
ArcelorMittal Group	83	118	5	8
Total	**83**	**118**	**5**	**8**

(in millions of Euros)	Year Ending December 31,		December 31,	
	2023	**2022**	**2023**	**2022**
Transactions		**Cost of sales**		**Trade accounts payable**
ArcelorMittal Group	399	504	36	64
Total	**399**	**504**	**36**	**64**

Transactions and balances with related parties also include the following:

(in millions of Euros)	December 31,	
	2023	**2022**
Transactions with ArcelorMittal Group		
Other current assets	1	1
Other current liabilities	1	1

(in millions of Euros)	Year Ending December 31,	
	2023	**2022**
Transactions with ArcelorMittal Group		
Selling, general and administrative expenses	6	5

Transactions performed between the Company and its subsidiaries, which are related parties, are carried out, from the standpoint of their subject-matter or terms and conditions, in the ordinary course of the Company's business activities and have been eliminated on consolidation.

Refer to Note 27 for disclosure of transactions with key management personnel. The above mentioned transactions between Aperam and the respective entities were conducted on an arm's length basis.

NOTE 25: 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, credit lines and other types of contracts.

Commitments given

(in millions of Euros)	Year Ending December 31,	
	2023	**2022**
Commitments related to purchases of raw materials and energy	999	1,694
Guarantees, pledges and other collateral	264	288
Capital expenditure commitments	64	73
Total	**1,327**	**2,055**

Commitments related to purchase of raw materials and energy

Purchase commitments consist of the major agreements for procuring nickel and chromium. The Group also entered into agreements for electricity, industrial gas, molybdenum, ferro-alloys and scrap. Those commitments are valued based on the market quotations at relevant markets, depending on the contracts and related conditions either as an average or at year-end for each commodity.

Guarantees, pledges and other collateral

Guarantees consist of guarantees of financial loans and credit lines first demand and documentary guarantees.

Other collateral includes documentary credits and letters of credit.

NOTE 26: CONTINGENCIES

The Company is involved in litigation, arbitration and other legal proceedings. Provisions related to legal and arbitral proceedings are recorded in accordance with the principles described in Note 2 to the Consolidated Financial Statements.

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 loss and an estimation of damages are difficult to ascertain. Consequently, for certain 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 (other than legal fees) for the potential outcome of these cases.

In the cases in which quantifiable indemnities, fines or penalties have been assessed, the Company has indicated the amount of such indemnity, fine or penalty, or the amount of provision accrued, which is the 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 its 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 audits by the authorities in the countries in which they operate. Those audits could result in additional liabilities and payments, including penalties for late payment and interest.

Environmental Liabilities

The Company is subject to a broad range of environmental laws and regulations. As of December 31, 2023, the Company had established reserves of €27 million for environmental liabilities (€26 million as of December 31, 2022).

Belgium

In Belgium, there is an environmental provision of €5 million as of 31 December, 2023 (€4 million as of 31 December, 2022), of which most significant elements are legal obligations linked to soil treatment of the sites of Genk and Châtelet. The latest examination in 2015 at the site of Châtelet revealed only limited additional pollution without any consequences from the official instances about possible remediation obligations.

France

In France, there is an environmental provision of €7 million as of 31 December, 2023 (€7 million as of 31 December, 2022), which relates to (i) ground treatment and clean-up of the Company's Ardoise facility after operations ceased at the site, (ii) the clean-up and mud treatment of few minor production equipments and (iii) the ground clean-up after operations ceased at former Firminy facility.

Brazil

In Brazil, violation of an environmental regulation may result in fines, imprisonment, interruption of the Company’s activities, cancellation of tax incentives and credit lines with governmental financial entities and dissolution of the corporate entity, in addition to the obligation to repair or to indemnify for damages caused to the environment and third parties.

United States of America

In the Unites States of America, there is an environmental provision of €15 million as of December 31, 2023 (€15 million as of December 31, 2022), which relates to probable obligations from environmental pollution on some ELG US's sites.

Changes in environmental laws or regulations, or in the interpretation thereof, or in the administrative procedures and policies adopted under current environmental laws and regulations, could require the Company to invest in additional resources in environmental compliance and the renewal of its licenses, and could therefore adversely affect it. Additionally, non-compliance with or violation of any such laws and regulations could result in the revocation of the Company’s licenses and suspension of its activities or in its responsibility for environmental remediation costs, which could be substantial. The Company cannot assure that its expenses relating to compliance with applicable environmental regulations will not be significant or that it will be able to renew its licenses in a timely manner, or at all.

Vacating and demolition provision

France, Germany, Netherlands on ELG sites

For locations in France, Germany and The Netherlands there is a provision of €6 million as of December 31, 2023 (€6 million as of December 31, 2022), which relates to the demolition and clean-up costs of the facilities and grounds after operations ceased at the sites due to contractual obligations. The present value of the expected costs is immediately accrued in full and corresponds at inception to a corresponding increase in the cost of the asset concerned in property, plant and equipment.

Tax Claims

Set out below is a summary description of the tax claims (i) in respect of which Aperam had recorded a provision as of December 31, 2023, (ii) that constitute a contingent liability, or (iii) that were resolved in 2023, in each case involving amounts deemed material by Aperam. The Company is vigorously defending against each of the pending claims discussed below. As of December 31, 2023, the Company has established reserves in the aggregate of approximately €5 million for those of the claims as to which the criteria for provisioning were met (€8 million as of December 31, 2022).

- On December 1, 2023, Aperam South America received a tax assessment regarding ICMS related to the year 2019. The Tax Authority understood that the Company has unduly appropriated ICMS credits over intermediate goods and due to that has paid less tax. The current amount under discussion is R$40 million (€7.5 million). The Company presented its defense on January 3, 2024. The case is pending at the first administrative level.

- On December 5, 2022, Aperam South America received a tax assessment regarding ICMS related to the year 2018. The Tax Authority understood that the Company has unduly appropriated ICMS credits over intermediate goods and due to that has paid less tax. The current amount under discussion is R$28 million (€5.2 million). Aperam presented its defense on January 9, 2023 and received a partially favorable decision on March 13, 2023. The Company presented an appeal. On December 21, 2023, the case was judged by the second administrative instance unfavourably to the company. Aperam will bring the case to the judicial instance.

- On October 26, 2020, Aperam South America received a tax assessment related to the underpayment of PIS and COFINS (regarding to year 2018). The Tax Authority disregarded credits used by the Company to offset the debts it declared. The current amount under discussion is R$62 million (€11.6 million). The Company presented its defense on November 24, 2020 and received a partially favorable decision (not final yet) on July 23, 2021. Aperam presented its appeal on August 23, 2021. The case is pending at the second administrative level.

- On December 3, 2018, Aperam South America received a tax assessment related to PIS/Cofins (Brazilian Federal tax on turnover) for the year 2014. The current total amount claimed is R$29.4 million (€5.5 million). The Company presented its defense on January 3, 2019. On June 7, 2019, the Company obtained a partially favourable decision at first administrative instance. In July 2019, the Company filed an appeal. The case is pending at the second administrative level.

- On March 31, 2017, Aperam South America received a tax assessment related to the tax benefit taken in 2012 from the goodwill generated by the acquisition of the minority shares following the delisting of the Company that occurred in 2008. The current total amount claimed is R$73.9 million (€13.8 million). The Company obtained unfavourable decisions on the first and second administrative instances. The Company appealed to the Special Court in 2019. The case is pending at the third administrative level.

- On July 23, 2014, Aperam South America received a tax assessment related to the tax benefit taken in 2010 and 2011 from the goodwill generated by the acquisition of the minority shares following the delisting of the Company that occurred in 2008. The current total amount claimed by the Federal Revenue Service is R$290.6 million (€54.3 million). The Company presented its defense on August 21, 2014, at the first administrative level. On July 1, 2016, the Company received an unfavourable decision that it appealed on July 29, 2016. On June 8, 2018, the Administrative Tax Court (Appeal) issued a partially favourable decision to the Company. The motion of clarification filed by the Company was accepted by the Court on September 19, 2019, but final clarification did not change the original decision. In January 2020, authorities filed their appeal on the remaining contingencies. The Company counter argued it and presented its own appeal. On October 26, 2020, Aperam received a decision confirming partial acceptance of its special appeal. The case is pending at the third administrative level.

- On July 11, 2014, Aperam South America received two tax assessments for social contributions paid in relation to 2009 and 2010 “Profit Sharing Programme” for a current total amount of R$66.2 million (€12.4 million). The Company presented its defense successively on August 12, 2014, and December 2, 2014, at the first administrative level. On February 26, 2015, the decision was unfavourable. The Company appealed in May 2015. The Administrative Tax Court (Appeal) decision issued in July 2016 was partially favourable to the Company. The Company appealed in May 2017 to the third administrative instance. The Special Court decision was unfavourable to the Company in November 2019. The Company brought the case to judicial level in November 2020. On August 25, 2021, the Company filed a petition informing adherence to the PLR Amnesty (related to non-employees directors) allowing it to reduce the claimed amount. The case is pending at the first judicial instance.

- 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 current amount under discussion is R$110.1 million (€20.6 million). On December 10, 2015, Aperam BioEnergìa received a partially favourable 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 is pending at the first judicial instance.

- On December 20, 2013, Aperam South America received a tax assessment from Federal Revenue in the current total amount of R$474 million (€88.5 million). This assessment contains two parts for the years 2008 and 2009:
    - The tax authorities required that the profits of Acesita Imports & Exports Ltda to be added to Aperam South America's tax basis,
    - The tax authorities disregarded the goodwill generated by the acquisition by Arcelor Aços Especiais do Brasil ("AAEB") of the minority shareholding of Aperam South America at the time of its delisting in 2008.

  Aperam South America presented its defense at the first administrative level in January 2014. In June 2016, an unfavourable decision was issued by the first administrative level. The company filed an appeal on July 22, 2016. In February 2018, the Administrative Tax Court (appeal) decision was partially favourable to the Company. In October 2018, the Company launched a special appeal. In November 2020, such an appeal was partially accepted. The case is pending at the third administrative level.

- On December 14, 2011, the Federal Revenue issued four tax assessments against Aperam South America considering that the Company did not pay several social contributions due on payments made to employees under the Profit Sharing Programme. The current total amount under discussion is R$119.3 million (€22.3 million). The Company presented its defense in January 2012. In April 2014, the Company obtained an unfavourable decision from the first instance and presented its voluntary appeal. On July 13, 2016, amongst the four cases, the Company obtained one partially favourable and one unfavourable decision. In August and September 2017, cases were brought to the Superior Administrative Court for appeal. The Company also filed a special appeal in May 2018. Three of the four cases were closed by the administrative instance unfavourably and one of them is still pending in the second administrative instance. The Company decided to bring two cases closed in the administrative instance before the Judicial Court in 2019. These cases are pending at the first judicial level.

- In June 2007, Aperam South America brought the discussion about social contributions and bonus payment at judicial level. The current total amount claimed by the Federal Union is R$29.7 million (€5.5 million). On June 20, 2012, the first Judicial Court decision was favourable to the Company but the Federal Union appealed the decision in May, 2013. The case is pending at the second judicial level.

- On December 21, 2005, Aperam South America was assessed by the Federal Revenue in relation to its calculation of social contributions on revenue (PIS/Cofins). The Administrative level ended partially favourable to the Company and the amount involved was reduced to the current amount of R$74.4 million (€13.9 million). The case was brought to the judicial level in 2014. In June 2016, the Company filed a petition against the defense presented by the Federal Revenue. The case is pending at the first judicial level.

Litigations and Other Claims

The Company is presently involved in a number of legal disputes, the most significant of which are set out below. As of December 31, 2023, the Company has established reserves in the aggregate of approximately €22 million for those of the claims as to which the criteria for provisioning were met (€26 as of December 31, 2022).

Brazil

- On April 1, 2004, a sanctioning administrative process with the Central Bank was brought against Aperam South America based on alleged irregular exchange operations utilised by it in the purchase and sale of treasury bills. On March 22, 2007, Aperam South America was assessed with a current fine of R$58.1 million (€10.4 million). The Company brought the case before the Judicial Court in 2012. On February 6, 2014, the first judicial instance decision was not favourable to the Company. On February 21, 2014 the Company appealed to the Judicial Court. The case is still pending before the Court of Appeal.

NOTE 27: EMPLOYEES AND KEY MANAGEMENT PERSONNEL

The total annual compensation of Aperam's employees was as follows:

(in millions of Euros)	**2023**	**2022**
Employee Information		
Wages and salaries	590	564
Pension cost	8	11
Other staff costs	75	100
Total	**673**	**675**

During 2023 and 2022, Aperam employed 11,100 and 10,700 persons on average, respectively.

The total annual compensation of Aperam's key management personnel, including its Board of Directors, was as follows:

(in millions of Euros)	**2023**	**2022**
Base salary	4	3
Directors' fees	1	1
Short-term performance-related bonus	3	3
Post-employments benefits(1)	—	—
Share based compensation	3	4

Note:
(1) Post-employments benefits for Aperam's key management personnel were below €1 million for the years ending December 31, 2023 and December 31, 2022

As of December 31, 2023 and 2022, the Company did not have any outstanding loans or advances to members of Aperam's Board of Directors or key management personnel and had not given any guarantees for the benefit of any member of Aperam's Board of Directors or key management personnel.

NOTE 28: LIST OF SIGNIFICANT SUBSIDIARIES AS OF DECEMBER 31, 2023

The following table provides an overview of the Company's principal [(1)] operating subsidiaries [(2)], all of which are integrated in full consolidation by the Company, according to the principles defined in Note 1:

Name of subsidiary	Country of incorporation	% Interest
Alloys & Specialties		
Aperam Alloys Amilly S.A.S.U.	France	100%
Aperam Alloys Imphy S.A.S.U.	France	100%
Aperam Alloys India Private Ltd	India	100%
Recycling & Renewables		
ASB Recycling N.V.	Belgium	100%
Aperam Bioenergìa Ltda.	Brazil	100%
FERINOX S.A.S.U.	France	100%
Recyco S.A.S.U.	France	100%
Eisenlegierungen Handelsgesellschaft mbH	Germany	100%
ELG Utica Alloys GmbH	Germany	100%
Jewometaal Stainless Processing B.V.	Netherlands	100%
Iberinox Recycling Plus S.L.	Spain	100%
ELG Metals Taiwan Corp.	Taiwan	100%
ELG Metals Ltd.	UK	100%
ELG Utica Alloys Ltd.	UK	100%
ELG Metals Inc.	USA	100%
ELG Utica Alloys Inc.	USA	100%
ELG Utica Alloys (Hartford) Inc.	USA	100%
Services & Solutions		
Aperam Stainless Services & Solutions Argentina S.A.	Argentina	100%
Aperam Stainless Services & Solutions Brazil Ltda.	Brazil	100%
Aperam Stainless Services & Solutions Tubes Czech Republic s.r.o.	Czech Republic	100%
Aperam Stainless Services & Solutions France S.A.S.U.	France	100%
Aperam Stainless Services & Solutions Germany GmbH	Germany	100%
Aperam Stainless Services & Solutions Italy S.r.l.	Italy	100%
Aperam Stainless Services & Solutions Luxembourg S.A.	Luxembourg	100%
Aperam Stainless Services & Solutions Poland S.p. z o.o.	Poland	100%
Aperam Stainless Services & Solutions Iberica S.L.	Spain	100%
Aperam Paslanmaz Celik Sanayi ve Ticaret A.S.	Turkey	100%
Aperam Stainless Services & Solutions UK Ltd	UK	100%
Aperam Stainless Services & Solutions USA, LLC	USA	100%
Stainless & Electrical Steel		
Aperam Stainless Belgium N.V.	Belgium	100%
Aperam South America S.A.	Brazil	100%
Aperam Stainless Europe S.A.S.U.	France	100%
Aperam Stainless France S.A.S.U.	France	100%
Aperam Stainless Precision S.A.S.U.	France	100%

(1) By Company's principal operating subsidiaries, we consider subsidiaries that meet at least one of the two following criteria: External sales of at least €40 million for the year 2023 or Property, plant & equipment of at least €5 million as of December 31, 2023.
(2) We have no legal entity, sales offices nor sales in / purchases from: Afghanistan, Belarus, Cuba, Iran, Iraq, North Korea, Libya, Myanmar, Somalia, Sudan/South Sudan, Syria, Crimea, Donetsk and Luhansk Regions of Ukraine, Yemen nor Zimbabwe.

NOTE 29: INDEPENDENT AUDITOR FEES

PricewaterhouseCoopers, *société coopérative*, acted as independent auditor for the audit of the Consolidated Financial Statements and the Parent Company Annual Accounts for the year ending December 31, 2023 and 2022.

Set forth below is a breakdown of fees for services rendered in 2023 and 2022.

Audit Fees. Audit fees in 2023 and 2022 were €2.2 million and €2.7 million (including €0.2 million related to the audit of the acquisition of ELG), respectively.

Audit-Related Fees. Audit-related fees in 2023 and 2022 were €0.2 million and €0.3 million, respectively. The audit-related fees consists principally of issuance of certifications and sustainability report.

Tax Fees. Fees relating to tax planning, advice and compliance in 2023 and 2022 were <€0.1 million and €0.3 million, respectively.

All other fees. Fees in 2023 and 2022 for all other services were €0.1 million and €0.1 million, respectively. All other fees relate to services not included in the first three categories.

The Audit & Risk Management Committee has reviewed and approved all of the audit, audit-related, tax and other services provided by the independent auditor in 2023 and 2022 within its scope, prior to commencement of the engagements.

The Audit & Risk Management Committee pre-approves all permissible non-audit service engagements rendered by the independent auditor. The Audit & Risk Management Committee has delegated pre-approval powers on a case-by-case basis to the Audit & Risk Management Committee Chairperson, for instances where the Committee is not in session and the preapproved services are reviewed in the subsequent Committee meeting.

NOTE 30: SUBSEQUENT EVENTS

On January 31, 2024, Aperam confirmed the extension of the maturity of the €500 million unsecured revolving credit facility by one year until February 9, 2029.

On February 9, 2024, the Company proposed to maintain its base dividend at €2.00 per share, subject to shareholders approval at the April 30, 2024 Annual General Meeting.

Auditor’s Report on the Consolidated Financial Statements

To the Shareholders of
Aperam S.A.
24-26 Boulevard d’Avranches
L-1160 Luxembourg

REPORT OF THE *RÉVISEUR D’ENTREPRISES AGRÉÉ*

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Aperam S.A. (the “Company”) and its subsidiaries (together, the “Group”) as at 31 December 2023, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit and Risk Management Committee.

What we have audited

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of comprehensive income/(loss) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 29 to the consolidated financial statements.

Emphasis of matter

We draw attention to section EU Taxonomy of the Management report included in this Annual Report, which indicates that this Annual Report replaces the Annual Report prepared and approved by the Board of Directors on 25 March 2024, including our signed opinion on that same day. This Annual Report has been prepared to reflect the updates made by the Board of Directors in the EU taxonomy section of the Management report. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	
The consolidated statement of the financial position includes goodwill of EUR 434 million as of 31 December 2023, which represents approximately 7% of the Group's total assets. Management performs an annual goodwill impairment test and calculates a recoverable amount for each group of cash generating units ("GCGUs") to which the goodwill is allocated, as the higher of value in use and fair value less cost of disposal. The recoverable amount of the GCGUs was determined using a discounted cash-flow model. The assumptions with the most significant impact on the cash-flow forecasts were the discount rates, the terminal growth rates, the expected changes to raw material margin, shipments and added costs. This matter and the related disclosures reflect a particular significance to our audit and given the significant Management judgments, complexity of the discounted cash-flow models and magnitude of the amounts involved, we considered this to be a key audit matter.	◦ We obtained an understanding of the Management process in relation to the goodwill impairment procedure ◦ We involved our internal valuation team to assess the appropriateness of the discounted cash flow models used by Management, to verify their mathematical accuracy, and to review discount rates and terminal growth rates used. ◦ We evaluated the reasonableness of Management's estimates of the cash-flow forecasts by comparing the key inputs to the models with the budgets approved by the Board of Directors and performed look-back analysis to assess the quality of Management's forecasts. ◦ We performed sensitivity analysis over significant assumptions to assess the robustness of the impairment test results to potential reasonable changes to key inputs. ◦ We considered the appropriateness of the disclosures in Note 2 ("Summary of material accounting policies, critical accounting judgments and change in accounting estimates"), Note 12 ("Goodwill and intangible assets") to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition and recoverability of the deferred tax assets arising from the tax losses carried forward and other tax benefits	
As of 31 December 2023, the Group has recognized deferred tax assets of EUR 281 million on tax losses carried forward and other tax benefits, mainly related to key locations of the Group. The recognition and the recoverability of deferred tax assets arising from the tax losses carried forward and other tax benefits depend on the application and interpretation of local tax laws and regulations, and the ability of those entities to generate future taxable profits. The assessment of the likelihood of future taxable profits, which are based on budget and business plans, requires significant management judgment. The fact that the Group's subsidiaries are located in various tax jurisdictions with, in some cases, changing environments, makes the determination of these management estimates even more complex. We determined this to be a key audit matter due to the importance of Management's judgment in the recognition of these assets and the significance of tax losses carried forward and other tax benefits at the level of these key entities.	◦ We obtained an understanding of the Management process supporting the Group's recognition and recoverability of the deferred tax assets arising from tax losses carried forward and other tax benefits. ◦ With the assistance of internal tax specialists, we assessed the amount of available tax losses carried forward, other tax benefits and temporary differences in the relevant jurisdictions, focusing on the most material balances. They focused in particular on the application and interpretation of local laws and regulations. ◦ For the different jurisdictions where material deferred tax assets were recorded, we assessed Management's assumptions used to estimate the recoverable value of deferred tax assets arising from tax losses carried forward and other tax benefits. We notably assessed the reliability of the projections prepared by Management to estimate the future taxable profits. ◦ We considered the appropriateness of the disclosures in Note 2 ("Summary of material accounting policies, critical accounting judgments and change in accounting estimates"), Note 7 ("Income tax") to the consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Annual Report including the Management report, the Corporate Governance Statement and the Messages from the Chairman of the Board of Directors and the Chief Executive Officer but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on 2 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 April 2024

Gilles Vanderweyen

Aperam Société Anonyme

Annual Accounts

As of and for the year ending December 31, 2023

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

This version of the annual accounts has been prepared based on the ESEF version, which is the only authoritative one.

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(non-directional Super Mirror finish)

Balance Sheet

Aperam, Société Anonyme

(in thousands of Euros)		December 31, 2023	December 31, 2022
Assets			
C. Fixed assets		**5,992,781**	**5,642,340**
I. Intangible assets	**Note 3**	**1,844**	**2,782**
2.a) Concessions, patents, licences, trademarks and similar rights and assets, if they were acquired for valuable consideration		1,837	2,776
4. Payments on account and intangible assets under development		7	6
III. Financial assets	**Note 4**	**5,990,937**	**5,639,558**
1. Shares in affiliated undertakings		5,814,155	5,526,131
2. Loans to affiliated undertakings		176,742	113,387
6. Other loans		40	40
D. Current assets		**277,743**	**690,125**
II. Debtors		**275,233**	**629,854**
2.a) Amounts owed by affiliated undertakings becoming due and payable within one year	Note 5	273,512	628,758
4.a) Other debtors becoming due and payable within one year		1,721	1,096
III. Investments		**2,498**	**60,228**
2. Own shares	Note 6	2,498	60,228
IV. Cash at bank and in hand		**12**	**43**
E. Prepayments	**Note 7**	**2,339**	**1,193**
Total assets		**6,272,863**	**6,333,658**

The accompanying notes are an integral part of these annual accounts.

Balance Sheet

Aperam, Société Anonyme

(in thousands of Euros)		December 31, 2023	December 31, 2022
Capital, reserves and liabilities			
A. Capital and reserves	**Note 8**	**5,414,905**	**5,499,899**
I. Subscribed capital		**408,912**	**419,031**
II. Share premium account		**1,091,899**	**1,140,630**
IV. Reserves		**58,864**	**116,594**
1. Legal reserve		56,366	56,366
2. Reserve for own shares		2,498	60,228
V. Profit brought forward		**3,736,481**	**2,243,242**
VI. Profit or loss for the financial year		**118,749**	**1,580,402**
B. Provisions		**937**	**—**
3. Other provisions		937	—
C. Creditors	**Note 9**	**857,021**	**833,759**
1. Debenture loans		217,788	304,219
b) Non convertible loans	*Note 10*	*217,788*	*304,219*
i) becoming due and payable within one year		*177,788*	*197,719*
ii) becoming due and payable after more than one year		*40,000*	*106,500*
2. Amounts owed to credits institutions	Note 11	601,365	498,224
a) becoming due and payable within one year		*151,017*	*20,446*
b) becoming due and payable after more than one year		*450,348*	*477,778*
6. Amounts owed to affiliated undertakings		24,105	16,484
a) becoming due and payable within one year	*Note 12*	22,555	16,484
b) becoming due and payable after more than one year	*Note 13*	1,550	—
8. Other creditors		13,763	14,832
a) Tax authorities		*1,164*	*248*
b) Social security authorities		*397*	*360*
c.i) Other creditors becoming due and payable within one year		*12,202*	*14,224*
Total capital, reserves and liabilities		**6,272,863**	**6,333,658**

The accompanying notes are an integral part of these annual accounts.

Profit and Loss account

Aperam, Société Anonyme

(in thousands of Euros)		**Year ending December 31, 2023**	**Year ending December 31, 2022**
4. Other operating income	**Note 14**	**89,658**	**88,003**
5. b) Other external expenses	**Note 15**	**(76,553)**	**(70,800)**
6. Staff costs		**(12,849)**	**(15,369)**
a) Wages and salaries		*(11,077)*	*(13,536)*
b) Social security costs		*(710)*	*(1,723)*
i) relating to pensions		*(335)*	*(1,010)*
ii) other social security costs		*(375)*	*(713)*
c) Other staff costs		*(1,062)*	*(110)*
7. Value adjustments		**(1,126)**	**(1,697)**
a) In respect of formation expenses and of tangible and intangible fixed assets	*Note 3*	*(1,126)*	*(1,697)*
8. Other operating expenses		**(1,039)**	**(96)**
9. Income from participating interests	**Note 16**	**71,275**	**1,541,712**
a) Derived from affiliated undertakings		71,275	1,541,712
10. Income from other investments and loans forming part of the fixed assets		**19,153**	**11,109**
a) Derived from affiliated undertakings		19,153	11,109
11. Other interest receivable and similar income	**Note 17**	**16,766**	**8,762**
a) Derived from affiliated undertakings		*16,403*	*8,752*
b) Other interest and similar income		*363*	*10*
14. Interest payable and similar expenses	**Note 17**	**(19,933)**	**(20,489)**
a) Concerning affiliated undertakings		*(1,697)*	*(3,050)*
b) Other interest and similar expenses		*(18,236)*	*(17,439)*
15. Tax on profit or loss	**Notes 2.3, 18**	**33,773**	**39,271**
16. Profit or loss after taxation		**119,125**	**1,580,406**
17. Other taxes not shown under items 4 to 16		**(376)**	**(4)**
18. Profit or loss for the financial year		**118,749**	**1,580,402**

The accompanying notes are an integral part of these annual accounts.

NOTE 1 – GENERAL INFORMATION

Aperam S.A. ("the Company") was incorporated as a "*Société Anonyme*" under Luxembourg law on September 9, 2010 for an unlimited period.

The Company has its registered office in 24-26, boulevard d'Avranches, L-1160 Luxembourg and is registered at the Register of Trade and Commerce of Luxembourg under the number B155.908.

The financial year of the Company starts on January 1 and ends on December 31 each year.

The corporate purpose of the Company is the manufacture, processing and marketing of stainless steel, stainless steel products and all other metallurgical products, as well as all products and materials used in their manufacture, their processing and their marketing, and all industrial and commercial activities connected directly or indirectly with those objects, including mining and research activities and the creation, acquisition, holding, exploitation and sale of patents, licences, know-how and, more generally, intellectual and industrial property rights.

The Company may perform and carry out its corporate purpose either directly or through the creation of companies, the acquisition, holding or acquisition of interests in any companies or partnerships, membership in any associations, consortia and joint ventures. In general, the Company's corporate purpose comprises the participation, in any form, in companies and partnerships, and the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or in any other manner of shares, bonds, debt securities, warrants and other securities and instruments of any kind.

The Company may grant assistance of any kind (including financial assistance) to any affiliated company and take any measure for the control and supervision of such companies. In general it may carry out any commercial, financial or industrial activity, operation or transaction which it considers to be directly or indirectly necessary or useful in order to achieve or further its corporate purpose.

The Company controls directly and indirectly 89 subsidiaries.

In conformity with the requirements of Luxembourg laws and regulations, the Company publishes consolidated financial statements in accordance with IFRS Accounting Standards as adopted in the European Union. The consolidated financial statements as of and for the year ending December 31, 2023 are available at Aperam Headquarters, 24-26, boulevard d'Avranches, L-1160 Luxembourg, Grand-Duchy of Luxembourg.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of preparation

These annual accounts, corresponding to the standalone financial statements of the parent company, Aperam SA, have been prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg. They comply in particular with the amended law of December 19, 2002, under the historical cost convention.

2.2 – Going concern

As of 31 December 2023, the Company's current liabilities were higher than the current assets by an amount of €85,979 thousands. The Company has limited operations and no external revenue; therefore, its going concern assessment is highly dependent on the related assessment for the Group. Aperam as a group has sufficient liquidity to continue as going concern for the foreseeable future. In addition the Company has access to cash pool accounts or other intra-group treasury instruments to meet its current liabilities. It was therefore concluded that these annual accounts have been prepared on a going concern basis.

2.3 – Change in the presentation of income from tax integration with affiliated undertakings

As from the year ended December 31, 2023, income from tax integration with affiliated undertakings is presented under "15. Tax on profit or loss" instead of "11.a) Other interest receivable and similar income derived from affiliated undertakings". For the sake of comparison, an amount of €40,311 thousands for the year ended December 31, 2022 has been reclassified accordingly.

2.4 – Significant accounting policies

The Company maintains its accounting records in Euros ("EUR" or "EURO") and the annual accounts are prepared in this currency. Unless otherwise stated, all amounts in the annual accounts are stated in thousands of Euros.

The main valuation rules applied by the Company are the following:

Intangible assets

Intangible assets are carried at acquisition cost, less accumulated depreciation and value adjustments when a permanent diminution in value is identified. A reversal of a value adjustment is recorded if the reasons for which the value adjustment was made have ceased to apply.

Intangible assets are amortised on a linear basis over five years.

Financial assets

Shares in affiliated undertakings and investments held as fixed assets are recorded at acquisition cost including the expenses incidental thereto. At the end of each accounting period, shares in affiliated undertakings are subject to an impairment review performed by comparing the carrying amount of the shares in affiliated undertakings to the pro-rata of the net equity of the related affiliated undertakings. In cases where the pro-rata of the net equity of an affiliated undertaking is below the carrying amount of the shares in affiliated undertakings, value in use or similar valuation is performed. Where a permanent diminution in value is identified, this diminution is recorded in the profit and loss account as a value adjustment.

Loans to affiliated undertakings and other loans are recorded in the balance sheet at their nominal value. At the end of each accounting period, value adjustments are recorded on loans which appear to be partly or wholly irrecoverable.

A reversal of the value adjustments is recorded to the extent the factors, which caused its initial recording, have ceased to exist.

Debtors

Debtors are recorded in the balance sheet at their nominal value. At the end of each accounting period, value adjustments are recorded on debtors which appear to be partly or wholly irrecoverable. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Own shares

Own shares are recorded at acquisition cost including the expenses incidental thereto. At the end of each accounting period, value adjustments are recorded on own shares which appear to be partly or wholly irrecoverable. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

Derivative financial instruments

The Company may enter into derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. Unrealised gains and losses are recognised so as to offset unrealised gains and losses with respect to the underlying hedged items in the balance sheet.

Foreign currency translation

The following principles are applied to items denominated in a currency other than the EUR:

- Loans to affiliated undertakings are translated at historical exchange rates or the exchange rate effective at the balance sheet date if unrealised exchange losses exist. Differences in the exchange rates leading to an unrealised loss are recorded in the profit and loss for the year. A reversal of the unrealised loss is recorded to the extent the factors, which caused its initial recording, have ceased to exist.
- Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.
- Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.
- Profit and loss items are translated at the exchange rate prevailing at the transaction date.
- Off balance sheet commitments are disclosed based upon the exchange rate effective at the balance sheet date.

Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Liabilities

Liabilities are recorded in the balance sheet at their reimbursement value.

NOTE 3 – INTANGIBLE ASSETS

Intangible assets mainly include some licenses on IT systems. The movements for the year are as follows:

(in thousands of Euros)	**Concessions, patents, licenses, trademarks and similar rights and assets, if they were acquired for valuable consideration**	**Payments on account and intangible assets under development**	**Total as of December 31, 2023**
Gross book value			
Opening balance	26,197	6	26,203
Additions	—	188	188
Disposals	—	—	—
Transfer	187	(187)	—
Closing balance	**26,384**	**7**	**26,391**
Accumulated value adjustments			
Opening balance	(23,421)	—	(23,421)
Additions	(1,177)	—	(1,177)
Write Back	51	—	51
Closing balance	**(24,547)**	**—**	**(24,547)**
Net book value			
Opening balance	2,776	6	2,782
Closing balance	**1,837**	**7**	**1,844**

NOTE 4 – FINANCIAL ASSETS

The movements for the year are as follows:

(in thousands of Euros)	Shares in affiliated under takings	Loans to affiliated under takings	Other loans	Total as of December 31, 2023
Gross book value				
Opening balance	5,526,131	113,387	40	5,639,558
Additions	288,024	60,979	—	349,003
Foreign exchange differences	—	2,376	—	2,376
Closing balance	5,814,155	176,742	40	5,990,937
Accumulated value adjustments				
Opening balance	—	—	—	—
Closing balance	—	—	—	—
Net book value				
Opening balance	5,526,131	113,387	40	5,639,558
Closing balance	**5,814,155**	**176,742**	**40**	**5,990,937**

4.1. – Shares in affiliated undertakings

(in thousands of Euros)

Name of undertaking	Registered office	Percentage of capital held (%) as of December 31, 2023	Result for 2023 (1) (2)	Capital and reserves (including result for 2023) (1) (2)	Carrying amount as of December 31, 2023	Carrying amount as of December 31, 2022
Aperam HoldCo S.à r.l.	Luxembourg	100.00	183,412	3,525,664	3,742,806	3,592,806
ASE Holdco S.à r.l.	Luxembourg	100.00	(184)	1,818,981	1,823,000	1,823,000
ACE Holdco S.à r.l.	Luxembourg	100.00	(3,971)	153,792	162,000	27,000
Aperam Stainless Services & Solutions Germany GmbH	Germany	25.00	72,358	137,035	55,092	55,092
Aperam Stainless Services & Solutions Italy S.r.l.	Italy	100.00	(9,353)	4,892	15,000	15,000
Corea S.A.	Luxembourg	100.00	1,935	16,806	10,976	7,976
Aperam Brand Services S.à r.l.	Luxembourg	100.00	14,889	14,111	5,187	5,187
Aperam Treasury S.C.A	Luxembourg	100.00	15,950	1,004	31	31
Aperam Sourcing S.C.A	Luxembourg	< 0.00	65,670	17,694	< 1	< 1
Other	Various	—	n/a	n/a	62	38
					5,814,155	**5,526,131**

Note:
(1) In accordance with the unaudited IFRS reporting packages. Unaudited IFRS reporting package relates to financial information used for the preparation of the consolidated financial statements of Aperam Group.
(2) Result for 2023 and Capital and reserves (including result for 2023) are based on an ownership of 100%.

Description of the main changes during the year

On February 2, 2023, the Company made a cash contribution to the share premium of Aperam HoldCo S.à r.l. for a total consideration of €50,000 thousands.

On June 20, 2023, the Company made a capital increase through a cash contribution to the share premium of Corea S.A. for a total consideration of €3,000 thousands.

On July 19, 2023, the Company made a cash contribution to the share premium of Aperam HoldCo S.à r.l. for a total consideration of €100,000 thousands.

On November 30, 2023, the Company subscribed to 100% of the share capital of Aperam HoldCo Services & Solutions S.à r.l. and Aperam HoldCo II S.à r.l., in Luxembourg, for a total consideration of €12 thousands each.

On December 27, 2023, the Company made a cash contribution to the share premium of ACE HoldCo S.à r.l. for a total consideration of €135,000 thousands.

On December 31, 2023, the Board of Directors has reviewed the carrying value of the shares in affiliated undertakings of the Company and considered that there has been no permanent change in the value of the shares the Company has in portfolio.

4.2 – Loans to affiliated undertakings

(in thousands of Euros, unless otherwise stated)	**Currency**	**Amount in original currency**	**December 31, 2023**	**December 31, 2022**
Aperam Treasury S.C.A.	BRL	900,000	154,559	92,023
Aperam Treasury S.C.A.	PLN	100,000	22,183	21,364
Total			**176,742**	**113,387**

Description of the main changes during the year

On November 30, 2021, the Company signed an Export Prepayment Agreement (“the Facility”) with Aperam Treasury S.C.A. for a total amount of BRL 900,000 thousands with maturity December 1, 2032. The Facility bears an interest rate of 11.9%. On April 14, 2023, Aperam Treasury S.C.A. drew an amount of BRL 330,000 thousands (€60,979 thousands) from this Facility.

As of December 31, 2023, the Facility was fully drawn (2022: €570,000 thousands).

All other movements during the year were due to foreign exchange differences.

NOTE 5 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

(in thousands of Euros)	December 31, 2023	December 31, 2022
Assets under cash pooling arrangements	147,978	498,612
Amounts receivable on corporate services	114,664	103,222
Dividends to be received	—	22,000
Accrued interests	4,836	2,922
Amounts receivable on tax integration	6,034	2,002
Total	**273,512**	**628,758**

Description of the main changes during the year

Amounts owed by affiliated undertakings becoming due and payable within one year decreased by €355,246 thousands during the year to €273,512 thousands as of December 31, 2023. This variance is mainly explained by:

- a decrease in the balance of assets under cash pooling arrangement with Aperam Treasury S.C.A. by €350,634 thousands,
- a decrease in dividends to be received from subsidiaries by €22,000 thousands as all declared dividends and interim dividends by affiliated undertakings were paid before December 31, 2023, partly offset by:
- an increase in amounts receivable on corporate services charged by the Company to its subsidiaries by €11,442 thousands,
- an increase in accrued interest by €1,914 thousands,
- an increase in amounts receivable on tax integration by €4,032 thousands.

NOTE 6 – OWN SHARES

On December 31, 2022, the Company had 2,000,742 own shares for a total book value of €60,228 thousands.

During the year 2023, 65,517 own shares (84,771 shares, net of 19,254 shares retained for tax purposes) have been given to certain employees of the Company to serve the PSU Plan 2020.

On February 7, 2023, 1,959,592 shares acquired under the share buyback programme of 2021 were cancelled in line with the announced purpose of the programme.

On June 15, 2023, the Company acquired, at market price, from Aperam HoldCo S.à r.l., 100,000 of its own shares for a total consideration of €3,308 thousands.

On December 31, 2023, the Company had 75,633 own shares for a total book value of €2,498 thousands.

NOTE 7 – PREPAYMENTS

As of December 31, 2023, prepayments amounted to €2,339 thousands (€1,193 thousands as of December 31, 2022) and were mainly related to prepaid charges on supplier invoices received.

NOTE 8 – CAPITAL AND RESERVES

(in thousands of Euros)	Number of shares [1]	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit brought forward	Profit for the financial year	Total
Balance as of December 31, 2022	79,996,280	419,031	1,140,630	56,366	60,228	2,243,242	1,580,402	5,499,899
Allocation of net result	—	—	—	—	—	1,580,402	(1,580,402)	—
Directors' fees (Note 21)	—	—	—	—	—	(550)	—	(550)
Dividend	—	—	—	—	—	(144,343)	—	(144,343)
Cancellation of shares	(1,959,592)	(10,119)	(48,731)	—	—	—	—	(58,850)
Profit for the financial year	—	—	—	—	—	—	118,749	118,749
Reserve for own shares	—	—	—	—	(57,730)	57,730	—	—
Balance as of December 31, 2023	**78,036,688**	**408,912**	**1,091,899**	**56,366**	**2,498**	**3,736,481**	**118,749**	**5,414,905**

Note:
(1) Number of shares denominated in units.

8.1. Subscribed capital and share premium account

On February 7, 2023, 1,959,592 shares acquired under the share buyback programme of 2021 were cancelled in line with the announced purpose of the programme.

As of December 31, 2023, the subscribed capital amounts to €408,912 thousands and is divided into 78,036,688 shares without par value and fully paid up.

To the knowledge of the Board of Directors, the shareholding [1] may be specified as follows:

	December 31, 2023	December 31, 2022
Significant Shareholder [2]	37.82%	36.91%
Treasury shares [3]	7.42%	9.77%
Other public shareholders	54.76%	53.32%
Total	**100.00%**	**100.00%**

Notes:
(1) Shareholding disclosed in the above table relates to shareholders owning 5% or more of the share capital.
(2) Please refer to the share capital section of the Management Report for the definition of the term "Significant shareholder".
(3) Treasury shares of 7.42% includes 75,633 shares held by Aperam SA and 5,711,848 shares held by Aperam HoldCo S.à r.l.

8.2. Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders. As of December 31, 2023, the legal reserve is fully constituted.

8.3. Reserve for own shares

The Board of Directors shall request the upcoming General Meeting of Shareholders to approve the release of €57,730 thousands from the reserve for own shares in order to increase the profit brought forward and to align the non distributable reserve to an amount equivalent to the carrying value (Note 6) of its own shares in accordance with Luxembourg Company Law.

NOTE 9 – MATURITY OF CREDITORS

(in thousands of Euros)				December 31, 2023	December 31, 2022
	Up to 1 year	**From 1 to 5 years**	**Above 5 years**	**Total**	**Total**
Non convertible debenture loans	177,788	40,000	—	217,788	304,219
Amounts owed to credit institutions	151,017	409,723	40,625	601,365	498,224
Amounts owed to affiliated undertakings	22,555	1,550	—	24,105	16,484
Other creditors	13,763	—	—	13,763	14,832
Total	**365,123**	**451,273**	**40,625**	**857,021**	**833,759**

NOTE 10 – NON CONVERTIBLE DEBENTURE LOANS

Schuldscheindarlehen (“SSD”)

On September 24, 2019, Aperam successfully priced an inaugural €190,000 thousands 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 €100,000 thousands to ultimately €190,000 thousands. Fixed rate tranches for a total amount of €150,000 thousands bear an interest rate between 1.10% to 1.50% when floating rate tranches for a total amount of €40,000 thousands bear an interest rate of EURIBOR 6M + 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 the floating rate tranches of €40,000 thousands *Schuldscheindarlehen* for early repayment at its nominal amount plus interest accrued which resulted in full repayment of the floating part.

On December 31, 2023, an amount of €82,500 thousands was outstanding under this SSD (€190,000 thousands on December 31, 2022).

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 €200,000 thousands, fulfill the requirements of law.

On December 31, 2023, an amount of €135,430 thousands was drawn under the Aperam NEU commercial paper programme at an interest rate range between 4.05% and 4.34% for the EUR denominated part and

5.84% for the USD denominated part (€114,000 thousands on December 31, 2022 at an interest rate range between 0.00% and 2.75%).

NOTE 11 – AMOUNTS OWED TO CREDIT INSTITUTIONS

Fixed Rate Term facility

On February 11, 2022, Aperam announced having entered into a 6-year sustainably linked amortising fixed rate term facility of €300,000 thousands 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 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 was fully drawn as of December 31, 2023 and December 31, 2022.

EIB financings

On June 27, 2016, Aperam and the European Investment Bank (EIB) announced the signing of a financing contract in the amount of €50,000 thousands, 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 €100,000 thousands. 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 €75,000 thousands, in addition to the outstanding loan of €100,000 thousands, in relation to the financing of advanced stainless steel manufacturing technologies. This top up facility of €75,000 thousands was fully drawn on October 8, 2021, at a rate of 0.88%, with a final maturity date of October 25, 2031.

On December 31, 2023, an amount of €177,778 thousands was outstanding under EIB financings (€195,833 thousands on December 31, 2022).

€200,000 thousands Unsecured revolving credit facility

On September 26, 2023, Aperam entered into a 3+1 years sustainably linked senior unsecured revolving credit facility (“The Facility”) of €200,000 thousands with a syndicate of 7 banks. The Facility is for the repayment of amounts outstanding under the existing financial indebtedness, together with any breakage costs and other costs and expenses payable in connection with such repayment and for general corporate purposes.

On December 31, 2023, an amount of €120,000 thousands was drawn under the Facility at an interest rate range between 4.67% and 4.76%.

Covenant

All above facilities contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2023, this financial covenant was fully met.

NOTE 12 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

Amounts owed to affiliated undertakings becoming due and payable within one year of €22,555 thousands in 2023 (€16,484 thousands in 2022) mainly relate to staff costs invoiced by affiliated undertakings.

NOTE 13 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE AFTER MORE THAN ONE YEAR

Amounts owed to affiliated undertakings becoming due and payable after more than one year of €1,550 thousands in 2023 (nil in 2022) relate to the negative mark-to market on interest rate derivatives with Aperam Treasury S.C.A.

NOTE 14 – OTHER OPERATING INCOME

Other operating income of €89,658 thousands in 2023 (€88,003 thousands in 2022), mainly corresponds to corporate service fees, E-commerce fees and income related to information technology, procurement and Research and Development services provided to group companies.

NOTE 15 – OTHER EXTERNAL EXPENSES

Other external expenses of €76,553 thousands in 2023 (€70,800 thousands in 2022) mainly relate to staff, research and development and information technology costs invoiced by affiliated undertakings before being further re-invoiced to affiliated undertakings.

Transactions of the Company with related parties outside the Group amounted to €2,715 thousands in 2023 (€2,301 thousands in 2022).

NOTE 16 – INCOME FROM PARTICIPATING INTERESTS

Income from participating interests of €71,275 thousands in 2023 relates to interim dividends received from affiliated undertakings.

Income from participating interests of €1,541,712 thousands in 2022 relates to:

• €941,712 thousands of annual and interim dividends received from affiliated undertakings,

• €600,000 thousands of capital gain on the transfer of the shares in Aperam Stainless France S.A.S. to

ASE HoldCo S.à r.l.

NOTE 17 – INTEREST PAYABLE / RECEIVABLE AND SIMILAR EXPENSES / INCOME

(in thousands of Euros)	Year ending December 31, 2023		Year ending December 31, 2022	
	Expenses	**Income**	**Expenses**	**Income**
Income from tax integration with affiliated undertakings [(1)]	—	—	—	—
Interests payable/receivable concerning affiliated undertakings	(148)	12,083	(86)	3,335
Effects of foreign exchange	—	3,185	—	4,456
Other expense/income with affiliated undertakings	(1,549)	1,135	(2,964)	961
Total interests derived from affiliated undertakings	**(1,697)**	**16,403**	**(3,050)**	**8,752**
Interests in respect of debenture loans	(7,807)	—	(2,769)	—
Interests in respect of credit institutions	(10,394)	—	(10,608)	—
Effects of foreign exchange	—	363	(4,052)	—
Other	(35)	—	(9)	10
Total other interests and similar expenses	**(18,236)**	**363**	**(17,439)**	**10**
Total interests payable / receivable and similar expenses / income	**(19,933)**	**16,766**	**(20,489)**	**8,762**

Note:
(1) As from the year ended December 31, 2023, income from tax integration with affiliated undertakings is presented under "15. Tax on profit or loss" instead of "11.a) Other interest receivable and similar income derived from affiliated undertakings". For the sake of comparison, an amount of €40,311 thousands for the year ended December 31, 2022 has been reclassified accordingly.

Interests in respect of debenture loans relate to *"Schuldscheindarlehen*" and commercial papers.

Interests in respect of credit institutions mainly relate to:

- Upfront fees on the €200,000 thousands unsecured revolving credit facility (in 2023) and €500,000 thousands unsecured revolving credit facility and €300,000 thousands fixed rate term facility (in 2022) (Note 11),

- Interest expenses on EIB Financings, Fixed Rate term facility and Unsecured Revolving Credit Facilities, and

- Commitment fees related to both the €500,000 thousands and €200,000 thousands unsecured revolving credit facilities (Note 19).

NOTE 18 – TAX ON PROFIT OR LOSS

The Company is the head of the Luxembourg tax group which includes other subsidiaries located in Luxembourg and as such is fully liable for the tax liability of the tax group. Each of the entities included in the tax group is liable towards the Company for the amount of tax computed on its individual taxable profit. For 2023, the amount charged by the Company to affiliated undertakings amounted to €34,262 thousands (2022: €40,311 thousands).

Historically, the Company has not paid income tax due to the existence of tax losses carried forward of the tax group. The tax group has €718,046 thousands of tax losses carried forward available as of December 31, 2023, which could lead to a potential deferred tax asset of €179,081 thousands at a tax rate of 24.94%. The portion of the aforementioned losses that have been generated as from tax year 2017 (approximately €335,073 thousands) expire after seventeen years following the tax year in which the losses arose. The tax losses generated by the tax group prior to 2017 have no expiration dates.

The utilisation of the aforementioned losses against potential future taxable profit is subject to review by the Luxembourg tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year (with potential extension up to 10 years under certain conditions). The existence of the tax losses carried forward remains therefore uncertain (at least) until the end of the fifth fiscal year after the fiscal year in which they are used.

The Company belongs to the Aperam Group that is within the scope of the OECD Pillar Two model rules ("Pillar Two"). Pillar Two legislation was enacted in Luxembourg and comes into effect for fiscal years starting on or after December 31, 2023. Since the Pillar Two legislation was not effective at the closing date of the financial year, the Company has no related current tax exposure.

The amount of withholding tax on corporate services with affiliated undertakings amounts to €489 thousands (2022: €1,040 thousands).

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Commitments given

(in thousands of Euros)	**December 31, 2023**	**December 31, 2022**
Guarantees given relating to credit facilities (1)	1,810	4,780
Other commitments (2)	56,594	54,333
Total	**58,404**	**59,113**

Notes:
(1) The Company has given guarantees for certain credit facilities contracted by Aperam subsidiaries.
(2) Other commitments refer to guarantees given by the Company on behalf of Aperam subsidiaries for various obligations (other than debt) and renting obligations related to Aperam headquarters.

The Company is jointly and severally liable for the following entities:

- Aperam Sourcing S.C.A.
- Aperam Treasury S.C.A.

Available lines of credit

€500,000 thousands 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.

The Facility contains a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2023, this financial covenant was fully met.

On January 26, 2023, Aperam confirmed the extension of the maturity of the Facility by one year.

On December 31, 2023 and December 31, 2022, the Facility was not drawn.

€200,000 thousands Unsecured Revolving Credit Facility

On December 31, 2023, an amount of €80,000 thousands was not drawn under the Facility.

Commercial paper programme

On December 31, 2023, an amount of €64,570 thousands was not drawn under the Aperam NEU commercial paper programme (€86,000 thousands on December 31, 2022).

Contingencies

The Company has no contingency as of December 31, 2023.

Share Unit Plans

On May 4, 2022, the annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2022 and the 2023 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other grants below the Leadership Team level. In June 2022, a total of 66,815 PSUs and 43,425 RSUs were granted to a total of 32 employees and 58 employees at a fair value of €38.83 per share (out of which 51,920 PSUs were for the 9 Members of the Leadership Team).

On May 2, 2023, the annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2023 and the 2024 annual general meeting, to key employees of Aperam a maximum of 350,000 of the Company's shares for grants under the Leadership Team PSU Plan and other grants below the Leadership Team level. In June 2023, a total of 88,146 PSUs and 97,750 RSUs were granted to a total of 36 employees and 100 employees at a fair value of €33.25 per share (out of which 63,846 PSUs were for the 9 Members of the Leadership Team).

NOTE 20 – STAFF

The Company employed an average of 61 full time equivalent employees during the financial year (57 full-time equivalents during the previous year).

NOTE 21 – DIRECTORS' REMUNERATION

The Company's Board of Directors members are entitled to a total remuneration of €550 thousands for the year ending December 31, 2023 (€550 thousands for the year ending December 31, 2022). Please refer to Note 8.

As of December 31, 2023 and 2022, the Company did not have any outstanding loans or advances to members of Aperam's Board of Directors or key management personnel and had not given any guarantees for the benefit of any member of Aperam's Board of Directors or key management personnel.

NOTE 22 – SUBSEQUENT EVENTS

On January 31, 2024, Aperam confirmed the extension of the maturity of the €500,000 thousands unsecured revolving credit facility by one year until February 9, 2029.

On February 9, 2024, the Company proposed to maintain its base dividend at €2.00 per share, subject to shareholders approval at the April 30, 2024 Annual General Meeting.

Auditor's Report on the Annual Accounts

pwc

To the Shareholders of
Aperam S.A
24-26 Boulevard d'Avranches
L-1160 Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the Audit of the Annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Aperam S.A. (the "Company") as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit and Risk Management Committee.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

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

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 29 to the Company's consolidated financial statements.

Emphasis of matter

We draw attention to section EU Taxonomy of the Management report included in this Annual Report, which indicates that this Annual Report replaces the Annual Report prepared and approved by the Board of Directors on 25 March 2024, including our signed opinion on that same day. This Annual Report has been prepared to reflect the updates made by the Board of Directors in the EU taxonomy section of the Management report. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key matter
Valuation of the shares in affiliated undertakings and recoverability of receivables from affiliated undertakings	
Investments in shares in affiliated undertakings and receivables from affiliated undertakings (including loans to and amounts owed by affiliated undertakings) amount to EUR 6,264 million or approximately 99% of the Company's total assets as at 31 December 2023. The shares in affiliated undertakings are initially recorded at acquisition cost, including related expenses. At the end of each accounting period, shares in affiliated undertakings are subject to a valuation review. Where a permanent diminution in value is identified, this diminution is recorded in the profit and loss account as a value adjustment. Receivables from affiliated undertakings are recorded in the balance sheet at their nominal value. At the end of each accounting period, value adjustments are recorded on these assets when they appear to be partly or wholly irrecoverable. The valuation of the shares in affiliated undertakings and recoverability of receivables from affiliated undertakings is a key audit matter due to the inherent complexity and judgment in the estimate of their value and their significance as at 31 December 2023.	◦ We obtained an understanding of Management's process related to the valuation of the shares in affiliated undertakings and recoverability of receivables from affiliated undertakings; ◦ We assessed the Company's ability to reliably determine the recoverable amount of its receivables from affiliated undertakings; ◦ We compared the carrying amount of the shares in affiliated undertakings to the pro-rata of the net equity of the affiliated undertakings; ◦ In cases where the pro-rata of the net equity of an affiliated undertaking was below the carrying amount, we performed additional procedures, such as leveraging on the audit work performed over the Aperam Group's goodwill valuation, to verify that the recoverable amount was still above the carrying amount and there were no other indications of impairment; ◦ We assessed the ability of the affiliated undertakings to repay receivables owed to the Company through the analysis of the financial information of the related affiliated undertakings ◦ We evaluated the appropriateness of the related disclosures in Note 2 ("Summary of significant accounting policies"), Note 4 ("Financial assets") and Note 5 ("Amounts owed by affiliated undertakings becoming due and payable within one year") to the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Management report, the Corporate Governance Statement and the Messages from the Chairman of the Board of Directors and the Chief Executive Officer but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 2 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

We have checked the compliance of the annual accounts of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to the requirement that annual accounts are prepared in a valid XHTML format.

In our opinion, the annual accounts of the Company as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société cooperative
Represented by

Luxembourg, 24 April 2024

Gilles Vanderweyen

Proposed allocation of the 2023 results

	In Euros
Profit for the financial year	118,749,329
Profit brought forward (*Report à nouveau*) before transfer from the reserve for own shares	3,678,750,598
Results to be allocated and distributed	**3,797,499,927**
Transfer from the reserve for own shares	57,730,819
Dividend [(1)]	(144,498,414)
Directors' compensation	(550,000)
Profit carried forward	**3,710,182,332**

Note:

(1) To be submitted to shareholders' approval at the Annual General Meeting of April 30, 2024, and related to the financial period ending December 31, 2023. On the basis of 72,249,207 shares outstanding as of December 31, 2023 (78,036,688 shares in issue, net of 5,787,481 treasury shares). Dividends are paid quarterly, resulting in a total annualised cash dividend per share of €2.00.

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For more information, please visit our website:
www.aperam.com

Responsible Steel standards & certification

Aperam is the first stainless steel company to be ResponsibleSteel™ certified in Europe and the Americas.