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Aperam - Full year and fourth quarter 2023 results: "Stainless Market in Crisis, Alloys, Recycling & Renewables Deliver""

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Full year and fourth quarter 2023 results¹

"Stainless Market in Crisis, Alloys, Recycling & Renewables Deliver"

Luxembourg, February 9, 2024 (07:00 CET) - Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris, Brussels: APAM, NYRS: APEMY), announced today results for the three months and full year ended December 31, 2023.

Highlights

- Health and Safety: LTI frequency rate of 2.3x in 2023 compared to 2.5x in 2022^{[1]a}
- Shipments of 2,198 thousand tonnes in 2023, a 5% decrease compared to shipments of 2,309 thousand tonnes in 2022
- Adjusted EBITDA of EUR 304 million in 2023, compared to Adjusted EBITDA of EUR 1,129 million in 2022
- Adjusted EBITDA of EUR 55 million in Q4 2023, compared to EUR 19 million in Q3 2023 and EUR 129 million in Q4 2022
- Net income of EUR 203 million in 2023, compared to EUR 625 million in 2022
- Basic earnings per share of EUR 2.81 in 2023, compared to EUR 8.33 in 2022
- Free cash flow before dividend and share buy-back amounted to EUR 168 million in 2023, compared to EUR 345 million in 2022
- Net financial debt of EUR 491 million, as of December 31, 2023, compared to EUR 468 million as of December 31, 2022

Strategic initiatives

Timoteo Di Maulo, CEO of Aperam, commented:

“The market improved slightly during the fourth quarter but remains deeply depressed. Extreme margin pressure persists and volumes reflect an industrial recession in Europe. This crisis reveals how important the successful integration into raw materials has been for Aperam. In Q4 the Recycling & Renewables division was Aperam’s largest earnings contributor for the first time. Entering 2024 Phase 5 of the Leadership Journey® – our self-help program started. With a clear focus on cost reduction we are convinced that our 2025 target remains valid and that Aperam will emerge from this crisis as a more resilient, more profitable and more cash generative Company.”

Financial Highlights (on the basis of financial information prepared under IFRS)

(in millions of Euros, unless otherwise stated)	Q4 23	Q3 23	Q4 22	12M 23	12M 22
Sales	1,551	1,463	1,616	6,592	8,156
Operating income / (loss)	(10)	(36)	81	89	890
Net income / (loss) attributable to equity holders of the parent	70	(42)	—	203	625
Basic earnings per share (EUR)	0.97	(0.59)	—	2.81	8.33
Diluted earnings per share (EUR)	0.96	(0.58)	—	2.79	8.29
Free cash flow before dividend and share buy- back	217	(135)	69	168	345
Net Financial Debt (at the end of the period)	491	646	468	491	468
Adj. EBITDA	55	19	129	304	1,129
Exceptional items	(11)	—	—	(11)	(53)
EBITDA	44	19	129	293	1,076

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 2.1x in the fourth quarter of 2023 compared to 1.4x in the third quarter of 2023.

Financial results analysis for full year period to December 31, 2023

Sales for the year ended December 31, 2023 decreased by 19.2% at EUR 6,592 million compared to EUR 8,156 million for the year ended December 31, 2022, due to lower volumes and lower realized prices. Shipments in 2023 decreased by 4.8% at 2,198 thousand tonnes compared to 2,309 thousand tonnes in 2022.

Adj.EBITDA reached EUR 304 million for the year ended December 31, 2023 (excluding an exceptional loss of EUR (11) million, related to a program to promote employee attrition), compared to EUR 1,129 million for the year ended December 31, 2022 (excluding an exceptional loss of EUR (53) million related to the reversal of the inventory step-up of EUR (48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for EUR (5) million). Group Adjusted EBITDA decreased by 73.1% 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 Program - realized EUR 64 million gains in 2023 and concluded successfully 24% ahead of target.

Depreciation and amortization expense was EUR (204) million for the year ended December 31, 2023.

Aperam had an operating income for the year ended December 31, 2023 of EUR 89 million compared to an operating income of EUR 890 million for the year ended December 31, 2022.

Financing costs including the FX and derivatives result for the year ended December 31, 2023 were positive at EUR 30 million, including cash cost of financing of EUR (27) million.

Income tax benefit for the year ended December 31, 2023 was EUR 87 million (including EUR 101 million of net deferred tax assets recognized on tax losses carried forward and other tax benefits).

The Company recorded a net income of EUR 203 million for the year ended December 31, 2023.

Cash flows from operations for the year ended December 31, 2023 were positive at EUR 471 million, including a working capital release of EUR 248 million. CAPEX for the year ended December 31, 2023 was EUR (250) million.

Free cash flow before dividend and share buy-back for the year 2023 amounted to EUR 168 million.

As of December 31, 2023, total equity amounted to EUR 3,450 million and net financial debt was EUR 491 million. Gross financial debt as of December 31, 2023 was EUR 934 million. Cash & cash equivalents were EUR 443 million.

Total cash returns to shareholders in 2023 amounted to EUR 145 million, consisting fully of dividend (of which EUR 1 million paid to non-controlling interests).

The Company had liquidity of EUR 1,023 million as of December 31, 2023, consisting of cash and cash equivalents of EUR 443 million and undrawn credit lines³ of EUR 580 million.

Financial results analysis for the three-month period ending December 31, 2023

Sales for the fourth quarter of 2023 increased by 6% at EUR 1,551 million, compared to EUR 1,463 million for the third quarter of 2023. Shipments increased from 516 thousand tonnes in the third quarter of 2023 to 541 thousand tonnes in the fourth quarter of 2023, due to a seasonal increase in Europe and the

Financing costs, net, including the FX and derivatives result for the fourth quarter of 2023 were EUR (37) million. Cash cost of financing was EUR (3) million during the quarter.

Income tax benefit for the fourth quarter of 2023 was EUR 118 million (including EUR 101 million of net deferred tax assets recognized on tax losses carried forward and other tax benefits).

The net result recorded by the Company was a profit of EUR 70 million for the fourth quarter of 2023, compared to a loss of EUR (42) million for the third quarter of 2023.

Cash flows from operations for the fourth quarter of 2023 were at EUR 318 million, including a working capital release of EUR 289 million. CAPEX for the fourth quarter was EUR (93) million.

Free cash flow before dividend and share buyback for the fourth quarter of 2023 was EUR 217 million, compared to a negative amount of EUR (135) million for the third quarter of 2023.

During the fourth quarter of 2023, cash returns to shareholders amounted to EUR 36 million, consisting fully of dividend.

Operating division results analysis

Stainless & Electrical Steel ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q4 23	Q3 23	Q4 22	12M 23	12M 22
Sales	1,015	931	1,158	4,229	5,510
Adjusted EBITDA	(34)	(6)	38	92	791
Exceptional items	(11)	—	—	(11)	—
EBITDA	(45)	(6)	38	81	791

shipments

(000t)

Average steel	2,390	2,414	3,035	2,626	3,358
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selling price

(EUR/t)

⁽¹⁾ Amounts are shown prior to intra-group eliminations

The division recorded Adjusted EBITDA of EUR 92 million (of which EUR (41) million were generated in Europe and EUR 133 million in South America) for the year 2023, compared to Adjusted EBITDA of EUR 791 million (of which EUR 393 million were generated in Europe and EUR 398 million in South America) for the year 2022. EBITDA decreased by 88.4% due to the combined effect of lower volumes, lower price and a significant inventory valuation charge.

The Stainless & Electrical Steel division had sales of EUR 1,015 million for the fourth quarter of 2023. This represents a 9.0% increase compared to sales of EUR 931 million for the third quarter of 2023. Steel shipments during the fourth quarter were 407 thousand tonnes, a 9.7% increase compared to shipments of 371 thousand tonnes during the previous quarter. Shipments in Europe recovered seasonally and also benefited from the absence of production disruptions while Brazil recorded solid demand in a seasonally softer quarter. Average steel selling prices for the Stainless & Electrical Steel division decreased by 1.0% compared to the previous quarter.

The division generated a negative EBITDA of EUR (45) million (including an exceptional loss of EUR (11) million, related to a program to promote employee attrition) for the fourth quarter of 2023 compared to a negative EBITDA of EUR (6) million for the third quarter of 2023. EBITDA decreased due to a price/cost squeeze in both regions **which was higher than volume increase and inventory valuation effect**.

Depreciation and amortization expense was EUR (28) million for the fourth quarter of 2023.

The Stainless & Electrical Steel division had an operating loss of EUR (73) million for the fourth quarter of 2023 compared to an operating loss of EUR (33) million for the third quarter of 2023.

Services & Solutions ⁽¹⁾

(in millions of	12M 22				
Euros, unless					
otherwise	Q4 23	Q3 23	Q4 22	12M 23	
stated)					
Sales	535	510	518	2,255	2,779
EBITDA	17	1	(4)	24	93
Depreciation & amortization	(4)	(3)	(4)	(14)	(14)
Operating	13	(2)	(8)	10	79

selling price

(EUR/t)

⁽¹⁾ Amounts are shown prior to intra-group eliminations

The division recorded EBITDA of EUR 24 million for the year 2023, compared to EUR 93 million for the year 2022. The lower result was mainly attributable to a significant inventory valuation charge versus a gain last year to which an unfavorable price/cost development added as well.

The Services & Solutions division had sales of EUR 535 million for the fourth quarter of 2023, representing an increase of 4.9% compared to sales of EUR 510 million for the third quarter of 2023. For the fourth quarter of 2023, steel shipments were 160 thousand tonnes compared to 157 thousand tonnes during the previous quarter. Average steel selling prices for the Services & Solutions' division were 1.0% higher during the fourth quarter of 2023 compared to the third quarter of 2023.

The EBITDA of the division was EUR 17 million for the fourth quarter of 2023 compared to an EBITDA of EUR 1 million for the third quarter of 2023. EBITDA improved mainly due to a less negative inventory valuation charge.

Depreciation and amortization expense was EUR (4) million for the fourth quarter of 2023.

The Services & Solutions division had an operating income of EUR 13 million for the fourth quarter of 2023 compared to an operating loss of EUR (2) million for the third quarter of 2023.

Alloys & Specialties⁽¹⁾

(in millions of Euros, unless otherwise stated)	12M 22				
	Q4 23	Q3 23	Q4 22	12M 23	
Sales	242	177	184	889	665
EBITDA	19	2	12	49	53
Depreciation & amortization	(1)	(3)	(1)	(9)	(9)
Operating income / (loss)	18	(1)	11	40	44
Steel shipments (000t)	9	6	7	33	27
Average steel selling price	25,000	28,684	24,619	25,527	23,518

The Alloys & Specialties division achieved EBITDA of EUR 19 million for the fourth quarter of 2023 compared to EUR 2 million for the third quarter of 2023. EBITDA increased due to higher volumes, a better mix and a significantly less negative inventory valuation charge.

Depreciation and amortization expense for the fourth quarter of 2023 was EUR (1) million.

The Alloys & Specialties division had an operating income of EUR 18 million for the fourth quarter of 2023 compared to an operating loss of EUR (1) million for the third quarter of 2023.

Recycling & Renewables ⁽¹⁾

(in millions of Euros, unless otherwise stated)					12M 22
	Q4 23	Q3 23	Q4 22	12M 23	
Sales	456	430	437	1,977	2,428
Adjusted EBITDA	65	17	55	156	139
Exceptional items	—	—	—	—	(53)
EBITDA	65	17	55	156	86
Depreciation, amortization and impairment	(20)	(21)	(15)	(72)	(59)
Operating income / (loss)	45	(4)	40	84	27

The division recorded an EBITDA of EUR 156 million for the year 2023 compared to an EBITDA of EUR 86 million, including a bargain gain reversal of EUR (53) million on ELG acquisition, for the year 2022. EBITDA increased due to higher volumes and positive inventory valuation effects.

The Recycling & Renewables division had sales of EUR 456 million for the fourth quarter of 2023, representing an increase of 6.0% compared to EUR 430 million sales for the third quarter of 2023. Shipments increased by 8.7% during the fourth quarter of 2023 to 337 thousand tonnes. Average selling prices for the Recycling & Renewables' division were 2.4% lower during the fourth quarter of 2023.

EBITDA increased during the quarter to EUR 65 million compared to EBITDA of EUR 17 million in the third quarter of 2023, due to higher volumes and positive valuation effects that compensated slightly lower prices.

Depreciation and amortization expense for the fourth quarter of 2023 was EUR (20) million.

The Recycling & Renewables division had an operating income of EUR 45 million for the fourth quarter of 2023 compared to an operating loss of EUR (4) million for the third quarter of 2023.

Recent developments during the quarter

- On December 5, 2023, Aperam announced that long-time customer BSH Hausgeräte GmbH, a leader in the home appliance industry, will use Aperam infinite™ near-zero carbon premium stainless steel for the first time in its dishwasher production.
- On December 14, 2023, Aperam announced that Nexa Resources advanced in the acquisition of 10,000 tons of bio-oil from Aperam BioEnergia to reduce emissions when producing zinc oxide.
- On January 8, 2024, Aperam announced its financial calendar for 2024.

New developments

- On February 9, 2024, Aperam announced its dividend payment schedule for 2024.

Investor conference call / webcast

Pre-recorded management comments are available as from publication of this earnings release on our website at www.aperam.com, section Investors > Reports & Presentations > Quarterly results > Q3-2023 ([Link to Q4 2023 management podcast](#)).

Aperam management will host a conference call / webcast for members of the investment community to discuss the financial performance of the quarter under report at the following time:

Date	New York	London	Luxembourg
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The conference password is: Aperam.

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About Aperam

Aperam is a global player in stainless, electrical and specialty steel and recycling, with customers in over 40 countries. Starting from 1 January 2022, the business is organized in four primary reportable divisions: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables.

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 low carbon footprint stainless and special steels from biomass, stainless steel scrap and high performance alloys scrap. With Bioenergia and its unique capability to produce charcoal made from its own FSC®-certified forestry and with ELG, a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys, Aperam's places sustainability at the heart of its business, helping customers worldwide to excel in the circular economy.

In 2023, Aperam had sales of EUR 6,592 million and shipments of 2.20 million tonnes.

For further information, please refer to our website at www.aperam.com.

Forward-looking statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "target" or similar expressions. Although Aperam's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam's securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam's filings with the Luxembourg Stock Market Authority for the Financial Markets (Commission de Surveillance du Secteur Financier). Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise.

APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of EURO)	December 31, 2023	September 30, 2023	December 31, 2022
ASSETS			
Cash & cash equivalents			
(C)	443	285	457

Property, plant and equipment (incl. Biological assets)	2,111	2,003	1,910
Investments in associates, joint ventures and other	8	3	3
Deferred tax assets	213	106	101
Other non-current assets	131	119	122
Total Assets (net of Trade Payables)	5,084	5,077	5,082
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	360	340	258
Accrued expenses and other current liabilities	361	406	426
Total Current Liabilities (excluding Trade Payables)	721	746	684
Long-term debt, net of current portion (A)	574	591	667
Deferred employee benefits	153	137	136
Deferred tax liabilities	115	132	131
Other long-term liabilities	71	62	72
Total Liabilities (excluding Trade Payables)	1,634	1,668	1,690
Equity attributable to the equity holders of the parent	3,442	3,401	3,385
Non-controlling interest	8	8	7
Total Equity	3,450	3,409	3,392
Total Liabilities and Shareholders' Equity (excluding Trade Payables)	5,084	5,077	5,082
Net Financial Debt (D = A+B-C)	491	646	468

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Exceptional items (D)	(11)	—	—	(11)	(53)
EBITDA (C = A - B)	44	19	129	293	1,076
<i>EBITDA margin (%)</i>	<i>2.8%</i>	<i>1.3%</i>	<i>8.0%</i>	<i>4.4%</i>	<i>13.2%</i>
Depreciation, amortization and impairment (B)	(54)	(55)	(48)	(204)	(186)
Operating income / (loss) (A)	(10)	(36)	81	89	890
<i>Operating margin (%)</i>	<i>(0.6%)</i>	<i>(2.5%)</i>	<i>5.0%</i>	<i>1.4%</i>	<i>10.9%</i>
Results from associates and other investments	(1)	—	—	(2)	(1)
Financing income / (costs), (net)	(37)	(19)	(116)	30	(137)
Income / (loss) before taxes and non-controlling interests	(48)	(55)	(35)	117	752
Income tax benefit / (expense)	118	13	35	87	(126)
<i>Effective tax rate %</i>	<i>248.7%</i>	<i>23.7%</i>	<i>99.7%</i>	<i>(73.9)%</i>	<i>16.7%</i>
Net income / (loss) including non-controlling interests	70	(42)	—	204	626
Non-controlling interests	—	—	—	(1)	(1)
Net income / (loss) attributable to equity holders of the parent	70	(42)	—	203	625
Basic earnings per share (EUR)	0.97	(0.59)	—	2.81	8.33
Diluted earnings per share (EUR)	0.96	(0.58)	—	2.79	8.29
Weighted average common shares outstanding (in thousands)	72,249	72,249	72,194	72,222	75,062

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended			Twelve Months Ended	
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Operating income / (loss)	(10)	(36)	81	89	890
Depreciation, amortization and impairment	54	55	48	204	186
Change in working capital	289	(21)	197	248	(258)
Income tax paid	(3)	(2)	(31)	(34)	(118)
Interest paid, (net)	3	(4)	5	(5)	3
Exceptional items	11	—	—	11	53
Other operating activities (net)	(26)	(40)	(91)	(42)	(114)
Net cash provided by (used in) operating activities (A)	318	(48)	209	471	642
Purchase of PPE and intangible assets (CAPEX)	(93)	(55)	(137)	(250)	(285)
Purchase of biological assets and other investing activities (net)	(8)	(32)	(3)	(53)	(12)
Net cash used in investing activities (B)	(101)	(87)	(140)	(303)	(297)
Proceeds from / (Payments to) to banks and long term debt	5	38	(16)	8	(60)
Purchase of treasury stock (share buy back)	—	—	(8)	—	(194)
Dividends paid	(36)	(37)	(36)	(145)	(151)
Other financing activities (net)	(3)	(4)	(4)	(15)	(14)

Free cash flow
before
dividend and
share buy-back
(C = A+B)

217

(135)

69

168

345

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	December 31,	September 30,	June 30,
	2023	2023	2023
Frequency Rate	2.1	1.4	2.8

Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

Appendix 1b - Key operational and financial information

Year Ending December 31, 2023	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Recycling & Renewable s	Others & Eliminatio ns	Total
Operation al informatio n						
Shipment (000t)	1,550	647	33	1,373	(1,405)	2,198
Average selling price (EUR/ t)	2,626	3,345	25,527	1,440		2,999

EBITDA						
Exceptional items	(11)	—	—	—	—	(11)
EBITDA	81	24	49	156	(17)	293
Depreciation & amortization	(106)	(14)	(9)	(72)	(3)	(204)
Operating income / (loss)	(25)	10	40	84	(20)	89

Note a: Stainless & Electrical Steel shipments of 1,550kt of which 571kt were from South America and 979kt were from Europe

Note b: Stainless & Electrical Steel Adjusted EBITDA of EUR 92m of which EUR 133m were from South America and EUR (41)m were from Europe

Year Ending December 31, 2022	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others & Eliminations	Total
Operational information						
Shipment (000t)	1,600	642	27	1,358	(1,318)	2,309
Average selling price (EUR/t)	3,358	4,164	23,518	1,788		3,532

EBITDA						
Exceptional items	—	—	—	(53)	—	(53)
EBITDA	791	93	53	86	53	1,076
Depreciation, amortization & impairment	(102)	(14)	(9)	(59)	(2)	(186)
Operating income	689	79	44	27	51	890

Note a: Stainless & Electrical Steel shipments of 1,600kt of which 582kt were from South America and 1,018kt were from Europe

Note b: Stainless & Electrical Steel Adjusted EBITDA of EUR 791m of which EUR 398m were from South America and EUR 393m were from Europe

Quarter Ending December 31, 2023	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others & Eliminations	Total
Operational information						
Shipment (000t)	407	160	9	337	(372)	541
Average selling price (EUR/t)	2,390	3,157	25,000	1,353		2,867

EBITDA						
Exceptional items	(11)	—	—	—	—	(11)
EBITDA	(45)	17	19	65	(12)	44
Depreciation & amortization	(28)	(4)	(1)	(20)	(1)	(54)
Operating income / (loss)	(73)	13	18	45	(13)	(10)

Quarter Ending September 30, 2023	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others & Eliminations	Total
Operational information						
Shipment (000t)	371	157	6	310	(328)	516
Average selling price (EUR/t)	2,414	3,125	28,684	1,387		2,835

Depreciation & amortization	(27)	(3)	(3)	(21)	(1)	(55)
Operating income / (loss)	(33)	(2)	(1)	(4)	4	(36)

Appendix 2 – Adjusted Net Income and Adjusted Basic Earnings per Share

(in million of EURO)	Three Months Ended			Twelve Months Ended	
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income / (loss)	70	(42)	—	203	625
Exceptional items	11	—	—	11	53
Net recognition of deferred tax assets on tax losses carried forward and other tax benefits	(101)	—	(17)	(101)	(51)
Deferred tax effect on exceptional items	(3)	—	—	(3)	(12)
Adjusted Net income / (loss)	(23)	(42)	(17)	110	615
Basic earnings per share (EUR)	0.97	(0.59)	—	2.81	8.33
Adjusted Basic earnings per share (EUR)	(0.32)	(0.59)	(0.23)	1.52	8.19

Appendix 3 – Terms and definitions⁴

Unless indicated otherwise, or the context otherwise requires, references in this earnings release report to the following terms have the meanings set out next to them below:

Adjusted EBITDA: operating income before depreciation and amortization expenses, impairment losses and exceptional items.

Adjusted EBITDA/tonne: calculated as Adjusted EBITDA divided by total shipments.

EBITDA/tonne: calculated as EBITDA divided by total shipments.

Exceptional items: consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding EUR 10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding EUR 10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding EUR 10 million for the considered quarter.

Financing costs, (net): Net interest expense, other net financing costs and foreign exchange and derivative results.

Free cash flow before dividend and share buy-back: net cash provided by operating activities less net cash used in investing activities.

Gross financial debt: long-term debt plus short-term debt.

Liquidity: Cash and cash equivalent and undrawn credit lines.

LTI frequency rate: Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

Net financial debt: long-term debt, plus short-term debt less cash and cash equivalents.

Net financial debt/EBITDA or Gearing: Refers to Net financial debt divided by last twelve months EBITDA calculation.

Shipments: information at division and group level eliminates inter-division shipments (which are primarily between (i) Recycling & Renewables and Stainless & Electrical Steel (ii) Stainless & Electrical Steel and Services & Solutions) and intra-division shipments, respectively.

Working capital: trade accounts receivable plus inventories less trade accounts payable.

¹ The financial information in this press release and Appendix 1 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as adopted in the European Union. While the interim financial information included in this announcement has been prepared in accordance with IFRS applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standard 34, "Interim Financial Reporting". Unless otherwise noted the numbers and information in the press release have not been audited. The financial information and certain other information presented in a number of tables in this press release have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this press release reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

² The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. The fourth phase of the Leadership Journey® targeted EUR 150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures. Some additional investments, as announced in 2021 as part of the Strategy 2025 program, have been accelerated to achieve earnings growth already in 2022 contributing to the Leadership Journey Phase 4. We concluded Phase 4 of the Leadership Journey® above target with EUR 186 million gains. We announced targeted gains of EUR 200 million for Phase 5 to be realized over the period 2024 - 2026. Gains will come from a combination of variable and fixed cost savings, as well as purchasing and mix improvements. Phase 5 includes a structural cost reduction plan of EUR 50 million. To the extent that this plan would affect employment we will consult with our social partners on the social impact.

³ Includes two revolving credit facilities of EUR 500 million and EUR 200 million at Aperam S.A. level.

⁴ This press release also includes Alternative Performance Measures ("APM" hereafter). The Company believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. 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. The APM's used are defined under Appendix 3 "Terms & definitions".

[1]^a 2022 LTI frequency rate has been recast including Aperam Recycling.

[2]^a The outlook for the quarter depends on the future development of metal and product prices. Both are assumed as constant at their current level.
