Circular economy in action

Annual Report 2022

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Message from the Chairman of the Board of Directors

Dear Shareholders,

After two years of the COVID pandemic the first half of 2022 saw a continuation of the economic revival that started in 2021 as increasing vaccination rates and decreasing infection rates allowed the global economy to reopen, with growth fuelled by pent up demand.

This positive development took an abrupt turn after the Russian invasion of Ukraine in February last year, which had far-reaching impacts. It resulted in soaring energy costs and rising raw material costs, and disrupted economic supply chains - a trend we had seen during the pandemic.

Despite these adverse circumstances - particularly the significant cost increases our business faced - Aperam successfully maintained its production levels and continued to serve its customers consistently and without interruption.

2022 was, however, very much a year of two halves. EBITDA of €712 million in the first half of 2022 was the most profitable six-month period in our history. EBITDA in the second half then halved to €364 million as we faced the brunt of the cost impact described above, alongside a sustained customer destock that impacted apparent consumption and record levels of imports from Asia driven by the elevated price level in Europe.

The new energy and raw material costs challenge in Europe further drove Aperam's management to implement measures to mitigate the negative effects of the extraordinary price volatility and to continue its focus on increasing the proportion of higher-added value products we sell.

Despite the challenging market backdrop last year, Aperam continued to improve its year-on-year profit generation, underlining the efforts we have made in recent years on improving the efficiency and sustainability of our production processes and increasing the proportion of higher-added value products we sell to make Aperam a strong global player, capable of delivering value in the most challenging of market conditions.

Our 2022 adjusted EBITDA was a record €1,129 million, compared with €1,060 million in 2021. Our free cash flow generation - before dividend payments and share buybacks - was €345 million, broadly stable compared with last year's free cash flow of €367 million. We further increased our investment to improve our asset base with capital expenditure nearly doubling to €296 million in 2022 compared with €152 million in 2021.

In terms of cost competitiveness, our target is to deliver €150 million of sustainable cost reduction over the three-year period from 2021 to 2023 through our internal operational excellence plan – the Leadership Journey®. This plan is part of our effort to establish Aperam as the most profitable player in our industry.

This year Aperam returned €345 million to our shareholders through the completion of two share buy-backs that totalled €194 million and €151 million of dividend payments.

In 2022 we realised a new milestone in our ambition to become a central actor in a circular economy with the creation of Aperam Recycling & Renewables as a fourth operating segment. The transformation process started in 2021 with the acquisition of the stainless steel scrap recycling company ELG. With the integration of ELG into Aperam Recycling & Renewables we are following our ESG roadmap by integrating sustainable raw material inputs - in the form of scrap stainless steel and bio-energy (sustainably produced charcoal) – into our production processes.

The integration of ELG into Aperam is part of our environmental roadmap and supports our target to reduce our carbon emissions by 30% compared to 2015, and to reach carbon neutrality by 2050.

Aperam has also set diversity and inclusion as one of its management goals. We have a range of initiatives underway which aim to: increase the number of women in management positions; open up career opportunities for non-academics in higher skilled or management positions; source talent from less traditional countries; and integrate an increasing number of people with disabilities.

In terms of health and safety, Aperam's top priority, I am glad to say that by way of our embedded health and safety culture, strict application of security measures and security procedures, we reduced incidents that resulted in injuries from 2.3x in 2021 to 1.8x in 2022, bringing us a step closer to our goal of zero incidents that result in injuries and to making Aperam a reference for safety in our industry.

In conclusion, 2022 was another progressive and productive year for our company. The setting of the circular economy at the heart of our growth strategy strengthened Aperam's position as a leading player with a commitment to reinforce environmental leadership. The continuous improvement of our industrial footprint and striving for new innovative products and solutions combined with our ambitious goals of environmental and social compatibility will allow us to serve our customers with innovative and quality products. I thank all Aperam employees for their valuable contribution in helping the company to make progress against our strategic priorities and towards our ambition to ensure Aperam is a company that sits at the heart of a low-carbon, circular economy.

Lakshmi N. Mittal
Chairman of the Board of Directors

Message from the Chief Executive Officer

Dear Shareholders,

I am proud to present to you our 2022 Annual Report, which reflects our performance and key achievements during this last year.

First of all, Aperam's employees Health and Safety remains the highest priority of the company. We have made progress in 2022 to reduce our lost time injury frequency rate which reached 1.8x compared to 2.3x a year ago. We are very proud of the efforts our employees and the management have put into making sure that no one working for Aperam suffers any harm from her or his work. We are continuing to work on our specific action plan to reach our ultimate goal of becoming an accident free workplace.

On financial performance, Aperam achieved its most profitable year in the history of the company from continued operations. With an adjusted EBITDA at €1,129 million, and a cash flow from operation at EUR 642 million compared to €550 million in 2021, Aperam achieved an excellent cash conversion ratio.

Aperam achieved these record earnings despite the Nickel crisis that affected the markets at the beginning of the year and the continued raw material volatility that we suffered from over the year. 2022, a year in which conflict returned to Europe after 20 years, was also marked by several crises including the energy crisis and the inflation crisis. Despite seeing its energy costs double in Europe along with a drastic increase in the inflation rate, Aperam managed thanks to its usual agility to be successful once again. Our strong base of customers allowed us to also thrive through the explosion of the level of imports coming from Asia which was doubled compared to previous years.

We continue to advance and even accelerate in our sustainability journey. In 2022 we managed, thanks to our efficient CO2 roadmap, to reduce our emissions to just 330 kg of CO2 per tonne of steel or about a third of the stainless industry average emissions. We aim at reducing this by 30% in 2030 versus the 2015 comparable baseline. To reinforce even more the importance of the environment and more globally the importance of ESG for Aperam, we decided to reflect in the Management Long Term Incentive Plan our Health and Safety, Environment and Social KPIs.

The trade defense measures against unfair competition continued to be effective with a new countervailing duty introduced in Europe against imports from India and Indonesia in Q1 2022. In December, the Brazilian Trade Defense authority published final determination on anti-subsidies duties for Stainless Flat Cold Rolled 304 grades from Indonesia which will be valid for 5 years. However, the elevated prices levels in Europe compared to domestic prices in China thanks to a rare agglomeration of effects due to COVID reducing demand in China and supply chain bottlenecks, attracted elevated levels of imports from Asia during the entire first half of the year. During the second half of the year, our distributors entered into a destocking phase due to the record imports. The significant price gap to Europe seen in H1 2022 has since normalised to historical levels, with prices in Europe reaching historical levels versus Asian imports.

Thanks to a combination of cost reductions, growth and mix improvements under Phase 4 of our Leadership Journey®, we are adapting our footprint to defend our cost leadership in Europe by targeting volumes and expertise at the most efficient lines. This will form a solid basis for the second stage where the resulting increase in productivity will be used for our mix improvement and growth measures. As a reminder we target €150 million of gains over the period 2021 to 2023 under this Phase; and have already reached cumulative gains of €122 million at the end of December 2022. While executing our detailed Phase 4 of the Leadership Journey®, we are already working on further improvement measures post 2023. We announced in 2021, the investments in revamping the hot rolling mill for long products in Imphy (France), the re-start of the Argon Oxygen Decarburization converter project in Genk (Belgium) that was put on hold in 2019, as well as the revamping of our hot rolling mill in Timóteo (Brazil) to further improve our product mix. These projects, together with the planned specialties downstream centre in Gueugnon (France), will further contribute to the reorientation of our product portfolio towards specialties.

Since the acquisition of ELG in December 2021, the integration process is advancing as expected under the new Aperam Recycling and Renewables Segment. This new segment, now including our Recyco and BioEnergìa businesses, allows us to focus on our ESG targets and adds a concrete stream of value generation for Aperam from the world’s transition to a circular economy. We are proud to have one third of Aperam employees working in activities related to recycling of metals and byproducts and renewable energy already today, majority of them in the newly created Recycling and Renewables Segment. Aperam Recycling and Renewables will, in addition to our unique capability to produce stainless and special steels from low cost biomass (charcoal made from its own FSC-certified forestry), further improve our cost competitiveness and enhancements to our industrial footprint and is therefore to be considered as another landmark in Aperam’s transformation as an important player in the circular economy.

To conclude on 2022, while the first half has been very successful, the second half of the year was marked by a war in Europe, causing political and economic uncertainty from sliding and volatile commodity prices, inflation and an energy crisis in Europe. In this context, we will continue to focus on maintaining a strong balance sheet, on efficiency and on our strategy execution. Looking forward, I am confident that our ongoing focus on sustainability, innovation, growth and mix improvements combined with our core strength of competitiveness will ensure that we are well placed to deliver stakeholder value for many years to come.

Timoteo Di Maulo
Chief Executive Officer

Glossary

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

Financial Measures:

- "**adjusted EBITDA**" is defined as operating income[1] before depreciation[1], amortisation[1], impairment expenses[1] and exceptional items[1]
- "**EBITDA**" is defined as operating income[1] before depreciation[1], amortisation[1] and impairment expenses[1]
- "**exceptional items**" consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding €10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding €10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding €10 million for the considered quarter
- **"financial statements"** refers to the financial statements for the year ended 31 December 2022 unless otherwise stated
- "**free cash flow before dividend and share buy-back**" is defined as net cash provided by operating activities[1] less net cash used in investing activities[1]
- "**gearing**" is defined as net financial debt divided by equity[1]
- "**net financial debt**" or "**NFD"** refers to 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**" refers to the number of hours of absence for illness less than six months divided by the number of theoretical to-be-worked hours
- "**annealing**" refers to the process of heating cold steel to make it more suitable for bending and shaping and to prevent breaking and cracking
- "**austenitic stainless steel**" is a steel alloy containing at least 16% chromium, where other alloying elements -usually nickel, alternatively manganese or nitrogen- are added to obtain an austenitic crystalline structure
- "**bright annealing**" refers to the final annealing lines (with an oven) with a reducing atmosphere that produces a bright annealed finish
- "**brownfield project**" refers to the expansion of an existing operation
- "**carbon steel scrap**" refers to recycled carbon steel that is re-melted and recast into new steel
- "**cold rolling**" refers to the forming method employed after hot rolling
- "**downstream**" refers to finishing operations. For example, in the case of flat products, the downstream would be the operations after the production of hot-rolled coil
- "**EU ETS**" is defined as EU Emissions Trading System
- "**ferritic steel**" refers to stainless steel grades with low/no nickel content
- "**GHG**" is defines as Greenhouse Gas emissions
- **"greenfield project"** refers to the development of a new project
- "**IFRS**" means International Financial Reporting Standards as adopted in the European Union
- "**Lost Time Injury Frequency rate**" (LTIF) is a key metric that measures the time lost due to injuries per 1,000,000 worked hours
- "**pickling**" refers to the process where steel coils are cleaned using chemical baths to remove impurities, such as rust, dirt and oil

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

- "**production capacity**" refers to the annual production capacity of a plant and equipment based on existing technical parameters as estimated by management
- "**R$**" or "**BRL**" are Brazilian Real and are converted into € using the closing exchange rate of €1= R$5.5694 as of December 31, 2022
- "**sales**" include shipping and handling fees and costs billed to a customer in a sales transaction
- "**scope 1 and 2**" refers to various types of emissions. Actually, for carbon footprint calculations, three types of emissions are differentiated:
    - Scope 1 emissions are direct emissions produced by the burning of fuels of the emitter;
    - Scope 2 emissions are indirect emissions generated by the electricity consumed and purchased by the emitter;
    - Scope 3 covers indirect emissions generated by the emitter activity but owned, controlled and reported by a different emitter from the one who reports on the emissions.
- "**significant shareholder**" means trusts (HSBC Trust (C.I.) Limited, as trustee) of which Mr. Lakshmi N. Mittal, Ms. Usha Mittal and their children are the beneficiaries, holding Aperam shares through Value Holdings II Sàrl, a limited liability company organised under the laws of Luxembourg ("Value Holdings II")
- "**slabs**" refers to compact blocks of crude steel (usually a product of the casting process in steel mills), which are used as a pre-product in hot rolling mills to produce hot rolled coils or strips
- "**spin-off**" refers to the transfer of the assets comprising ArcelorMittal's stainless and specialty steels businesses from its carbon steel and mining businesses to the Company, and the pro rata allocation of the ordinary shares of the Company to ArcelorMittal shareholders
- "**stainless steel scrap**" refers to recycled stainless steel materials that are re-melted and cast into new steel
- "**steckel mill**" refers to reversing steel sheet reduction mills with heated coil boxes at each end where steel strip is sent through the rolls of the reversing mill and then coiled at the end of the mill, reheated in the coil box and sent back through the steckel stands and recoiled
- "**tonnes**" refers to metric tonnes and are used in measurements involving stainless and specialty steel products (a metric tonne is equal to 1,000 kilograms or 2,204.62 pounds)
- "**U.S.$**" or "**USD**" are U.S. dollars and are converted into € using the closing exchange rate of €1= U.S.$1.066 as of December 31, 2022
- "**upstream**" refers to operations that precede downstream steel-making, such as coke, sinter, blast furnaces, electric arc furnaces, casters and hot rolling/steckel mills

Management Report

The Board of Directors is pleased to present its report, which constitutes the management report (Management Report) as defined by Luxembourg Law, together with the audited consolidated financial statements and annual accounts as of December 31, 2022 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 "Aperam", "the Company", "We" or "the Group") is a leading global stainless and specialty steel producer, and the world's lowest CO_2 footprint[2] stainless steel producer thanks to its European production route based on fully recyclable stainless steel scrap, and the use of charcoal from its own sustainable cultivated forests in Brazil.

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

Aperam has an annual production capacity of 2.5 million tonnes and is a leading stainless and specialty steel producer in South America and the second largest producer in Europe. We are also a leading producer of high value added specialty products, including grain oriented (GO) and non-grain oriented (NGO) electrical steels and specialty alloys. Our production capacity is spread across six production facilities located in Brazil, Belgium and France. As of the end of December 2022, we have a workforce of about 10,700 employees. Our distribution network is comprised of 15 Steel Service Centres (SSCs), 5 transformation facilities and 15 sales offices. We also are home to world's largest production of bio-charcoal from our own forests and are one of the world's leading suppliers of stainless and specialty alloy scraps operating 50 recycling locations across the world. Our products are sold to customers all over the world operating in the aerospace, automotive, catering, construction, household appliances, electrical engineering, industrial processes, medical, and oil & gas industries.

Aperam posted sales of €8.2 billion and €5.1 billion and EBITDA of €1,076 million and €1,186 million for the years ending December 31, 2022 and 2021 respectively. Shipments amounted to 2.31 million tonnes and 1.82 million tonnes for the years ending December 31, 2022 and 2021 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
- **10,700** employees
- **14%** of our workforce are women

INTELLECTUAL CAPITAL

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

- **€21m** R&D spent
- **143** 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
- **15** service centres, **15** sales offices, **5** transformation centres
- **€296m** capex

FINANCIAL CAPITAL

We have a strong financial position

- **€6.3bn** total balance sheet
- **€468m** net financial debt, net debt/EBITDA ratio **<1**
- **€8.2bn** 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.

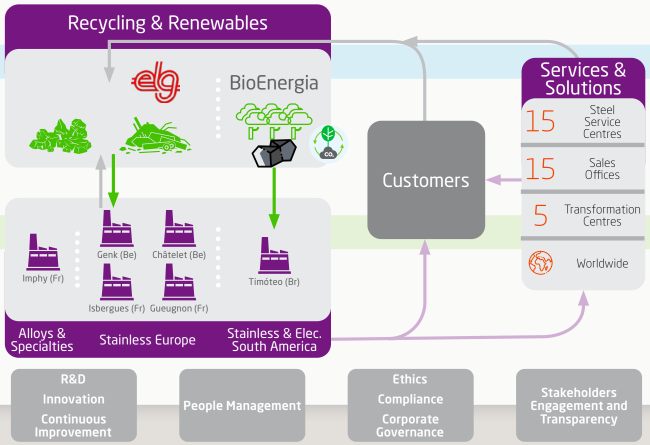
OUR AMBITION

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



OUTPUTS

We focus on their safety and development

- TRIR **7.01**
- Employer's recognitions in Brazil and France
- **94%** of workers received at least one training*

* excl. former ELG/Aperam Recycling division

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

- **2.3mt** steel shipments
- **€117m** EBITDA level reached under Phase 4 of Leadership Journey®
- 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

We deliver value for our stakeholders

- **€7,568m** economic value distributed, incl. taxes and salaries
- **€345m** free cash flow
- **€1.076m** EBITDA
- **€626m** net income
- **€345m** returns to shareholders in 2022

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 Sustainalytics
- Forthcoming publication of our 2022 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.
- **Over 90%** recycling/reuse rate

Our history

On December 7, 2010, the Board of Directors of Aperam and the Board of Directors of ArcelorMittal approved a proposal to its shareholders to spin-off ArcelorMittal's stainless and specialty steels businesses. The objective of establishing an independent company was to enable the stainless and specialty steels businesses to benefit from better market visibility by pursuing a growth strategy focused on emerging markets and specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal. The main shareholder ("Significant Shareholder") holds 40.91% of the voting rights. Please refer to the share capital section of this Management Report for the definition of the term "Significant shareholder". On December 27, 2021, Aperam announced the completion of the acquisition of ELG, a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys.

Our operational organisation and facilities[3]

In 2022, 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 offerings 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 38.4% of external sales and 73.5% of EBITDA for the year ending December 31, 2022, and 48.0% of external sales and 73.5% of EBITDA for the year ending December 31, 2021.

- 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 8.6% of EBITDA for the year ending December 31, 2022, and 41.8% of external sales and 17.5% of EBITDA for the year ending December 31, 2021.

- 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 offered in a wide range of grades.

This segment accounted for 8.1% of external sales and 4.9% of EBITDA for the year ending December 31, 2022, and 10.1% of external sales and 4.9% of EBITDA for the year ending December 31, 2021.

- Recycling & Renewables. Our new segment includes all recycling and renewable energy activities: (i) ELG now called Aperam Recycling which is 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 which is our electric arc furnace recycling facility retrieving dust and sludge with the aim of recycling stainless steel raw materials and reducing waste; and (iii) and Aperam BioEnergia, which produces wood and charcoal (biomass) from cultivated eucalyptus forests in Brazil. We use the

[3] Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

charcoal (biomass) produced by Aperam BioEnergia as a substitute for coke at our Timóteo production facility.

This segment accounted for 20.6% of external sales and 8.0% of EBITDA for the year ending December 31, 2022, and 0.1% of external sales and 11.9% of EBITDA for the year ending December 31, 2021.

Additionally, we have EBITDA that is reported 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 5.0% of EBITDA for the year ending December 31, 2022, and (7.8)% of EBITDA for the year ending December 31, 2021.

Our key production sites

Genk (Belgium)

Châtelet (Belgium)

Gueugnon (France)

Isbergues (France)

Imphy (France)

Timóteo (Brazil)

Stainless & Electrical Steel

Europe

Our European facilities produce the full range of our stainless steel products. In 2022, steel shipments from Stainless & Electrical Steel Europe facilities represented 1,018 thousand tonnes (compared to 1,170 thousand tonnes in 2021).

We have two melt shops in Belgium, located in Genk and Châtelet. The Genk facility includes two electric arc furnaces, argon-oxygen decarburization equipment, ladle refining metallurgy, a slab continuous caster and slab grinders. It also includes 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 decarburization equipment, ladle furnaces refining metallurgy, a slab continuous caster and slab grinders.

Our cold rolling facilities in Europe consist of four cold rolling mill plants, located in Belgium (Genk) and France (Gueugnon, Isbergues and Pont-de-Roide). Our plants 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, electrical steel and special carbon products, which account for approximately 35% of the Stainless & Electrical Steel operating segment's total shipments. Steel shipments from Stainless & Electrical Steel Brazil facilities represented 626 thousand tonnes in 2021 and 593 thousand 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 also has a unique capability to produce stainless and specialty steel by using charcoal from our sustainably cultivated forests in Brazil with low dependence on external sources for coke and energy.

The year of 2022 was unique for Aperam South America, specially for two achievements:

- a historic landmark of our safety, where it completes one calendar year without Lost Time Injuries (LTI). This important milestone is the result of the commitment, dedication and effort of our employees and their tireless work to ensure a safe and healthy environment;

- the confirmation of our contribution to the circular economy in the world. More than neutralizing its emissions, by absorbing more CO2 than it emits, Aperam South America has been acknowledged as carbon neutral from the cultivation of renewable eucalyptus forests, which is a great differential; it is the first company in the world, in the special flat steel segment, to achieve carbon neutrality in scopes 1 and 2.

“This is the second year in a row of relevant investments, which shows the belief of our company and our group in each one of us. We made an entire inventory of greenhouse gas emissions from the Industry and the BioEnergia unit and analyzed the removals, which our forests remove from gasses from the atmosphere. With this it was possible to obtain the result in which emissions are totally neutralized by our removals", pointed out the CEO of Aperam South America and BioEnergia, Frederico Ayres Lima.

Aperam continues its commitment to the most demanding international standards and has made this effort a long-term and global one with several certification processes achieved and done. The most relevant for the Minimum Safeguards of the Taxonomy regulation is certainly the ResponsibleSteel™ membership and certification campaign which has been extended to Aperam South America currently going through the audit process with the final certification decision achieved beginning 2023.

Aperam Stainless & Electrical - Timóteo plant

Services & Solutions

We predominantly sell and distribute our products through our Services & Solutions segment, which also includes our tubes business. The segment provides value added and customised steel solutions through further processing in very short lead time and high service level to meet specific customer requirements. Our distribution network comprises 15 steel service centres, 5 transformation facilities and 15 sales offices with a global presence. Steel shipments from the Services and Solutions division represented 642 thousand tonnes in 2022 and 726 thousand tonnes in 2021.

Alloys & Specialties

The Alloys & Specialties integrated production facility is located in Imphy, France, and includes a meltshop, a wire rod facility and a strip cold rolling facility. The meltshop 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 meltshop 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 is comprised of a blooming mill, billet grinding, a hot rolling mill, which has a capacity of 35 thousand tonnes, and finishing lines. Steel shipments from Alloys & Specialties facilities represented 27 thousand tonnes in 2022 and 30 thousand tonnes in 2021.

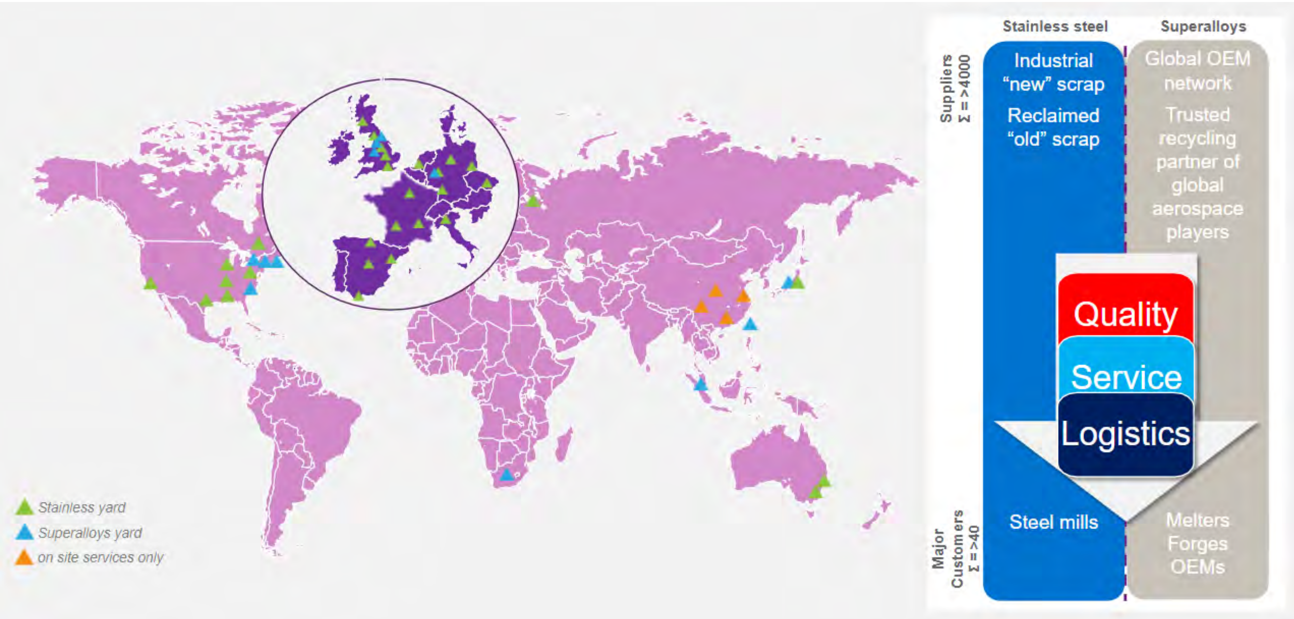
We also own downstream nickel alloy and specialty assets, including Aperam Alloys Rescal S.A.S., a wire drawing facility located in Epône, France; Aperam Alloys Amilly, an electrical components manufacturer located in Amilly, France; and Imhua Special Metals, a transformation subsidiary in Foshan, China. We also hold a majority stake in Innovative Clad Solutions, a production facility for industrial clads in Indore, (Madhya Pradesh) India. Aperam has incorporated in 2020 together with Tekna Plasma Europe, a leading actor in metallic powder manufacturing, a new joint-venture company named ImphyTek Powders SAS. It develops and markets Nickel and Specialty Alloy spherical powders for advanced additive manufacturing and metal injection moulding technologies.

Recycling & Renewables

Aperam Recycling & Renewables is our fourth segment established in 2022 which combines the three recycling and renewable energy generating entities Aperam Recycling, Recyco and BioEnergia.

Aperam Recycling

Aperam Recycling (former 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 51 locations in North America, Europe, Asia, Australia and South Africa, Aperam has with Aperam Recycling one of the largest global networks of the Stainless Recycling industry.



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

Aperam Recycling is an integral part of the stainless steel and superalloys value chain, forming the link between industrial customers, local scrap handlers and mills & melt shops that purchase globally. To achieve this, Aperam Recycling works with more than 4,000 trusted suppliers in order to source small- and medium-sized lots of material of manifold 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 to be used by its global customers. Especially in the stainless and superalloys segments, Aperam Recycling has developed sophisticated analytical methods, innovative techniques and services to meet the demanding quality standards of its customers.

Aperam Recycling continuously contribute to reduce the stream of metal waste: 1.4 million tonnes of recycled raw material were shipped in 2022 to be transformed into new products.

Recyco

Recyco, our electric arc furnace recycling facility located in France (Isbergues), 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 and extract the valuable metallic content to 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 CO2 footprint. Our forest is continuously cultivated and maintained and is actually carbon positive, which means it is acting as a carbon sink. This is why our BioEnergia unit is a source of pride for our teams, who are keen to promote our products with ‘green’ labels.

Our forest management is based on best practices and is recognized 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.

Our carbonization process doesn’t use any extractive fuels and is realised with extraordinary energy efficiency, reusing the heat and gases generated by incineration to dry the wood. Thanks to this responsible and sustainable process, all the charcoal is produced efficiently and is sent to the furnaces of the Aperam Brazilian steel plant, located in the same state, in the city of Timóteo, some 350 kilometers 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, trends in raw material, energy prices, and fluctuations in exchange rates. In addition to these external factors, our operational results are affected by certain factors specific to Aperam, including several initiatives we introduced in response to the challenging economic environment. These factors are described in greater detail below.

After Gross Domestic Product and Industrial Production sharply recovered in 2021 from COVID-19 shock in the previous year, 2022 saw a progressive deterioration of the macroeconomic environment induced by booming inflation and the consequences of the war in Ukraine. Activity in China was also subdued by the real estate crisis and a tough Zero-Covid policy which affected consumption, logistics and overall industrial activity.

In the EU, economic and industrial growth remained strong at the beginning of 2022, before gradually deteriorating, impacted by booming energy costs, inflation and rising interest rates. Dynamics vary across euro area with Germany, being more exposed to Russia limitation on gas supply, impacting its industrial activity. Although inflation started to slow down, it remains much higher than the central bank's target and interest rate may keep increasing in 2023. Energy prices could remain very volatile and the evolution of the conflict between Russia and Ukraine is uncertain.

For Brazil in 2022 GDP growth was mainly supported by services, as the restrictions imposed by covid-19 vanished since 2021. Household consumption is expected to be in 2022 at a higher level than in 2021. Industry in general will give a modest contribution in economic growth. Despite signs of gradual normalisation, the manufacturing industry is still facing production cost pressures and shortage of some raw materials as an effect of unbalanced global supply and logistic chains. For commodities prices, drop in iron ore international prices in 2022 limited export revenues. Jobs creation in the labour market got stronger in 2022. Concerning apparent consumption of flat steels in 2022, despite the drop over 2021, the figures of stainless are still in the highest historical levels. The electrical steel apparent consumption showed stability when compared to 2021, but at a high level when compared to the previous years. The grain oriented electrical steel consumption is strongly correlated with the electricity consumption and the projections for 2022 show some small increase from the past years.

China was affected in 2022 by a real estate crisis, which in previous years was a major engine for the economic growth, and a zero-Covid policy that disrupted logistics and production, affecting consumers' confidence and consumption. These factors led to a high volatility of stainless steel prices and pushed China to increase exports to offset the lower domestic consumption.

Stainless steel pricing

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

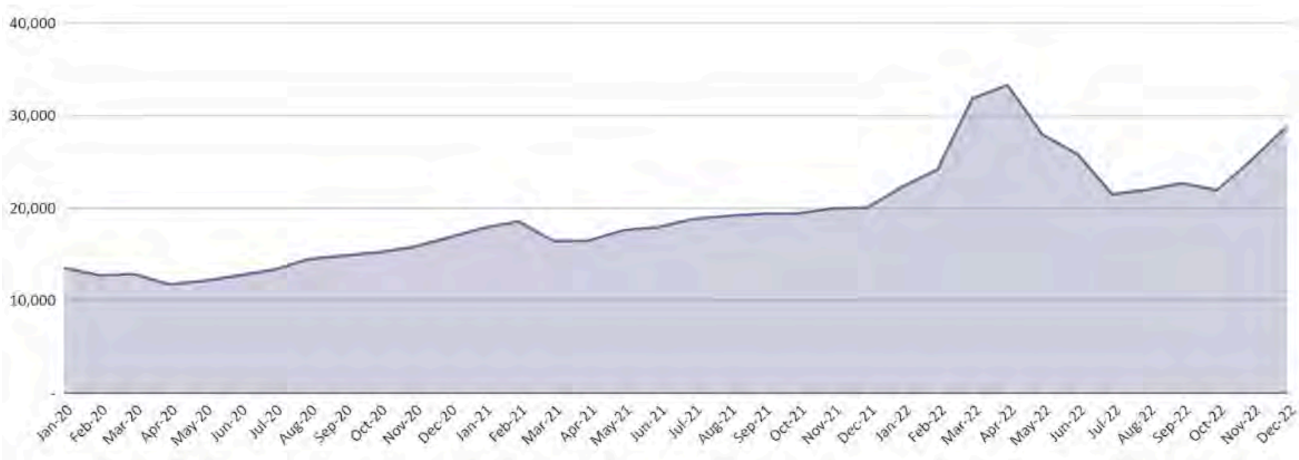
Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys that are added to confer certain specific properties depending on the application. The cost of alloys used in stainless steel products varies across products and can fluctuate significantly.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

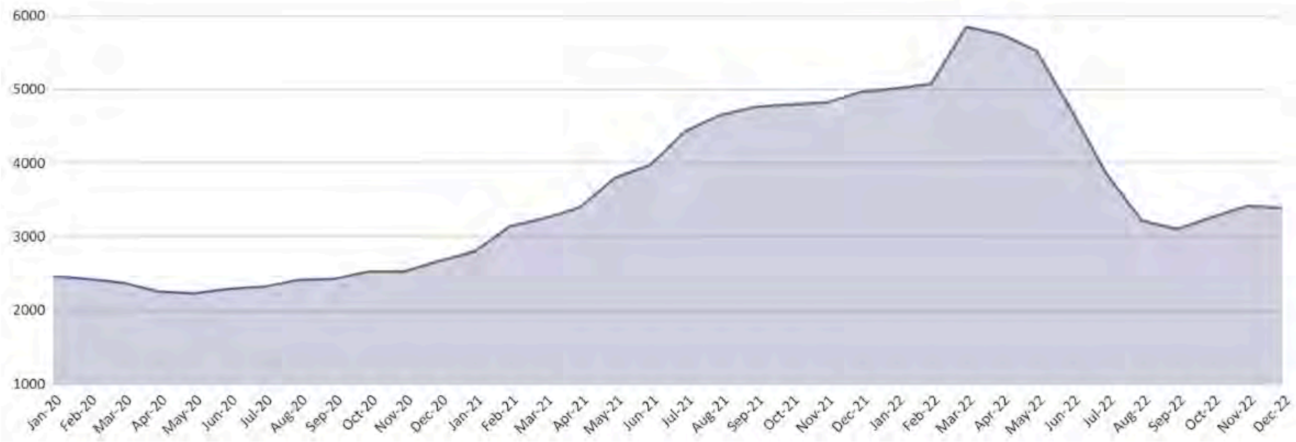
- the "base price", which is negotiated with customers and depends on market supply and demand; and
- the "alloy surcharge", which is a supplementary charge to the selling price of steel that offsets the purchase price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing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

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

Globally, stainless steel prices in 2022 can be split into two periods; prices increasing to very high level at the beginning of the year, supported by strong demand, long lead-time and booming nickel prices. From the end of Q2 2022, weakening of global demand and oversupply in China resulting from Covid lockdowns led to a collapse of prices. In Europe, healthy demand in the first part of 2022, plus higher raw material and energy costs, pushed prices at a multi year high. Prices collapsed thereafter due to weakening demand, high stocks and very competitive price from Asian imports.

The graphs below show the price of nickel on the London Metals Exchange and the European transaction price for Cold Rolled 304 stainless steel for the period running from January 1, 2020 to December 31, 2022:





Source:
Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm transaction domestic, delivered North Europe have been derived from Fastmarkets.

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

Electrical steel pricing

The prices of electrical steels for Grain Oriented (GO) and Non Grain Oriented steels (NGO) are affected by global demand and supply dynamics. In 2022, prices reflected the tight supply in Asia but also the logistics constraints as with most of the steel products mainly on H122. Non Grain Oriented prices were still affected by rising demand of Electric-Vehicles (EV) and partial migration of Non Grain Oriented producers mainly in Europe and Asia, shifting production for less productivity grades to supply EV motors demand. In Grain Oriented prices were also affected by an increasing demand for transformers worldwide, mainly in Asia for electrification.

Demand for stainless and electrical steel and specialty alloys products

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

Global apparent consumption of stainless steel experienced a decline in 2022 compared to 2021 volumes, mainly driven by China which saw the first contraction of stainless steel consumption in more than a decade. In Europe, consumption remained high during the first half of the year and then demand collapsed due to high stocks and weakening consumption. China's exports kept increasing in 2022, thanks to competitive export price to offset the decline of domestic consumption. Nevertheless, with China adding some slab capacities despite weaker demand the effective slab capacity utilization rate dropped below 80% in 2022 compared to 91% in 2021. In Brazil, the apparent consumption had a negative impact of the supply chain destocking. Compared to 2021, the drop reached -10 percentage points. Slow down of consumer goods segments as white goods, cutlery and domestic appliances due to inflation levels, but also a recovery of Services share on GDP supported the drop in real demand.

With respect to electrical steel, Asia is the most important source of demand but also supply, and as a consequence its prices are dependent in particular upon the Asian context. The removal of exports rebate in

China, as well as the difficulties in exports due to logistics constraints in Asia affected the international prices environment.

During 2022, Aerospace was a major Ni alloy demand driver in the specialty alloys markets. In parallel, increased construction rates for producers due to supply chain replenishment also resulted in a double digit growth (+16%). For Oil/Gas, recovery ran until the end of 2022. Although the LNG marine market was at a lower cycle, LNG demand will continue to grow and shipyards are expected to be full until end 2025, thus amplifying demand for Ni alloy. For Automotive, in spite of supply chain issues, the automotive market grew this year after several years of declines– except for combustion engine vehicles, which are relevant for Ni alloy demand. As for Power Generation, year to date orders for Land-Based Gas Turbines (LBGT) remained surprisingly weak. Other sub-segments (including the new hydrogen demand) can however partly compensate for the stagnant Ni alloy demand for LBGT. Electronic Alloys has grown in line with consumer goods development (a constant as consumer goods even kept growing in 2020 during the COVID-crisis), inflation could however negatively impact it in 2023.

Production and capacity

In 2022, global stainless steel production dropped, driven by a contraction of demand in China and, with smaller volume, in Europe.

Global cold rolled stainless steel production is estimated to have declined by 2% in 2022 and by 3.5% in Europe. China experienced a decline of 2% of cold rolled and 5% of slabs production. 2023 is expected to see a rebound globally, primarily driven by China which is expected to see a rebound of activity along the year now that Covid policy has been eased. Nevertheless, the magnitude of this rebound will also depend on the situation of the real-estate sector in China and demand in developed countries in a context of inflation, high and volatile energy costs and more restrictive monetary policy from central banks.

The global structural overcapacity is estimated to have strongly increased in 2022 due to new capacities added by China while demand declined. Cold rolled overcapacity in China is estimated to have doubled, from 2.3 to 3.8 million tonnes between 2021 and 2022. Both on the upstream and downstream, new capacities are under construction and have been announced by Chinese companies and should result in another increase of overcapacities in the coming years.

Overall, import pressure in Europe continues despite safeguard measures and anti-dumping duties, not only because of higher energy and production costs in Europe, but also because of new cold rolling lines which could circumvent this trade defense. The European Commission announced anti-dumping duties on cold-rolled stainless steel imports from Indonesia and India. The steel safeguard measures are implemented until June 30th, 2024.

Competition

Aperam is a leading flat stainless steel producer in South America, the second largest producer in Europe and one of the top ten flat stainless steel producers in the world. The largest stainless steel producers are Chinese companies who benefited from the exponential growth of their domestic market to expand capacities.

Developments regarding trade measures

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

European Union

1. Safeguard measures on import of steel products

The EU has prolonged for three additional years the safeguard measure currently in place on imports of certain steel products. The prolongation applies from July 1, 2021. The initial safeguard measure was introduced in July 2018 to protect the Union steel market against trade diversion, following the US decision to impose, under its Section 232 legislation, duties on imports of steel into the US market. The US Section 232 measures are still in force.

On June 25, 2021, the European Commission published amending Commission Implementing Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products. These measures took effect on July 1, 2021, for a period of three years, expiring on July 30, 2024.
On December 17th, 2021, the Commission has opened the expected safeguard review on the TRQ functioning and impact of the EU-US S232 deal.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC1217(02)&from=EN

Here below, main changes impacting stainless steel flat products (category 8 and 9) included in the Commission proposal, approved by Member States on June 8, 2022 and published in the Commission Implementing Regulation (EU) 2022/978 of 23 June 2022 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products

- Liberalization of the quotas, from 3% to 4%.
- Allocation and management of the quotas: no changes for stainless steel categories
- Crowding out of traditional trade flows: no more access to the available residual quota at the beginning of the fourth quarter for SSCR
- Update of the list of developing countries: China and India included in category 9 (SSCR), Turkey included category 8 (SSHR), Malaysia and Thailand excluded category 9 (SSCR).

Type of Products	Allocation by Country	Volume of tariff-rate quota (Kton) From 1.7.2022 to 30.9.2022	Volume of tariff-rate quota (Kton) From 1.10.2022 to 31.12.2022	Volume of tariff-rate quota (Kton) From 1.1.2023 to 31.3.2023	Volume of tariff-rate quota (Kton) From 1.4.2023 to 30.6.2023
Hot Rolled Stainless Steel Flat Products	Third Countries	105.6	105.6	103.3	104.4
Cold Rolled Stainless Steel Flat Products	South Korea	47.8	47.8	46.7	47.3
	Taiwan	44.3	44.3	43.3	43.8
	India	29.6	29.6	29.0	29.3
	South Africa	25.8	25.8	25.2	25.5
	USA	24.1	24.1	23.6	23.8
	Turkey	20.0	20.0	19.6	19.8
	Third Countries	63.6	63.6	62.3	63.0

For further details please refer to the following link:
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 and Taiwan, India and Indonesia, and on hot rolled stainless steel originating in China, Taiwan and Indonesia continue during the imposition of safeguard measures.
Once the quota is filled, to avoid the imposition of double remedies, the highest level of safeguard or the anti-dumping and/or anti-subsidies duties are to be applied.

On December 2, 2022, the Commission has opened the expected safeguard review, to determine whether the safeguard measure should be terminated by June 30, 2023, which is one year earlier than its otherwise current duration. In line with its commitment under the Prolongation Regulation, the review investigation will focus on collecting and analysing any relevant evidence and data to determine whether it would be justified to terminate the measure by June 30, 2023. To that end, the Commission deems it necessary to collect certain specific information via questionnaires (see Section 2 below).

In addition, considering that the Commission used data pertaining to the year 2021 in the last review in order to update the list of developing countries subject to the measure, the Commission may also use this review to update such a list in view of the data for 2022.

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

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	People's Republic of China	From 24.4% up to 25.3%	March 26, 2015(1)
Cold Rolled Stainless Steel Flat Products	Taiwan	6.8% except China Far 0%	March 26, 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 August 25, 2020, the European Commission published in the Official Journal the "Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of stainless steel cold-rolled flat products originating in the People's Republic of China and Taiwan".

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

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2020_280_R_0006&from=EN

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

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

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

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1483&qid=1631777843356

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

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

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

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Hot Rolled Stainless Steel Flat Products	People's Republic of China	From 9.2% up to 19.0%	October 7, 2020(1)
Hot Rolled Stainless Steel Flat Products	Taiwan	From 4.1% up to 7.5%	October 7, 2020
Hot Rolled Stainless Steel Flat Products	Indonesia	17.3%	October 7, 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 November 17, 2021, the European Commission published in the Official Journal the "Implementing Regulation (EU) 2021/2012 of 17 November 2021 imposing a definitive anti-dumping duty on imports of stainless steel cold-rolled flat products originating in India and Indonesia".

The Implementing Regulation (EU) 2021/2012 (article 1(2)) has been amended as follows, after the publication of the Implementing Regulation (EU) 2022/433 of 15 March 2022 (see below) imposing 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%	May 28, 2021(1)
Cold Rolled Stainless Steel Flat Products	Indonesia	From 9.3% up to 20.2%	May 28, 2021

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

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2012&from=EN

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

On March 16, 2022, the European Commission published in the Official Journal the "Implementing Regulation (EU) 2022/433 of 15 March 2022 imposing countervailing duties on imports 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%	March 17, 2022[1]
Cold Rolled Stainless Steel Flat Products	Indonesia	From 13.5% up to 21.4% except PT. Jindal Stainless Indonesia	March 17, 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 Organization challenge against Indonesian restrictions on raw materials

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

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

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

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

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

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

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

For further details please refer to the following link:
https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds592_e.htm

On November 30, 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 found that the export ban was a prohibition on the export of nickel ore.

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

Following the circulation of the Panel report on the Indonesian nickel ore policy, Indonesia has notified an appeal against the report on December 12, 2022.

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

On June 16, Eurofer lodged the request to COM for the initiation of an anti-circumvention investigation on imports of SSHR products originating in Turkey.

The measure circumvented via the imports from Turkey is Commission implementing Regulation (EU) 2020/1408 of 6 October 2020 imposing a definitive anti-dumping duty on imports of SSHR originating in Indonesia, the People's Republic of China and Taiwan.

On July 26, 2022 the Commission published in the Official Journal the Regulation through which it opens the anti-circumvention investigation on imports of SSHR from Turkey and registers imports from that country.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1310&from=EN

Brazil

Since 2013, Brazil's Trade Defence Department (Decom), an investigative body under the Brazilian Ministry of Development, Industry and Foreign Trade, opened anti-dumping investigations against imports from several countries for welded austenitic stainless pipes, flat stainless steel products and flat non-grain oriented products, imposing anti-dumping duties for a period of five years. In 2021, an anti-dumping investigation and an anti-subsidy investigation was also opened against Indonesia. On November 5, 2021, stainless steel import duties were reduced from 14% to 12.6%. On December 2, 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 All the current measures are described below.

Type of products	Import duties status	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 October 4, 2013 for 5 years from U.S.$236/tonne to U.S.$1,077/tonne for imports. Renewal investigation launched on October 3, 2018, during which time AD duties will remain in place. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany. Renewed AD duties against China and Taiwan starting October 4, 2019 valid for 5 years from U.S.$175/tonne to U.S.$629/tonne for China and U.S.$93/tonne to U.S.$705/tonne for Taiwan. Anti-Dumping investigation on Stainless Steel Flat CR 304 against Indonesia and South Africa launched on February 25, 2021. On November 4, 2021 the Brazilian Trade Defence authority closed the anti-dumping investigation. Anti-subsidy investigation on 304CR from Indonesia also launched on June 2, 2021. On December 2, 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 July 29, 2013, for 5 years from U.S. $360/tonne up to U.S.$911/tonne. Countries involved are China and Taiwan. Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place AD duties starting June 13, 2018, for 5 years from U.S.$367/tonne up to U.S.$888/tonne. Countries involved are Malaysia, Thailand and Vietnam. Renewed AD duties against China starting July 24, 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 July 17, 2013, for 5 years from U.S. $133/tonne to U.S.$567/tonne. Countries involved are China, South Korea and Taiwan. On August 15, 2014, Camex released partially NGO AD, giving 45kt of imports in the next 12 months without AD penalties. On November 4, 2015, Brazilian authorities decided to end the existing quota of imports without AD and fixed the AD duties from U.S.$90/tonne to U.S.$132.5/ tonne. Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place. An investigation involving Germany was launched on May 9, 2018. AD duties starting July 15, 2019, for 5 years from U.S. $90/tonne to U.S.$166.3/tonne. Countries involved are China, South Korea, Taiwan and Germany.
Electrical steel – Grain Oriented	Normal import duties are 12.6%	

Raw materials and Energy

Raw materials

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

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

The London Metal Exchange (LME) nickel price started 2022 at a level of U.S.$21,137 per tonne and continued the strong performance of 2021, helped by a continued positive market sentiment as the Covid pandemic was fading away. But early March the LME nickel price showed a sudden increase in both price and volatility, culminating in the collapse of the LME trading mechanism on March 7, 2022 when initially a price of over U.S.$100,000 per tonne was reached before the LME stopped the nickel trade and reversed all transactions on that day. The cash settlement price of March 7 was finally recorded at U.S.$42,995 per tonne, a price level not seen since May 2007. At the origin of the LME fiasco was apparently an attempt to cover a big short position taken by an Asian party. The LME Nickel trade was interrupted till March 23, when the cash settlement price was set at U.S.$30,800 per tonne. The LME suspended overnight trading and set a rule that trade would be stopped whenever an intraday price change would exceed 15%. This still happened some days in March and only on March 28, a more or less normal trade was established, albeit with much lower volumes compared to the period before the March 7 event. Many market participants lost faith in the LME trading system as many of them were confronted with very high margin calls. Investigations by the LME and its controlling bodies are still ongoing at time of this report. Following the LME debacle, The LME nickel price traded for a while around U.S.$35,000 per tonne but then started to decline as of late April to reach a low point for the year of U.S.$19,385 per tonne on July 15, 2022. The LME nickel price then started to trade in a range of U.S.$20,0000 to U.S.$25,000 per tonne till early November. Despite recession fears the LME nickel price started to rise again and ended the year at a level of U.S.$31,118 per tonne on December 31, after 2 months with low liquidity and very high intraday volatility. The LME nickel stocks continued their descent which started already in early 2021. On January 4, the total LME nickel stocks stood at 101,136 tonnes and reached a low of 49,470 tonnes on November 18, to slightly recover to 55,380 tonnes on December 30, 2022.

In the first quarter of 2022, the European ferrochrome benchmark was rolled over from the previous quarter at U.S.$1.80 per pound of chrome in the first quarter as the supply and demand moved into a more balanced situation. On rising power costs in South Africa, combined with still excellent demand in Europe and USA, the European ferrochrome benchmark reached an all time high of U.S.$2.16 per pound of chrome in the second quarter of 2023. But as global, and in particular Chinese, stainless steel production fell sharply in the second half of 2022, the European ferrochrome benchmark price dropped to U.S.$1.80 per pound of chrome in the third quarter and fell further to U.S.$1.49 per pound of chrome in the fourth quarter.

Supported by a negative supply demand balance in 2021 and early 2022, molybdenum prices continued to trade around U.S.$42 per kilogram from January to May 2022. As of June, molybdenum prices started to weaken as China turned into a net exporter in the first half of 2022 after having imported massive amounts of molybdenum in 2021. As demand weakened following reduced stainless steel production in the third quarter, a low of U.S.$31 per kilogram was reached in early August 2022. But as of then, good demand from military applications, oil & gas and new energy investments, combined with lower by-product output in copper mines of South America, supported a continuous price rally till the year end when the molybdenum price reached U.S. $66 per kilogram, the highest level since 2008.

Ferrous scrap prices showed a very volatile pattern in the first half of 2022 with a price of U.S.$450 per tonne at the start of January followed by a sharp increase in early March to U.S.$663.5 per tonne and staying at that level till mid April. This peak was the highest in more than 12 years and could be explained by a strong recovery of the construction, automotive and machinery sectors after the 2020 Covid pandemic. However as energy prices exploded after the Russian invasion of Ukraine, demand from the power intensive carbon steel industry collapsed as significant capacity was closed. As a result, the price dropped very fast, down to U.S. $315 per tonne by the end of June 2022. Despite a few upticks to U.S.$400 per tonne in July and September the ferrous scrap price could not really recover and ended the year at U.S.$394 per tonne.

Energy

Inflationary pressures on energy were already imminent in last year’s rapid economic recovery from the pandemic. This turned into a global energy crisis after Russia’s invasion of Ukraine and the resulting curtailments of natural gas supply to Europe exposing customers to high energy bills and supply shortages.

Volatility was additionally fuelled by the drought over summer in several countries and the ongoing outages and repairs with numerous delays at the majority of the French nuclear reactor fleet.

Spot prices for natural gas TTF peaked with a monthly average of 232 €/MWh in August 2022 and closed the year with an average of 121 €/MWh, increasing around 150% YoY. With natural gas still accounting for 25% of European electricity generation and CCGT power plants being the marginal cost producers, also electricity prices peaked in August (Belgium 448 and France 492 €/MWh). Annual averages were 245 and 276 €/MWh in Belgium and France, an increase of around 150% YoY and around 6-7 times higher than the historic average during the last decade.

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

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

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

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 energy and natural gas inflation had an impact during the whole year 2022 and especially during market price peak in summer. In this environment, we also sought to balance higher costs with efficiency gains and accelerated procurement of electricity from renewables mainly from on-site installations. This shows how important our 30% energy reduction target to 2030 is and that investments in energy savings have potentially high returns.

Impact of exchange rate movements

At the end of 2021, the Euro amounted to 1.1326 U.S. dollar/Euro and 6.3210 Brazilian real/Euro. In 2022, the Euro depreciated by 5.8% against the U.S. dollar to reach 1.0666 U.S. dollar/Euro. In 2022, the Euro depreciated by 11.9% against the Brazilian real to reach 5.5694 Brazilian real/Euro.

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

Operational review and Liquidity

Operational review

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

The information in this section relates to the year ending December 31, 2022, and is compared to the year ending December 31, 2021.

Key indicators

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

Sales, shipments and average selling prices

The following table provides our sales, shipments and average selling prices by operating segment for the year ending December 31, 2022 as compared to the year ending December 31, 2021:

	Sales for the Year Ending December 31, (1)		Shipments for the Year Ending December 31, (1) (2) (3)		Average Selling Price for the Year Ending December 31, (1)		Changes in		
Operating segment	**2022**	**2021 (5)**	**2022**	**2021**	**2022**	**2021**	**Sales (5)**	**Shipments**	**Average Selling Price**
	(in millions of Euros)		(in thousands of tonnes)		(in Euros/tonne)		(%)		
Stainless & Electrical Steel (2) (4)	5,510	4,352	1,600	1,796	3,358	2,360	26.6	(10.9)	42.3
Services & Solutions	2,779	2,212	642	726	4,164	2,922	25.6	(11.6)	42.5
Alloys & Specialties	665	518	27	30	23,518	16,600	28.4	(10.0)	41.7
Recycling & Renewables (3)	2,428	117	1,358	—	1,788	—	n/a	n/a	n/a
Total (before intra-group eliminations)	11,382	7,199	3,627	2,552			58.1	42.1	
Others and elimination	(3,226)	(2,097)	(1,318)	(733)			53.8	79.8	
Total (after intra-group eliminations)	8,156	5,102	2.309	1,819			59.9	(99.9)	

Notes:
(1) Amounts are shown prior to intra-group elimination. For additional information, see Note 4 to the consolidated financial statements
(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 634 thousand tonnes and 733 thousand tonnes in the year ending December 31, 2022 and 2021, respectively.
(3) Recycling & Renewables shipments amounts are shown prior to intersegment shipments of 684 thousand tonnes in the year ending December 31, 2022.
(4) Includes shipments of special carbon steel from the Company's Timóteo production facility.

(5) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

In 2022, sales increased by 59.9% compared to 2021 primarily due to the contribution of ELG sales to the Recycling & Renewables segment as from January 1, 2022 and higher average selling prices.

Stainless & Electrical Steel

In 2022, sales in the Stainless & Electrical Steel segment (including intersegment sales) increased by 26.6% compared to 2021 despite lower shipments, more than compensated by increased average steel selling prices.

Steel shipments for this segment (including intersegment shipments) decreased by (10.9)% to 1,600 thousand tonnes for the year ending December 31, 2022, of which 582 thousand tonnes were attributable to our operations in South America and 1,018 thousand tonnes were attributable to our operations in Europe, including intersegment shipments. This was down from 1,796 thousand tonnes for the year ending December 31, 2021, of which 626 thousand tonnes were attributable to our operations in South America and 1,170 thousand tonnes were attributable to our operations in Europe, including intersegment shipments. The average steel selling price for the Stainless & Electrical Steel segment increased by 42.3% in 2022 compared to 2021.

Sales to external customers in the Stainless & Electrical Steel segment were €3,131 million for the year ending December 31, 2022, representing 38.4% of total sales, an increase of 27.6% as compared to sales to external customers of €2,453 million for the year ending December 31, 2021, or 48.1% of total sales.

Services & Solutions

In 2022, sales in the Services & Solutions segment (including intersegment sales) increased by 25.6% compared to 2021 primarily due to increased average steel selling prices by 42.5% for the segment, partly offset by (11.6)% lower steel shipments.

Sales to external customers in the Services & Solutions segment were €2,686 million for the year ending December 31, 2022, representing 32.9% of total sales, an increase of 25.8% as compared to sales of €2,135 million for the year ending December 31, 2021, or 41.8% of total sales.

Alloys & Specialties

In 2022, sales in the Alloys & Specialties segment (including intersegment sales) increased by 28.4% primarily due to higher average steel selling prices by 41.7%, partly compensated by lower steel shipments by (10.0)%.

Sales to external customers in the Alloys & Specialties segment were €661 million for the year ending December 31, 2022, representing 8.1% of total sales, an increase of 28.8% as compared to sales to external customers of €513 million for the year ending December 31, 2021, or 10.1% of total sales.

Recycling & Renewables

Sales in the Recycling & Renewables segment (including intersegment sales) include sales from Aperam BioEnergia, ASB Recycling and Recyco. As from January 1, 2022, sales also include the contribution of ELG Group.

In 2022, sales in the Recycling & Renewables segment (including intersegment sales) were €2,428 million, of which sales to external customers of €1,678 million, representing 20.6% of total sales.

Operating income

The following table provides our operating income and operating margin for the year ending December 31, 2022, as compared to the year ending December 31, 2021:

	Operating Income Year Ending December 31,		Operating Margin Year Ending December 31,	
	2022	2021 (2)	2022	2021 (2)
Operating Segment	**(in millions of Euros)**		**(%)**	
Stainless & Electrical Steel	689	774	12.5	17.8
Services & Solutions	79	196	2.8	8.9
Alloys & Specialties	44	50	6.6	9.7
Recycling & Renewables	27	117	1.1	100.0
Total(1)	**890**	**1,042**	**10.9**	**20.4**

Notes:

(1) Amounts shown include eliminations and other items of €51 million and €(95) million for the years ending December 31, 2022 and 2021 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.

(2) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

The Group’s operating income for the year ending December 31, 2022, was €890 million, compared to an operating income of €1,042 million for the year ending December 31, 2021. Group operating income decreased by 14.6%. Excluding exceptional losses of €(53) million related to the reversal of the inventory step-up of €(48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for €(5) million in 2022 and exceptional gains of €126 million made of a bargain gain on ELG acquisition of €117 million and PIS/Cofins tax credits related to prior periods recognized in Brazil for €9 million in 2021, group operating income increased by 2.9% as the first time consolidation of ELG and higher realized prices compensated lower steel shipments, cost inflation and significant inventory valuation charges. Phase 4 of the Leadership Journey® - the Transformation Program - realized €82 million gains in 2022.

Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was €689 million for the year ending December 31, 2022, of which an operating income of €321 million was attributable to our operations in Europe and €368 million was attributable to our operations in South America. This is compared to operating income of €774 million for the year ending December 31, 2021, of which an operating income of €384 million was attributable to our operations in Europe and €390 million was attributable to our operations in South America. The decrease of the operating income by 11% was mainly driven by the combined effect of lower volumes and inventory valuation charges.

Services & Solutions

The operating income for the Services & Solutions segment was €79 million for the year ending December 31, 2022, compared to operating income of €196 million for the year ending December 31, 2021. The lower operating income was mainly attributable to lower shipments, inventory valuation charges and an unfavourable price/cost development.

Alloys & Specialties

The operating income for the Alloys & Specialties segment was €44 million for the year ending December 31, 2022, compared to operating income of €50 million for the year ending December 31, 2021. The decrease is mainly attributable to inventory valuation charges and lower shipments.

Recycling & Renewables

The operating income for the Recycling & Renewables segment was €27 million for the year ending December 31, 2022, including an exceptional loss of EUR (53) million related to the reversal of the inventory step-up of EUR (48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for EUR (5) million. The operating income for the Recycling & Renewables segment was a €117 million for the year ending December 31, 2021, including an exceptional gain of €117 million made from a bargain gain on ELG acquisition.

Financing income / (costs)

Financing income / (costs) include interest income, interest expense, net foreign exchange and derivative results and other net financing costs. Financing costs, net were €(137) million for the year ending December 31, 2022, compared to financing income of €2 million for the year ending December 31, 2021.

Excluding the foreign exchange and derivative results described below, net interest expense and other financing costs for the year ending December 31, 2022 were €(15) million, compared to net interest expense and other financing costs below €1 million for the year ending December 31, 2021, including an exceptional interest income of €7 million in Brazil for PIS/Cofins tax credits related to prior periods.

Net interest expense and other financing costs also includes recurring financing costs of €(15) million for the year ending December 31, 2022, of which cash costs of financing of €(9) million, compared to recurring financing costs of €(9) million for the year ending December 31, 2021, of which cash costs of financing of €(7) million. Cash costs of financing are made of interests and other expenses related to the service of debt and other financing facilities.

Realised and unrealised foreign exchange and derivative gains/losses were a loss of €(122) million for the year ending December 31, 2022, mainly driven by unrealized results on nickel derivatives and realized results on foreign exchange derivatives compensated primarily via operating results on higher foreign exchange denominated sales , compared to realised and unrealised foreign exchange and derivative gains of €2 million for the year ending December 31, 2021. Foreign exchange results primarily relate to the accounting revaluation of non-Euro assets, liabilities, sales and earnings. Results on derivatives primarily relate to the financial instruments entered into in order 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 expense of €(126) million for the year ending December 31, 2022, compared to an income tax expense of €(74) million for the year ending December 31, 2021. Our 2022 income tax expense was primarily due to positive operational results in several countries. Despite the fact that, similarly to 2021, the income tax expense was positively impacted by additional recognition of deferred tax assets on tax attributes in several jurisdictions, the income tax expense increased due to less favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions for the year ending December 31, 2022 compared to the year ending December 31, 2021. The effective tax rate for the year ending December 31, 2022 was 17% compared to the effective tax rate of 7% for the year ending December 31, 2021.

Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of €625 million for the year ending December 31, 2022, compared to a profit of €968 million for the year ending December 31, 2021.

Alternative Performance Measures

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

EBITDA

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

(in millions of Euros)

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

(in millions of Euros)

Year ending December 31, 2021 [2] [3]	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations[1]**	**Total**
Operating income (loss)	774	196	50	117	(95)	**1,042**
Depreciation, amortisation and Impairment	(98)	(12)	(8)	(24)	(2)	**(144)**
EBITDA	**872**	**208**	**58**	**141**	**(93)**	**1,186**

Notes:
(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.
(2) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, information for the year ending December 31, 2021 has been recast.
(3) The bargain gain of €117 million accounted for by the Company as of December 31, 2021 on the acquisition of ELG Group has been transferred from the segment "Others & Eliminations" to the segment "Recycling & Renewables".

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)	**2022**	**2021**
Long-term debt	667	719
Short-term debt	258	271
Cash and cash equivalents	(457)	(524)
Net Financial Debt	**468**	**466**
Equity	3,392	2,953
Gearing	**14%**	**16%**

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. In 2021, the free cash flow included also €(31) million paid for the acquisition of net assets of subsidiaries (net of cash acquired). 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)	**2022**	**2021**
Net cash provided by operating activities	642	550
Net cash used in investing activities	(297)	(183)
Free cash flow before dividend and share buy-back	**345**	**367**

Trend information

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

Outlook

On February 10, 2023, the Company released its fourth quarter and full year 2022 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 2023 Adjusted EBITDA is expected to increase slightly versus Q4 2022, and that net financial debt at the end of Q1 2023 is expected to be at comparable level as at end of Q4 2022.

Aperam S.A. as 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 September 9, 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 manufacture, 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, licenses, 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 controls directly and indirectly 89 subsidiaries.

The parent company generated a net profit[4] of €1,580 million in 2022, mainly due to €1,542 million of income from participating interests derived from affiliated undertakings consisting in dividends and interim dividends of €942 million and capital gain on the transfer of the shares in affiliated undertakings of €600 million.

On December 31, 2022, the Company had 2,000,742 own shares for a total book value of €60 million.

[4] 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 upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations.

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

Our cash and cash equivalents amounted to €457 million and €524 million as of December 31, 2022 and December 31, 2021, respectively.

Our total gross debt, which includes long and short-term debt, was €925 million and €990 million as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, Aperam had €126 million out of the total gross debt of €925 million outstanding at the subsidiary level (including €97 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 €468 million as of December 31, 2022, compared to €466 million at December 31, 2021.

Gearing, defined as net financial debt divided by total equity, was 14% as of December 31, 2022, compared to 16% as of December 31, 2021.

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

As of December 31, 2021, the Company had a total liquidity of €932 million, consisting of cash and cash equivalents (including short term investments) of €524 million, committed credit lines of €300 million (revolving credit facility of €300 million) at Aperam SA level and €108 million of committed credit lines from ELG Group.

Financing

Unsecured revolving credit facility

On February 11, 2022, Aperam announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility ("The Facility") of €500 million with a syndicate of 16 banks. Such Facility replaced the senior unsecured revolving credit facility of €300 million signed in June 2017. In addition, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of €300 million with a syndicate of 10 banks ("The Loan"). The Facility is for general corporate purposes and the Loan is dedicated to the refinancing of maturing debts of ELG. The pricing of financing contracts is linked to two strategic commitments of the company being firstly to become a best-in-class stainless steel manufacturer in terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

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

EIB financings

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

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

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

Schuldscheindarlehen

On September 24, 2019, Aperam successfully priced an inaugural €190 million multi-tranches Schuldscheindarlehen (debt instrument governed by the laws of the Federal Republic of Germany) with maturities at 4, 5, 6 and 7 years. On the back of a very positive investor perception and significantly oversubscribed orderbook, Aperam was able to upsize the deal volume from the initially announced volume of €100 million to ultimately €190 million. Fixed rate tranches for a total amount of €150 million bear an Interest rate between 1.10% to 1.50% when floating rate tranches for a total amount of €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.

Commercial paper programme

On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of *“Code monétaire et financier”* of the French law, that the conditions as described in the financial documentation of its programme of NEU commercial paper for a maximum outstanding amount of €200 million, fulfil the requirements of law. On December 31, 2022, an amount of €114 million was drawn under the Aperam NEU CP programme.

True sales of receivables programme

The Company has established sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables (“TSR”). The maximum combined amount of the programmes that could be utilised were €520 million and €370 million as of December 31, 2022 and December 31, 2021, respectively. Through the TSR programme, certain operating subsidiaries of Aperam surrender control, risks and the benefits associated with the accounts receivable sold. Therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of the sale.

On February 11, 2022, Aperam has increased its sales without recourse of 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 from €370 million earlier.

On April 27, 2022, Aperam has increased its sales without recourse of 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 from €420 million earlier.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the years ending December 31, 2022 and 2021 were €2.8 billion and €2.0 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 €(7) million and €(4) million in 2022 and 2021, respectively.

Recent developments

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.

Credit ratings

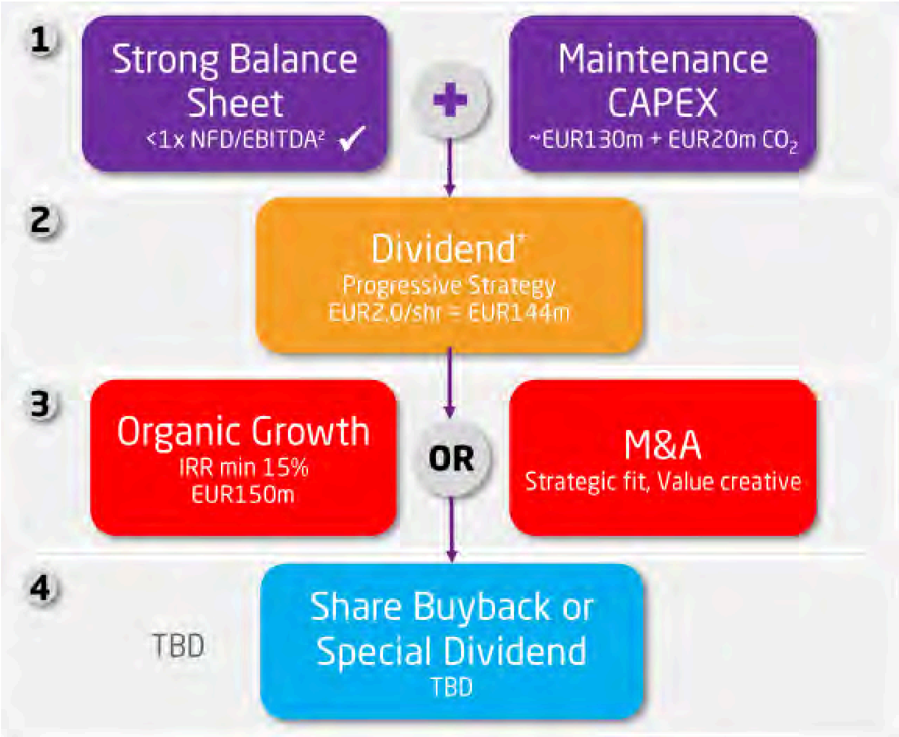
On June 13, 2019, Aperam announced that it has requested to be withdrawn from the credit rating services of S&P Global Ratings and Moody’s Investor Service, while reaffirming to maintain investment grade financial ratios. Given the Company’s low level of debt at that time and the nature of funding needs,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

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

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

Financial policy

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



Notes:
(*) Base dividend review in the (unlikely) event that NFD/EBITDA exceeds 1x.
(2) Through the cycle

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 2022

On February 11, 2022, Aperam announced its detailed dividend payment schedule for 2022. The Company proposed increasing its base dividend from €1.75 per share to €2.00 per share, subject to shareholders approval at the 2022 Annual General Meeting. On May 4, 2022, at the 2021 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 2023

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

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

Share buy-back

Corporate authorisations

On May 4, 2022, the Annual General Meeting of Shareholders authorised the company to repurchase its own shares in accordance with applicable laws and regulations for a period of five years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of the five year period.

Key features of the 2022 Phase 1 share buy-back programme

On February 11, 2022, Aperam announced a share buy-back programme under the authorization given by the Annual General Meeting of Shareholders held on May 7, 2019 and, or under any renewal of such authorization at the May 4, 2022 annual general meeting of shareholders (hereinafter “Program”).

The key features of the Program are as follows:

- Purpose of the Program: cancellation of shares to reduce the share capital and meeting obligations arising from employee share programs.
- Maximum number of shares to be acquired under the Program: 2.45 million
- Maximum pecuniary amount allocated to the Program: €100 million
- Period of authorisation of the Program: February 14, 2022 to December 31, 2022

Aperam appointed an investment services provider to execute the repurchasing of shares in the open market during open and closed periods. The price per share, of the shares to be bought under the Program, shall not exceed 110% of the average of the final listing prices of the 30 trading days preceding the three trading days prior to each date of repurchase, in accordance to the resolution of the annual general meeting of shareholders held on 7 May 2019. Such shareholder resolution was renewed at the May 4, 2022 annual general meeting of shareholders.

Simultaneously, the Mittal family has declared its intention to enter into a share repurchase agreement with Aperam, to sell each trading day on which Aperam has purchased shares under the Program, an equivalent number of shares, at the proportion of the Mittal family’s stake of 40.96% of issued and outstanding shares of

Aperam, at the same price as the shares repurchased on the open market. The effect of the share repurchase agreement is to maintain Mittal family's voting rights in Aperam's issued share capital (net of Treasury Shares) at the current level, pursuant to the Program.

Disclosure of trading in own shares under the 2022 Phase 1 share buy-back program

In aggregate, 2,311,849 shares were bought under this Program from February 18, 2022 to April 12, 2022, representing an aggregate amount of €100,000,040 (based on settlement date).

- Period of repurchases: February 18, 2022 to April 12, 2022 (based on settlement date)
- Number of shares acquired: 2,311,849
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : 1,364,915
  - Out of which on Euronext off market platform from the Mittal family: 946,934
- Pecuniary amount of shares acquired: €100,000,040
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : €59,039,986
  - Out of which on Euronext off market platform from the Mittal family: €40,960,055

Key features of the 2022 Phase 2 share buy-back programme

On May 6, 2022, Aperam announced an additional share buyback programme under the authorization given by the Annual General Meeting of Shareholders held on May 4, 2022 (hereinafter "Program").

The key features of the Program are as follows:

- Purpose of the Program: cancellation of shares to reduce the share capital and meeting obligations arising from employee share programs.
- Maximum number of shares to be acquired under the Program: 3.5 million
- Maximum pecuniary amount allocated to the Program: €100 million
- Period of authorisation of the Program: May 9, 2022 to December 31, 2022

Aperam appointed an investment services provider to execute the repurchasing of shares in the open market during open and closed periods. The price per share, of the shares to be bought under the Program, shall not exceed 110% of the average of the final listing prices of the 30 trading days preceding the three trading days prior to each date of repurchase, in accordance to the resolution of the annual general meeting of shareholders held on 4 May 2022.

Simultaneously, the Mittal family has declared its intention to enter into a share repurchase agreement with Aperam, to sell each trading day on which Aperam has purchased shares under the Program, an equivalent number of shares, at the proportion of the Mittal family's stake of 40.96% of issued and outstanding shares of Aperam, at the same price as the shares repurchased on the open market. The effect of the share repurchase agreement is to maintain Mittal family's voting rights in Aperam's issued share capital (net of Treasury Shares) at the current level, pursuant to the Program.

Disclosure of trading in own shares under the 2022 Phase 2 share buy-back program

In aggregate, 3,499,999 shares were bought under this Program from August 2, 2022 to September 30, 2022, representing an aggregate amount of €94,175,542 (based on settlement date).

- Period of repurchases: August 2, 2022 to September 30, 2022 (based on settlement date)
- Number of shares acquired: 3,499,999
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : 2,066,400
  - Out of which on Euronext off market platform from the Mittal family: 1,433,599
- Pecuniary amount of shares acquired: €94,175,542
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : €55,601,257
  - Out of which on Euronext off market platform from the Mittal family: €38,574,285

The weekly reports of transactions in trading in own shares in accordance with the Market Abuse Regulation are available on the Company's website www.aperam.com , section "Investors" > "Equity Investors " > Share Buy-Back".

Disclosure of trading in own shares under Luxembourg Company law

- Number of own shares held on December 31, 2021: 2,091,287 or 2.61% of the subscribed capital, representing a nominal value of €103,768,865 and an accounting par value of €10,958,344.
- Number of own shares acquired under share buyback program during 2022: 5,811,848 or 7.27% of the subscribed capital, representing a nominal value of €194,175,582 and an accounting par value of €30,454,084.
- Number of shares granted during the 2022 financial year to deliver shares to qualifying employees under the Group's Long Term Incentive Plans after fulfilment of performance criteria as described in greater detail in the Compensation section of this report: 90,545 shares (130,759 shares, net of 40,214 shares retained for tax purposes), or 0.11% of the subscribed capital, representing a nominal value of €4,227,273 and an accounting par value of €474,456.
- Number of own shares held on December 31, 2022: 7,812,590 or 9.77% of the subscribed capital, representing a nominal value of €295,517,428 and an accounting par value of €40,937,972.
- Number of shares acquired under the 2021 share buy back program cancelled on February 7, 2023: 1,959,592 shares or 2.45% of the subscribed capital, representing a nominal value of €69,565,516 and an accounting par value of €10,268,262.

As of the date of this report, the number of treasury shares is 5,852,998. The total numbers of outstanding shares (net of treasury shares) as of 31 December 2022 stood at 72,183,690 shares.

Sources and uses of cash

The following table presents a summary of our cash flows for the year ending December 31, 2022, as compared to the year ending December 31, 2021:

	Summary of Cash Flows	
	December 31,	
	2022	2021
	(in millions of Euros)	
Net cash provided by operating activities	642	550
Net cash used in investing activities	(297)	(183)
Net cash used in financing activities	(419)	(197)

Net cash provided by operating activities

Net cash provided by operating activities amounted to €642 million for the year ending December 31, 2022, compared to €550 million for the year ending December 31, 2021. The €92 million increase of net cash provided by operating activities between 2021 and 2022 included a lower investment in operating working capital of €258 million in 2022 compared to €485 million in 2021 which more than compensated the lower operating income of €890 million in 2022 compared to €1,042 million in 2021. The investment in operating working capital was mainly driven by higher raw material prices.

Net cash used in investing activities

Net cash used in investing activities amounted to €(297) million for the year ending December 31, 2022, compared to €(183) million for the year ending December 31, 2021. The net cash used in investing activities for the year ending December 31, 2022 was mainly related to €296 million in capital expenditures, compared to €152 million for the year ending December 31, 2021. In addition we had in 2022 €1 million of other investing activities and €31 million in 2021 corresponding to ELG acquisition for €29 million, net of cash acquired and ASB recycling for €2 million, net of cash acquired.

Net cash used in financing activities

Net cash used in financing activities was €(419) million for the year ending December 31, 2022, compared to net cash used in financing activities of €(197) million for the year ending December 31, 2021. Net cash used in financing activities for the year ending December 31, 2022 was primarily due to €194 million of purchase of treasury stock, €151 million of dividend payments and €60 million of net payments to banks. Net cash used in financing activities for the year ending December 31, 2022 was primarily due to €140 million of dividend payments and €105 million of purchase of treasury stock partially compensated by €57 million of net proceeds from banks.

Equity

Equity attributable to the equity holders of the parent increased to €3,385 million as of December 31, 2022, compared to €2,945 million on December 31, 2021. This is primarily due to net profit for the year of €625 million, foreign currency translation adjustments of €95 million, €31 million of change in recognized actuarial gains & losses and €17 million of change in unrealized results on derivative financial instruments, partially compensated by dividend declaration of €(150) million and share buy-back program €(194) million.

Capital Expenditure(5)

Capital expenditures for the years ending December 31, 2022 and 2021 were €296 million and €152 million respectively.

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

A strong focus on self-help measures

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

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

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

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

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

On November 4, 2020, Aperam announced Phase 4 of its Leadership Journey® with a cumulative target of €150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures. This new phase of the Leadership Journey®, comprises two stages. 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 stage 2 where the resulting increase in productivity will be used for the mix improvement and growth pillars. We plan a total cash out of €90 million for Phase 4 which comprises capex and any associated restructuring costs. As of December 31, 2022, Phase 4 of the Leadership Journey® reached €122 million of cumulated annualized gains.

Structural cost	– Cost leadership in Europe – Leadership Journey (Phase 4) – Genk downstream ramp up – Footprint specialization – SG&A improvement
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 - the lowest cost plant in Europe - will play a crucial part under this Phase and result in efficiency gains and considerable fixed cost reductions. In addition we target improvements in our SG&A costs as we start transforming us in a post-COVID-19 era.

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

Our growth initiatives include:

- To grow our sales of high margin value added niche products and replace low contribution margin products, we will continue to focus on developing innovative products through our research and development initiatives, while also leveraging our marketing and advertising efforts for wider promotion. This includes accelerating the stainless steel consumption in the Brazilian market.

- Our industrial footprint in Europe and South America is perfectly complemented by our global service centres and sales networks, which are part of our Services & Solutions segment. In a volatile market environment, we believe that the development of the Services & Solutions segment and the provision of better customer services are key to achieving financial and operational excellence. Our value-added services include cutting, polishing, brushing, forming, welding, pickling, annealing and packaging. We believe that further developing the Services & Solutions segment will not only drive additional value creation, it will also allow us to serve our customers more effectively.

- The Alloys & Specialties segment focuses on the design, production and transformation of various specialty alloys and certain specific stainless steels. These products are intended for high-end applications or to address very specific customer requirements such as for e-mobility, renewable energies, new display devices (e.g. Oled screens), aerospace, automotive, 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 creative solutions we offer our customers. As an example, Aperam has launched in cooperation with Tekna, a leading actor in metallic powder manufacturing, a company named ImphyTek Powders to market Nickel and Specialty Alloy spherical powders for advanced additive manufacturing technologies.

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

Principal strengths and risks

Principal strengths

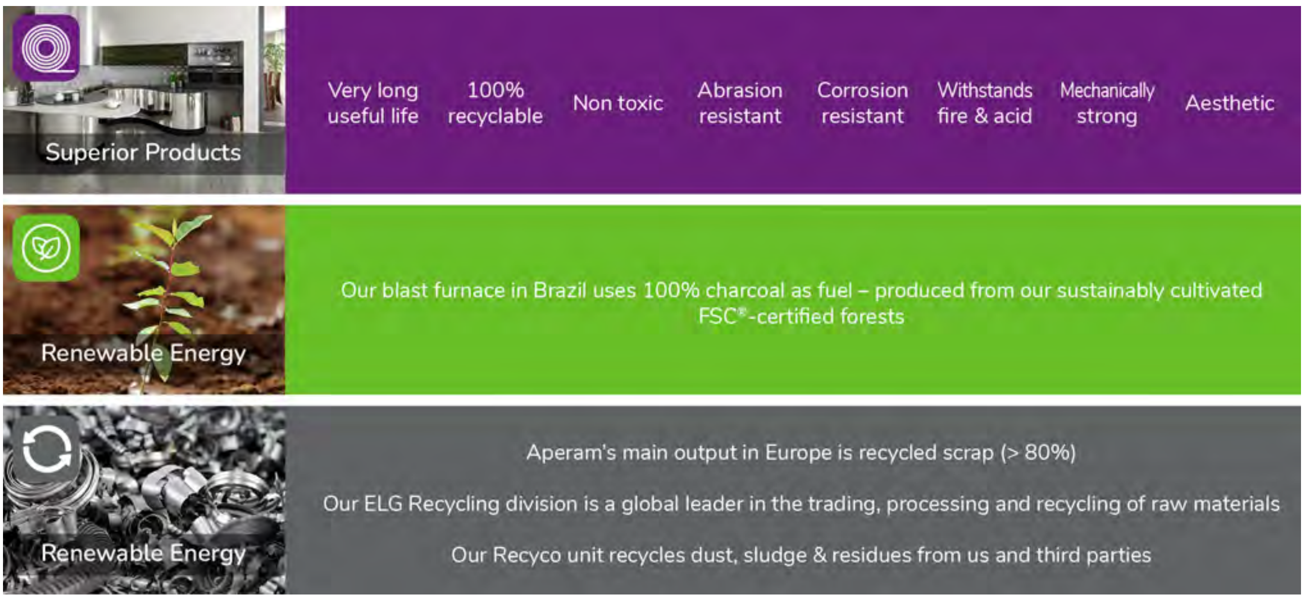
We believe that our key strengths include:

Sustainable by Design, Made for Life:

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

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

Please refer to section Corporate responsibility for more details.



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

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

Performance - A competitive footprint in Europe and Brazil

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

In Europe, the Group benefits from high-quality and cost-efficient plants, including the largest and most recent electric arc furnace meltshop (Châtelet, Belgium), the largest hot rolling mill (Châtelet, Belgium), one of the largest cold rolling mills (Genk, Belgium) and LC2I, the best-in-class integrated rolling-mill (Isbergues, France). In January 2018, we announced a new investment project of €130 million at our Genk (Belgium) plant. This consists of adding a new cold rolling and a new annealing and pickling line to further facilitate the transformation of our business. With these state-of-the-art modern lines, which use the latest technology, we can enlarge our product range to include the most demanding applications, improve lead-times and our flexibility to meet market demands, increase the efficiency and cost competitiveness of our assets, and continuously enhance our health, safety and environmental impact. In May 2021, we announced the investment in revamping the hot rolling mill for long products at Imphy and re-start of the Argon Oxygen Decarburization (AOD) converter project in Genk that was put on hold in 2019. Both projects, together with the planned specialties centre in Gueugnon, will further contribute to the reorientation of our product portfolio towards specialties.

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

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

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

Key strengths of Aperam's European operations

<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, BioEnergìa and Recyco offers Aperam a leader's position in sustainability

Our 4 main plants have been certified in accordance with the strict ESG criteria of the ResponsibleSteel^{TM} 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 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 Our Distribution Network

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

The Company is the second largest producer in Europe, and the leading stainless and specialty steel producer in South America. Aperam is well-positioned in both developed and emerging markets. At the Group level, approximately 74% of Aperam's sales are derived from developed markets and 26% from emerging markets.

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

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

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

Our Premium Products - Alloys and Stainless Specialties

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

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

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

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

Macro-economic & geopolitical risks indirectly impacting Aperam

Global economic cycle downturn

Aperam’s business and results of operations are substantially affected by international, national and regional economic conditions, including geopolitical risks that could disrupt the economic activity in affected countries. A period of slow growth in emerging economies that are, or are expected to become, substantial consumers of stainless and specialty steels (such as China, Brazil, Russia and India, as well as other emerging Asian markets and the Middle East) would have a material adverse effect on the stainless and specialty steel industry.

Overcapacity

In addition to economic conditions, the stainless steel industry is affected by global production capacity and fluctuations in stainless steel imports and exports. Production capacity in the developing world, particularly China and Indonesia, has increased substantially, with China being the largest global stainless steel producer. Accordingly, the balance between China’s domestic production and consumption is an important factor impacting global stainless steel prices. Stainless steel exports from these countries, or conditions favourable to them (such as excess capacity in China / Indonesia and/or higher market prices for stainless steel in markets outside of China/Indonesia) can have a significant impact on stainless steel prices in other markets, including Europe and South America. Over the short- to medium-term, Aperam is exposed to the risk of stainless steel production increases in China and other markets (including Indonesia) outstripping increases in real demand, which may weigh on price recovery in the industry as a whole.

China slowdown

A reduction in China's economic growth rate, with a resulting reduction in stainless and specialty steel consumption, coupled with China's expansion of steel-making capacity, could continue to substantially weaken both domestic and global stainless and specialty steel demand and pricing.

The risks of nickel price fluctuation, raw material price uncertainty, material margin squeeze, over dependency of main suppliers and electricity

Aperam's profitability correlates, amongst other factors, with nickel prices. A significant decrease in the price of nickel would have a negative impact on apparent demand and base prices due to "wait and see" behaviour by customers. Furthermore, nickel is listed on the LME and thus subject to the fluctuation of the financial markets. Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass) and iron ore), which can lead to an over-dependence on its main suppliers. 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.

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 results of operations.

Litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, 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, including those pertaining to product liability, patent infringement, commercial practices, employment, employee benefits, taxes, environmental aspects, health and safety, and occupational disease. In particular, Aperam is subject to a broad range of environmental laws and regulations in each of the jurisdiction in which it operates. Such laws and regulations focus in particular 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 or 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 material adverse effect on the Company's results of operations for that period.

Risks of lack of competitiveness of the workforce costs, of losing key competencies and inability of attracting new key competencies, 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, results of operations or cash flows.

Customer risks in respect to default and credit insurance companies refusing to insure the risks

Due to the challenging economic climate, Aperam might experience increased exposure to customer defaults or situations where credit insurance companies refuse to insure the recoverability risks of its receivables. Such a scenario could have a material effect on the Company's business, financial condition, results of operations 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 at compromising the digital systems operation. If such attempts would succeed, they could cause applications unavailability, data compromising, adverse publicity and, in the case of a successful attack to our production systems, interruptions to the Group's operations. Aperam could be subject to litigation, civil or criminal penalties, and adverse publicity - all of which could adversely affect its reputation, financial condition and results of operations.

Risk of production equipment breakdown, delays in investments ramp-ups, risk of disruption of operations and supply chain, and lack of energy availability

Stainless steel manufacturing processes are dependent 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, shortage in gas supply in Europe.

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

Climate-related Disclosures

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 lower-carbon economy, in particular with respect to our financial implications.

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. In our action plan, impacts on Aperam's local stakeholders is a key performance indicator. Aperam fully integrates into its strategy the need for a more circular economy, as demonstrated with the creation of our new segment Recycling & Renewables 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 impacts expected from the energy transition, which is why we started to use an internal price of carbon for the assessment of our investments as early as 2016. This allowed 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, and the transition to a more sustainable economy, will open new opportunities for our responsibly-manufactured products.

All these aspects are reported in full in our annual Group Sustainability Report as well as considered as part of the assumptions made in terms of 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 impairment of non-financial assets under IAS 36 Impairment of Assets. No related material impairments are to be reported to this respect for the 2022 Financial Statements.

Our Sustainability report is issued on a yearly basis ahead of the Annual General Meeting of shareholders and available on Aperam's website www.aperam.com under section "Sustainability". We highlight below 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, fully aligned with our mission to produce endlessly recyclable products in a responsible manner and embedded in our business model.

We are determined to be a sector leader in environmental excellence, recording one of the best carbon footprint of our industry while also striving to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship. Our Sustainability roadmap is threefold and at the core of our strategy and identity.

In 2021, Aperam became the First Stainless Steel Company to earn a ResponsibleSteel™ site-level Certification and in 2022, the company continued the roll-out in Brazil.

On September 23, 2021, Aperam announced that its Stainless Europe operations have been successfully certified to be operating at the ResponsibleSteel™ Standard by the independent auditors AFNOR. The ResponsibleSteel™ initiative is the first global sustainability certification programme for the steel sector and its certification follows a stringent 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 come together with social and environmental sustainability and we will pursue our strategy to further embed sustainability within all our processes. Aperam is proud to be the frontrunner of its industry in the field of Corporate Responsibility and we are delighted that all our teams' efforts on sustainability and responsibility, already evidenced by our state-of-the-art CO_2 footprint, are now fully recognized with an all-encompassing third-party certification of our processes at Stainless Europe.

The ResponsibleSteel™ Standard, which was designed together by business partners and NGOs with the aim of promoting steel as a responsible material of choice, contained 12 principles (now 13) with more than 200 requirements that set the benchmark for responsible steel production in 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 Certification. 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 meets the ResponsibleSteel™ criteria.

The audit of Aperam's Stainless Europe facilities, which took place in June 2021 and included Aperam's Châtelet, Genk, Gueugnon, Isbergues and Saint-Denis sites in Belgium and France, obtained the certification in September 2021, while Aperam South America, primarily focusing on our Timóteo site, was audited in September 2022, with the certification decision finally taken in January 2023.

Please see in the next section the details of 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 with an objective of Zero fatalities, zero injuries. Our first duty as an employer is to ensure that no one working for Aperam suffers any harm from her or his work. For this reason, all Aperam Group teams work in unison to make sure all that appropriate mindsets and procedures (including certifications such as OHSAS 18,001) are always in place everywhere in the organisation and that this commitment is also reflected in the personal objectives allocated to each Aperam employee. Furthermore, we continue to work on programmes to support the health and well-being of our employees.

2022 has been a year of opposites when it comes to health and safety performance. The year is on the one hand marked by a fatal accident of a subcontractor worker in our Viracopos plant, Brazil.

On the other hand, on our historical perimeter, the "Lost Time Injury Frequency rate" (LTIF) indicator, a key metric that measures the time lost due to injuries per 1,000,000 worked hours, went from 2.3 in 2021 to 1.8 in 2022. Our "Total Recordable Injury rate" (TRIR), which looks at the number of total recordable incidents and compares it to the number of total hours worked by all employees in a single year, went from 6.9 in 2021 towards 5.9 in 2022, below our target of 6 for the year.

On the same historical scope, the Severity rate of the accidents increased to 0.15 in 2022, compared to 0.12 in 2021.

With the acquisition of ELG, now called Aperam Recycling, our overall LTIF indicator ends at 2.4 and our TRIR comes to 7.1 for 2022.

During the course of 2022 more and more countries in which we are active, have been relaxing their Covid measures. Governments have been returning progressively to a normalization of society. We have therefore decided to end the central coordination of the Covid Guidance, leaving the local units to link up with local governmental rules, with the possibility to restart our central coordination when needed. We still do ask all units to keep on reporting the number of confirmed and suspected cases in order to monitor future evolutions and to be able to shift gears quickly when deemed necessary.

To underline the importance Aperam gives to Well-Being, a new dedicated Health Program has been launched, covering multiple initiatives from physical health over mental health and promotion of healthy lifestyle, all because we are convinced that motivated and healthy employees make the difference.

More details will be available in our next Sustainability report.

People development and motivation

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

This is why monitoring the performance of our workforce over time, with yearly routines to touch base and well defined training needs, is so essential. Experienced employees also help with onboarding newcomers via a structured mentoring process or simply day-to-day on-the-job training. But to do that with perfect efficiency, we have expanded the coverage of the Learning Management module of our People Management Information System.
This way, we can optimise the various learning opportunities provided to our teams, integrate more employees on the Performance Management module for an efficient feedback process and develop our new culture of continuous capacity building.
But to define the right career paths for our people, we also need to be active listeners and use the results of our regular all-employee Climate surveys to improve further our work conditions and maintain our ranking as one of the best employers in the industry. In Brazil, we are regularly recognised by Guia Você as one the best companies to work in for the steel industry and in France, the Capital magazine also rate us among the best employers of the 'Heavy Industry & Metals' sector.

⇨ In 2022, our Climate Survey (including the former ELG perimeter) indicates that 79% of our employees recommend Aperam as a good place to work.

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 is comprised of 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 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 Technical & 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, Head of IT and Communications; Mr. Frédéric Mattei, Chief Executive Officer Alloys & Specialties, Head of R&D, and Mr. Geert Verbeeck, Chief Executive Officer Stainless & Electrical Steel Europe.

The collective industry knowledge and leadership of Aperam's senior management 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 a new 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 to improve the alignment of our organisation around strategic goals and to create a culture of Accountability and Management by Objectives. Since 2020, the internal alignment on our Sustainability roadmap has further improved thanks to the cascading of our CEO’s goals within our HR system. These Aperam Organisational goals cover 4 sections of which the first one is “Health, Safety and Sustainability”. This section includes topics like “Health” and “Environment", “Business ethics”, and “Diversity”.

Social dialogue and employee relations

Social dialogue is obviously a key component to our ability to engage with our people. Employee representatives and unions are not only a natural intermediary for our staff, they are also a familiar business partner in discussions regarding the organisation 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 throughout Aperam.

⇨ In 2022, Aperam kept a high level of social dialogue sharing the strategy and the situation of the company, in a quite challenging context due to the direct impacts (in the second part of the year) of the strong increase of the energy costs and the continuation of the war in Ukraine. The company had special focus during the regular meetings with the European Work Council on how Aperam managed the commercial and costs impacts of this situation in Europe.

Human Rights and diversity

Aperam’s commitment is detailed in its Human Rights policy with its initial diversity program focused on Gender equality & 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 and the fight against stereotypes. Our procedures integrate a systematic gender-based analysis, and regular communication campaigns are organised, notably with a diversity focus highlighting interesting career paths combating stereotypes.

Building on this framework, as well as on the extended pilot program launched in our Brazilian main units, with a LGBTQ+ event and a Black Consciousness Month, in 2021, Aperam enlarged the scope of its diversity program to cover all possible types of discrimination criteria and nurture a positive and inclusive company culture and management style. The launch of the extended program was organised symbolically at the occasion of the United Nations’ Human Rights’ Day, in December 2021, with company-wide communications and mandatory training assigned to all white collar employees.

⇨ The company constantly monitors the gender-related gaps on promotions and salary (for comparable jobs), and while it continues to provide remunerations above the market median, in 2022 Aperam reported a stable 8.5% salary gap to the benefits of men, mainly due to recently promoted women being junior in their new roles. Indeed, in 2021, 30% of promotions went to women although they only represented 14% of the headcount, a figure up to 37% in 2022.

We support United Nations’ Sustainable Development Goal 5 (Gender Equality).
More details regarding diversity are published in our yearly sustainability reports and on our website www.aperam.com under section “Sustainability”>”Social”>”Diversity”. For further information regarding sustainability, please refer to our yearly “Made for Life” 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 of Corporate citizenship, ethics and responsibility. We are committed to monitor and anticipate legal requirements, adopt state-of-the-art practices in corporate governance and adjust our controls and procedures where necessary.

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

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. By our actions and the way we keep our word, we aim to deserve their trust and protect our business relationship 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 stand as supporters of the United Nations' Sustainable Development Goals 11 (Sustainable Cities and Communities)

With local stakeholders, such as neighbours and local authorities, we engage openly to maintain sound and sustainable local relationships, especially at our large plants. This commitment is reflected in a public policy released in 2021 that details our communication routines to ensure a quality dialogue is in place, in line with the populations' needs and the true impact of our sites.
We often represent a key employer in the regions where we operate, 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 Corporate Responsibility 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 2022, we resumed some of our pre-COVID practices, for instance our participation to the local "Industry days/weeks" in France, with numerous visitors, including neighbours and scholars gaining access to our installations, with passionate Aperam guides to explain our process in Pont-de-Roide and Isbergues. Following the same pattern, we also organised 2022 Open Days in Belgium (Châtelet, and the traditional Juniors' Day in Genk), as we like to welcome families and youngsters and show them proudly how we operate.
In Brazil, our Aperam Acesita foundation also continued its work on education and culture empowerment, environmental awareness, capacity building of local communities with a special attention to women

entrepreneurs. In addition, based upon the conclusions from the external image survey organized in 2021 to evaluate the image of the Timóteo and BioEnergìa units amongst the local communities, the two units were able to tailor the celebrations of the anniversary of the city (58 years in April 2022) and plant (78 years in October) of Timóteo, launch a new communication campaign and organise an Open Day with the Association of Inhabitants from the near-by neighbourhoods to improve further the already strong local relationships.

We support 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 promote transparently its business interests. We disclose the specifics of our approach within the European Commission Transparency Register and our Influencing strategy 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 the Authorities is in the form of the taxes and duties owed that Aperam will pay scrupulously.

We support United Nations' Sustainable Development Goal 16 (Peace, Justice and Strong Institutions). To learn more on Ethics and Compliance with laws, please refer to section Business Ethics.

Responsibility in the Supply Chain

As part of our Corporate Responsibility program and in line with our recently updated Responsible Purchasing policy, we have screening processes in place to assess the alignment of our potential partners with our Ethics, Compliance policies and Sustainability issues, amongst which Human Rights and Environmental responsibility. For our main suppliers, this screening is also organized on a continuous basis, based on a yearly 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, redispatched yearly to all our suppliers;
- our code of business conduct, including human rights principles, stakeholder engagement and environmental stewardship;
- our general terms and conditions;
- participate to regular assessments, and
- an obligation of immediate information and remediation plan in the event of significant incidents, e.g. impacting 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 diligences conclude 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.

⇒ In 2021 and 2022, we initiated a reinforcement of our investigations. Reports related to suppliers of FerroNickel from Guatemala raised our attention, triggering a review of our risk analysis in accordance with our processes. We then decided to suspend supplies, considering the need for in-depth studies with the concerned supplier. The relationship was terminated in 2022 and we have no more deliveries of material coming from Guatemala.

We support United Nations' Sustainable Development Goals 11 (Sustainable Cities and Communities) and 16 (Peace, Justice and Strong Institutions).

Transparency

Since 2012, Aperam has publicly reported on a yearly basis about its Sustainability roadmap in a distinct 'Made for Life' report. Based on best practices, our Aperam's Made for life report follows the Global Reporting Initiative's framework and is verified by an external audit firm.

Since 2017, this report is complemented with three online supplements for each of the 3 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 local language(s) (and English) for the information of our employees and other local stakeholders.

In addition, our main sites display at the entrance a dashboard with a few key indicators in terms of Health, Safety and the Environment as well as the access to our contact form to make sure all our local stakeholders know who we are and can freely interact with us.

⇒ On April 28, 2022, Aperam published its "Made for life" report that details the progress we made in 2021 on the path to sustainability. The next release will be organised ahead of the 2023 Annual General Meeting of shareholders (which will take place on May 2, 2023) 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 and Dr. Ros Rivaz is the Lead Independent Director since February 2021. Dr. Ros Rivaz's principal duties and responsibilities as Lead Independent Director 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.

Mr. Joseph Greenwell indicated to the Board of Directors his decision to step down from the Board of Directors for personal considerations and in the framework of a board succession planning effective May 4, 2022. Mr. Joseph Greenwell joined the Company in May 24, 2013 and was a member of the Remuneration, Nomination and Corporate Governance Committee and of the Audit and Risk Management Committee. The members of the Board of Directors expressed their gratitude for Mr. Greenwell' valuable contributions to the Board since 2013.

On May 4, 2022, the Annual General Meeting of Shareholders approved the re-election of Mr. Lakshmi Mittal, of Mr. Aditya Mittal, of Mrs. Bernadette Baudier, as well as the election of Mrs. Roberte Kesteman as Members of the Board of Directors of Aperam for a three year term. Mrs. Roberte Kesteman is a member of the Remuneration, Nomination and Corporate Governance Committee and 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	72	Chairman of the Board of Directors	December 2010	May 2025
Dr Ros Rivaz[4]	67	Lead Independent Director	May 2020	May 2023
Mrs. Bernadette Baudier[3]	62	Director	May 2019	May 2025
Mrs. Roberte Kesteman[3] [4]	65	Director	May 2022	May 2025
Mr. Sandeep Jalan	55	Director	November 2020	May 2024
Mr. Alain Kinsch[3] [4]	51	Director	May 2020	May 2023
Mr. Aditya Mittal	46	Director	December 2010	May 2025

Company Secretary in 2022: Mrs. Julia Eisenmann

Notes:
(1) Age on December 31, 2022.
(2) See section Corporate Governance practices 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.

He has received numerous awards for his contribution to the steel industry over the years and recently, in April 2018, Mr. Mittal was awarded by the American Iron and Steel Institute with the Gary medal award recognizing his great contribution to the steel industry. He is widely recognized 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 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 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). Mrs. Baudier 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, since October 2017 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, since July 2019 and a member of its Remuneration Committee and Corporate Governance Committee. Mrs. Kesteman is 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 from 2002 to 2008. 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. Mrs. Kesteman 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 for 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. He was until May 2020, the CFO of Aperam, a role he had held since 2014.
Previously, he worked for the ArcelorMittal Group since 1999 where he held various roles including the CFO of ArcelorMittal Long Carbon Europe and was part of the M&A team responsible for numerous acquisitions in both steel and mining. He was also 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 and has been the Country Managing Partner of EY Luxembourg (1.600 professionals) and a member of several EY European regional leadership teams and committees from 2009 to 2020. 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 specializes 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 has also been leading 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, and in India, the couple work closely with UNICEF, having funded the first ever country-wide survey into 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 and an alumni of the World Economic Forum Young Global Leader's Programme. 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 May 1, 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 the Aperam's senior management is 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 exercise only the authority granted to it by the Board of Directors.

According to Aperam's articles of association, stating that 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.

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

Name	Age(1)	Function
Mr. Timóteo Di Maulo	63	Chief Executive Officer
Mr. Sudhakar Sivaji	43	Chief Financial Officer
Mrs. Vanisha Mittal Bhatia(2)	42	Chief Strategy Officer
Mr. Nicolas Changeur	51	Chief Executive Officer Services & Solutions, and Chief Marketing Officer Stainless & Electrical Steel Europe
Mr. Bernard Hallemans	55	Chief Executive Officer Stainless & Electrical Steel Europe
Mr. Frederico Ayres Lima	50	Chief Executive Officer and Chief Marketing Officer Stainless & Electrical Steel South America
Mr. Bert Lyssens	53	Chief Human Resources Officer and Head of Communications and IT
Mr. Frédéric Mattei	49	Chief Executive Officer Alloys & Specialties, Head of R&D
Mr. Geert Verbeeck	58	Chief Technical Officer, Head of Sustainability, Health & Safety, Environment, Industrial Risk & Innovation and Purchasing

Notes:
(1) Age on December 31, 2022.
(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 has 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 is the Chief Financial Officer of Aperam since May 6, 2020. Mr. Sivaji has 21 years of experience in finance, supply chain and engineering in the steel and aerospace industries.

In his career spanning Europe, USA, Asia and Latin America, working 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. Sudhakar Sivaji holds a Master of Business Administration 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 since has 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 leading various initiatives including “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. Lakshima N. Mittal and the sister of Mr. Aditya Mittal.

Mr. Nicolas Changeur is the Chief Executive Officer Services & Solutions, and Chief Marketing Officer Stainless & Electrical Steel Europe since September 2020. Previously, Mr. Changeur has been the Chief Marketing Officer for Stainless & Electrical Steel since November 2014 and responsible for R&D until October 2020. He 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.

Prior to joining the Group, Mr. Changeur spent 2 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 a Master in Business Administration from INSEAD. He is a citizen of France.

Mr. Bernard Hallemans has been the CEO of Stainless Steel Europe since October 2016. He previously served as Chief Technical Officer and 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. He conducted different research and development, quality and process improvement projects in the stainless steel making, hot rolling and cold rolling areas until 2001.

Between 2002 and 2007 he took several responsibilites in customer service and logistics within Stainless Europe. For 2008 to 2014 he held successive plant management positions in Châtelet and Genk plants.

Mr. Hallemans graduated as a Metallurgical Engineer and 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 Responsible for Human Resources and 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. Previously, Mr. Lima was Chief Operating Officer Stainless & Electrical Steel South America since December 2014. He is also in charge of the eucalyptus forest business - Aperam BioEnergia. Prior to this role, he held the position of Commercial Director of Aperam Stainless & Electrical Steel South America since 2009. 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 responsible for synergies between mills, logistics and 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 is responsible for R&D 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 Technology Officer Aperam and member of the Leadership Team with responsibilities for Health, Safety & Environment, Industrial Risk & Innovation and Purchasing, since April 2020. Mr. Verbeeck is also Head of Sustainability since November 2020. Prior to join Aperam Mr. Verbeeck held the position of Chief Executive Officer ArcelorMittal Poland since 2015.
Mr. Verbeeck started his career in ArcelorMittal in 1989. He took several positions in the domain of IT and Automation in the period of 1989 till 2004 in the sites of ArcelorMittal Gent, ArcelorMittal Bremen and TailorSteel Genk. In 2004 he became the head of the Automation department of ArcelorMittal Gent.
From 2006 till 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, specializing 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. The 10 Principles of Corporate Governance of the Luxembourg Stock Exchange constitute Aperam's domestic corporate governance code. We comply with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

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	5 average years on Board	60 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 him 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 February 4, 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 Chairman 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 insider dealing regulations, which 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”.

Operation of the Board of Directors

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. The Board of Directors including its Committees has its own budget, which covers such functioning costs as external consultants and travel expenses.

Meetings

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

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 2022. The average attendance rate of directors at the Board of Directors' meetings held in 2022 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. In the absence of the Chairman, the Board of Directors will appoint, by majority vote, a chairman for the meeting in question. The Chairman may decide not to participate in a Board of Directors' meeting, provided he has 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.

Votes

Each director has one vote and none of the directors, including the Chairman, 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, except for 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 authorization conferred by Article 5.5 of the Articles of Association, which 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.

Separate meetings of independent members of the Board of Directors

The independent members of the Board of Directors may schedule meetings outside the presence of Management and the non-independent Directors. Two meetings of the independent directors outside the presence of Management were held in 2021.

Annual self-evaluation

In 2011, at the time of Aperam’s creation, the Board of Directors decided to start conducting an annual self-evaluation of its functioning 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 senior management, the performance of individual directors, and the performance of the Committees. The process is supported by the Company Secretary, under the supervision of the Chairman and the Lead Independent Director.

The findings of the self-evaluation process are examined by the Nomination and Corporate Governance Committee and presented, along with recommendations from the Committee, 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 2022 Board of Directors' self-evaluation was completed by the members of the Board of Directors in February 2023. The members of the Board of Directors were of the opinion that it and Management had continued to perform successfully during 2022 on important matters including Environment-Social-Governance related subjects (e.g. reduction of incidents with personal injury for employee’s safety, extend ResponsibleSteel™ certification to Aperam South America), completion of transformation process of last years M&A transaction (acquisition of ELG) and BioEnergia to Aperam Recycling and Renewables, operational and financial performance, continuous progress of the Leadership Journey®, the global stainless steel market and environment reviews, innovation and growth. The Board members welcomed the step by step return to normality with the decline of the COVID pandemic positively influencing the profitable exchange amongst Board Members and Management.

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 2023, the members of the Board of Directors continued to set priorities for discussion and review, including the strong desire to perform an additional plant visit, confirming that the plant tour organised in 2022 was considered as valuable for improving knowledge of the stainless steel industry and the company's value chain in order to keep up with the development of the Company and to guarantee a qualified contribution to the success of the company.

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 strategic development and monitoring performance.
Furthermore, the composition of the group of 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 comprised 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:

- 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 worldwide 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, the stainless steel-making and raw material industries, 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 program 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 programs designed to maximise the effectiveness of the directors throughout their tenure and link to their individual performance evaluations. The training and development program may cover not only matters of a business nature, but also matters falling into the environmental, social and governance areas.

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. During 2022, the directors participated in comprehensive business briefings intended to provide the directors 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 2022 included health and safety, Environmental-Social-Governance related topics (such as the Company’s ResponsibleSteel^{TM} certification, environmental targets by 2030), operational and financial performance, the Leadership Journey® execution, footprint strengthening initiatives, the competitive landscape, the global stainless steel outlook and strategic review, innovation and refinancing. Also development sessions on specific topics of relevance took place, such as regulatory developments by external audit or hedging.

The Remuneration, Nomination and Corporate Governance Committee oversees director 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. In addition, this approach 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 role in securing a consistent supply of talent to the Board.

Committees of the Board of Directors

As of December 31, 2022, the Board of Directors had 2 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 December 31, 2022, 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

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 senior management;
- 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 relating to this function are to:

- serve as an independent and objective party to monitor the Company’s financial reporting process and internal controls system;
- review and appraise the work carried out by Aperam's independent external auditors and global assurance department;
- review major legal, tax, and compliance matters and their follow up;
- provide an open avenue of communication among the Company’s independent auditors, senior management, the internal audit department, and the Board of Directors;
- approve the appointment and fees of the Company’s independent auditors; and
- monitor 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 that 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 senior management, 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
- making recommendations within the scope of its charter to Aperam's senior management and to the Board of Directors about senior management'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.

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 2022, the Audit Committee met four times. The attendance rate of the directors at the Audit and Risk Management Committee meetings held in 2022 was 100%. Invitees at the Committee in 2022 included: Dr. Ros Rivaz and Mr. Sandeep Jalan from the Board of Directors, from the Leadership Team, the CEO and the CFO. 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 2022, 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 2023 with respect to performance in 2022.

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 level of the Leadership Team;
- 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 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 Chairman 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 2022, this committee met three times. The attendance rate at the Remuneration, Nomination and Corporate Governance Committee meetings held in 2022 was 100%. Invitees at the Committee in 2022 included Mr. Sandeep Jalan from the Board of Directors, and from the Leadership Team, the CEO, the CFO, and the Head of Human Resources, IT and Communications. The Company Secretary acts as secretary of the Committee.

In 2022, the Remuneration, Nomination and Corporate Governance reviewed in particular: the succession planning for the Board and the Leadership Team, the performance of the Leadership Team members and the 2021 self-assessment of the Board 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 completed in February 2023 with respect to performance in 2022.

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. As the Leadership Team is not a corporate body created by Luxembourg law or Aperam's Articles of Association, it may only exercise the authority granted to it by the Board of Directors.

Succession planning

Succession planning at 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 monitoring Aperam diversity representativity.

Luxembourg takeover law disclosure

The following disclosures are made in compliance with Article 11 of the Luxembourg Law of May 19, 2006, transposing Directive 2004/25/EC of the European Parliament and of the Council of April 21, 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 under “Investors < Equity Investors < Share Capital & Voting Rights”, 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 January 11, 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 December 31, 2022, the Company's issued share capital was represented by 79,996,280 fully paid up shares without nominal value. As of December 31, 2022, the Company's authorised share capital, including the issued share capital, consisted of 88,100,042 shares without nominal value.

- On May 4, 2022, The Annual General Meeting decides (a) to terminate with effect as of the date of this General Meeting the authorisation granted to the Board of Directors by the general meeting of shareholders held on 7 May 2019 with respect to the share buy-back programme, and (b) to authorise, effective immediately after this Annual General Meeting, the Board of Directors of the Company and the corporate bodies of the other companies in the Aperam group in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "Law"), to acquire and sell shares in the Company in accordance with the Law and any other applicable laws and regulations, including but not limited to entering into off-market and over-the-counter transactions and to acquire shares in the Company through derivative financial instruments. The authorisation will allow the Company to hold or repurchase shares not exceeding 10% of the Company's issued share capital. The present authorisation is valid for a period of five (5) years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of such five-year period.

  The 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.

  The Company share buyback programmes are described in greater detail in the section Liquidity of this Annual Report.

- 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 February 7, 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 of management when making decisions affecting 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 to determine 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 definition of the independence criteria that applies to the Directors is described in greater detail under the section Corporate Governance practices - Board of Directors of this Management Report.

The 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 the Members of the Board of Directors and the 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

The Articles of Association provide that directors are elected and removed by the general meeting of shareholders by a simple majority of votes cast. The directors of Aperam are elected for three year terms. 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. 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.

Each member of the Aperam's senior management is 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 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 each year to 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, and which makes recommendations to the Board of Directors considering 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 greater details 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 the other 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 the member 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:
- the Chief Executive Officer; and
- the 8 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 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 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 pre-agreed 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.
- In case of promotions stepped increases over time are applied, this in order to be able to evaluate the manager in the new role before reaching the market median.
- At an individual level the bonus is determined by the company's financial performance and the individual performance. However at Aperam level, as the average of all individual multipliers is "1", the total bonus envelop always reflects the actual company's performance

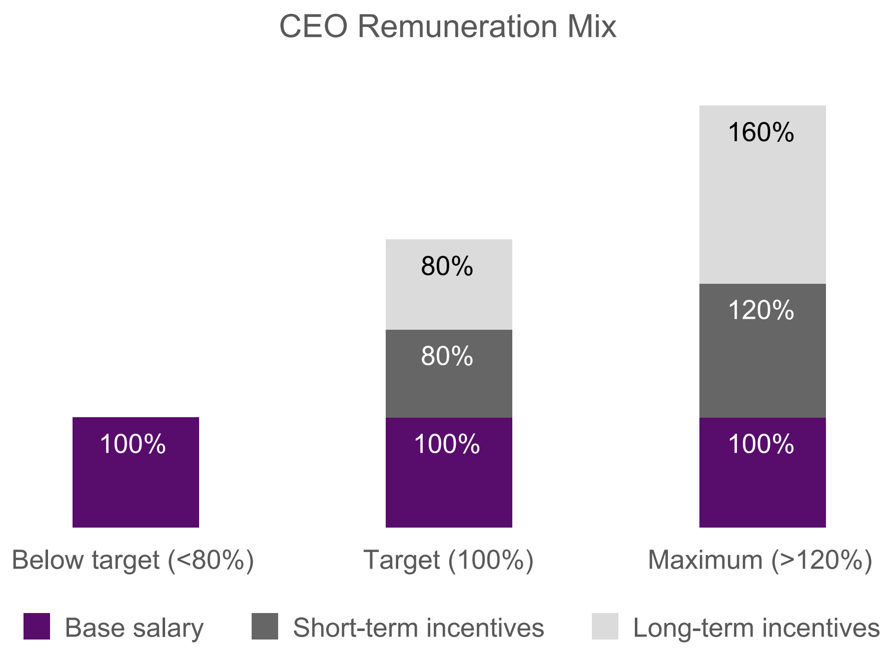
Remuneration framework

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:

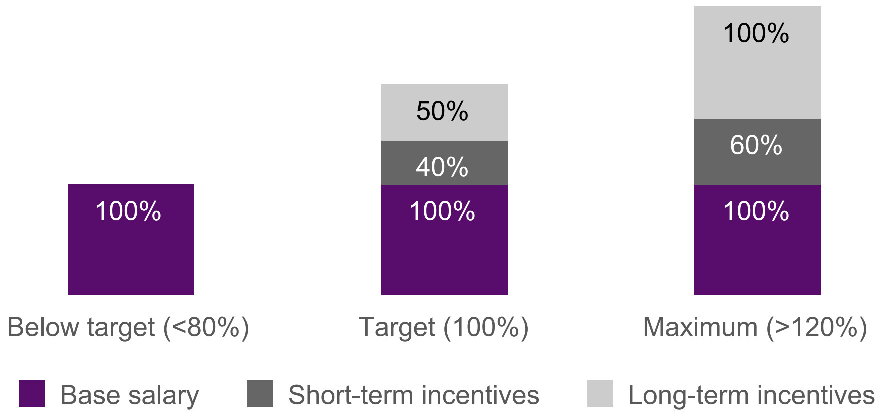
- fixed annual salary;
- short-term incentives (i.e., performance-based bonuses); and
- long-term incentives
    - Since May 2013, Leadership Team members only receive (performance based) PSUs as equity based incentive.
    - Outstanding stock options for ArcelorMittal plans for Leadership Team members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

The total remuneration target of the CEO and the other members of the Leadership Team is structured to attract and retain executives; the amount of the remuneration received is dependent on the achievement of the business and individual performance and on generating sustained shareholder value.

The following remuneration charts illustrate the various elements of compensation for the CEO and the other members of the Leadership Team applicable for 2022.



LT (excluding CEO) Remuneration Mix



The above mentioned graphs show the minimum and maximum payout of each plan based on the achievement of the plan objectives. This is what defines the total bonus envelope that is made available at Aperam level.

At 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 multiplier can vary between 0 and 1.5 which means that theoretically the payout of the annual bonus (STIP) can vary between 0 and 225% of the target amount (in case of a maximum financial and maximum personal performance).

Health & Safety is the first individual performance target and plays an important role in the final evaluations. Next to this the ESG framework is used to structure the remaining individual targets.

Fixed annual salary

Link to strategy: attract and retain high-quality and experienced senior executives

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

Short-term incentives

Annual performance bonus plan

Link to 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 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
- Until 2022, achievement of more than 100% and up to 120% of the performance measure generates a higher performance bonus pay-out capped at 150%.
- As from 2022 bonus to be 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 2022 bonus formula is based on:

2022 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

Until 2022, 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%
CEO	40% of base pay	80% of base pay	120% of base pay
Leadership Team Member (VP)	20% of base pay	40% of base pay	60% of base pay

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%
CEO	40% of base pay	80% of base pay	140% of base pay
Leadership Team Member (VP)	20% of base pay	50% of base pay	70% 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 1,000 employees worldwide.

Achievement against the measures is reviewed by the Remuneration Nomination and Corporate Governance Committee and the Board and the short-term incentive award is determined. The 2022 Performance Bonus Plan with respect to senior management is structured based on the same criteria as the 2022 Bonus Plan.

A core element of Aperam's strategy is the Groups's Leadership Journey® and its Phase 3 - aiming to defend Aperam's position as lowest cost producer in Europe. In order to have Aperam Senior Management fully engaged towards the Leadership Journey® goals, a special Leadership Journey® performance bonus plan was put in place in 2019 that covered the period 2019 to 2020.

The payout of this exceptional one-off plan depends on the achievement versus the Aperam 2020 Leadership Journey® target of €200 million. The plan has a total on-target value of 80% of the annual base salary of the CEO and the LT members (non-recurrent), split for retention purposes in two payments of 40% each, one in March 2021 and one in March 2022. No payment takes place in case the manager leaves before the payment is made.

The plan has a threshold for any payment to occur at 80% of the target and is capped at 120% achievement with payout ratios as applicable for the Long-term incentive plans. On February 10, 2021 the Company announced that as of December 31, 2020, Phase 3 of the Leadership Journey® was successfully completed with €223 million of cumulated annualized gains exceeding the targeted objective of €200 million.

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, 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 July 12, 2011, approved a equity-based incentive. The plan comprises a Restricted Share Unit Plan (RSU Plan) and a Performance Share Unit Plan (PSU Plan) designed to incentivise employees, 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 for 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 also decides the criteria for granting share based incentives and makes its recommendation to the Board of Directors.The vesting criteria are also monitored by the Remuneration, Nomination and Corporate Governance Committee.

RSU Plan (no grants anymore 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 from the May 2012 shareholder authorisations. As a consequence, RSUs are 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.

With the objective to continue to retain the highest focus by Senior Management on the 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, and which are submitted to shareholder approval. The below summarizes 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 (2 peers) and most relevant steel players (4 peers) from a statistical point of view
- Future outperformance at 200% capping
- Grant based on value of 80% of the base salary for the CEO, and 50% and for other Members of the Leadership Team
- The Long term orientation of the plan at 3 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 : % of women in Top 1000 increase. 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: CO_2 emissions’ reduction (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 2 shares. The LT PSU Plan provides for cliff vesting on the third year 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, granted shares at vesting:

- The May 9, 2018, annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2018 and the 2019 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. In June 2018, a total of 85,461 PSUs were granted to a total of 54 employees at a fair value of €40.32 per share (out of which 37,461 PSUs were for the 9 Members of the Leadership Team). In 2021, a total of 75,461 PSU were vested and 71,249 shares (net of 27,306 shares retained for tax purposes) were allocated to qualifying employees (out of which 48,930 were for Members of the Leadership Team).

- The May 7, 2019, annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2019 and the 2020 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. In June 2019, a total of 102,662 PSUs were granted to a total of 48 employees at a fair value of €26.23 per share (out of which 62,762 PSUs were for the 9 Members of the Leadership Team). In 2022, a total of 84,922 PSU were vested and 90,545 shares (net of 40,214 shares retained for tax purposes) were allocated to qualifying employees (out of which 57,474 were for Members of the Leadership Team).

- The May 5, 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. 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).

- The June 8, 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. 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).

- The May 4, 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. 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).

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

Remuneration Report

Remuneration of Board of Directors

As of December 31, 2022 and 2021, Aperam did not have any outstanding loans or advances to members of its Board of Directors and, as of December 31, 2022, 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 December 31, 2021 and 2022. In particular, at the May 4, 2022, annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2021 financial year at €548,932. The directors' compensation for the financial period ending December 31, 2022 will be submitted for shareholder approval at the annual general meeting expected to take place on May 2, 2023.

Name	Financial period ending December 31, 2021 (1)	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee (4)	Financial period ending December 31, 2022 (1)	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee (4)
Mr. Lakshmi N. Mittal	€70,000	0.66	€70,000	0.54
Mrs. Bernadette Baudier	€85,000	0.8	€85,000	0.65
Mr. Joseph Greenwell (2)	€82,500	0.78	€28,027	0.22
Mr. Sandeep Jalan	€70,000	0.66	€70,000	0.54
Mr. Alain Kinsch	€87,500	0.83	€87,500	0.67
Mrs. Roberte Kesteman (3)	N/A	N/A	€54,473	0.42
Mr. Aditya Mittal	€70,000	0.66	€70,000	0.54
Dr. Ros Rivaz	€83,932	0.79	€85,000	0.65
Total	€548,932		€550,000	
Shareholders' approval date	May 4, 2022		N/A	
Shareholders' expected approval date	N/A		May 2, 2023	

Notes:
(1) The directors compensation structure remained unchanged between 2021 and 2022. Reported changes in amounts are due to changes in the Board of Directors composition. See below.
(2) Mr. Joseph Greenwell resigned effective May 4, 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 of May 4, 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).

Remuneration of Senior Management

Aperam's remuneration for Senior Management is tied to the long term performance of the Company as follows:

- Aperam Senior Management have a significant part of their total remuneration as variable that is 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 personal objectives that are linked to one of the Aperam Organisation Goals: 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.

The total compensation paid to the members of the Leadership Team in 2022 is aligned with the Remuneration Policy, and application of performance criteria. The total remuneration comprised of the base salary, fringe benefits, the short-term performance-related variable pay (consisting of a bonus linked to 2021 results), and pension expenses, is available in the table below. The Company does not consider options for the short term bonus to be reclaimed, nor to be deferred.

2022

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 [4]	Total Remuneration	Comparison versus average remuneration on a full time equivalent basis of an Aperam SA employee [5]
CEO	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
	2020	€733K	€19k	€703k (35%)	€419k (21%)		€142k	€2,016k	17.5x
LT excluding CEO (8 members) [6]	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
	2020	€2,365k	€158k	€849k (20%)	€616k (15%)		€192k	€4,180k	4.5x

(1) Company car, residence benefit, health care, and local allowances (for French employees: local profit sharing according to CLA is included)
(2) Number of shares received multiplied by the share price at vesting date
(3) Special performance incentive plan to defend cost position (cf. Remuneration policy)
(4) Retirement, death and disability insurances
(5) 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. (€89k in 2019, €115k in 2020 ; €106k in 2021 and €130k in 2022)
(6) Mr. Geert Verbeeck is included as from April 1, 2020 ; Mr Sandeep Jalan is included until May 5, 2020 ; Mr. Sudhakar Sivaji is included as from May 6, 2020 ; Mrs. Ines Kolmsee is included until September 13, 2020.

2021 short term incentives paid in 2022:

	Realization as a % of business targets Achievement
CEO	120%
Leadership Team Member excluding CEO	120%

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

2022 short term incentives to be paid in 2023:

	Realization as a % of business targets Achievement
CEO	160%
Leadership Team Member excluding CEO	160%

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

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 2022, the persons comprising the Company's Leadership Team received 51,289 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 €38.83. 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 annual report.

Name	Main conditions of the PSU plans					Information regarding the reported financial year : 2021					
						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 2019	3 years	26.23	1 June 2019	1 June 2022	21,809	NA	21,809	37,134	21,809	0
Tim Di Maulo, CEO	LTIP 2020	3 years	21.58	1 June 2020	1 June 2023	27,163	NA	NA	NA	NA	27,163
Tim Di Maulo, CEO	LTIP 2021	3 years	43.18	1 June 2021	1 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	0	16,657	NA	NA	NA	16,657
LT excluding CEO											
LT excluding CEO	LTIP 2019	3 years	26.23	1 June 2019	1 June 2022	27,684	NA	27,684	47,137	27,684	0
LT excluding CEO	LTIP 2020	3 years	21.58	1 June 2020	1 June 2023	47,163	NA	NA	NA	NA	47,163
LT excluding CEO	LTIP 2021	3 years	43.18	1 June 2021	1 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	0	34,632	NA	NA	NA	34,632

[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 January 21, 2011, resolved to delegate to the Board of Directors to determine 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:

<u>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:</u>

- 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, 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 shareholder as from 2018.

<u>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:</u>

- 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 as from 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	3,080	0.89
	Outokumpu	2,513	0.87
Carbon Steel peer group (weight inside peer group 50%)	Thyssen-Krupp	27,661	0.90
	Salzgitter	1,888	0.77
	ArcelorMittal	6,029	0.54
	Voestalpine	5,714	0.86

Notes:
(1) On January 1, 2022, in million €
(2) Correlation calculated from 01/01/2017 to 01/01/2022

LTIP vesting in 2022: PSU Plan under the May 9, 2019, 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: June 1, 2019
Vesting date: June 1, 2022
Percentage of achievement after third anniversary date (cliff vesting):

Performance criteria	% Weighting of criteria	Percentage of achievement at review at third grant anniversary date (June 1, 2022)
TSR	50%	Above 140% of median: 200%
EPS	50%	Above 140% of median: 200%

For the PSU Plans under the May 5, 2020, June 8, 2021, and May 4, 2022 shareholder authorisations no vesting has yet been reached considering that 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 senior management

As of December 31, 2022, the aggregate beneficial share ownership of Aperam directors and senior management totalled 193,614 Aperam shares (excluding shares owned by Aperam's Significant shareholder). Other than the Significant shareholder, no director and 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 Management Report.

The allocation of Aperam equity incentives to senior management is described in “Share Capital” section of this Management 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

Beyond strict compliance with laws, in Aperam, Ethics are governed by 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 do’s and dont’s 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 for non-compliant behaviours.

Code of Business Conduct training happens upon arrival in 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, 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 regular refreshing training routines. Our key policies are available in 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 only, all issues related to fraud, corruption and conflicts of interests matters and irregularities related to Health, Safety and the Environment, Human rights and Data Privacy using the employee’s direct reporting lines, the compliance correspondents, HR or internal audit, but also using the Aperam whistleblowing line, available in the “Investors > Corporate Governance > Whistleblower” section of the Aperam website (www.aperam.com).

⇒ In 2022, there were 22 allegations raised relating to fraud, which were referred to the Group Global Assurance Department and out of which 11 leaded to in depth investigation. At the end of 2022, 8 forensic cases had been investigated, with 2 cases founded without a material impact on Aperam accounts and 6 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 for non-compliant behaviours is achieved.

To implement fully 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 efforts making sure all its numerous policies are well understood, in topics as varied as antitrust, economic sanctions, conflicts of interest, and data privacy, using a network of compliance correspondents who spread the word on sites and from the C-suite down to the shop-floor. We also use a specific Ethics & Compliance Academy on our Learning Management System with off-the-shelves courses as well as tailor-made learning modules in many languages. We also use automated processes like the annual Compliance Certificate and the declarations of potential conflicts of interests, which we based on MyHR, our People Management System. This allows to deliver perfect efficiency while protecting the confidentiality of data by leveraging all the features of a powerful ERP (master people database, automatic notifications, reminders).

⇒ Other key actions undertaken during the year 2022 encompass the fourth edition of our Fraud awareness Week and the review and renewal of the Code of Business Code training for all Aperam employees.

Global Assurance

Aperam has a Global Assurance function that, through its Chief Global Assurance, reports directly to the Audit and Risk Management Committee. The vision of the Global Assurance function is to be an agile trusted advisor by providing value-adding assurance services and facilitating change through a talent pool of future business leaders. The function, using best-in class methodology in line with the Institute of Internal Auditors (IIA) standards, is staffed by full-time professional staff located at the Head Office in Luxembourg and 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 quarterly reviewed 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 impaired. 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 impair the auditor's independence. The appointment of the independent auditors is submitted to shareholder approval.

Audit fees in 2022 were €2.7 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 July 3, 2016, in all EU member states, including Luxembourg, of Regulation No 596/2014 of the European Parliament and the Council of April 16, 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 IDR 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 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.

Our environmental responsibility

Aperam is one of the world's lowest CO_2 footprint stainless steel producer[6] thanks to its European production route based on fully recyclable stainless steel scrap, and the use of charcoal from its sustainable cultivated forests in Brazil. With the acquisition of ELG completed on December 27, 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 circular economy.

Sustainable production processes

Metallurgy is a heavy industry requiring huge power and hazardous substances to transform raw materials into the precise blend of alloys requested by our clients. As we aim for environmental excellence, 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.
On December 27, 2021 we completed the acquisition of ELG, a global leader in stainless steel and superalloys recycling, and are placing Aperam at the core of the circular economy. Together with ELG we target to further 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%**

(2022 performance will be disclosed and commented in the upcoming Sustainability Report)

Climate Change and CO_2 leadership

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

- On the European side, our electric arc furnaces leverage locally available scrap material instead of extractive raw materials, 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 Furnace for Nickel Pig Iron (Asia). Welcoming ELG in our group now makes this recycling component much more explicit.
- 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).

[6] Scope 1 and 2

In addition and for the first time in 2021, on top of other minor methodological adjustments aimed at fine-tuning the evaluation of our decarbonization roadmap[7], 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 party and on ISAE 3000 limited assurance by PwC.
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 decarbonization plan is complete, to close the gap to carbon neutrality by 2050.

⇨ Thanks to this three-fold strategy, in 2021 Sustainability report, we reported detailed figures, and in particular certified carbon offsets (after fires) of 467kt and a net carbon intensity (scope 1+2, market based, all tons processed[10]) of 0.33 tons of CO_2e by ton of crude steel. Updated 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 incentivize 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 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.
In 2021 and 2022, we also actively worked on the reduction of our scope 3 (upstream raw materials part), aiming at a double-digit percentage cut by 2030, and we are partnering with key suppliers on this field. This is key, because the weight of the scope 3 is paramount in the total footprint of a typical stainless steel product, as the total emissions per tons of stainless made of extractive materials is estimated to be up to 5 times higher than ours.

⇨ As proof of our commitment, in 2022, we received a “A-” rating on Climate Change from the Carbon Disclosure Project (CDP). We also officially sent to the Science-Based Targets initiative our commitment to set long-term target 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 unique capability to produce 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.

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 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. Some of our products contain over 80% metallic scrap, and this is especially true for the stainless steels melt in Genk and Châtelet, with some of our austenitic products reaching 90% on average.

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

We are also very proud of our unique capability to treat meltshop by-products such as dust and sludge with the aim to extract the valuable metallic content, primarily Nickel. This is done by our Recyco subsidiary, within the site of Isbergues: it is recovering the valuable components from these residues from Aperam’s European

[7] detailed in our 2021 Sustainability reporting - see page 32-33 and the methodological appendix, page 97

steel mills as well as from other external steel makers with little rivals and its final outcome is to avoid the landfill of useful materials and the need for primary extraction for the same.

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 severe permanent hydric-stressed areas is BioEnergia. Thanks to our local Research & Development, genetic improvement technology has been continuously adapting our trees to the dry local conditions, ending up depriving the plants from the so-called pivoting rooms that could have reached for deep water tables. The unit also continuously develops and applies measures to control and sustainably use water, and raise the awareness of local communities in relation to both fire and water. It is the sole unit to organize the planting operations during the rainy days only, in spite of the numerous operational difficulties incurred.

⇨ As proof of our commitment for a responsible use of water and for the first time, in 2022, we also responded to the "Water" survey of the Carbon Disclosure Project (CDP). For this first reporting year, Aperam is proud to disclose a "B" rating in recognition of its efforts.

Biodiversity protection

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

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

⇨ In 2022, our Brazilian forestry got the renewal of its Forest Stewardship Council(C) certification (FSC) with zero non-conformities reported. This recognition was the outcome of a thorough review of our unit's innovative practices combining efficient plantation management (using biological pest control) with a well-applauded programme for protecting local flora and fauna, including large mammals, all on top of state-of-the-art stakeholder engagement.

Provision of energy-efficient or water-saving steel solutions.

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

Our products are used in a number of energy efficient applications by our industrial customers, thereby contributing to the United Nations' Sustainable Development Goals 3, 5, 6, 7, 9, 11, 12, 13 and 16 Health & Safety; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Industry; Innovation and infrastructure; Sustainable cities and communities; Responsible Consumption and Production; Climate Action; Peace, justice and strong institutions.

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

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 June 18, 2020.

Specifically an activity must make a substantial contribution to one or more of the 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: EU PIE 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.

Implications for Aperam, as a non-financial undertakings

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 - a further step forward since the previous year only required the publication of eligible activities, and not their full alignment yet.

The identification of the eligible activities corresponds to a preliminary screening based on description of the activities likely to participate to a transition to a low-carbon EU economy whereas the alignment entails the confirmation of the undertaking meeting the technical screening criteria defined for its sector (for instance in terms of CO2 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 lease, 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, Manufacture of iron and steel, as defined per taxonomy-regulation-delegated-act-2021-2800 Annex I on Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives under 3.9., in wait for clarifications of the regulation, together with a first limited confirmation concerning their ability to meet their sector-specific substantial technical screening criteria on GHG emissions. In this 2022 Annual 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 for a preview of aligned-KPIs based on 2022 audited financial data and 2021 audited sustainability data (see Appendix I below). This section therefore aims at providing a comprehensible and transparent overview of what is to be expected in the final assessment to be published.
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 2022 results before the end of the first semester 2023.
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 and their alignment in close coordination with the representatives of the Group 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 under 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 "transitional 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 CO2 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 steel (stainless).

Our Alloys and Specialties business has been included this year in our analysis and reporting below, also under economic activity: 3.9- Manufacture of iron and steel. Following the Guidance on the content of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation ('Disclosures Delegated Act'), and based on our understanding that the Taxonomy regulation aims at defining broad categories (prioritised economic activities) to be refined by stakeholders, we concluded that Alloys products, even though not directly considered by the Taxonomy Regulation through the NACE codes, should be considered eligible by virtue of analogical rationale and usual business practices. In the absence of a unique definition of steel and ferro-alloys, our analysis is based on the proximity of classification between Alloys and Stainless Steel activities, both being covered by the EUROFER association under one single "stainless & specialty steel" category next to "steel" and considered by the regulator as being subject to the same rules and norms, in particular the

National permit procedures, the European Union's Emission Trading System and the EU Best Available Techniques for Iron and Steel Production. This common categorisation for these two sub-sectors is justified by the very process of design, production and transformation of various specialty alloys and many specific stainless steels, which sees no discontinuity other than the percentage of alloying elements included and renders any distinction fallacious, as well as the shared aim of creating economic activities in line with EU highest environmental and climate objectives. Their ability to produce long-lasting metal solutions used for their exceptional resilience in extreme temperature, corrosion and pressure conditions while enhancing energy efficiency and both fuel cells and hydrogen development further support our position. Therefore, Alloys and Specialties will be included and examined under the same criteria as our Stainless and Electrical Steel production.

Lastly, as Aperam Recycling 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 this 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 separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.

Several minor intra-group activities are at this stage not considered eligible, pending further regulation clarification and internal assessment. We identified two different activities as a result, in continuity with the preliminary assessment debuted in 2022.

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[8] 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 tCO2e/t product (adaptation) or 1.331 (mitigation)
- electric arc furnace (EAF) high alloy steel = 0,360 tCO2e/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.
Following Aperam externally verified calculations regarding CO2e emissions (scopes 1 and 2), in line with the best standards and whose consolidated results have been published as part of the 2021 Extended Annual Group Sustainability Report (here), both our Stainless & Electrical Steel (Europe and South America) as well as Alloys & Specialties activities had in 2021, like the previous years, a CO2e intensity calculated at crude steel level (non-biogenic, ex caster) compliant with the requirements of the substantial criteria for alignment as "climate change mitigation" activities.

Aperam Recycling activity is accounting for a well above requirement 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 assumed at 99.99%.

Do No Substantial Harm 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 objective "Circular

[8] Usually referred to as "scope 1" in line with the greenhouse Gas (GHG) Protocol, in relation to the "scope 2" and "scope 3"

Economy" 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 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, which, to our understanding, demands to have our sector's operating units' emissions 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[9], 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 2022 and of its subsequent alignment with the EU Taxonomy criteria. However, we are proud to declare that our Brazilian units are on path 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, based on the highest regulatory and sectoral standards, 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 that ensures its values and guidelines are applied at all levels (See also § Corporate Governance). In line with our values of transparency and accountability, Aperam makes publicly available in its annual Sustainability Report (available here) 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

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, therefore including the elimination of intercompany balances.

Overall, according to our analysis above, the two activities considered aligned under the EU Taxonomy regulation represent 81% of turnover, 76% of OpEx, and 61% of CapEX of the Aperam group as of December 31, 2022. The complete overview is available in Appendix I below.

Aperam	**EU Taxonomy - eligible (%)**	**EU Taxonomy - aligned (%)**	**EU Taxonomy Non-aligned and Non-eligible (%)**
Turnover	100%	81%	19%
CapEx	85%	61%	39%
OpEx	94%	76%	24%

[9] Standards in line with ResponsibleSteel™ certification for Timóteo

Assumptions, data limitation and perspectives

Aperam is committed to ensuring 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 take directly into consideration EU Taxonomy's requirements and measure potential impact, when not already in place with the aim to be "EU Taxonomy-compliant by design" as well as fully auditable when required by Regulation.

To determine the eligibility of our activities in 2021 we used publicly available sector information, audited publicly available financial and environmental data.

At this date, no event during the financial year 2022 allows us to foresee that 2022 reporting to be published on our website and Sustainability Report will not be in line with the disclosing above.

Whereas 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. Therefore, further works will be necessary to conclude in 2023 to publish the 2022 final results once available and continue assessing our activities in the evolving regulatory framework.

Share capital

As of December 31, 2022, the Company's authorised share capital, including the issued share capital, consisted of 88,100,042 shares without nominal value. The Company's issued share capital was represented by 79,996,280 fully paid-up shares without nominal value.

The following table sets forth information as of December 31, 2022 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)	29,526,799	36.91 %	40.91 %
Treasury shares	7,812,590	9.77 %	— %
Other public shareholders	42,656,891	53.32 %	59.09 %
Total issued shares	**79,996,280**	**100 %**	**100 %**
of which: Directors and Senior Management(2) (3)	193,614	0.24 %	0.27 %

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 December 31, 2022, 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 29,526,799 ordinary shares.
(2) Includes shares beneficially owned by directors and members of senior management listed in the sections "Board of Directors" and "Senior Management"; Excludes shares beneficially owned by Mr. Mittal.
(3) These 193,614 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 December 31, 2022, there were 1,975 shareholders - other than the Significant shareholder and Aperam as holder of treasury shares - with an aggregate of 80,503 Aperam common shares registered in Aperam's shareholder register, representing approximately 0.11% of the common shares issued. As of December 31, 2022, there were 39 U.S. shareholders holding an aggregate of 219,702 New York Registry Shares, representing approximately 0.30% 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 December 31, 2022, there were 37,326,049 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 January 11, 2008, on transparency requirements for issuers of securities (Transparency Law) and to shareholding notifications for crossing the threshold of 5% voting rights, such notifications are available in the Luxembourg Stock Exchange's electronic database OAM on www.bourse.lu and on the Company's website (www.aperam.com) under Investors, Equity Investors, Share Capital & Voting Rights.

- On January 7, 2022, Aperam announced shareholding notifications from HSBC Trustees (C.I.) Limited.

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 January 25, 2011, ArcelorMittal entered into several agreements with Aperam and/ or certain Aperam subsidiaries which are still in force:

- Regarding procurement, a purchasing services agreement for negotiation services from ArcelorMittal Purchasing (the "Purchasing Services Agreement") entered into for an initial term of two years until January 24, 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; the natural gas supplies have continued in 2022 and will continue in 2023 under same terms and conditions as specified in the initial contracts.
  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 2022 and 2023 relating to areas including 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 programs. Currently, few but valuable research and development supports are implemented through this agreement. New exchanges about breakthrough technologies or possible technical developments interesting both companies were launched in 2020, 2021 and 2022 are still ongoing.

- Specific IT service agreements have been put in place with Aperam, one for Asset Reliability Maintenance Program ("ARMP") in its Brazilian entities, and two others for the use in Europe of ARMP and for the use of the global wide 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 also 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 which ArcelorMittal Brasil continued to perform purchasing for the benefit of these Aperam's Brazilian subsidiaries, with costs being shared on the basis of cost allocation parameters agreed between the parties on a yearly 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 March 7, 2019 which

was amended on December 20, 2022. Following the signature of a share purchase agreement on October 12, 2022, the shares of Aperam Real Estate S.à.r.l. were sold by Aperam to Kennedy 2020 SAS. Aperam Real Estate S.à.r.l became a wholly owned subsidiary of ArcelorMittal and was renamed into K22 S.à.r.l. on December 8, 2022.

Shareholder information

The company

The Company is a Luxembourg public limited liability company ("société anonyme") incorporated on September 9, 2010 to hold the assets which comprise the stainless and specialty steels businesses historically held by ArcelorMittal. The Company has its registered office at 24-26 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.

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 January 31, 2011, and Euronext Brussels on February 16, 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: conference calls, roadshows, regular participation at investor conferences and plant visits.

To contact the Investor Relations department: Investor.Relations@aperam.com

Socially responsible investors

Aperam is also proud to be a leader in Sustainability within its sector and has been issuing yearly Sustainability Reports since its creation in 2011. The Sustainability team is in charge of the questions from socially responsible investors and ESG rating agencies[10].

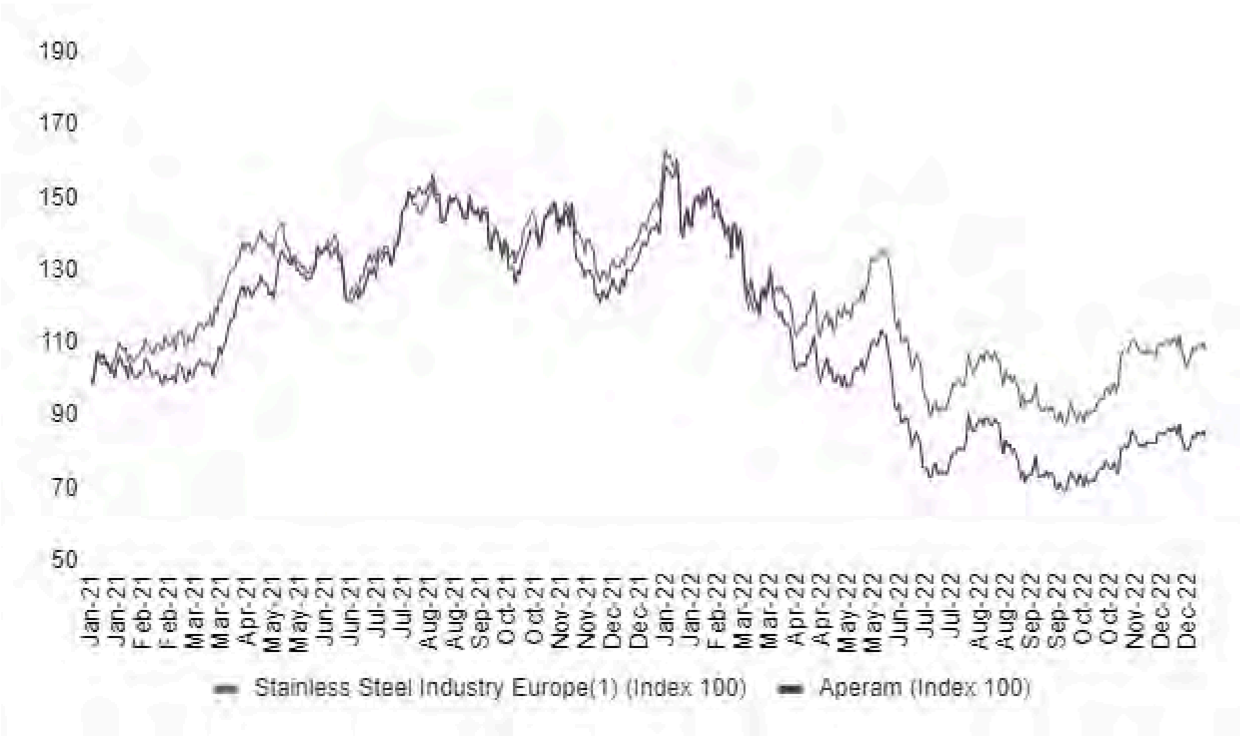
We are proud that our efforts have once again been recognised by ESG analysts, particularly in 2022 with our Gold rating from Ecovadis and our Worldsteel's Sustainability Charter Membership.

To contact the Sustainability Team: sustainability@aperam.com

[10] 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)FV over the years 2021 to 2022 in index base 100:



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

Financial Calendar

Earnings calendar[(1)]

> May 03, 2023: earnings for 1st quarter 2023
> July 28, 2023: earnings for 2nd quarter 2023 and 6 months 2023
> November 08, 2023: earnings for 3rd quarter 2023 and 9 months 2023

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

General meeting of shareholders

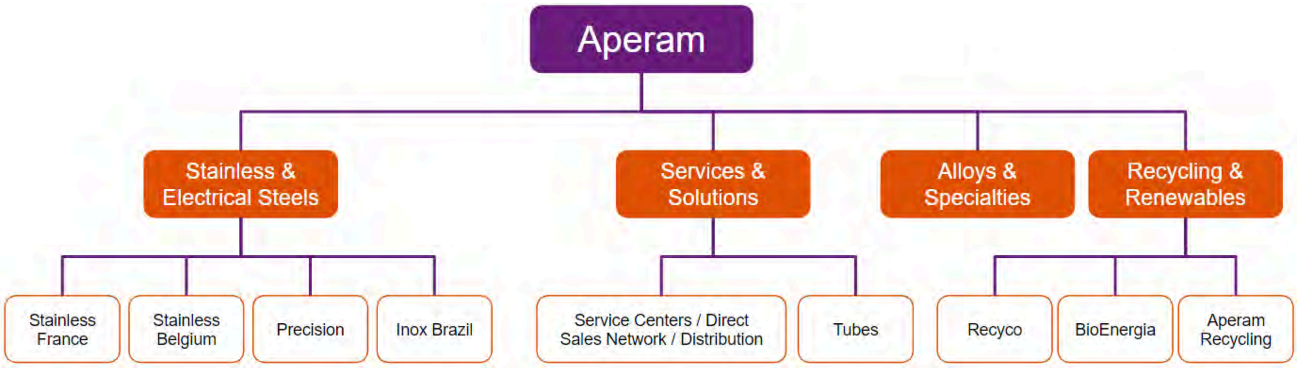
- May 2, 2023: Annual general meeting of shareholders, Luxembourg

Dividend Schedule

Please refer to the section "Liquidity" of this Management Report for further details with respect to the Company's detailed dividend schedule for the year 2023.

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 2022. See Note 28 to the Consolidated Financial Statements for a list of the Group's significant subsidiaries.



Contacts

Aperam
24-26 Boulevard d'Avranches
L-1160 Luxembourg
Grand-Duchy of Luxembourg
Tel: +352 27 36 27 00

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

Aperam Investor Relations contact is:
Thorsten Zimmermann: +352 27 36 27 304

Appendixes

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

		Total turnover	8,156		Substantial contribution criteria						DNSH Criteria										
Economic activities (1)	Aperam Divisions	Codes (2)	Absolute turn over M€ (3)	proportion of turnover (4)	Climate change mitigation (5)	Climate Change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate Change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
A. Taxonomy-Eligible Activities																					
A.1 Environmentally sustainable activities (Taxonomy aligned)																					
Manufacture of iron and steel	Aperam Stainless & Electrical Europe	C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52	1,891	23.19%														23.19%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Aperam Services & Solution	C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52	2,374	29.11%														29.11%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Alloys & Specialties	C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52	661	8.10%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	8.10%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
Recycling - Material recovery from non-hazardous waste	Aperam Recycling	38.32	1,675	20.54%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	20.54%	#N/A	#N/A	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			6,602	80.94%	100%	%	%	%	%	%								80.94%	#N/A	#N/A	
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																					
Manufacture of iron and steel	Aperam Stainless & Electrical Brazil	C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52	1,240	15.21%	0%	%	%	%	%	%	Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Aperam Services & Solution (related to S&E Brazil)	C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52	311	3.82%	0%						Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2				%																	
Total (A.1+A.2)			8,153	99.96%																	

B. Taxonomy-non-eligible activities

Turnover of Taxonomy-non-eligible activities (B)			3	0.04%
Total (A+B)			8,156	100.00%

		total capex	307		Substantial contribution criteria						DNSH Criteria										
Economic activities (1)		Codes (2)	Absolute CapEx (3)	proportion of CapEx (4)	Climate change mitigation (5)	Climate Change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate Change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
A. Taxonomy-Eligible Activities																					
A.1 Environmentally sustainable activities (Taxonomy aligned)																					
Manufacture of iron and steel	*Aperam Stainless & Electrical Europe*	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	133	43.36%														43.36%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Aperam Services & Solution	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	9	3.09%														3.09%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Alloys & Specialties	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	32	10.52%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	10.52%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
Recycling - Material recovery from non-hazardous waste	*Aperam Recycling*	*38.32*	12	3.98%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	3.98%	#N/A	#N/A	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			187	60.95%	100%	%	%	%	%	%								60.95%	#N/A	#N/A	
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																					
	Aperam Stainless & Electrical Brazil (and related S&S entities)	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	72	23.48%	0%	%	%	%	%	%	Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
Manufacture of iron and steel	*Aperam Services & Solution (related to S&E Brazil)*	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	2	0.79%	0%	%	%	%	%	%	Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2				%																	
Total (A.1+A.2)			261	85.22%																	

B. Taxonomy-non-eligible activities

Turnover of Taxonomy-non-eligible activities (B)			45	14.78%
Total (A+B)			307	100.00%

		total opex	240		Substantial contribution criteria						DNSH Criteria										
Economic activities (1)		Codes (2)	Absolute OpEx (3)	proportion of OpEx (4)	Climate change mitigation (5)	Climate Change adaptation (6)	Water and marine resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate Change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
A. Taxonomy-Eligible Activities																					
A.1 Environmentally sustainable activities (Taxonomy aligned)																					
Manufacture of iron and steel	*Aperam Stainless & Electrical Europe*	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	133	55.65%														55.65%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Aperam Services & Solution	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	9	3.59%														3.59%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Alloys & Specialties	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	21	8.62%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	8.62%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
Recycling - Material recovery from non-hazardous waste	*Aperam Recycling*	*38.32*	20	8.29%	100%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	8.29%	#N/A	#N/A	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			183	76.15%	100%	%	%	%	%	%								76.15%	#N/A	#N/A	
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																					
Manufacture of iron and steel	*Aperam Stainless & Electrical Brazil (and related S&S entities)*	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	38	15.97%	0%	%	%	%	%	%	Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
	Aperam Services & Solution	*C24.10, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52*	5	2.00%	0%						Y	Y	Y	Y	N	Y	Y	0%	#N/A	#N/A	T An economic activity in this category is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852 where it complies with the technical screening criteria.
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2				%																	
Total (A.1+A.2)			226	94.12%																	

B. Taxonomy-non-eligible activities

Turnover of Taxonomy-non-eligible activities (B)			14	5.88%
Total (A+B)			240	100.00%

Financial Statements 2022

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

Aperam Société Anonyme

Consolidated financial statements

As of and for the year ending December 31, 2022

Aperam S.A.
24-26 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
March 27, 2023

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

Chief Executive Officer
Timoteo Di Maulo

Chief Financial Officer
Sudhakar Sivaji

Aperam

Consolidated Statement of Operations

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

	Year ending December 31,	
	2022	**2021**
Sales (Note 4) (including 118 and 73 of sales to related parties in 2022 and 2021, respectively (Note 24))	8,156	5,102
Cost of sales (Note 5) (including amortization, depreciation and impairment of 186 and 144 (Note 4), purchases from related parties of 504 and 404 (Note 24) and bargain purchase gain of (5) and 119 (Note 3) for 2022 and 2021, respectively)	(6,976)	(3,869)
Gross margin	**1,180**	**1,233**
Selling, general and administrative expenses (Note 27)	(290)	(191)
Operating income (Note 4)	**890**	**1,042**
Loss from associates, joint ventures and other investments	(1)	(1)
Financing costs, net (Note 6)	(137)	2
Income before taxes	**752**	**1,043**
Income tax expense (Note 7)	(126)	(74)
Net income (including non-controlling interests)	**626**	**969**
Net income attributable to Equity holders of the parent	625	968
Net income attributable to Non-controlling interests	1	1
Net income (including non-controlling interests)	**626**	**969**
Earnings per common share (in Euros): (Note 21)		
Basic	8.33	12.21
Diluted	8.29	12.16
Weighted average common shares outstanding (in thousands) (Note 21):		
Basic	75,062	79,241
Diluted	75,403	79,557

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,	
	2022	**2021**
Net income (including non-controlling interests)	**626**	**969**
Items that cannot be reclassified to the consolidated statement of operations:		
Remeasurement of defined benefit obligation during the period, net of tax expense of 13 and 6 for 2022 and 2021, respectively (Note 20)	31	15
Items that can be reclassified to the consolidated statement of		
Cash flow hedges (Note 23):		
Gain arising during the year, net of tax expense of 20 and 6 for 2022 and 2021, respectively	61	16
Reclassification adjustments for gain included in the consolidated statement of operations, net of tax expense of 14 and 6 for 2022 and 2021, respectively	(44)	(17)
Total cash flow hedges	17	(1)
Exchange differences arising on translation of foreign operations, net of tax expense of 3 and nil for 2022 and 2021, respectively	94	5
Total other comprehensive income	**142**	**19**
Total other comprehensive income / (loss) attributable to:		
Equity holders of the parent	143	19
Non-controlling interests	(1)	—
Total other comprehensive income	**142**	**19**
Net comprehensive income	**768**	**988**
Net comprehensive income attributable to:		
Equity holders of the parent	768	987
Non-controlling interests	—	1
Net comprehensive income	**768**	**988**

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

Aperam

Consolidated Statement of Financial Position

(in millions of Euros)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 8)	457	524
Trade accounts receivable (Note 9)	454	556
Inventories (Note 10)	2,592	2,332
Prepaid expenses and other current assets (Note 11)	154	89
Income tax receivable	13	5
Total current assets	**3,670**	**3,506**
Non-current assets:		
Goodwill and intangible assets (Note 12)	451	439
Biological assets (Note 13)	51	31
Property, plant and equipment (Note 14)	1,859	1,695
Investments in associates, joint ventures and other investments (Note 15)	3	4
Deferred tax assets (Note 7)	101	135
Other non-current assets (Note 16)	122	101
Total non-current assets	**2,587**	**2,405**
Total assets	**6,257**	**5,911**

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, 2022	December 31, 2021
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt including current portion of long-term debt (Note 17)	258	271
Trade accounts payable	1,175	1,200
Short-term provisions (Note 18)	26	27
Accrued expenses and other liabilities (Note 19)	379	321
Income tax liabilities	21	34
Total current liabilities	**1,859**	**1,853**
Non-current liabilities:		
Long-term debt, net of current portion (Note 17)	667	719
Deferred tax liabilities (Note 7)	131	132
Employee benefits (Note 20)	136	186
Long-term provisions (Note 18)	63	60
Other long-term obligations	9	8
Total non-current liabilities	**1,006**	**1,105**
Total liabilities	**2,865**	**2,958**
Equity:		
Common shares (no par value, 88,100,042 and 88,100,042 shares authorised, 79,996,280 and 79,996,280 shares issued and 72,183,690 and 77,904,993 shares outstanding as of December 31, 2022 and December 31, 2021, respectively) (Note 21)	419	419
Treasury shares (7,812,590 and 2,091,287 common shares as of December 31, 2022 and December 31, 2021, respectively) (Note 21)	(296)	(106)
Share premium	1,095	1,097
Retained earnings	2,742	2,253
Other comprehensive loss	(575)	(718)
Equity attributable to the equity holders of the parent	**3,385**	**2,945**
Non-controlling interests	7	8
Total equity	**3,392**	**2,953**
Total liabilities and equity	**6,257**	**5,911**

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 December 31, 2020	**79,895**	**419**	**(4)**	**1,098**	**1,424**	**(718)**	**3**	**—**	**(22)**	**2,200**	**4**	**2,204**
Net income	—	—	—	—	968	—	—	—	—	968	1	969
Other comprehensive income / (loss)	—	—	—	—	—	5	(1)	—	15	19	—	19
Total comprehensive income / (loss)	—	—	—	—	968	5	(1)	—	15	987	1	988
Recognition of share based payments (Note 21)	71	—	3	(1)	—	—	—	—	—	2	—	2
Purchase of treasury shares (Note 21)	(2,061)	—	(105)	—	—	—	—	—	—	(105)	—	(105)
Acquisition of ELG	—	—	—	—	—	—	—	—	—	—	4	4
Dividends	—	—	—	—	(139)	—	—	—	—	(139)	(1)	(140)
Balance at December 31, 2021	**77,905**	**419**	**(106)**	**1,097**	**2,253**	**(713)**	**2**	**—**	**(7)**	**2,945**	**8**	**2,953**
Balance at December 31, 2021	**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**

(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,	
	2022	**2021**
Operating activities:		
Net income (including non-controlling interests)	626	969
Adjustments to reconcile net income to net cash provided by operations and payments:		
Depreciation, amortisation and impairment (Note 4)	186	144
Net interest expense (Note 6)	—	4
Income tax expense (Note 7)	126	74
Net write-downs of inventories to net realisable value (Note 5)	77	10
Labor agreements and separation plans	2	(8)
Change in fair value of biological assets (Note 13)	(22)	(9)
Unrealised (gains)/ losses on derivative instruments (Note 6)	51	(2)
Bargain purchase gain (Note 3)	5	(119)
Unrealised foreign exchange effects, other provisions and non-cash operating (income)/expenses, (net)	3	(36)
Changes in operating working capital:		
Trade accounts receivable	96	(132)
Trade accounts payable	(19)	395
Inventories	(335)	(748)
Changes in other operating assets, liabilities and provisions:		
Interest paid, (net)	3	(4)
Income taxes paid	(118)	(56)
Other movements on accruals and provisions	(39)	68
Net cash provided by operating activities	**642**	**550**
Investing activities:		
Acquisition of property, plant and equipment, intangible and biological assets (CAPEX) (Note 4)	(296)	(152)
Acquisition of net assets of subsidiaries, net of cash acquired of nil and 6 in 2022 and 2021	—	(31)
Other investing activities, (net)	(1)	—
Net cash used in investing activities	**(297)**	**(183)**
Financing activities:		
Net payments of short-term debt (Note 17)	(158)	(18)
Payments of long-term debt (Note 17)	(201)	—
Proceeds from long-term debt, net of debt issuance costs (Note 17)	299	75
Purchase of treasury shares (Note 21)	(194)	(105)
Dividends paid (Note 21)	(151)	(140)
Repayment of principal portion of lease liabilities (Note 17)	(14)	(9)
Net cash used in financing activities	**(419)**	**(197)**
Effect of exchange rate changes on cash	7	(4)
Net increase in cash and cash equivalents	(67)	166
Cash and cash equivalents (Note 8):		
At the beginning of the year	524	358
At the end of the year	457	524

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 significant accounting policies, critical accounting judgements and change in accounting estimates

Note 3: Business combinations

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Note 5: Cost of sales

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Note 18: Provisions

Note 19: Accrued expenses and other liabilities

Note 20: Employee benefits

Note 21: Equity

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Note 23: Financial instruments

Note 24: Balances and transactions with related parties

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Note 26: Contingencies

Note 27: Employees and key management personnel

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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 2022 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"), for which hyperinflationary accounting is applied (see Note 2 below).

The consolidated financial statements as of and for the year ended December 31, 2022 ("financial statements") have been prepared in accordance with International Financial Reporting 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 March 27, 2023 by Aperam's Board of Directors.

Adoption of new IFRS Standards, amendments and Interpretations applicable in 2022

The Group applied for the first-time certain amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16): these amendments prohibit the deduction from the cost of property, plant and equipment of any proceeds from the sale of items produced while an entity is preparing the asset for its intended use. The proceeds from the sale of any such samples, together with the related production costs, must be recognised in profit or loss. The amendments also clarify that an entity is considered to be testing whether an asset functions correctly when it assesses the asset's physical and technical performance. That is to say, the asset's financial performance is not relevant to this assessment. Therefore, an asset could be ready to operate in the manner intended by management and be subject to depreciation before the level of operation expected by management is achieved. No impacts are expected at the Group.

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37): these amendments explain that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. They also clarify that before recognising a separate provision for an onerous contract, the entity shall recognise any impairment losses on the assets used to fulfil the contract. The Group does not expect any impact to arise from the application of these amendments, as it does not have contracts of this nature.

- Reference to the Conceptual Framework (Amendments to IFRS 3): IFRS 3 has been updated to refer to the 2018 Conceptual Framework in order to determine what constitutes an asset or a liability in a business combination. Also, a new exception was added in IFRS 3 for liabilities and contingent liabilities. The Group will take the amendments into consideration in future business combinations. There were no impacts on these consolidated financial statements.

- Annual Improvements to IFRSs. 2018-2020 cycle: these amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to annual reporting periods beginning on or after 1 January 2022. No impacts are expected at the Group level.

  - IFRS 1 "First-time adoption of IFRS": IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure cumulative translation differences using the amounts recorded by the parent company, based on the date of transition of the latter to IFRS. No impact on the Group as there are no entities that have adopted IFRS subsequent to the parent company.

  - IFRS 9 "Financial instruments": The amendment establishes that costs or fees paid to third parties should not be included in the 10% test for derecognition of financial liabilities. No impact on the Group.

  - IFRS 16 “Leases” removing the reimbursement of leasehold improvements by the lessor from illustrative example 13 in order to resolve any potential confusion regarding the treatment of lease incentives.

  - IAS 41 “Agriculture” removing the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in IFRS 13.

New IFRS standards and interpretations applicable from 2023 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, 2023 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 (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.

– 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. The effective date of application of these amendments is January 1, 2023. The Group will apply the standard once it becomes mandatory.

– 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. The effective date of application of these amendments is January 1, 2023. The Group will apply the standard once it becomes mandatory.

– 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.

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, recognized in the consolidated statements of other comprehensive income. Realized 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 SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND CHANGE IN ACCOUNTING ESTIMATES

Significant 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.

As of July 1, 2018, Argentina has been 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 582.5% and 1,134.6% respectively for the years ending December 31, 2021 and December 31, 2022 for this purpose. As a result of the inflation-related adjustments on monetary items, a gain of respectively €1.4 million and €1.2 million was recognized in net financing costs for the year ending December 31, 2021 and December 31, 2022.

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.

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.

Goodwill is tested annually for impairment as of October 31 or whenever changes to the circumstances indicate that the carrying amount may not be recoverable.

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 recoverable amounts of the cash generating units are determined from the higher of fair value less cost to sell or value in use calculations, as described below in the “Impairment of Tangible and Intangible Assets” section. The key assumptions for the value in use calculations are primarily the pre-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 pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on the Company's growth forecasts which are in line with industry trends. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market.

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 assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

Cash flow forecasts are derived from the most recent financial forecasts for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognised, impairment losses recognised 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.

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 cost of sales of 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.

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 to sell 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 recognized 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 4.

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 to sell or to distribute. 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.

These segments include attributable goodwill, intangible assets, property, plant and equipment, and equity method investments. They do not include other investments, other non-current receivables, cash and short-term deposits, short term investments, tax assets, and other current financial assets. Segment liabilities are also those resulting from the normal activities of the segment, excluding tax liabilities and indebtedness but including post retirement obligations where directly attributable to the segment. 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. Attributed assets are operational assets employed in each region and include items such as pension balances that are specific to a country. Attributed assets exclude attributed goodwill, deferred tax assets, other investments or other non-current receivables and other non current financial assets. Attributed liabilities are those arising within each region, excluding indebtedness. Financing items are managed centrally for the Company as a whole and so are not directly attributable to individual geographical areas.

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, 2022, the amount of future income required to recover the Company's deferred tax assets was approximately €363 million at certain operating subsidiaries.

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, mortality rates and retirement rates.

- 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.

- Mortality and retirement rates. Mortality and retirement rates are based on actual and projected plan experience. Actuarial gains or losses resulting from experience and changes in assumptions are recognised in the Company's consolidated statement of comprehensive income/loss in the period in which they arise.

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

Property Plant & Equipment and Intangible Assets
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 pre-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, 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.

Goodwill
With respect to goodwill, the recoverable amounts of the groups of cash generating units are determined from the higher of its fair value less cost of disposal or its value in use calculations, as described above. The key assumptions for the value in use calculations are primarily the pre-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 pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market.

Cash flow forecasts are derived from the most recent financial budgets for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long term growth rate for the relevant markets. Once recognised, impairment losses recognised for goodwill are not reversed. Sensitivity analysis performed is disclosed in Note 12.

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 realized 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 realize, 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 CO2 and air emissions, as well as our energy and water consumption by 2030, and achieve 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.

- **Business combination:** Aperam fully integrates into its strategy the need for a more circular economy, as demonstrated with the creation of our new segment Recycling & Renewables and the acquisition of ELG, a major player in the global stainless scrap recycling market, in December 2021;

- **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 decarbonization roadmap, we calculated the CO2 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 decarbonization 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 decarbonization. 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 signed in February 2022 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 decarbonization trajectory.

NOTE 3: BUSINESS COMBINATIONS

ELG Haniel GmbH (subsequently renamed ELG GmbH) (“ELG”)

In 2021, Aperam opened the next chapter in Aperam’s transformation with the acquisition of ELG – a leading recycling company for stainless steel scrap and superalloys. Aperam’s acquisition of ELG now called Aperam Recycling is summarized below.

Background of the transaction

On May 6, 2021, Aperam announced a strategic transaction to further strengthen its cost and Environmental-Social-Governance leadership position with the signature of a Share Purchase Agreement with Franz Haniel & Cie. GmbH to acquire ELG. Simultaneously, Aperam also announced its intention to operate ELG as a fully separate and independent company, with ELG to continue to serve all of its customers in their best interest.

On November 26, 2021, Aperam announced that the acquisition of ELG had been approved by the European Commission.

On December 27, 2021, the Company announced the completion of the acquisition of 100% of the shares in ELG for a total consideration of €29 million, net of cash acquired of €1 million. The acquisition is expected to generate total minimum per annum synergies of €24 million within three years.

ELG description of operations

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 51 locations in North America, Europe, Asia, Australia and South Africa, ELG has one of the largest global networks of its industry. ELG GmbH has its registered office in Germany, and is the parent of the group of companies that compose the ELG Group.

ELG’s product lines include stainless steel, special metals and superalloys scrap. ELG’s customers, primarily stainless steel producers as well as melting companies from the aviation industry, receive the material in exactly the composition and form that meet their requirements.

ELG is an integral part of the stainless steel and superalloys value chain, forming the link between industrial customers, local scrap handlers and mills & melt shops who purchase globally. To achieve this, ELG works with more than 4,000 trusted suppliers in order to source small- and medium-sized lots of material of manifold compositions and qualities. ELG’s value creation consists of transforming a heterogeneous collection of materials into a tailor-made, homogenous, and constant stream of valuable raw material to be used by its global customers. Especially in the stainless and superalloys segments, ELG has developed sophisticated analytical methods, innovative techniques and services to meet the demanding quality standards of its customers.

Key financials of the transaction and new operating segment “Recycling & Renewables”

The acquisition of ELG based on a locked box mechanism, allowed Aperam to own the economic value added to the ELG business as from January 1, 2021. Considering the locked box arrangement, 2021 ELG’s earnings are part of the preliminary bargain purchase gain recognized in Aperam's 2021 consolidated statement of operations.

ELG has been fully consolidated into the Aperam Group’s statement of financial position as of the acquisition date under a new segment “Recycling”.

The upstream value chain extension through the combination with ELG is a transformational addition to Aperam’s business model. This has also been expressed in Aperam’s operating segments. As from the 2022 financial statements onward, ELG together with Recyco and ASB Recycling, two entities from the Stainless & Electrical Steel segment, has been reported as part of a new operating segment named “Recycling”. This operating segment has been subsequently extended and renamed “Recycling & Renewables” as from January 1, 2022 with the transfer of Aperam BioEnergia from the Stainless & Electrical Steel segment.

Purchase Price Allocation

The transaction qualifies as a business combination since Aperam gained the control of ELG. The purchase price consideration amounted to €29 million, net of cash acquired of €1 million. There is no contingent consideration depending on future events or compliance with certain conditions in exchange for control of the acquired business.

Aperam performed a preliminary purchase price allocation on the assets, liabilities and contingent liabilities based on their fair values which resulted in a preliminary bargain purchase gain of €117 million, resulting from seller's strategy, ELG's features and deal dynamics, recognized in cost of sales for the year ending December 31, 2021.

With the assistance of an independent expert, the Company determined on a provisional basis the fair value of the acquired assets and liabilities assumed of ELG as of acquisition date and recognized fair value step ups on intangible assets for €5 million, on tangible assets for €29 million and an additional €48 million inventory revaluation. As a result of the increase in carrying amounts in comparison with their tax basis, a deferred tax liability of €20 million was recognized.

During the first half of 2022, the Company completed the purchase price allocation described above by adjusting the fair value on the tangible assets by €(7) million and the deferred tax asset by €2 million which resulted in a final bargain purchase gain of €112 million. This final adjustment of the bargain purchase gain of €(5) million has been recognized in cost of sales for the year ending December 31, 2022.

The transaction-related costs of €7 million, mainly consisting of €4 million of due diligence fees and €3 million of legal and other related fees, were reported in the selling, general and administrative expenses in the consolidated statement of operations for the year ending December 31, 2021.

The table below summarizes the acquisition-date fair value of the assets acquired and liabilities assumed in respect of ELG:

(in millions of Euros)	**December 31, 2021 (Provisional)**	**Additional PPA adjustments**	**December 31, 2021 (Final)**
Intangible assets	12	—	12
Property, plant & equipment (including Right-of-use assets)	169	(7)	162
Deferred tax assets	8	2	10
Non-current assets	16	—	16
Inventories (1)	473	—	473
Trade receivables (1) (2)	209	—	209
Prepaid expenses and other current assets	17	—	17
Total assets acquired	**904**	**(5)**	**899**
Long term and short term debt	(500)	—	(500)
Trade payables (1)	(102)	—	(102)
Deferred employee benefits	(57)	—	(57)
Other non-current and current liabilities	(95)	—	(95)
Total liabilities acquired	**(754)**	**—**	**(754)**
Net assets acquired	**150**	**(5)**	**145**
Non-controlling interests (3)	(4)	—	(4)
Consideration paid, net of cash acquired of €1 million	(29)	—	(29)
Bargain purchase gain	**117**	**(5)**	**112**

Notes:
(1) Operating working capital of €580 million as of December 31, 2021 made of Inventories of €473 million, Trade receivables of €209 million and Trade payables of €(102) million.
(2) The loss allowance on trade receivables recognized at acquisition date was insignificant.
(3) Non-controlling interests have been measured at proportionate share of ELG's subsidiaries net identifiable assets.

The Company received €3 million from the seller in relation with the settlement of leakages that have been recognized in the consolidated statement of operations as of December 31, 2022.

The acquired business contributed for a non significant amount to the group for the period from December 27, 2021 to December 31, 2021. If the acquisition had occurred on January 1, 2021, the contribution of ELG to the consolidated pro-forma sales and profit for the year ending December 31, 2021 would have been €1,640 million and €1 million respectively.

This pro forma information has been obtained by considering ELG consolidated statement of operations for the year ended December 31, 2021 and adjusting it for:

- differences in the accounting policies between Aperam and ELG,
- the elimination of intercompany sales from ELG to Aperam, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2021, together with the consequential tax effects.

Cronimet Belgium N.V.

On February 2, 2021, the Company completed the acquisition of 100% of the shares in Cronimet Belgium N.V. (subsequently renamed “ASB Recycling” N.V.) for a total consideration of €7.2 million (including cash acquired of €4.9 million), of which €6.6 million was paid at closing and €0.6 million paid after fulfilment of certain criteria. ASB Recycling owns a scrap yard situated in Zutendaal, close to our Genk plant in Belgium, that will allow us to store scrap used in our meltshop and optimize our processes.

In 2021, the Company completed the purchase price accounting and recognized the fair value of the acquired assets and liabilities assumed of ASB Recycling. It recognized €3.8 million of right-of-use assets and lease liabilities, following the final measurement, and a bargain purchase gain of €1.8 million in cost of sales for the year ending December 31, 2021, mainly as a result of the recognition of €1.8 million of deferred tax assets on tax losses carried forward.

The table below summarizes the final acquisition-date fair value of the assets acquired and liabilities assumed in respect of ASB Recycling:

(in millions of Euros)	**ASB Recycling**
Property, plant & equipment (including Right-of-use assets)	6.2
Deferred tax assets	1.8
Other current assets	0.3
Total assets acquired	**8.3**
Long term and short term lease liabilities	(3.8)
Other current liabilities	(0.4)
Total liabilities acquired	**(4.2)**
Net assets acquired	**4.1**
Consideration paid, net of cash acquired	(2.3)
Bargain purchase gain	**1.8**

The acquired business contributed revenues of €0.3 million and net profit of €0.2 million for the period from February 2, 2021 to December 31, 2021. If the acquisition had occurred on January 1, 2021, the impact on consolidated pro-forma revenue and profit for the year ending December 31, 2021 would have been insignificant.

NOTE 4: SEGMENT AND GEOGRAPHIC INFORMATION

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

Starting January 1, 2022, the Recycling segment has been further developed into a Recycling & Renewables segment that represents Aperam's position at the core of the circular economy. This new segment includes Aperam BioEnergia, ASB Recycling, ELG/Aperam Recycling and Recyco.

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, 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 (4)	791	93	53	86	53	1,076
Capital expenditures	(203)	(12)	(30)	(51)	—	(296)

(in millions of Euros)	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations** (1)	**Total**
Year ending December 31, 2021 (5)						
Sales to external customers	2,450	2,135	513	4	—	5,102
Intersegment sales (2)	1,902	77	5	113	(2,097)	—
Operating income / (loss) (3)	774	196	50	117	(95)	1,042
Depreciation, amortisation and Impairment	(98)	(12)	(8)	(24)	(2)	(144)
EBITDA (4)	872	208	58	141	(93)	1,186
Capital expenditures	(117)	(7)	(10)	(18)	—	(152)

Notes:
(1) Others / Eliminations includes all other operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.
(2) Transactions between segments are conducted on the same basis of accounting as transactions with third parties.
(3) The bargain gain of €117 million accounted for by the Company in Operating income as of December 31, 2021 on the acquisition of ELG Group has been transferred from the segment "Others & Eliminations" to the segment "Recycling & Renewables".
(4) EBITDA is defined as operating income / (loss) before amortization and depreciation expenses and impairment losses.
(5) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, information for the year ending December 31, 2021 have been recast as shown in the table below (Recycling & Renewables presented for the sake of comparison) :

(in millions of Euros)	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations[1]**	**Total**
Year ending December 31, 2021 as published						
Sales to external customers	2,453	2,135	513	—	1	5,102
Intersegment sales[2]	1,916	77	5	—	(1,998)	—
Operating income (loss)	774	196	50	—	22	1,042
Depreciation, amortization and Impairment	(122)	(12)	(8)	—	(2)	(144)
Capital expenditures	(135)	(7)	(10)	—	—	(152)

(in millions of Euros)	**Stainless & Electrical Steel**	**Services & Solutions**	**Alloys & Specialties**	**Recycling & Renewables**	**Others / Eliminations[1]**	**Total**
Year ending December 31, 2021, recast impacts						
Sales to external customers	(3)	—	—	4	(1)	—
Intersegment sales[2]	(14)	—	—	113	(99)	—
Operating income (loss)	—	—	—	117	(117)	—
Depreciation, amortization and Impairment	24	—	—	(24)	—	—
Capital expenditures	18	—	—	(18)	—	—

The Company does not regularly provide assets for each operating segment to the CODM. The following table presents the reconciliation of segment assets to total assets as required by IFRS 8.

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
Assets allocated to segments	5,574	5,147
Cash and cash equivalents	457	524
Investments	3	4
Deferred tax assets	101	135
Other unallocated assets	122	101
Total assets	**6,257**	**5,911**

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

(in millions of Euros)	**2022**	**2021**
Operating income	**890**	**1,042**
Loss from associates, joint ventures and other investments	(1)	(1)
Financing costs - net	(137)	2
Income before taxes	**752**	**1,043**
Income tax expense	(126)	(74)
Net income	**626**	**969**

Geographical information
Sales (by destination)

(in millions of Euros)	**2022**	**2021**
Americas		
Brazil	1,433	1,207
United States	1,010	167
Argentina	94	51
Others	71	44
Total Americas	**2,608**	**1,469**
Europe		
Germany	1,510	1,170
Italy	877	693
France	362	298
Belgium	357	159
Spain	296	124
United Kingdom	280	66
Finland	236	46
Poland	188	165
Czech Republic	138	97
Austria	134	100
Switzerland	126	94
Turkey	117	90
Netherlands	111	77
Others	343	250
Total Europe	**5,075**	**3,429**
Asia & Africa		
Taiwan	166	1
South Korea	113	81
China	66	59
India	45	13
Vietnam	27	26
Japan	14	6
Australia	12	1
Others	30	17
Total Asia & Africa	**473**	**204**
Total	**8,156**	**5,102**

Non-current assets[1] per significant country

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
Americas		
Brazil	415	296
USA	83	125
Others	13	12
Total Americas	**511**	**433**
Europe		
Belgium	796	742
France	453	423
Germany	94	107
United Kingdom	18	23
Italy	11	10
Poland	9	10
Spain	8	9
Czech Republic	8	8
Netherlands	7	9
Others	7	20
Total Europe	**1,411**	**1,361**
Asia Pacific & Africa		
India	7	2
China	3	4
Taiwan	2	2
Japan	2	2
Australia	1	2
Total Asia & Africa	15	12
Unallocated assets[1]	650	599
Total	**2,587**	**2,405**

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, other receivables and other non-current financial assets. Such assets are presented under the caption “Unallocated assets”.

NOTE 5: COST OF SALES

Cost of sales includes the following components:

(in millions of Euros)	**2022** (1)	**2021**
Materials	5,915	3,209
Payroll and employee related expenses	535	444
Transportation and storage expenses	226	151
Depreciation, amortization and impairment	186	144
Bargain purchase gain (see Note 3)	5	(119)
Other	109	40
Total	**6,976**	**3,869**

Note:
(1) Cost of sales increased during the year 2022, especially with (i) €77 million of net write-downs of inventories to net realisable value, (ii) lower volumes and (iii) price/cost squeeze resulting from the increase of raw material prices at a faster rate than selling prices, increase in energy costs, especially in Europe and inflation effect triggered by the macroeconomic situation.

NOTE 6: FINANCING COSTS - NET

(in millions of Euros)	**2022**	**2021**
Recognised in the consolidated statement of operations		
Interest income	22	6
Interest expense	(22)	(10)
Other financing (costs) / income (1)	(15)	4
Net interest expense and other financing costs - net	**(15)**	**—**
Realised (losses) / gains on derivative instruments	(73)	1
Unrealised (losses) / gains on derivative instruments	(51)	2
Net foreign exchange result	2	(1)
Foreign exchange and derivatives (losses) / gains	**(122)**	**2**
Financing costs - net	**(137)**	**2**

Note:
(1) Other financing costs mainly include expenses related to our True Sale of Receivables program ("TSR"), discount effects on provisions for other liabilities and charges, bank fees, interest cost on employee benefits plans and other financing costs. In 2021, other financing costs included an exceptional interest income of respectively €7 million in Brazil for PIS/Cofins tax credits related to prior periods.

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, 2022 and 2021, respectively, is summarised as follows:

(in millions of Euros)	**2022**	**2021**
Current tax expense	(105)	(112)
Deferred tax (expense) / benefit	(21)	38
Total income tax expense	**(126)**	**(74)**

The following table reconciles the income tax expense to the statutory tax expense as calculated:

(in millions of Euros)	**2022**	**2021**
Net income (including non-controlling interests)	**626**	**969**
Income tax expense	(126)	(74)
Income before tax:	**752**	**1,043**
Tax expense at domestic rates applicable to countries where income was generated	(234)	(310)
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income		
Tax exempt revenues	3	5
Net change in measurement of deferred tax assets	44	139
Tax credits	1	1
Other tax exempt income and other permanent differences	60	91
Income tax expense	**(126)**	**(74)**

The weighted average statutory tax expense was €(234) million and €(310) million in 2022 and 2021, respectively.

The income tax expense was €(126) million in 2022, which corresponds to an effective tax rate of 17%, compared to an income tax expense of €(74) million and an effective tax rate of 7% in 2021. The increase of the effective tax rate in 2022 compared to 2021 is mainly due to the lower positive impact of additional recognition of deferred tax assets on tax attributes in several jurisdictions as well as a less favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions.

Tax exempt revenues

Tax exempt revenues of €3 million in 2022 and €5 million in 2021 mainly relate to partial exemption of various types of IP 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 €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.

Net change in measurement of deferred tax assets of €139 million in 2021 mainly relates to the recognition of additional deferred tax assets on tax losses carried forward of €63 million in various jurisdictions, a €41 million effect of the utilisation of unrecognized tax losses carried forward in various jurisdictions and the reversal of previously recognized income tax expense on interest income on PIS/Cofins in Brazil of €32 million.

Tax credits

Tax credits of €1 million in 2022 and in 2021 relate to research tax credits in France.

Other tax exempt income and other permanent differences

Other tax exempt income and other permanent differences in 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.

Other tax exempt income and other permanent differences in 2021 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, adjustments for tax deductible and non-deductible items and tax exempt preliminary bargain purchase gain on ELG acquisition.

Income tax recognised directly in equity

Income tax recognised in equity for the years ending December 31, 2022 and 2021 is as follows:

(in millions of Euros)	**2022**	**2021**
Deferred tax (expense) benefit		
Recognised in Other Comprehensive Income (Loss):		
Recognised actuarial (gain) / loss	(13)	(6)
Unrealised gain / (loss) on derivative financial instruments	(6)	—
Foreign currency translation adjustments	(3)	—
Recognised in Retained Earnings:	**—**	**—**
Total	**(22)**	**(6)**

The net deferred tax (expense) income recorded directly to equity was €(22) million as of December 31, 2022 and €(6) million as of December 31, 2021. There was no current tax booked directly in equity in 2022 and 2021.

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)	2022	2021	2022	2021	2022	2021
Intangible assets	8	2	(9)	(4)	(1)	(2)
Property, plant and equipment	3	4	(169)	(158)	(166)	(154)
Biological assets	—	—	(17)	(13)	(17)	(13)
Inventories	29	36	(13)	(14)	16	22
Financial instruments	5	5	(11)	(5)	(6)	—
Other assets	8	5	(18)	(9)	(10)	(4)
Provisions	30	34	(76)	(64)	(46)	(30)
Other liabilities	36	25	(3)	—	33	25
Tax losses carried forward	149	145	—	—	149	145
Tax credits and other tax benefits	18	14	—	—	18	14
Deferred tax assets/(liabilities)	**286**	**270**	**(316)**	**(267)**	**(30)**	**3**
Deferred tax assets					101	135
Deferred tax liabilities					(131)	(132)

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**

Deferred tax assets not recognised by the Company as of December 31, 2021, 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	1,350	358	145	213
Tax credits and other tax benefits	180	58	14	44
Other temporary differences	455	126	111	15
Total		**542**	**270**	**272**

The Company has unrecognised deferred tax assets relating to tax losses carry forward, tax credits and other tax benefits amounting to €298 million and €272 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022, the deferred tax assets not recognised relate to tax losses carry forward attributable to subsidiaries located in Luxembourg (€181 million), Brazil (€17 million), the Netherlands (€4 million) and Italy (€1 million) and other tax benefits attributable to a subsidiary located in Malta (€95 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, 2022, 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 €101 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 €363 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, 2022.

Tax losses carry forward

As of December 31, 2022, the Company had total estimated net tax losses carry forward of €1,327 million.

Such amount includes net operating losses of €384 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)*
2023	—
2024	—
2025	—
2026	—
2027	—
2028 - 2042(1)(2)	384
Total	**384**

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 €943 million are indefinite and attributable to the Company's operations in Belgium, Brazil, France, Germany, Italy, Luxembourg, South Africa, Spain, The Netherlands, 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.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

(in millions of Euros)	December 31, 2022	December 31, 2021
Bank current accounts	262	432
Term accounts (initial maturity < 3 months)	195	92
Total	**457**	**524**

Aperam cash deposits are done with leading banks, having investment grade credit ratings in countries where it is represented.

There were no restricted cash balances as of December 31, 2022.

NOTE 9: TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable and loss allowance are as follows:

(in millions of Euros)	December 31, 2022	December 31, 2021
Gross amount	464	563
Loss allowance	(10)	(7)
Total	**454**	**556**

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 by reportable segment is:

(in millions of Euros)	December 31, 2022	December 31, 2021
Stainless & Electrical Steel	154	149
Services & Solutions	128	181
Alloys & Specialties	46	51
Recycling & Renewables	126	175
Total	**454**	**556**

Exposure to credit risk by geography

The maximum exposure to credit risk for trade accounts receivable by geographical area is:

(in millions of Euros)	December 31, 2022	December 31, 2021
Europe	268	357
South America	96	85
North America	81	104
Asia	9	10
Total	**454**	**556**

Ageing of trade accounts receivable

The ageing of trade accounts receivable and loss allowance is as follows:

	December 31, 2022		December 31, 2021	
(in millions of Euros)	Gross	Allowance [1]	Gross	Allowance [1]
Not past due	413	—	532	—
Past due 0-30 days	28	—	21	—
Past due 31-180 days	13	—	3	—
More than 180 days	10	(10)	7	(7)
Total	**464**	**(10)**	**563**	**(7)**

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 December 31, 2020	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2021
5	7	(5)	—	7

(in millions of Euros)

Balance as of December 31, 2021	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2022
7	10	(7)	—	10

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, 2022 and 2021, only trade receivables due above 180 days were fully impaired for an impact of €10 million and €7 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 €520 million and €370 million as of December 31, 2022 and 2021, respectively. Through the TSR programme, certain operating subsidiaries of Aperam surrender control, risks and the benefits associated with the accounts receivable sold. Therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of the sale.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the years ending December 31, 2022 and 2021 were €2.8 billion and €2.0 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 €(10) million and €(4) million in 2022 and 2021, respectively.

NOTE 10: INVENTORIES

Inventories, net of provision for obsolescence, slow-moving inventories and excess of cost over net realisable value of €187 million and €107 million as of December 31, 2022 and December 31, 2021, respectively, are comprised of the following:

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
Finished products	759	642
Production in process	950	785
Raw materials	728	772
Manufacturing supplies, spare parts and other	155	133
Total	**2,592**	**2,332**

The amount of inventory pledged as collateral was below €1 million as of December 31, 2022 and 2021, 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 December 31, 2020	**Additions**	**Deductions/ Releases**	**Other Movements**	**Balance as of December 31, 2021**
111	18	(23)	1	107

(in millions of Euros)

Balance as of December 31, 2021	**Additions**	**Deductions/ Releases**	**Other Movements**	**Balance as of December 31, 2022**
107	83	(7)	4	187

The amount of write-down of inventories to net realisable value was €(83) million and €(18) million in 2022 and 2021, respectively. The Company reversed previously recorded write-downs of €7 million and €23 million in 2022 and 2021, respectively, due to normal inventory consumption. These were recognised in cost of sales in the consolidated statement of operations.

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 €(4,626) million and €(2,690) million during the years ending December 31, 2022, and 2021, 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, 2022**	**December 31, 2021**
Value added tax (VAT) and other amount receivable from tax authorities	62	47
Derivative financial assets (Note 23)	55	20
Prepaid expenses and accrued receivables	14	9
Other	23	13
Total	**154**	**89**

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 December 31, 2020	413	140	90	643
Acquisitions	—	—	1	1
Acquisitions through business combinations	—	5	7	12
Foreign exchange differences	1	—	2	3
At December 31, 2021	**414**	**145**	**100**	**659**
Accumulated amortisation and impairment losses				
At December 31, 2020	—	(135)	(79)	(214)
Amortisation charge	—	—	(5)	(5)
Foreign exchange differences	—	—	(1)	(1)
At December 31, 2021	**—**	**(135)**	**(85)**	**(220)**
Carrying amount				
At December 31, 2021	**414**	**10**	**15**	**439**
Cost				
At December 31, 2021	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 December 31, 2021	—	(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**

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 December 31, 2021**	**Transfer**	**Foreign exchange differences**	**Net value December 31, 2022**
Stainless & Electrical Steel	335	(16)	15	334
Alloys & Specialties	20	—	—	20
Services & Solutions	59	—	—	59
Recycling & Renewables	—	16	—	16
Total	**414**	**0**	**15**	**429**

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 2022, goodwill was tested at the GCGU level for impairment as of October 31. The Group reviewed as of December 31, 2022 any indication that long-lived assets (including goodwill) may be impaired. There were no triggers for impairment at the end of 2022. 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 pre-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. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

The value in use of the GCGUs was determined by estimating cash flows for a period of five years.

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. Cash flow forecasts were derived from the most recent financial budget approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolated cash flows for the remaining years based on an estimated constant growth rate of 2.0% considering macroeconomic factors including inflation in all GCGUs. These rates did not exceed the average long-term growth rate for the relevant markets.

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.

Management estimated discount rates using pre-tax rates that reflected current market rates for investments of similar risk. 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.

	Stainless & Electrical Steel	**Alloys & Specialties**	**Services & Solutions**	**Recycling & Renewables**
GCGU weighted average pre-tax discount rate used in 2021	9.1%	8.5%	8.5%	—
GCGU weighted average pre-tax discount rate used in 2022	11.3%	11.7%	13.6%	11.4%

Aperam's discount rate is overall increasing in 2022 versus 2021 mainly due to a increase of country risk premium to 1.59% (from 1.38% in 2021) due to higher economic uncertainties in 2022. In addition, cost of debt increased to 5.60% (from 2.19% in 2021) due to higher observed market yields and Risk free rate increased to 1.76% (from 0% in 2021) due to recent market conditions. The equity risk premium remained at 6%.

When estimating GCGU's average selling price for the purpose of 2022 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").

The results of the goodwill impairment test of 2021 and 2022 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 and terminal growth rate) 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 €(21) million and €(18) million in the years ending December 31, 2022, and 2021, 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 December 31, 2020	30
Additions	9
Change in fair value(1)	9
Harvested trees	(17)
Foreign exchange differences	—
At December 31, 2021	**31**
Balance at December 31, 2021	31
Additions	18
Change in fair value(1)	22
Harvested trees	(25)
Foreign exchange differences	5
At December 31, 2022	**51**

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 127 thousand hectares is composed of eucalyptus forest reserves in Brazil. These areas are managed by Aperam BioEnergìa 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 programs. The projected volume is based on the average annual growth which at the end of 2022 was equivalent to 26m^3/ha/year.

The average net sales price of 92 Brazilian real per m3 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 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 13.76%. 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, 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[1] [2]	Land, buildings and improvements[1]	Construction in progress	Total
Cost				
At December 31, 2020	2,228	679	158	3,065
Acquisitions	41	4	90	135
Acquisitions through business combinations	73	94	8	175
Foreign exchange differences	6	3	1	10
Disposals	(15)	(1)	—	(16)
Other movements	109	37	(139)	7
At December 31, 2021	**2,442**	**816**	**118**	**3,376**
Accumulated amortisation and impairment losses				
At December 31,2020	(1,325)	(248)	—	(1,573)
Depreciation charge of the year [3]	(106)	(19)	—	(125)
Impairment loss reversal [3]	2	—	—	2
Disposals	15	—	—	15
Foreign exchange differences	(3)	(1)	—	(4)
Other movements	2	2	—	4
At December 31, 2021	**(1,415)**	**(266)**	**—**	**(1,681)**
Carrying amount				—
At December 31, 2021	**1,027**	**550**	**118**	**1,695**
Cost				
At December 31, 2021	2,442	816	118	3,376
Acquisitions	48	2	234	284
Foreign exchange differences	59	20	8	87
Disposals	(70)	(3)	—	(73)
Other movements	70	(4)	(74)	(8)
At December 31, 2022	**2,549**	**831**	**286**	**3,666**
Accumulated amortisation and impairment losses				
At December 31, 2021	(1,415)	(266)	—	(1,681)
Depreciation charge of the year [3]	(126)	(27)	—	(153)
Impairment loss [3]	(1)	(1)	—	(2)
Disposals	70	2	—	72
Foreign exchange differences	(36)	(8)	—	(44)
Other movements	1	—	—	1
At December 31, 2022	**(1,507)**	**(300)**	**—**	**(1,807)**
Carrying amount				—
At December 31, 2022	**1,042**	**531**	**286**	**1,859**

Notes:
(1) Right-of-use assets included in those sections are detailed in Note 22 “Leases”.
(2) Bearer plants are included in this section for a net amount of €38 million at end December 31, 2022 and €26 million at end December 31, 2021.
(3) The amount of amortisation, depreciation and impairment of €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.

Other movements represent mostly transfers from construction in progress to other categories.

As of December 31, 2022, and 2021, 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, 2022, 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, 2022, the Company had determined it has nine CGUs. The recoverable amounts of the CGUs are determined based on value in use calculation and follow similar assumptions as those used for the test on impairment for goodwill.

The Company estimated discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate for each CGU was estimated from the weighted average cost of capital of producers which operate a portfolio of assets similar to those of Aperam’s assets.

The amount of property, plant and equipment pledged as collateral was €1.6 million as of December 31, 2022 and €1.5 million as of December 31, 2021.

NOTE 15: ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The Company holds the following other investments:

(in millions of Euros)	Location	Ownership % at December 31, 2022	Fair value December 31, 2022	2021
Equity instruments at fair value through OCI	Various	n/a	1	1
Investments accounted for under equity method	Various	n/a	2	3
Total investments in associates, joint ventures and other investments			**3**	**4**

NOTE 16: OTHER NON CURRENT ASSETS

Other non current assets consisted of the following:

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
Long-term VAT receivables	35	27
Income tax receivable	26	21
Cash guarantees and deposits	22	19
Pension fund assets (Note 20)	13	12
Life insurance policies	11	12
Receivable from public authorities	4	7
Reimbursement rights (Note 20)	2	2
Other financial assets	9	1
Total	**122**	**101**

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, 2022**	**December 31, 2021**
Short-term bank loans and other credit facilities(1) (2)	143	240
Current portion of long-term debt	102	18
Lease obligations (Note 22)	13	13
Total	**258**	**271**

Notes:
(1) Including ELG short-term bank loans and other credit facilities of €24 million and €214 million as of December 31, 2022 and December 31, 2021, respectively.
(2) Including Commercial paper programme described below.

Short-term bank loans and other credit facilities

Commercial paper programme

On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of "*Code monétaire et financier*" of the French law, that the conditions as described in the financial documentation of its programme of NEU commercial paper for a maximum outstanding amount of €200 million, fulfil the requirements of law. The pricing of commercial papers is proposed to investors based on market expectations. In order to build the applicable interest rate of the commercial papers, Aperam considers benchmark interest rate plus a discretionary margin. The interest rate is proposed as all in rates for various maturities. As of December 31, 2022, the interest rates vary in a range between 0.00% and 2.70%.

On December 31, 2022, an amount of €114 million was drawn under the Aperam NEU CP programme.

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, 2022, this financial covenant was fully met.

On December 31, 2022, the Facility was fully undrawn.

Long-term debt is comprised of the following:

(in millions of Euros)	Year of maturity	Type of Interest	Interest rate[1]	December 31, 2022	December 31, 2021
Corporate					
Term facility	2026-2028	Fixed	1.52%	299	—
EIB loan 1	2023-2028	Fixed	1.669%	33	38
EIB loan 2	2023-2029	Fixed	1.307%	88	100
EIB loan 3	2024-2031	Fixed	0.88%	75	75
Schuldscheindarlehen	2023-2026	Fixed	1.50%	150	150
Schuldscheindarlehen	2023-2026	Floating	3.30%	40	40
Other debt	n/a	n/a	n/a	—	6
ELG debt					
Bank loans	n/a	n/a	n/a	—	241
Total				**685**	**650**
Lease obligations [2]				97	100
Less current portion of long-term debt				(102)	(18)
Less current portion of lease obligations [2]				(13)	(13)
Total long-term debt, net of current portion				**667**	**719**

Notes:
(1) Rates applicable to balances outstanding as of December 31, 2022.
(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 amortizing fixed rate term facility of €300 million with a syndicate of 10 banks ("The Loan"). The Loan is dedicated to the refinancing of maturing debts of ELG. The pricing of this financing contract is fixed but linked to two strategic commitments of the Company being firstly to become a best-in-class stainless steel manufacturer in terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

The Loan contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2022, this financial covenant was fully met.

The Loan was fully drawn as of 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, 2022, €196 million was outstanding on these EIB loans.

Schuldscheindarlehen

On September 24, 2019, Aperam successfully priced an inaugural €190 million multi-tranches Schuldscheindarlehen (debt instrument governed by the laws of the Federal Republic of Germany) with maturities at 4, 5, 6 and 7 years. On the back of a very positive investor perception and significantly oversubscribed 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.

As of December 31, 2022, €190 million was outstanding on this *Schuldscheindarlehen*.

Scheduled maturities of short-term and long-term debt are as follows:

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
2022	—	271
2023	258	113
2024	96	255
2025	73	151
2026	151	52
2027	136	36
Subsequent years	211	112
Total	**925**	**990**

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, 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

(in millions of Euros)	**In EUR equivalent as of December 31, 2021**				
	Total EUR	**EUR**	**USD**	**BRL**	**Others**
Short-term debt and current portion of long-term debt	271	224	35	1	11
Long-term debt	719	684	28	4	3
Cash and cash equivalents	524	398	22	94	10

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, 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**

	As of December 31, 2021				
(in millions of Euros)	**Carrying Amount**				**Fair Value**
		Level 1	**Level 2**	**Level 3**	**Total**
Instruments payable bearing interest at fixed rates	383	—	384	—	384
Instruments payable bearing interest at variable rates	607	—	593	—	593
Total	**990**	**—**	**977**	**—**	**977**

Instruments payable classified as Level 1 refer to the Company's listed bonds quoted in active markets. The total fair value is the official closing price as defined by the exchange on which the instrument is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

Instruments payable classified as Level 2 refer to all debt instruments not classified as Level 1. 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.

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 December 31, 2020	53	372
Changes from financing cash flows		
Proceeds and (repayments) from debt	(18)	75
Repayments of lease (Note 22)	(9)	—
Total changes from financing cash flows	**(27)**	**75**
Effect of changes in foreign exchange rates	—	1
New leases during the year	1	5
Debts and leases acquired through business combinations	219	285
Other debt	—	6
Reclassification between non-current and current debt	25	(25)
Balance at December 31, 2021	**271**	**719**
Changes from financing cash flows		
Proceeds and (repayments) from 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	1	8
Other debt	—	(6)
Reclassification between non-current and current debt	152	(152)
Balance at December 31, 2022	**258**	**667**

NOTE 18: PROVISIONS

The movements by provision were as follows:

(in millions of Euros)	**Balance at December 31, 2020**	**Additions**	**Additions through business combinations**	**Provisions used during the year**	**Provisions reversed during the year**	**Foreign Exchange and other movements**	**Balance at December 31, 2021**
Litigation (Note 26)	32	2	—	(5)	(1)	—	28
Environmental (Note 26)	15	2	14	—	(1)	—	30
Vacating and demolition (Note 26)	—	2	6	—	—	—	8
Voluntary separation plans	14	2	—	(1)	(10)	—	5
Other	15	10	5	(3)	(11)	—	16
Total	**76**	**18**	**25**	**(9)**	**(23)**	**—**	**87**
Short-term provisions	39						27
Long-term provisions	37						60
Total	**76**						**87**

(in millions of Euros)	**Balance at December 31, 2021**	**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**

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 optimization.

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, 2022**	**December 31, 2021**
Accrued payroll and employee related expenses	166	160
Derivative financial liabilities (Note 23)	93	32
Payable from acquisition of intangible assets & property plant & equipment	47	35
VAT and other amounts due to public authorities	34	47
Unearned revenue and accrued payables	11	7
Accrued interests	3	2
Other creditors	25	38
Total	**379**	**321**

NOTE 20: EMPLOYEE BENEFITS

The total net employee benefits as of December 31, 2022 and 2021 are presented as follows in the below table:

(in millions of Euros)	**December 31, 2022**	**December 31, 2021**
Pension fund assets (Note 16)	13	12
Employee Benefits liabilities	(136)	(186)
Total Net Employee Benefits	**(123)**	**(174)**

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, 2022**	**December 31, 2021**
Pension plan benefits liabilities	*(80)*	*(114)*
Pension fund assets (Note 16)	*13*	*12*
Net Pension Plan	(67)	(102)
Other post-employment benefits	(36)	(48)
Early retirement benefits	(20)	(23)
Other long-term employee benefits	—	(1)
Total Net Employee Benefits	**(123)**	**(174)**
Reimbursement rights (Note 16)	2	2
Total Net Employee Benefits and reimbursement rights	**(121)**	**(172)**

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 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.

ELG acquisition

At the end of year 2021, Aperam recognized defined benefit obligations for benefit programs inherited from the acquisition of ELG Group. These programs 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, Great Britain 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 (Great Britain) 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)	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)	(80)	(118)
Net present value of wholly or partly funded obligation	**47**	**42**	**5**
Present value of unfunded obligation	(73)	—	(73)
Prepaid due to unrecoverable surpluses	(41)	(41)	—
Recognised net liabilities	**(67)**	**1**	**(68)**
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**	**—**

			2021
(in millions of Euros)	**Total**	**Americas**	**Europe**
Change in benefit obligation			
Benefit obligation at beginning of the year	(259)	(74)	(185)
Service cost	(6)	—	(6)
Interest cost	(6)	(5)	(1)
Actuarial gains	27	7	20
Demographic assumptions	3	3	—
Financial assumptions	32	12	20
Experience adjustments	(7)	(8)	1
Benefits paid	11	4	7
Acquisitions	(108)	(7)	(101)
Foreign currency exchange rate differences and other movements	(1)	(1)	—
Benefit obligation at end of the year	**(342)**	**(76)**	**(266)**
Actives	*(165)*	*(3)*	*(162)*
Terminated vested	*(33)*	—	*(33)*
Retirees	*(144)*	*(73)*	*(71)*
Benefit obligation at end of the year	**(342)**	**(76)**	**(266)**
Change in plan assets			
Fair value of plan assets at beginning of the year	211	103	108
Interest income on plan assets	8	7	1
Return on plan assets less than discount rate	(5)	—	(5)
Employer contributions	6	—	6
Benefits paid	(7)	(5)	(2)
Acquisitions	56	—	56
Foreign currency exchange rate differences and other movements	1	1	—
Fair value of plan assets at end of the year	**270**	**106**	**164**
Present value of wholly or partly funded obligation	(229)	(69)	(160)
Net present value of wholly or partly funded obligation	**41**	**37**	**4**
Present value of unfunded obligation	(114)	(7)	(107)
Prepaid due to unrecoverable surpluses	(29)	(29)	—
Recognised net liabilities	**(102)**	**1**	**(103)**
Change in unrecoverable surplus			
Unrecoverable surplus at beginning of the year	21	21	—
Interest cost on unrecoverable surplus	2	2	—
Change in unrecoverable surplus in excess of interest	7	7	—
Exchange rates changes	(1)	(1)	—
Unrecoverable surplus at end of the year	**29**	**29**	**—**

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 €41 million and €29 million at December 31, 2022, and 2021, respectively. This change in 2022 is due to a return on plan assets lower than the discount rate.

The following tables detail the components of net periodic pension cost:

	Year Ending December 31, 2022		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Net periodic pension cost			
Service cost	(8)	—	(8)
Net interest cost	1	3	(2)
Actuarial gains	84	7	77
Total	**77**	**10**	**67**

	Year Ending December 31, 2021		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Net periodic pension cost			
Service cost	(6)	—	(6)
Net interest cost	2	2	—
Actuarial gains	27	7	20
Total	**23**	**9**	**14**

The actuarial gains increased due to change in the financial assumptions mainly derived from increase of discount rates disclosed below.

Other post-employment benefits

The Company's principal operating subsidiaries provide Other Post-Employment Benefits ("OPEB"), including life insurance benefits, to retirees. Summary of changes in the other post-employment benefit obligation and the change in plan assets.

	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
Benefits obligation at end of year	**(36)**	**—**	**(36)**
Actives	*(36)*	—	*(36)*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of the 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**

	Year Ending December 31, 2021		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Change in post-employment benefit obligation			
Benefit obligation at beginning of year	(55)	—	(55)
Service cost	(3)	—	(3)
Interest cost	(1)	—	(1)
Actuarial gains	5	—	5
Demographic assumptions	—	—	—
Financial assumptions	*2*	—	*2*
Experience adjustments	*3*	—	*3*
Benefits paid	2	—	2
Curtailments	4	—	4
Benefits obligation at end of year	**(48)**	**—**	**(48)**
Actives	*(48)*	—	*(48)*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of the year	**(48)**	**—**	**(48)**
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	48	—	48
Recognised liabilities	**48**	**—**	**48**

The following tables detail the components of net periodic other post-employment cost:

	Year Ending December 31, 2022		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Components of net periodic OPEB benefit			
Service cost	(3)	—	(3)
Net interest cost	(2)	—	(2)
Actuarial gains	14	—	14
Total	**9**	**—**	**9**

	Year Ending December 31, 2021		
(in millions of Euros)	**Total**	**Americas**	**Europe**
Components of net periodic OPEB benefit			
Service cost	(3)	—	(3)
Net interest cost	(1)	—	(1)
Actuarial gains	5	—	5
Total	**1**	**—**	**1**

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, 2022 and €2 million as of December 31, 2021.

Plan Assets

The weighted average asset allocations by asset category in Americas were as follows:

	December 31, 2022	**December 31, 2021**
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%	86%
Asset classes that have a quoted market price in an active market	*87%*	*86%*
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%	11%
Total	**100%**	**100%**

The weighted average asset allocations by asset category in Europe were as follows:

	December 31, 2022	December 31, 2021
Equity Securities	3%	4%
Asset classes that have a quoted market price in an active market	*3%*	*4%*
Asset classes that do not have a quoted market price in an active market	*—%*	*—%*
Fixed Income (including cash)	22%	24%
Asset classes that have a quoted market price in an active market	*22%*	*24%*
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%	71%
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. 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 a negative actual return of €36 million in 2022 and an actual return of €3 million in 2021.

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 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,	
	2022	2021	2022	2021
	Discount rate			
Range	3.50%-7.20%	0.90%-8.88%	3.75%	0.90%
Weighted average	4.76%	3.50%	3.75%	0.90%
	Rate of compensation increase			
Range	2.00%-5.19%	2.00%-6.25%	2.00%-3.3%	2.00%-3.3%
Weighted average	2.12%	2.40%	3.05%	3.05%
	Average longevity at retirement age for current pensioners (years)			
Males	22.475	22.467	NA	NA
Females	26.604	26.309	NA	NA

Cash Contributions

Cash contributions to the defined contribution plans, sponsored by the Company, were €3 million and €2 million in 2022 and 2021, respectively. Cash contributions in respect of defined contribution plans and other pension plans to be made during the year ending December 31, 2023 are expected to be similar to 2022.

Maturity profile of the defined benefits plans

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, 2022, the defined benefit obligation ("DBO") for pension plans was €271 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)

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, 2022 the DBO for post-employment benefit plans was €36 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 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 December 31, 2022, the total authorised share capital of the Company (including its issued share capital) was €461,480,153 represented by 88,100,042 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.

Treasury shares

Share buy-back

Between August 17, 2021 and September 24, 2021 the Company acquired 1,959,592 of its own shares under the share buy-back programme announced on July 30, 2021, for a total consideration of €100 million.

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.

Share unit plans

During 2021, a total of 71,249 shares (98,555 shares, net of 27,306 shares retained for tax purposes) were allocated to qualifying employees under the PSU plan granted in June 2018.

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.

Other movements

On May 21, 2021 the Company acquired at market price from a related party 101,396 of its own shares for a total consideration of €4.7 million.

Aperam held 7,812,590 and 2,091,287 treasury shares as of December 31, 2022, and 2021, respectively.

Dividends

On June 8, 2021, at the 2021 Annual General Meeting, the shareholders approved a base dividend of €1.75 (gross) per share. The dividend was paid in four equal quarterly instalments of €0.4375 (gross) per share.

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.

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 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 €(4) million and €(3) million for the years ending December 31, 2022, and 2021, respectively.

Share unit plan activity is summarized below as of and for each year ending December 31, 2022 and 2021:

	RSUs		PSUs	
	Number of units	**Fair value per units (€)**	**Number of units**	**Fair value per units (€)**
Outstanding Dec 31, 2020	**51,258**	**21.58**	**260,673**	**28.75**
Granted	39,325	43.18	54,336	43.18
Vested	—	—	(75,461)	40.32
Forfeited	(4,505)	21.58	(8,972)	28.12
Outstanding Dec 31, 2021	**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**

Earnings per common share

	Year Ending December 31,	
	2022	**2021**
(in millions of Euros)		
Net income considered for the purposes of basic earnings per share	**625**	**968**
Net income considered for the purposes of diluted earnings per share	**625**	**968**
Weighted average common shares outstanding (in millions) for the purposes of basic earnings per share	**75.1**	**79.2**
Incremental shares from assumed conversion of stock options, restricted share units and performance share units	0.3	0.3
Weighted average common shares assuming conversions (in millions) used in the calculation of diluted earnings per share	**75.4**	**79.5**
Earnings per common share (in Euros)		
Basic	8.33	12.21
Diluted	8.29	12.16

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 (including short-term investments) and restricted cash.

The gearing ratio at end of the reporting period was as follows :

	December 31,	December 31,
(in millions of Euros)	**2022**	**2021**
Long-term debt	667	719
Short-term debt	258	271
Cash and cash equivalents	(457)	(524)
Net financial debt	**468**	**466**
Equity	3,385	2,945
Gearing	**14%**	**16%**

No changes were made in the objectives, policies or processes for managing capital during the years ending December 31, 2022 and 2021 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 December 31, 2020	49	43	92
Additions	3	—	3
Acquisitions through business combinations	3	34	37
Foreign exchange differences	—	1	1
Disposals	—	—	—
Other movements	—	(4)	(4)
At December 31, 2021	**55**	**74**	**129**
Accumulated amortisation and impairment losses			
At December 31, 2020	(30)	(8)	(38)
Depreciation charge of the year	(6)	(4)	(10)
Disposals	—	—	—
Foreign exchange differences	—	—	—
Other movements	1	2	3
At December 31, 2021	**(35)**	**(10)**	**(45)**
Carrying amount			
At December 31, 2021	**20**	**64**	**84**
Cost			
At December 31, 2021	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 amortisation and impairment losses			
At December 31, 2021	(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**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(in millions of Euros)	Lease liabilities
Balance at December 31, 2020	53
Additions	6
acquisitions through business combinations	50
Payments	(9)
Balance at December 31, 2021	100
Additions	9
Foreign exchange differences	2
Payments	(14)
Balance at December 31, 2022	**97**
Current	13
Non-current	84

Scheduled maturities of lease debt are as follows:

(in millions of Euros)	December 31, 2022
2023	13
2024	12
2025	11
2026	9
2027	8
Subsequent years	44
Total	**97**

(in millions of Euros)	December 31, 2021
2022	13
2023	11
2024	10
2025	9
2026	9
Subsequent years	48
Total	**100**

The following are the amounts recognised in profit or loss:

(in millions of Euros)	**2022**	**2021**
Depreciation expense of right-of-use assets	(14)	(10)
Interest expense on lease liabilities	(4)	(2)
Expense relating to company cars (included in cost of sales)	—	—
Expense relating to short-term leases (included in cost of sales)	(14)	(7)
Expense relating to leases of low-value assets (included in cost of sales)	—	—
Variable lease payments (included in cost of sales)	—	—
Total amount recognised in profit or loss	**(32)**	**(19)**

The Group had total cash outflows for leases of €14 million in 2022 and €9 million in 2021. The Group also had non-cash additions to lease liabilities of €9 million in 2022 and €56 million in 2021 (including €50 million due to business acquisition). The Group didn't have any future cash outflows relating to leases that have not yet commenced at the end of December 2022 or December 2021.

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. The following table summarises assets and liabilities based on their categories as of December 31, 2022.

					Assets/Liabilities at fair value		
(in millions of Euros)	Carrying amount in statements of financial position	Non-financial assets and liabilities	Assets at amortised cost	Liabilities at amortised cost	Fair value recognised in profit and loss	Equity instruments at Fair Value through OCI	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	154	62	37	—	—	—	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	379	45	—	241	—	—	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, 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**

	As of December 31, 2021			
(in millions of Euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
Biological assets	—	—	31	31
Investments in associates, joint ventures and other investments	—	—	4	4
Derivative financial assets	—	20	—	20
Total assets at fair value	**—**	**20**	**35**	**55**
Liabilities at fair value:				
Derivative financial liabilities	—	32	—	32
Total liabilities at fair value	**—**	**32**	**—**	**32**

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, 2022:

(in millions of Euros)	**Equity instruments not quoted**	**Total**
Balance as of December 31, 2021	4	4
Change in fair value[1]	(1)	(1)
Balance as of December 31, 2022	**3**	**3**

Note:
(1) Recognised in financing costs, net in the consolidated statements of operations.

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, 2022, is as follows:

	Assets		**Liabilities**	
(in millions of Euros)	**Notional Amount**	**Fair Value**	**Notional Amount**	**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)**

The portfolio associated with derivative financial instruments classified as Level 2 as of December 31, 2021, is as follows:

	Assets		Liabilities	
(in millions of Euros)	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Foreign exchange rate instruments				
Forward purchase contracts	178	6	54	(2)
Forward sale contracts	202	—	280	(6)
Total foreign exchange rate instruments		**6**		**(8)**
Raw materials (base metal)				
Term contracts sales metals	96	2	476	(22)
Term contracts purchases metals	208	12	72	(2)
Total raw materials (base metal)		**14**		**(24)**
Total		**20**		**(32)**

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 deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and other instruments. For more details about customer ratings' assessment, refer to Note 9.

Interest rate risk

The Company can be exposed to fluctuations in interest rates, mostly on debts denominated in Euro. 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, 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)	(1,039)	(281)	(117)	(220)	(421)
Total	**(2,100)**	**(2,214)**	**(1,456)**	**(117)**	**(220)**	**(421)**
Derivative financial liabilities						
Foreign exchange contracts	(16)	(16)	(16)	—	—	—
Other commodities contracts	(76)	(76)	(76)	—	—	—
Total	**(92)**	**(92)**	**(92)**	**—**	**—**	**—**

(in millions of Euros)	December 31, 2021					
	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	(1,200)	(1,200)	(1,200)	—	—	—
Short and long-term debt	(990)	(1,008)	(276)	(117)	(465)	(150)
Total	**(2,190)**	**(2,208)**	**(1,476)**	**(117)**	**(465)**	**(150)**
Derivative financial liabilities						
Foreign exchange contracts	(8)	(8)	(8)	—	—	—
Other commodities contracts	(24)	(24)	(24)	—	—	—
Total	**(32)**	**(32)**	**(32)**	**—**	**—**	**—**

Cash flow hedges

The following table presents the periods in which cash flows hedges are expected to mature:

(in millions of Euros)	December 31, 2022 (outflows)/inflows					
	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**	**—**	**—**

(in millions of Euros)	December 31, 2021 (outflows)/inflows					
	Carrying Amount	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	5	4	1	—	—	—
Foreign exchange contracts	(2)	(1)	(1)	—	—	—
Total	**3**	**3**	**—**	**—**	**—**	**—**

The following table presents the periods in which cash flows hedges are expected to impact the statement of operations:

(in millions of Euros)	December 31, 2022 (expense)/income					
	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**	**—**	**—**

(in millions of Euros)	December 31, 2021 (expense)/income					
	Carrying Amount	**3 months and less**	**3-6 months**	**6-12 months**	**1-2 years**	**More than 2 years**
Commodities	5	4	1	—	—	—
Foreign exchange contracts	(2)	(1)	(1)	—	—	—
Total	**3**	**3**	**—**	**—**	**—**	**—**

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, 2022**	**December 31, 2021**
Assets associated with raw material (base metal)	33	14
Liabilities associated with raw material (base metal)	(77)	(24)
Total	**(44)**	**(10)**

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, 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. 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 un-matured base metal derivative instruments

	December 31, 2022	
(in millions of Euros)	**Income**	**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 of the various Group companies; and

- the significant Shareholder.

Transactions with related parties of the Company, were as follows:

(in millions of Euros)	Year Ending December 31,		December 31,	
	2022	**2021**	**2022**	**2021**
Transactions	**Sales**		**Included in Trade receivables**	
ArcelorMittal and its subsidiaries	118	73	8	12
Total	**118**	**73**	**8**	**12**

(in millions of Euros)	Year Ending December 31,		December 31,	
	2022	**2021**	**2022**	**2021**
Transactions	**Cost of sales**		**Included in Trade payables**	
ArcelorMittal and its subsidiaries	504	404	64	59
Total	**504**	**404**	**64**	**59**

Transactions and balances with related parties also include the following:

(in millions of Euros)	December 31,	
	2022	**2021**
Other current assets	1	1
Other current liabilities	1	4

(in millions of Euros)	Year Ending December 31,	
	2022	**2021**
Selling, general and administrative expenses	5	4

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 and credit lines.

Commitments given

(in millions of Euros)	Year Ending December 31,	
	2022	**2021**
Commitments related to purchases of raw materials and energy	1,694	1,867
Guarantees, pledges and other collateral	288	208
Capital expenditure commitments	73	96
Total	**2,055**	**2,171**

Commitments related to purchase of raw materials and energy

Purchase commitments consist of the major agreements for procuring nickel and chromium. The Company 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, letters of credit and sureties.

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, 2022, the Company had established reserves of €26 million for environmental liabilities.

Belgium

In Belgium, there is an environmental provision of €4 million, 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, 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, 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, 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, 2022, (ii) that constitute a contingent liability, or (iii) that were resolved in 2022, 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, 2022, the Company has established reserves in the aggregate of approximately €8 million for those of the claims as to which the criteria for provisioning were met.

- For over 20 years, Aperam South America and its subsidiaries have been challenging the calculation basis of PIS/Cofins (Brazilian Federal taxes for unemployment insurance and social security), specifically, whether Brazilian state tax (ICMS) may be deducted from the base amount on which the PIS/Cofins are calculated. In March 2017, the Supreme Court decided in a separate case, not involving Aperam South America and its subsidiaries, on the same subject in favour of the relevant taxpayers. Nevertheless, the Federal Revenue Service filed a Motion for Clarification on such separate Supreme Court decision, asking for some clarification. This appeal was decided on May 13, 2021, stating that the ICMS to be excluded from PIS/Cofins tax basis is the gross one. This understanding has a binding precedent value with respect to all similar cases, including those of Aperam South America's subsidiaries. In 2020, Aperam South

America and its subsidiaries recognized R$840 million (€135 million)[11] in the consolidated statements of operations. In 2021, due to the final decision of the leading case issued by the Supreme Court in May 2021, Aperam South America and its subsidiaries recognized R$62.5 million (€9 million).

- 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$27.1 million (€4.9 million). The Company presented its defense on January 3, 2019. On June 7, 2019, the Company obtained a partially favorable decision by the 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$68.6 million (€12.5 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 November 22, 2016, Aperam South America received a tax assessment related to IPI (tax on manufactured products) for the years 2011-2012 for its branch in Sumaré, Brazil. The total amount claimed is currently R$18 million (€3.3 million). On March 8, 2018, the Company received an unfavourable decision and decided to appeal on April 6, 2018. On January 3, 2022, the Company received a partially favorable decision. The Federal Revenue filed an appeal to the Special Administrative Court and the Company presented a motion of clarification to the Administrative Court on January 6, 2022. that was denied. The Company presented an appeal to the Special Administrative Court on March 4, 2022. In June 2022, part of the decision in favour of the Company became unappealable and the amount due was reduced as reported above. The case is pending at the third administrative level.

- On May 19, 2015, Aperam South America received two tax assessments related to social contributions regarding years 2010-2011. The current total amount claimed is R$25.6 million (€4.7 million). In March 2017, the Company received a partially favorable decision. In July 2017, the Company filed an action for annulment of the tax debits before the Judicial Court. In May, 2018, the Company presented a petition to specify evidence to support its defense. The Company has been asked in August, 2019 to provide a guarantee to support its petition. On January 28, 2021 the judge nominated an expert to present its proposal fees. The case is pending at the first judicial instance 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$272.2 million (€49.7 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 favorable 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 currently total amount of R$62.1 million (€11.3 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 favorable to the Company. The Company appealed in May 2017 to the third administrative instance. The Special Court decision was unfavourable to the Company on November2019. The Company brought the case to judicial level in November 2020. On August 25, 2021, the Company filed a petition informing

[11] €135 million of PIS/Cofins tax credits related to prior periods have been recognized in the consolidated statement of operations for the year ending December 31, 2020, of which €69 million (net of €4 million of administrative expenses) have been recognized in the cost of sales and €66 million have been recognized in financing costs.

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$103 million (€18.8 million). On December 10, 2015, Aperam BioEnergìa received a partially favorable decision. The Company and the Federal Revenue appealed to the Administrative Tax Court. In May 2017, both appeals were denied. The Company presented a motion for clarification of the court decision that was denied in October 2017. The case was brought to the judicial level in November 2022 and the amount due was increased due to legal fees.

- On December 20, 2013, Aperam South America received a tax assessment from Federal Revenue in the current total amount of R$445 million (€81 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 favorable 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$112.6 million (€20.5 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 favorable 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$28.4 million (€5.2 million). On June 20, 2012, the first Judicial Court decision was favorable 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 favorable to the Company and the amount involved was reduced to the current amount of R$71.3 million (€13 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, 2022, the Company has established reserves in the aggregate of approximately €26 million for those of the claims as to which the criteria for provisioning were met.

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 utilized 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$55.6 million (€10.1 million). The Company brought the case before the Judicial Court in 2012. On February 6, 2014, the first judicial instance decision was not favorable 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)	**2022** [1]	**2021** [1]
Employee Information		
Wages and salaries	564	448
Pension cost	11	8
Other staff costs	100	78
Total	**675**	**534**

Note:
(1) Includes annual compensation of Aperam's employees booked as selling, general & administrative expenses of €171 million and €112 million for the year ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, Aperam employed 10,700 and 9,500 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)	**2022**	**2021**
Base salary	3	3
Directors' fees	1	1
Short-term performance-related bonus	3	2
Post-employments benefits[1]	—	—
Share based compensation	4	2

Note:
(1) Post-employments benefits for Aperam's key management personnel were below €1 million for the years ending December 31, 2022 and December 31, 2021

As of December 31, 2022, and 2021, 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, 2022

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
Stainless & Electrical Steel		
Aperam Stainless Belgium	Belgium	100%
Aperam South America	Brazil	100%
Aperam Stainless Europe	France	100%
Aperam Stainless France	France	100%
Aperam Stainless Precision	France	100%
Alloys & Specialties		
Aperam Alloys Imphy	France	100%
Aperam Alloys Amilly	France	100%
Services & Solutions		
Aperam Stainless Services & Solutions Argentina	Argentina	100%
Aperam Stainless Services & Solutions Brazil	Brazil	100%
Aperam Stainless Services & Solutions Tubes Czech Republic	Czech Republic	100%
Aperam Stainless Services & Solutions France	France	100%
Aperam Stainless Services & Solutions Germany	Germany	100%
Aperam Stainless Services & Solutions Italy	Italy	100%
Aperam Stainless Services & Solutions Luxembourg	Luxembourg	100%
Aperam Stainless Services & Solutions Poland	Poland	100%
Aperam Stainless Services & Solutions Iberica	Spain	100%
Aperam Paslanmaz Celik	Turkey	100%
Aperam Stainless Services & Solutions USA	USA	100%
Aperam Stainless Service & Solutions UK	UK	100%
Aperam Stainless Service & Solutions Tubes Uruguay	Uruguay	100%
Recycling & Renewables		
ASB Recycling	Belgium	100%
Aperam BioEnergìa	Brazil	100%
FERINOX S.A.S.	France	100%
Recyco	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 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%
ELG Metals Taiwan Corp.	Taiwan	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 or Property, plant & equipment of at least €5 million.
(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, 2022 and 2021.

Set forth below is a breakdown of fees for services rendered in 2022 and 2021.

Audit Fees. Audit fees in 2022 and 2021 were €2.7 million (including €0.2 million related to the audit of the acquisition of ELG) and €2.7 million (including €1.4 million related to the audit of ELG entities), respectively.

Audit-Related Fees. Audit-related fees in 2022 and 2021 were €0.3 million and €0.1 million, respectively. The audit-related fees consists principally of issuance of certifications related to the sustainability report.

Tax Fees. Fees relating to tax planning, advice and compliance in 2022 and 2021 were €0.3 million and below €<0.1 million, respectively.

NOTE 30: SUBSEQUENT EVENTS

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.

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 February 10, 2023, the Company proposed to maintain its base dividend at €2.00 per share, subject to shareholder approval at the May 2, 2023 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 (the "Group") as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Group's consolidated financial statements comprise:

a. the consolidated statement of operations for the year then ended;
b. the consolidated statement of comprehensive income/(loss) for the year then ended;
c. the consolidated statement of financial position as at 31 December 2022;
d. the consolidated statement of changes in equity for the year then ended;
e. the consolidated statement of cash flows for the year then ended; and
f. the notes to the consolidated financial statements, 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 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.

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 matters	**How our audit addressed the key matter**
Valuation of goodwill	
The Group's balance sheet includes goodwill of EUR 429 million as of 31 December 2022, that represents 7% of the Group total assets.	◦ We obtained an understanding of the management process in relation to the goodwill impairment procedure.
Management performs an annual goodwill impairment test and calculates recoverable amount for each Group cash generating unit "GCGU" to which the goodwill is allocated as the higher of value in use and fair value less cost of disposal.	◦ We evaluated the appropriateness of the discounted cash flow models used by Management, verified their mathematical accuracy and reviewed their significant assumptions, with the assistance of our internal valuation specialists.
The recoverable amount can be determined through different valuation techniques, the mostly used by Management is the discounted cash-flow models. The assumptions with the most significant impact on the cash-flow forecasts were discount rate, terminal growth rate, expected changes to raw material margin and level of shipments.	◦ We evaluated the reasonableness of management's estimates of the cash-flow forecasts by comparing the key inputs of the models with the budgets approved by the Board of directors, and we benchmarked them, when possible, against external data and performed look-back analysis.
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 model and magnitude of the amounts involved, we considered this to be a key matter.	◦ We carried out audit procedures on sensitivity analysis over significant assumptions used.
	◦ We considered the appropriateness of the disclosures in Note 2 (“Summary of significant accounting policies, critical accounting judgments and change in accounting estimates”), Note 12 (“Goodwill and intangible assets”) to the consolidated financial statements.

Recognition and recoverability of the deferred tax assets arising from the tax losses carried forward

As of 31 December 2022, the Group has recognized deferred tax assets of EUR 149 million on tax losses carried forward, mainly related to the French, Brazilian and Luxembourg tax groups.

The recognition and the recoverability of deferred tax assets arising from the tax losses carried forward depend on the application and interpretation of local tax laws and regulations and the ability of those tax groups 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 more complex.

We determined this to be a key audit matter due to the importance of the Group's judgment in the recognition of these assets and the particularly high level of tax losses carried forward.

- We obtained an understanding of the Management process supporting the Group's determination of the deferred tax assets arising from tax losses carried forward.
- With the assistance of our tax specialists, we assessed the amount of available tax losses carried forward and temporary differences in the relevant jurisdictions, focusing on the most material balances.
- 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. We notably assessed the reliability of the projections prepared by Management to estimate the future taxable income.
- We considered the appropriateness of the disclosures in Note 2 (“Summary of significant 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 consolidated 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 IFRSs 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 consolidated 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 consolidated 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 4 May 2022 and the year 2022 marks the second year of our uninterrupted engagement.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group the requirements are:

- 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 2022, identified as aperam-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 27 March 2023

Gilles Vanderweyen

Aperam Société Anonyme

Annual Accounts

As of and for the year ending December 31, 2022

Aperam S.A.
24-26 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, 2022	December 31, 2021
Assets			
C. Fixed assets		**5,642,340**	**4,191,496**
I. Intangible assets	**Note 3**	**2,782**	**4,734**
2.a) Concessions, patents, licences, trademarks and similar rights and assets, if they were acquired for valuable consideration		2,776	1,989
4. Payments on account and intangible fixed assets under development		6	2,745
III. Financial assets	**Note 4**	**5,639,558**	**4,186,762**
1. Shares in affiliated undertakings		5,526,131	4,103,095
2. Loans to affiliated undertakings		113,387	83,627
6. Other loans		40	40
D. Current assets		**690,125**	**348,025**
II. Debtors		**629,854**	**342,373**
2. Amounts owed by affiliated undertakings	*Note 5*	628,758	340,920
a) becoming due and payable within one year		*628,758*	*340,920*
b) becoming due and payable after more than one year		—	—
4.a) Other debtors becoming due and payable within one year		1,096	1,453
III. Investments		**60,228**	**5,606**
2. Own shares	Note 6	60,228	5,606
IV. Cash at bank and in hand		**43**	**46**
E. Prepayments	**Note 7**	**1,193**	**1,137**
Total assets		**6,333,658**	**4,540,658**

The accompanying notes are an integral part of these annual accounts.

Balance Sheet

Aperam, Société Anonyme

(in thousands of Euros)		December 31, 2022	December 31, 2021
Capital, reserves and liabilities			
A. Capital and reserves	**Note 8**	**5,499,899**	**4,070,320**
I. Subscribed capital		**419,031**	**419,031**
II. Share premium account		**1,140,630**	**1,140,630**
IV. Reserves		**116,594**	**61,972**
1. Legal reserve		56,366	56,366
2. Reserve for own shares	Note 8.3	60,228	5,606
V. Profit brought forward		**2,243,242**	**1,638,205**
VI. Profit or loss for the financial year		**1,580,402**	**810,482**
C. Creditors	**Note 9**	**833,759**	**470,338**
1. Debenture loans		304,219	215,608
b) Non convertible loans	*Note 10*	*304,219*	*215,608*
i) becoming due and payable within one year		*197,719*	*25,608*
ii) becoming due and payable after more than one year		*106,500*	*190,000*
2. Amounts owed to credits institutions	Note 11	498,224	214,530
a) becoming due and payable within one year		*20,446*	*18,697*
b) becoming due and payable after more than one year		*477,778*	*195,833*
6.a) Amounts owed to affiliated undertakings becoming due and payable within one year	Note 12	16,484	22,043
8. Other creditors		14,832	18,157
a) Tax authorities		*248*	*96*
b) Social security authorities		*360*	*112*
c.i) Other creditors becoming due and payable within one year		*14,224*	*17,949*
Total capital, reserves and liabilities		**6,333,658**	**4,540,658**

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, 2022	Year ending December 31, 2021
4. Other operating income	**Note 13**	**88,003**	**294,240**
5. b) Other external expenses	**Note 14**	**(70,800)**	**(68,439)**
6. Staff costs		**(15,369)**	**(12,880)**
a) Wages and salaries		*(13,536)*	*(11,207)*
b) Social security costs		*(1,723)*	*(1,648)*
i) relating to pensions		*(1,010)*	*(924)*
ii) other social security costs		*(713)*	*(724)*
c) Other staff costs		*(110)*	*(25)*
7. Value adjustments		**(1,697)**	**(1,918)**
a) In respect of formation expenses and of tangible and intangible fixed assets		*(1,697)*	*(1,918)*
8. Other operating expenses		**(96)**	**(88)**
9. Income from participating interests	**Note 15**	**1,541,712**	**561,368**
a) Derived from affiliated undertakings		1,541,712	561,368
10. Income from other investments and loans forming part of the fixed assets		**11,109**	**—**
a) Derived from affiliated undertakings		11,109	—
11. Other interest receivable and similar income	**Note 16**	**49,074**	**31,367**
a) Derived from affiliated undertakings		*49,064*	*31,203*
b) other interest and similar income		*10*	*164*
13. Value adjustments in respect of financial assets and of investments held as current assets		**—**	**17,351**
14. Interest payable and similar expenses	**Note 16**	**(20,489)**	**(9,260)**
a) Concerning affiliated undertakings		*(3,050)*	*(4,103)*
b) Other interest and similar expenses		*(17,439)*	*(5,157)*
15. Tax on profit or loss	**Note 17**	**(1,040)**	**(1,255)**
16. Profit or loss after taxation		**1,580,407**	**810,486**
17. Other taxes not shown under items 4 to 16		**(4)**	**(4)**
18. Profit or loss for the financial year		**1,580,403**	**810,482**

The accompanying notes are an integral part of these annual accounts.

NOTE 1 – GENERAL INFORMATION

Aperam ("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 International Financial Reporting Standards as adopted in the European Union. The consolidated financial statements as of and for the year ending December 31, 2022 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 – 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. 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.

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 current rate 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.
- Back-to-back loans are translated at year-end exchange rates with the related differences in the exchange rates leading to unrealised losses and gains recorded in the profit and loss account for the year.
- 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.

Liabilities

Liabilities are recorded in the balance sheet at their nominal 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 fixed assets under development**	**Total as of December 31, 2022**
Gross book value			
Opening balance	23,713	2,745	26,458
Disposals	—	(255)	(255)
Transfer	2,484	(2,484)	—
Closing balance	**26,197**	**6**	**26,203**
Accumulated value adjustments			
Opening balance	(21,724)	—	(21,724)
Additions	(1,697)	—	(1,697)
Closing balance	**(23,421)**	**—**	**(23,421)**
Net book value			
Opening balance	1,989	2,745	4,734
Closing balance	**2,776**	**6**	**2,782**

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, 2022
Gross book value				
Opening balance	4,103,095	83,627	40	4,186,762
Additions	1,923,036	32,831	—	1,955,867
Disposals	(500,000)	—	—	(500,000)
Foreign exchange differences	—	(3,071)	—	(3,071)
Closing balance	5,526,131	113,387	40	5,639,558
Accumulated value adjustments				
Opening balance	—	—	—	—
Closing balance	—	—	—	—
Net book value				
Opening balance	4,103,095	83,627	40	4,186,762
Closing balance	**5,526,131**	**113,387**	**40**	**5,639,558**

4.1. – Shares in affiliated undertakings

(in thousands of Euros)

Name of undertaking	Registered office	Percentage of capital held (%) as of December 31, 2022	Result for 2022 (1)	Capital and reserves (including result for 2022) (1)	Carrying amount as of December 31, 2022	Carrying amount as of December 31, 2021
Aperam HoldCo S.à r.l.	Luxembourg	100.00	620,182	3,231,468	3,592,806	3,492,806
ASE Holdco S.à r.l.	Luxembourg	100.00	(52)	1,819,165	1,823,000	—
Aperam Stainless France S.A.S	France	—	n/a	n/a	—	500,000
Aperam Stainless Services & Solutions Germany GmbH	Germany	25.00	32,122	65,321	55,092	55,092
ACE Holdco S.à r.l.	Luxembourg	100.00	(3,906)	22,763	27,000	27,000
Aperam Stainless Services & Solutions Italy S.r.l.	Italy	100.00	7,274	14,279	15,000	15,000
Corea S.A.	Luxembourg	100.00	875	11,871	7,976	7,976
Aperam Brand Services S.à r.l.	Luxembourg	100.00	15,588	6,105	5,187	5,187
Aperam Treasury S.C.A	Luxembourg	100.00	8,633	6,444	31	31
Aperam Sourcing S.C.A	Luxembourg	< 0.00	98,516	19,326	< 1	< 1
Other	Various	—	n/a	n/a	38	2
					5,526,131	**4,103,095**

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.

Description of the main changes during the year

On July 22, 2022, the Company subscribed to 100% of the share capital of Aperam Ventures S.à r.l., Aperam Alloys HoldCo S.à r.l. and Aperam HoldCo NewCo S.à r.l., in Luxembourg, for a total consideration of €12 thousands each.

On July 29, 2022, in order for the Company to reorganize its group with dedicated segments reflecting the organization of its operations:

- Aperam HoldCo S.à r.l. repaid, via the distribution of profit brought forward and / or share premium, 100% of the shares it held in ASE HoldCo S.à r.l. (formerly AMO Holding 7 S.A.) to the Company for a total consideration of €1;
- Aperam HoldCo S.à r.l. repaid, via the distribution of profit brought forward and / or share premium, 53.57% of the shares it held in Aperam Stainless Belgium SA/NV to the Company for a total consideration of €723,000 thousands;
- the Company transferred to ASE HoldCo S.à r.l., 53.57% of the shares it owns in Aperam Stainless Belgium SA/NV, without any issuance of additional shares, for a total consideration of €723,000 thousands;
- the Company transferred to ASE HoldCo S.à r.l., 100% of the shares it owns in Aperam Stainless France S.A.S, without any issuance of additional shares, for a total consideration of €1,100,000 thousands.

On December 30, 2022, 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 December 31, 2022, 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, 2022**	**December 31, 2021**
Aperam Treasury S.C.A.	BRL	570,000	92,023	61,874
Aperam Treasury S.C.A.	PLN	100,000	21,364	21,753
Total			**113,387**	**83,627**

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 October 3, 2022, Aperam Treasury S.C.A. drew an additional amount of BRL 170,000 thousands (€32,831 thousands) from this Facility.

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, 2022	December 31, 2021
Assets under cash pooling arrangements	498,612	211,638
Amounts receivable on corporate services	103,222	98,343
Dividends to be received	22,000	—
Accrued interests	2,922	505
Amounts receivable on tax integration	2,002	30,434
Total	**628,758**	**340,920**

Description of the main changes during the year

Amounts owed by affiliated undertakings becoming due and payable within one year increased by €287,838 thousands during the year to €628,758 thousands as of December 31, 2022. This variance is mainly explained by:

- an increase in the balance of assets under cash pooling arrangement with Aperam Treasury S.C.A. by €286,974 thousands,
- an increase in amounts receivable on corporate services charged by the Company to its subsidiaries by €4,879 thousands,
- an increase of dividends to be received from Aperam Stainless Services & Solutions Italy S.r.l. by €22,000 thousands,
- an increase in accrued interest by €2,417 thousands, partly offset by
- a decrease in amounts receivable on tax integration by €28,432 thousands as amount due as per November 30, 2022 has been already paid within the financial year (Amounts receivable on tax integration correspond to income tax receivables from entities included in the tax integration headed by the Company).

NOTE 6 – OWN SHARES

During the year 2022, 90,545 own shares (130,759 shares, net of 40,214 shares retained for tax purposes) have been given to certain employees of the Company to serve the PSU Plan 2019.

On December 8, 2022, the Company acquired, at market price, from Aperam HoldCo S.à r.l., 1,959,592 of its own shares for a total consideration of €58,850 thousands.

On December 31, 2022, the Company had 2,000,742 own shares for a total book value of €60,228 thousands.

NOTE 7 – PREPAYMENTS

As of December 31, 2022, prepayments amounted to €1,193 thousands (€1,137 thousands as of December 31, 2021) 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, 2021	79,996,280	419,031	1,140,630	56,366	5,606	1,638,205	810,482	4,070,320
Allocation of net result	—	—	—	—	—	810,482	(810,482)	—
Directors' fees (Note 20)	—	—	—	—	—	(549)	—	(549)
Dividend	—	—	—	—	—	(150,274)	—	(150,274)
Profit for the financial year	—	—	—	—	—	—	1,580,402	1,580,402
Reserve for own shares	—	—	—	—	54,622	(54,622)	—	—
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**

Note:
(1) Number of shares denominated in units.

8.1. Subscribed capital and share premium account

As of December 31, 2022, the subscribed capital amounts to €419,031 thousands and is divided into 79,996,280 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, 2022
Significant Shareholder [(2)]	36.91%
Treasury shares [(3)]	9.77%
Other public shareholders	53.32%
Total	**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 9.77% includes 2,000,742 shares held by Aperam SA and 5,811,848 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, 2022, 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 allocation of €54,622 thousands from the profit brought forward in order to increase the reserve for own shares 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, 2022				December 31, 2021
	Up to 1 year	**From 1 to 5 years**	**Above 5 years**	**Total**	**Total**
Non convertible debenture loans	197,719	106,500	—	304,219	215,608
Amounts owed to credit institutions	20,446	309,722	168,056	498,224	214,530
Amounts owed to affiliated undertakings	16,484	—	—	16,484	22,043
Other creditors	14,832	—	—	14,832	18,157
Total	**249,481**	**416,222**	**168,056**	**833,759**	**470,338**

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. 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 December 31, 2022, an amount of €190,000 thousands was outstanding under this SSD.

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, 2022, an amount of €114,000 thousands was drawn under the Aperam NEU commercial paper programme.

NOTE 11 – AMOUNTS OWED TO CREDIT INSTITUTIONS

Fixed Rate Term facility

On February 11, 2022, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of €300,000 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 contains 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, 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, 2022, an amount of €195,833 thousands was outstanding under EIB financings.

NOTE 12 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

(in thousands of Euros)	**December 31, 2022**	**December 31, 2021**
Amounts payable to affiliated undertakings	16,484	22,043
Total	**16,484**	**22,043**

NOTE 13 – OTHER OPERATING INCOME

Other operating income corresponds mainly to corporate service fees, E-commerce fees, branding fees (until June 30, 2021) and income related to information technology, procurement and Research and Development services provided to group companies.

The decrease by €206,237 thousands from €294,240 thousands in 2021 to €88,003 thousands in 2022 is mainly due to the strategic decision made in 2021 to separate the brand and its related activities in view of their complexity of management, the growth of the Group, the value of the brand and the need to protect it, on the basis of a sale of the going concern of the brand owned by Aperam SA to Aperam Brand Services S.à r.l. on June 30, 2021.

NOTE 14 – OTHER EXTERNAL EXPENSES

Other external expenses of €70,800 thousands mainly relate to staff, R&D and IT costs invoiced by affiliated undertakings and further re-invoiced to affiliated undertakings.

NOTE 15 – INCOME FROM PARTICIPATING INTERESTS

Income from participating interests of €1,541,712 thousands mainly relate 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 16 – INTEREST PAYABLE / RECEIVABLE AND SIMILAR EXPENSES / INCOME

(in thousands of Euros)	**Year ending December 31, 2022**		**Year ending December 31, 2021**	
	Expenses	**Income**	**Expenses**	**Income**
Income from tax integration with affiliated undertakings	—	40,311	—	30,434
Interests payable/receivable concerning affiliated undertakings	(86)	3,335	(4,103)	22
Effects of foreign exchange		4,456		
Other expense/income with affiliated undertakings	(2,964)	962	—	747
Total interests concerning affiliated undertakings	**(3,050)**	**49,064**	**(4,103)**	**31,203**
Interests in respect of debenture loans	(9,178)	—	(4,438)	—
Interests in respect of credit institutions	(4,200)	—	(715)	—
Effects of foreign exchange	(4,052)	—	—	164
Other interest and similar expenses	(9)	10	(4)	—
Total other interests	**(17,439)**	**10**	**(5,157)**	**164**
Total interests payable / receivable and similar expenses / income	**(20,489)**	**49,074**	**(9,260)**	**31,367**

Interests in respect of credit institutions mainly correspond to interest expenses related to EIB Financing (Note 11) and commitment fees related to the €500,000 thousands unsecured revolving credit facility (Note 18).

Interests in respect of debenture loans relate to the *"Schuldscheindarlehen"* and the commercial papers.

NOTE 17 – INCOME TAX

The Company is the head of a tax consolidation including other subsidiaries located in Luxembourg and is fully liable for the overall tax liability of the tax group. Each of the entities included in the tax consolidation is paying to the Company the amount of tax determined based on its individual taxable profit.

As a consequence of the net tax losses within the tax group, no income tax is payable in respect of 2022 (2021: nil).

The amount charged to affiliated undertakings amounted to €40,311 thousands (2021: €30,434 thousands). Please refer to Note 16.

The amount of income tax corresponds to the withholding tax on corporate services with affiliated undertakings.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Commitments given

(in thousands of Euros)	**December 31, 2022**	**December 31, 2021**
Guarantees given relating to credit facilities [1]	4,780	4,806
Other commitments [2]	54,333	59,255
Total	**59,113**	**64,061**

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

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, 2022, this financial covenant was fully met.

On December 31, 2022, the Facility was fully undrawn.

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 program of NEU commercial paper for a maximum outstanding amount of €200,000 thousands, fulfill the requirements of law. On December 31, 2022, an amount of €114,000 thousands was drawn under the Aperam NEU commercial paper programme.

Contingencies

The Company has no contingency as of December 31, 2022.

Share Unit Plans

On June 8, 2021, the 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. In June 2021, a total of 54,336 PSUs and 39,325 RSUs were granted to a total of 28 employees and 44 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).

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).

NOTE 19 – STAFF

The Company employed an average of 57 full time equivalent employees during the financial year (52 full-time equivalents during the previous year).

NOTE 20 – DIRECTORS’ REMUNERATION

The Company’s Board of Directors members are entitled to a total remuneration of €550 thousands for the year ending December 31, 2022 (€549 thousands for the year ending December 31, 2021). Please refer to Note 8.

As of December 31, 2022, and 2021, 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 21 – SUBSEQUENT EVENTS

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.

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 February 10, 2023, the Company proposed to maintain its base dividend at €2.00 per share, subject to shareholder approval at the May 2, 2023 Annual General Meeting.

Auditor's Report on the Annual Accounts

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 2022, 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 2022;
- 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 rendered by PwC Network firms 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.

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 matters	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 6,268 million or approximately 99% of the total assets of the Company as at 31 December 2022. 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 2022.	◦ 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 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 consolidated management report, the Corporate Governance Statement and the Message 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 consolidated 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 consolidated 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 4 May 2022 and the year 2022 marks the second year of our uninterrupted engagement.

We have checked the compliance of the annual accounts of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company the requirement relates to the preparation of the annual accounts in a valid XHTML format.

In our opinion, the annual accounts of the Company as at 31 December 2022, identified as aperam-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société cooperative
Represented by

Luxembourg, 27 March 2023

Gilles Vanderweyen

Proposed allocation of the 2022 results

	In Euros
Profit for the financial year	1,580,402,333
Profit brought forward (*Report à nouveau*) before transfer to the reserve for own shares	2,297,863,973
Results to be allocated and distributed	**3,878,266,306**
Transfer to the reserve for own shares	(54,622,410)
Dividend [(1)]	(144,367,380)
Directors' compensation	(550,000)
Profit carried forward	**3,678,726,516**

Note:
(1) To be submitted to shareholders' approval at the Annual General Meeting of May 2, 2023, and related to the financial period ending December 31, 2022. On the basis of 72,183,690 shares outstanding as of December 31, 2022 (79,996,280 shares in issue, net of 7,812,590 treasury shares). Dividends are paid quarterly, resulting in a total annualised cash dividend per share of €2.00.

Aperam
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Grand Duchy of Luxembourg

For more information, please visit our website:
www.aperam.com/investors

Aperam Becomes First Stainless Steel Company to Earn ResponsibleSteel™ Certification