

# aperam

## Annual Report 2021

---



## Table of contents

<b>Message from the Chairman of the Board of Directors</b>	<b>4</b>
<b>Message from the Chief Executive Officer</b>	<b>6</b>
<b>Glossary</b>	<b>8</b>
<b>Management Report</b>	<b>10</b>
Group overview	10
Introduction	10
<i>Business model: how we create value</i>	11
<i>Our history</i>	12
<i>Key transactions in 2021: Acquisition of ELG</i>	12
<i>Our operational organisation and facilities</i>	14
<b>Market analysis</b>	<b>19</b>
<i>Market environment</i>	19
<i>Competition</i>	23
<i>Developments regarding trade measures</i>	23
<i>Raw materials and energy</i>	32
<i>Impact of exchange rate movements</i>	33
<b>COVID-19: health and safety, business and accounting review</b>	<b>34</b>
<b>Operational review and liquidity</b>	<b>35</b>
<i>Operational Review</i>	35
<i>EU Taxonomy</i>	41
<i>Liquidity</i>	44
<i>A strong focus on self-help measures</i>	52
<b>Principal strengths and risks</b>	<b>54</b>
<i>Principal strengths</i>	54
<i>Principal risks and uncertainties related to the Company and the stainless steel and specialty industry</i>	58
<b>Corporate responsibility and Governance</b>	<b>61</b>
<i>Social responsibility</i>	<b>62</b>
<i>Corporate Governance and stakeholder relationships</i>	<b>65</b>
Corporate citizenship	65
Composition of the Board of Directors	67
Composition of the Leadership Team	73
Corporate governance practices	77
Luxembourg Takeover law disclosure	86
Articles of association	88
Compensation	89
Remuneration Policy	89
Remuneration Report	98
Business ethics	104
<i>Environmental responsibility</i>	107

<b>Share capital</b>	<b>111</b>
<b>Related Party Transactions</b>	<b>113</b>
<b>Shareholder information</b>	<b>115</b>
<b>Financial Statements 2021</b>	<b>118</b>
Responsibility statement	120
Consolidated Financial statements as of and for the year ending December 31,2021	121
Annual Accounts of the Parent Company as of and for the year ending December 31, 2021	217
Proposed allocation of the 2021 results	238

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

# Message from the Chairman of the Board of Directors

Dear Shareholders,

Last year the global health crisis resulting from the COVID-19 pandemic continued to have profound impact on our daily lives, and tragic consequences for millions of people across the world. I am pleased to report that thanks to very strict health and safety protocols we were able to protect our employees from the COVID-19 pandemic and continued to serve our customers without any interruptions to our operations.

In early 2021 we celebrated Aperam's ten year anniversary. Over its first decade Aperam has improved its asset base and cost competitiveness, strengthened its balance sheet, innovated to serve the most demanding markets, invested in its workforce, and set ambitious goals to reduce its environmental impact. The company has established itself as a leading player in its industry, significantly improved its structural strength and is now capable of delivering value in the most challenging of market conditions.

In 2021 we achieved record results and set out our strategic priorities and actions designed to deliver further improvement; these included the completion of our first major M&A transaction - the acquisition of a stainless steel scrap recycling company – the start of a new program to further improve our cost competitiveness and enhancements to our industrial footprint. Successful delivery against these strategic priorities will ensure Aperam is well placed to create value for the next decade.

Before discussing the highlights of Aperam's 2021 performance, let me start by commenting on Aperam's number one priority, health and safety. Our lost-time injury frequency rate ('LTIF') for the year increased to 2.3x compared to 1.5x in 2020. The increase is primarily linked to non-severe accidents and Management is placing a considerable amount of effort with dedicated trainings and rituals into ensuring we reach our ultimate objective of zero harm and zero fatalities for everyone working with and for Aperam.

After the 2020 worldwide crisis resulting from the COVID-19 pandemic, 2021 saw a rebound in global demand. Our profitability significantly improved, reflecting the buoyant market environment and also the substantial efforts we have made to make Aperam a much stronger company: since the creation of Aperam a decade ago we improved our cost competitiveness by more than €770 million through our internal operational excellence plan – the Leadership Journey® - and established Aperam as the most profitable player of its industry. Our journey, however, is not yet complete; over the period 2021 to 2023 we are targeting a further €150 million improvement in our cost competitiveness.

In this environment, Aperam's adjusted EBITDA reached a record of €1,060 million (2020: €293 million), and our free cash flow generation amounted to a historical high of €367 million (2020: €195 million). We also continued to invest in our asset base and further strengthened our footprint with Capex reaching €152 million.

In 2021, we delivered solid returns to our shareholders with the competition of a €100 million of share buy-back and €140 million of dividends. For 2022, the Board of Directors has proposed

increasing the dividend per share from €1.75 to €2.00, subject to approval at our upcoming AGM, and has decided to launch a further €100 million share buyback.

I am very proud to report that in 2021 we also opened the next chapter in our transformation with the acquisition of ELG, a leading recycling company for stainless steel scrap and superalloys (enterprise value €357 million). With the acquisition of ELG we will create value in the global recycling industry, and we will further improve Aperam's leading environmental footprint and support the company's CO2 reduction targets of 30% compared to 2015, and carbon neutrality by 2050. In addition, with our recently earned ResponsibleSteel™ certification our customers can be confident that they have selected a partner of choice, offering them responsibly produced, endlessly recyclable, low-carbon solutions which are much needed for the sustainable society we strive to live in.

In conclusion, I would like to take this opportunity to thank all the Aperam employees, the Leadership Team and my colleagues from the Board of Directors, for their support, hard work and contribution to the Group's record results in 2021. I am very happy with the progress Aperam has made over a decade. The competitiveness of our industrial footprint has further improved, we are continuing to serve our customers with innovative and quality products, and we have set the circular economy at the heart of our growth strategy.

In a period of geopolitical tensions, we will remain highly focused on delivering our targets under the Leadership Journey® and I am convinced Aperam is very well placed to navigate through any challenging market conditions based on its strong business model, and to continue to create value for its stakeholders.



Lakshmi N. Mittal  
Chairman of the Board of Directors

# Message from the Chief Executive Officer

Dear Shareholders,

In Aperam's ten year journey we successfully became the leading industry player in terms of operational, financial and environmental excellence. 2021 was another milestone for Aperam as we set the basis to further deliver stakeholder value for many years to come. This includes strategic investments in our asset base, placing the circular economy at the heart of our strategy with our recent ELG acquisition, and expanding our products and services, while remaining highly focused on serving mega trends and highly committed to our corporate responsibility.

In 2021, Aperam reached its record yearly EBITDA since its creation a decade ago. While this is a major accomplishment, we need to remember that the pandemic continued to have unprecedented effects on our societies, businesses and daily lives. In this context, the health and safety of our employees remained our top priority and thanks to joint effort by our employees, management, unions and medical staff we managed to limit the spread of the virus within our facilities. When allowed by governments, we also used our own medical facilities to vaccinate our employees against COVID-19 and reached vaccination rates far above 90% on a large majority of our plants. Yet we need to remain vigilant, as our lost time injury frequency rate in 2021 increased to 2.3x compared to 1.5x a year ago. While the increase is primarily explained by non-severe accidents, a specific action plan has been launched to counter this trend and reach our ultimate goal of becoming an accident free workplace.

I would now like to elaborate more in detail how we achieved our record results.

Operationally, we had a very strong year. Through the Leadership Journey® we adapted our flexible business model for capturing opportunities during the economic recovery. In Europe, volumes notably strengthened, prices improved and imports normalized on the back of more efficient protective anti-dumping measures against unfair competition. In Brazil, our flexible multi-product business set a new earnings record due to strong demand, paired with higher prices and a strong mix. And of course, we have taken all the benefits from our cost improvements done over the last years.

Looking ahead, based on 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 is forming a solid basis for the second stage where the resulting increase in productivity will be used for our mix improvement and growth measures. We target €150 million of gains over the period 2021 to 2023 under this Phase; and have already reached cumulative gains of €40 million at the end of December 2021.

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 Timoteo (Brazil) to further improve our product mix. These

projects, together with the planned specialties' center in Gueugnon (France), will further contribute to the reorientation of our product portfolio towards specialties.

Finally, with the completion of the acquisition of ELG, a global leader in stainless steel and superalloys recycling, we are placing the circular economy at the core of our growth strategy. We acquired ELG for an enterprise value of €357 million (Equity value of €30 million) and we have identified total minimum synergies of €24 million within the next three years with additional improvement potential. We look forward to our journey to create value in the global circular economy, and further improving our leading environmental footprint. Including ELG, about 30% of Aperam's workforce will create value from working in renewable and recycling upstream.

As a conclusion, in the current situation the world is facing, it has become even more clear how important it is to have a well functioning supply of raw materials. This also includes recycling. Together with ELG, we are closing the value chains within Europe in closed circles.

Looking forward, I am confident that our ongoing focus on operational excellence, growth and mix improvements will ensure we are well placed to deliver stakeholder value for many years to come. In addition, we continue to expand our product range, offering customers increased choice in innovative stainless steels and specialty alloys in line with their evolving sustainability requirements, while also leading our industry's efforts to support the transition to a low-carbon, circular economy.



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<sup>1</sup> before depreciation<sup>1</sup>, amortisation<sup>1</sup>, impairment expenses<sup>1</sup> and exceptional items<sup>1</sup>
- **"EBITDA"** is defined as operating income<sup>1</sup> before depreciation<sup>1</sup>, amortisation<sup>1</sup> and impairment expenses<sup>1</sup>
- **"exceptional items"** consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding €10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding €10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding €10 million for the considered quarter
- **"free cash flow before dividend and share buy-back"** is defined as net cash provided by operating activities<sup>1</sup> less net cash used in investing activities<sup>1</sup>
- **"gearing"** is defined as net financial debt divided by equity<sup>1</sup>
- **"net financial debt"** or **"NFD"** refers to long-term debt<sup>1</sup> plus short-term debt<sup>1</sup>, less cash and cash equivalents<sup>1</sup> (including short-term investments)<sup>1</sup>

## 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
- **"ferritic steel"** refers to stainless steel grades with low/no nickel content
- **"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
- **"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\$6.3210 as of December 31, 2021

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



- “**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 casted 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.\$1.1326 as of December 31, 2021
- “**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, 2021 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<sub>2</sub> footprint<sup>2</sup> 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’. The acquisition of ELG is described in greater details under section “Key transactions in 2021: Acquisition of ELG” including its strategic rationale and key financials. Unless stated otherwise, this management report will solely focus on the Aperam Group excluding ELG.

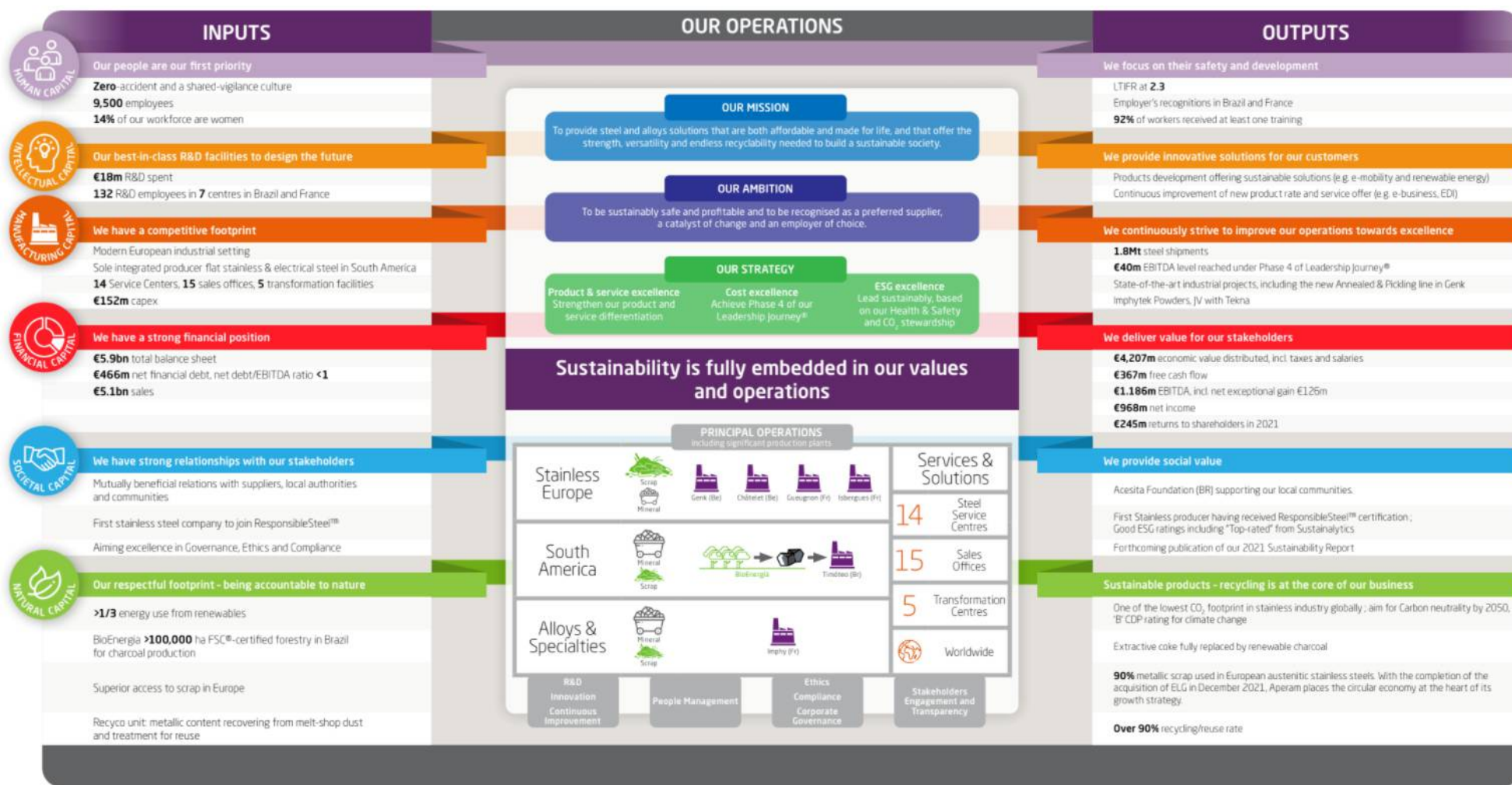
Aperam has an annual production capacity of 2.5 million tonnes and is a leading stainless and specialty steel producer in South America and the second largest producer in Europe. We are also a leading producer of high value added specialty products, including grain oriented (GO) and non-grain oriented (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 2021, we have a workforce of about 9,500 employees. Our distribution network is comprised of 14 Steel Service Centres (SSCs), 5 transformation facilities and 15 sales offices. Our products are sold to customers in over 40 countries, including those operating in the aerospace, automotive, catering, construction, household appliances, electrical engineering, industrial processes, medical, and oil & gas industries.

Aperam posted sales of €5.1 billion and €3.6 billion and EBITDA of €1.186 million and €343 million for the years ending December 31, 2021 and 2020 respectively. Shipments amounted to 1.82 million tonnes and 1.68 million tonnes for the years ending December 31, 2021 and 2020 respectively.

---

<sup>2</sup> Scope 1 and 2

## Our Business model<sup>3</sup>: how we create value



<sup>3</sup> Aperam announced the completion of the acquisition of ELG on December 27, 2021. ELG is a global leader in stainless steel and superalloys recycling and will further strengthen Aperam's competitiveness and Environmental-Social-Governance leadership position in the industry. ELG is fully consolidated into the Aperam Group as from acquisition date under a new operating segment Recycling. Figures included herein reflect the Aperam Group excluding ELG.

## 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 40.94% 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. Please refer to the section below "Key transactions in 2021: Acquisition of ELG".

## Key transaction in 2021: Acquisition of 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 is summarized below.

### *Announcement 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 for an Enterprise Value of €357 million (Equity value €30 million) valued at December 31, 2020 under a locked box mechanism under which Aperam owns the economic value added to the ELG business as from January 1, 2021. 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. The acquisition, which was subject to customary regulatory approvals, was completed on December 27, 2021, and is expected to generate total minimum per annum synergies of €24 million within three years.

### *Strategic rationale: a compelling combination that enables lower cost, environmental improvement & growth:*

Defending Aperam's cost leadership position	Synergies of €24 million per annum identified + additional potential to be identified
Driving Aperam's environmental ambition	Facilitates even higher use of recycled materials which lowers energy consumption and GHG emissions
Supporting Aperam's growth potential	Footprint in North America & Asia stainless recycling markets and superalloys all offer growth potential
Opening new areas for development	Closing recycling loops increases scrap volumes and improves quality, and enables to link Aperam's Alloys and Specialties segment with ELG's superalloys
Securing supply of Aperam's key strategic raw material	Scrap is Aperam's main raw material. Aperam uses more than 80% of scrap in its European operations

### Regulatory approvals and completion of the transaction

On November 26, 2021, Aperam announced that the pending acquisition of ELG had been approved by the European Commission. On December 27, 2021, Aperam announced the completion of the acquisition of ELG with all necessary regulatory approvals having been obtained without conditions.

### Key financials of the transactions and new operating segment "Recycling"

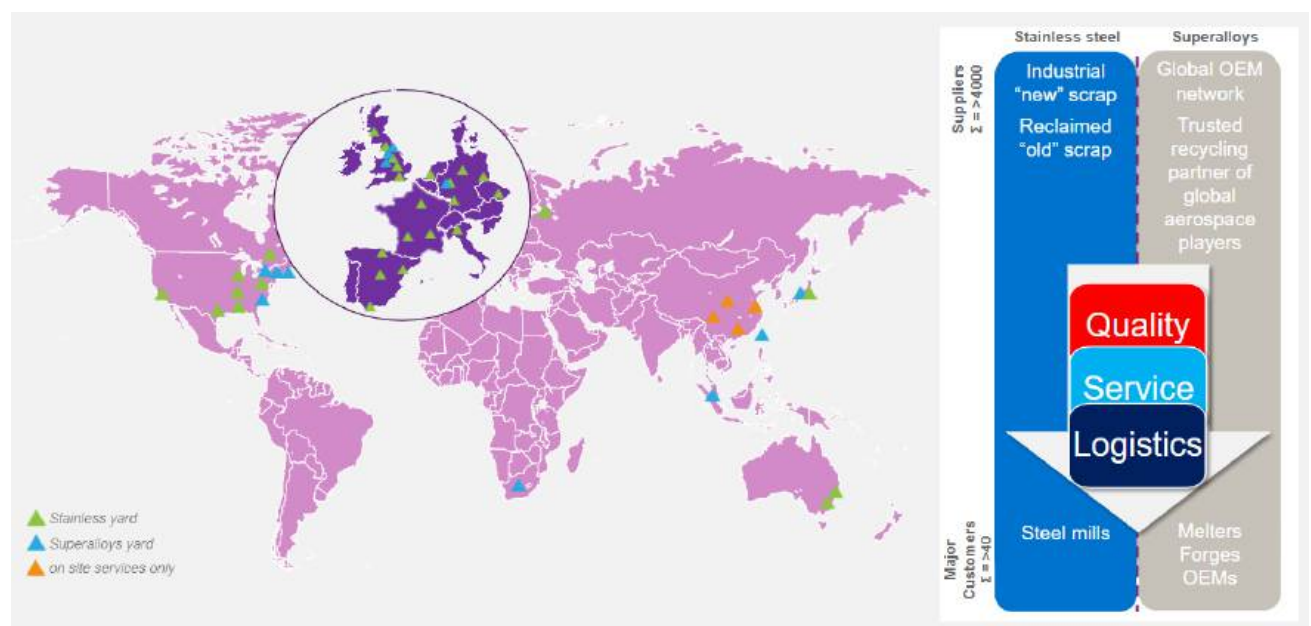
ELG's average EBITDA for the period 2017-2020 of €55 million (adjusted through the cycle on comparable scope to assets purchased) was used to value the transaction. Applied to the acquisition price, the EV/ EBITDA multiple is 6.5x before and 4.5x post synergies.

The acquisition of ELG based on a locked box mechanism, allowed Aperam to benefit from 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 accounts.

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 preliminary bargain purchase gain of EUR 117 million accounted for by the Company at acquisition was the only transaction qualifying as an exceptional item in the operating income of this new segment "Recycling". As a consequence, this preliminary bargain purchase gain has been included in the segment "Others & Eliminations". The performance of the new segment "Recycling" will be disclosed as from the first quarter of 2022.

The upstream value chain extension through the combination with ELG is a transformational addition to Aperam's business model. This will also be expressed in Aperam's operating segments. As from the 2022 financial statements onward, ELG will be reported, together with Recyco and ASB Recycling, as part of a new operating segment named "Recycling". This expresses the importance that the circular economy has to Aperam. Similar to the Leadership Journey® initiative, we will report on the initiatives that improve the competitiveness of the Recycling segment during and after integration.

### ELG description of operations



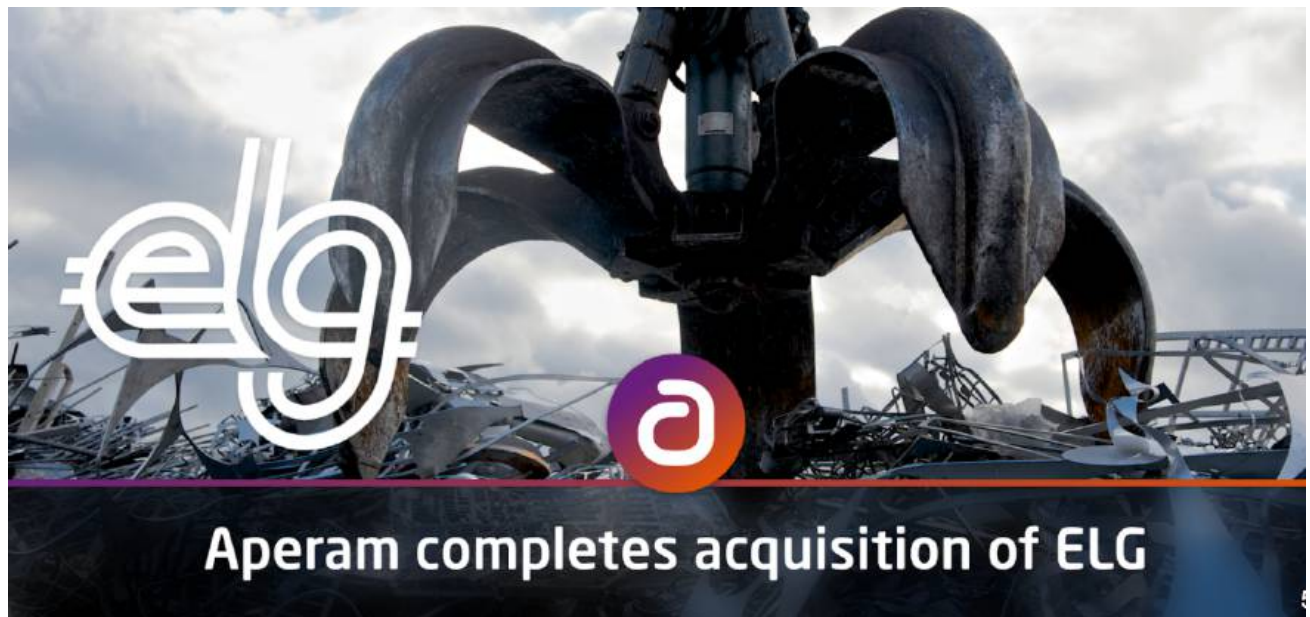


ELG is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys and titanium. With 51 locations in North America, Europe, Asia, Australia and South Africa, ELG has one of the largest global networks of its industry.

ELG's product lines include stainless steel, special metals and superalloys scrap. ELG'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 the 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 that 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.

In 2021, ELG's workforce counted 1,200 employees which contributed to reducing the stream of metal waste: 1.2 million tonnes of recycled raw material were shipped in 2021 to be transformed into new products. Together with ELG's suppliers and customers, ELG 'closes the metals loop' every day.



## Our operational organisation and facilities

In 2021, we managed our business according to three 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 and Aperam BioEnergia, which produces wood and charcoal (biomass) from cultivated eucalyptus forests. We use the charcoal (biomass) produced by Aperam BioEnergia as a substitute for coke at our Timóteo production facility.

This segment accounted for 48.1% of external sales and 75.5% of EBITDA for the year ending December 31, 2021, and 45.8% of external sales and 80.8% of EBITDA for the year ending December 31, 2020.



- **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 41.8% of external sales and 17.5% of EBITDA for the year ending December 31, 2021, and 40.2% of external sales and 11.4% of EBITDA for the year ending December 31, 2020.

- **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 10.1% of external sales and 4.9% of EBITDA for the year ending December 31, 2021, and 14.0% of external sales and 13.1% of EBITDA for the year ending December 31, 2020.

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. Additionally, an exceptional preliminary bargain purchase gain of €117 million linked to the acquisition of ELG was recorded as of December 31, 2021. EBITDA for "Others and Eliminations" accounted for 2.0% of EBITDA for the year ending December 31, 2021, and (5.3)% of EBITDA for the year ending December 31, 2020.

### *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 2021, steel shipments from Stainless & Electrical Steel Europe facilities represented 1,170 thousand tonnes (compared to 1,048 thousand tonnes in 2020).

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. Recyco<sup>4</sup>, our electric arc furnace recycling facility located in France (Isbergues), retrieves dust and sludge with the aim of recycling stainless steel raw materials and reducing waste.



## 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 591 thousand tonnes in 2020.

<sup>4</sup> Recyco is part of the operating segment Recycling as from 2022 ; please refer to section “Key transactions in 2021: Acquisition of ELG”



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 from low cost biomass (charcoal) produced by Aperam BioEnergia with the wood from its eucalyptus forests.



*Aperam BioEnergia, and Timóteo*

### **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 CO<sub>2</sub> 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 is realised without any extractive fuels and 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.

## **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 is comprised of 14 steel service centres, 5 transformation facilities and 15 sales offices with a global presence. Steel shipments from the Services and Solutions division represented 726 thousand tonnes in 2021 and 646 thousand tonnes in 2020.

## 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 30 thousand tonnes in 2021 and 31 thousand tonnes in 2020.

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.



# 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 growth collapsed in 2020 due to the COVID-19 induced crisis and lockdown measures globally, growth for 2021 improved, if rather unevenly, mainly due to pandemic factors, which affected economies differently. Early 2021, new waves of infection and death rates were affecting recovery, primarily driven by developing countries in which latest surge was impacted by new variants, weaker social distancing, especially in areas of sub-optimal vaccine deployment. The pandemic caused disruptions at numerous points in supply chains, from port shutdowns in China to semiconductor checking processes in South East Asia. These disruptions pushed up inflation (while also holding back growth), which reacted much faster and more sharply than is normal, for this stage in the business cycle. Although the recovery in overall Gross Domestic Product is not yet complete in major economies, it has been skewed towards demand for goods, with services still lagging. China as well as other Asian countries, like Taiwan, have recovered quicker, thanks to aggressive health interventions, policy support and booming export demand for key products where they can rely on their production base.

Since the beginning of 2021, overall manufacturing output has been recovering and is expected to continue to do so at a strong pace. However, automotive production has been partially impacted by semiconductor shortages, which is being offset by stronger than expected real demand from non-automotive manufacturing.

In the EU, gradual lifting of lockdowns is being accompanied by a rebound in “social” spending; and Industrial Production has returned to pre-crisis levels for the Eurozone as a whole, although the recovery has been unequal across both countries and sectors; with the rapid reopening of the economy, supply chain bottlenecks and the rebound in energy prices are pushing up inflation. Although inflation dynamics vary across the euro area, this is not expected to last, with inflation returning to levels below the European Central Bank objective by the end of 2022.

For Brazil, GDP rebound in 2021, the vaccination campaign accelerated and economic activity, underpinned by private consumption and investment, restarted as restrictions were lifted; commodity prices have returned to their highest levels in over six years; and stainless steel apparent consumption is at a high, compared to recent years. Brazilian exports have benefited from the global recovery, the robust demand for commodities and a weak exchange rate. However, supply bottlenecks, lower purchasing power, higher interest rates and policy uncertainty have slowed the pace of recovery. The labour market is recovering with some delay and unemployment remains above pre-pandemic levels.

China with a swift recovery, driven by strong exports on the back of the reopening of overseas economies and robust investment, has stalled in the second half of the year. A large real estate company’s default is shaking financial markets and confidence in the sector, thereby weakening real estate investment, an important engine of growth. Prospects for manufacturing investment have also worsened due to temporary power cuts in a large number of provinces. Consumption growth is stable, but adverse confidence effects coupled with inadequate social protection still hold it back. Consumer price inflation is low as there is only limited pass-through from surging prices in upstream industries. Its manufacturing industry remained strong for the first half of the year, which supported prices for raw materials.

## 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 :

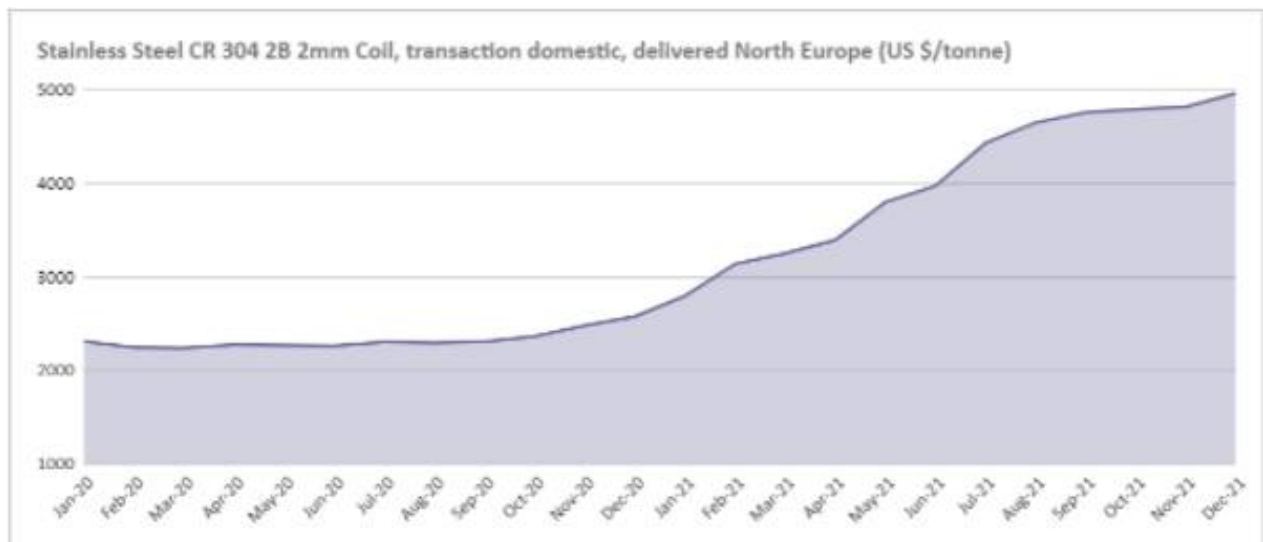
- the "base price", which is negotiated with customers and depends on market supply and demand; and
- the "alloy surcharge", which is a supplementary charge to the selling price of steel that offsets the purchase price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing 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, during 2021 stainless steel prices rose sharply, largely due to tighter balance of supply and demand resulting from production cuts in China, high raw materials prices, global trade constraints and long lead-time as well as high container shipping cost. In Europe, healthy demand, with limitation of imports, plus higher raw material costs, pushed prices at a multi year high. The strong demand in China during the first half of the year, supported by raw material momentum, kept a positive trend on domestic prices. China's second half of the year, saw price constrained, mostly impacted by the electricity supply shortage, which affected domestic steel demand. The reduction of the export rebates for most steel products by 13% that was implemented on May 1, 2021, generated a stronger Chinese export prices reaction, which is pushing the global stainless price floor.

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, 2021:



**Source:**

Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm transaction domestic, delivered North Europe have been derived from Metal Bulletin 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) were affected by global demand and supply dynamics during 2021 but also by the logistics constraints in Asia, as with most of the steel products. Non Grain Oriented prices were also strongly affected due to 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. 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 domestic apparent consumption of stainless steel saw a rebound in 2021 compared to 2020 volumes, mainly driven by China, followed by EU and USA. In Europe demand was high and pressure of unfair imports was reduced due to high prices in Asia, high shipping costs and protection measures against unfair imports. China's demand has continued to grow strongly as well as export demand for stainless-containing products. China effective slab capacity utilization rate remained above 90% for the first half of 2021, and being affected by the energy crisis in the second half of 2021 the utilization rate reduced to the 80% levels. In Brazil, the apparent consumption reached a historical high in Q2 2021, with a significant restocking effect, however the second half of 2021 saw a slow down to pre-COVID-19 levels. In the USA, demand was strong from all sectors, supporting base price increases, in a context of trade defence measures (Section 232) and shipping disruptions.

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.

The specialty alloys market saw a contrasted first half of the year 2021 after the COVID-19 induced crisis in 2020. The automotive sector partially recovered early 2021 with signs of light slow down for the second half of 2021. The aerospace sector showed signs of improvement in terms of demand, whereas the Oil & Gas market only showed few project developments. The LNG market was at a lower cycle due to the postponement of the construction of several ships. On the upside, long-term technological changes continued to drive and boost new applications for Aperam's specialty alloys products in electronics, e-mobility or green energy.

## Production and capacity

In 2021, global stainless steel production growth was very strong, driven by the recovery of demand after its collapse related to COVID-19 measures in 2020.

Global Cold Rolled stainless steel production is estimated to have increased by 11% in 2021 and by 14% in Europe. China experienced a slower growth of 6% as production had already recovered in the second half of 2020. 2022 is expected to see a more moderate growth of around 3% globally, with China showing some signs of weakening since the end of 2021.

The global structural overcapacity is estimated to have stabilized due to a slowdown of capacity added by China, where cold rolled overcapacity is estimated to have reached 2.4 million tonnes. However, Chinese companies announced the creation of massive new capacities in the upstream and downstream activities for the coming two years which, combined with a more moderate growth of demand, is expected to result in a significant increase of overcapacities.

Overall, import pressure reduced in Europe, not only because of the shipping constraints worldwide, but also because the European Commission announced anti-dumping duties on cold-rolled stainless steel imports from Indonesia and India. Moreover, the European Commission announced an extension of the steel safeguards by three years from July 1, 2021.

## 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. Largest stainless steel producers are Chinese companies and benefited from the exponential growth of their domestic market to expand capacities.

# Developments regarding trade measures

## European Union

### Summary table of actions against unfair trade

	Safeguard	Anti-dumping (AD)	Countervailing duties (CVD)
Aim	<ul style="list-style-type: none"> <li>Maintain traditional trade flows</li> <li>Volume focused</li> </ul>	<ul style="list-style-type: none"> <li>Duty on imports that are <u>priced below fair market value</u></li> <li>Price focused</li> </ul>	<ul style="list-style-type: none"> <li>Neutralize effect of <u>subsidies</u> that benefit certain imports</li> <li>Price focused</li> </ul>
Countries affected	<ul style="list-style-type: none"> <li>All countries globally (if not explicitly exempt)</li> <li>Effective since February 2019 till July 2024</li> </ul>	<ul style="list-style-type: none"> <li>Hot rolled: China, Indonesia, Taiwan since Oct. 2020 for 5 years</li> <li>Cold rolled: China, Taiwan since 2015, Indonesia, India since May 21</li> </ul>	<ul style="list-style-type: none"> <li>Cold rolled: Case opened by EU commission in February 2021 against India, Indonesia</li> </ul>
Measure	<ul style="list-style-type: none"> <li>HR quota 364kt pa*</li> <li>CR quota 861kt pa*</li> <li>Largest importers have a country quota. A residual quota for all others</li> <li>25% duty for shipments &gt; quota</li> </ul>	<ul style="list-style-type: none"> <li>HR: China 9.2% - 19.5%, Indonesia 17.3%, Taiwan 4.1% - 7.5%</li> <li>NEW: CR: China 25.3%, Taiwan 6.8% (extended for 5 years to 09/2026)</li> <li>India (10.0-35.3%), Indonesia (9.3-20.2%)</li> </ul>	<ul style="list-style-type: none"> <li>NEW: Cold Rolled: India (4.3-7.5%), Indonesia (13.5-21.4%, except PT. Jindal Stainless Indonesia)</li> </ul>
New initiatives			

\*Effective quota from 1 July 2021 to 30 June 2022. Quotas are quarterly from 07/20. There is one global SS Hot Rolled quotas since July 2020  
 SS CR: country quotas S. Korea, Taiwan, India, USA, Turkey, Malaysia, Vietnam \*\*could be difference between domestic market price and export price or cost based

### 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.

The main adopted adjustments to the existing steel safeguard measures are the following:

#### a. Length of the prolongation

- current measures (quarterly product-specific tariff-free quotas combining country-specific and residual quotas) are prolonged for 3 additional years until June 30, 2024.

#### b. Liberalization

- the current liberalization rate of +3% per year remains unchanged for the first year of the prolongation (until June 30, 2022);
- the +3% liberalization rate could however be reviewed and, if necessary, changed for the period after June 30, 2022.

### c. Review of the regime during prolongation

- the Commission will carry out a review to see whether, on the basis of the circumstances at that time, the measures should be terminated by June 30, 2023 (after 2 years of prolongation);
- in addition, the Commission will do a review of the functioning of the measures (not the possible termination) to see if there would be any modality changes needed from July 1, 2022 (after the first prolongation year) - this would be a "functioning review" like those conducted in 2019 and 2020;
- Finally, an immediate review will be triggered if the US introduces changes to its Section 232 measure on steel that may have a significant impact on the unduly diverted trade flows it currently generates

### d. Product scope

- The prolonged tariff-rate quotas apply to the same products as the current ones.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1029&from=EN>

Type of Products	Allocation by Country	Volume of tariff-rate quota (Kton) From 1.7.2021 to 30.9.2021	Volume of tariff-rate quota (Kton) From 1.10.2021 to 31.12.2021	Volume of tariff-rate quota (Kton) From 1.1.2022 to 31.3.2022	Volume of tariff-rate quota (Kton) From 1.4.2022 to 30.6.2022
Hot Rolled Stainless Steel Flat Products	Third Countries	95.4	95.4	93.3	94.4
Cold Rolled Stainless Steel Flat Products	South Korea	45.9	45.9	44.9	45.4
	Taiwan	42.6	42.6	41.7	42.1
	India	28.5	28.5	27.9	28.2
	USA	23.2	23.2	22.7	22.9
	Turkey	19.3	19.3	18.9	19.1
	Malaysia	12.2	12.2	11.9	12.1
	Third Countries	49.0	49.0	47.9	48.5

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 continued 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 duties are to be applied.

On December 17, 2021, the Commission has opened the expected safeguard review on the tariff-rate quota functioning and impact of the EU-US Section 232 deal.

In the review, the Commission will look into a number of factors, including allocations of quotas and the current, 3% level of annual liberalization of the safeguard quotas.

The review will also focus on the new trade agreement between the EU and the US for steel products. "The Commission will examine whether any changes to the US Section 232 measures have a significant impact on the unduly diverted trade flows generated by the US Section 232 measures".

In particular, the Commission intends to carry out this review in line with the following structure:

- Allocation and management of tariff-rate quotas
- Crowding-out of traditional trade flows
- Update of the list of developing World Trade Organisation Member countries excluded from the scope of the measures based on their most recent level of imports
- Level of liberalization
- Change in the US Section 232 measures
- Other changes in circumstances that may require an adjustment to the level of allocation of the tariff-rate quota

The review will be concluded by June 2022 and aims at ensuring measures are still “adapted to market evolution and in line with the interest of all stakeholders”.

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](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC1217(02)&from=EN)

## 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](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 anti-dumping duties on imports of stainless steel cold-rolled 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 decision followed an expiry review lodged by the European steel association Eurofer in May.

The extended duties will remain in place until June 30, 2024.

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 <sup>(1)</sup>
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 September 30, 2020, the European Commission published in the Official Journal the “Notice of initiation of an anti-dumping proceeding concerning imports of stainless steel cold-rolled flat products originating in India and Indonesia”.

For further details please refer to the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020XC0930%2802%29>

On May 27, 2021, the European Commission published in the Official Journal the “Implementing Regulation (EU) 2021/854 of May 27, 2021 imposing a provisional anti-dumping duty on imports of stainless steel cold-rolled flat products originating in India and Indonesia”.

On November 17, 2021, the European Commission published in the Official Journal the “Implementing Regulation (EU) 2021/2012 of November 17, 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)) is 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 <sup>(1)</sup>
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 February 17, 2021, the European Commission published in the Official Journal the "Notice of initiation of an anti-subsidy proceeding concerning imports of stainless steel cold-rolled flat products originating in India and Indonesia".

For further details please refer to the following link:

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C\\_.2021.057.01.0016.01.ENG&toc=OJ%3AC%3A2021%3A057%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2021.057.01.0016.01.ENG&toc=OJ%3AC%3A2021%3A057%3ATOC)

On December 17, 2021, the European Commission released the General Disclosure Document announcing the essential facts and considerations on the basis of which the Commission intends to impose definitive anti-subsidy measures on imports of stainless steel cold-rolled flat products originating in India and Indonesia.

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 <sup>(1)</sup>
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.

## 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 DSB deferred the establishment of a panel.

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

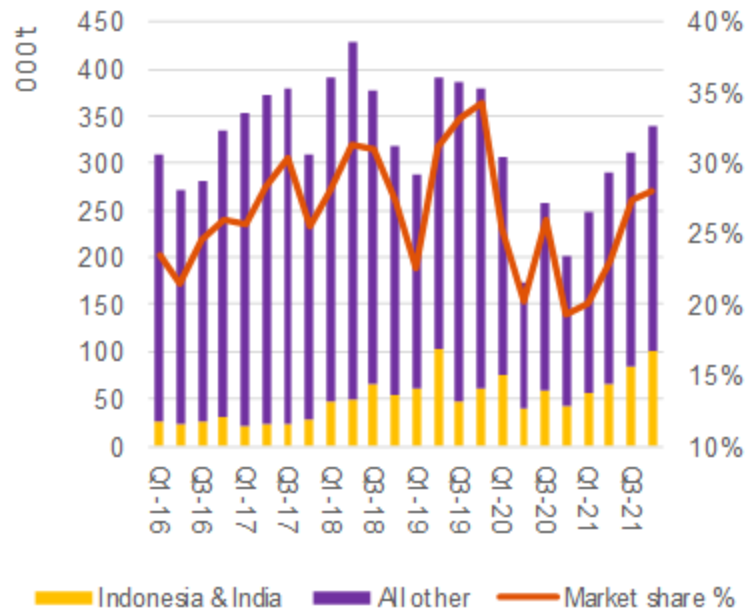
On April 19, 2021, the European Union requested the Director-General to compose the panel.

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

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

For further details please refer to the following link:  
[https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds592\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds592_e.htm)

Evolution of imports in Europe (in tonnes, and in market share):

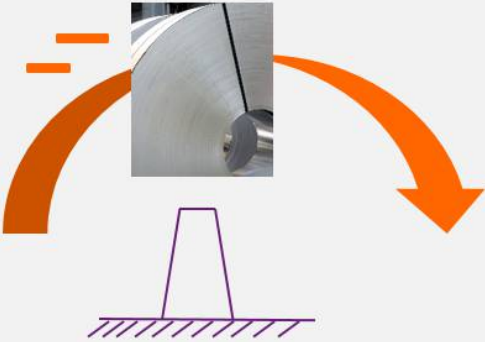


The above graph shows the evolution of stainless steel imports into Europe. Overall, import pressure reduced in Europe, not only because of the shipping constraints worldwide, but also because the European Commission announced anti-dumping duties on cold-rolled stainless steel imports from Indonesia and India. Moreover, the European Commission announced an extension of the steel safeguards by three years from July 1, 2021. On a more granular level, hot rolled import market share increased substantially reaching 40% at the end of the third quarter 2021. Asian exporters have good demand and prices in their home market for cold rolled and are therefore more prone to export hot rolled material at the moment. We are convinced that in normalized market the hot rolled import market share would be at normal levels.

## Brazil

Two key pillars of trade protection against unfair market behaviour:


### IMPORT DUTY



General import duty:

- 12.6% import duty on all stainless steel imports irrespective of origin

### ANTI-DUMPING DUTY



**Stainless flat products:**

- China: up to USD629/t, Taiwan up to USD705/t since 4.10.19 for 5 years

**Stainless steel welded tubes:**

- China: up to USD405/t since 24.07.19 for 5 years.
- Malaysia, Thailand and Vietnam: USD367/t up to USD888/t since 13.06.18, for 5 years

**Electrical steel (non grain oriented):**

- China, South Korea, Taiwan, Germany: USD90/t – USD166.3/t since 15.07.19 for 5 years

### Tariff measures to support fair market environment in Brazil

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

Type of products	Import duties status	Anti-dumping (“AD”) status
<b>Stainless Steel Flat Products</b> CR 304 and 430, in thicknesses between 0.35mm and 4.75mm	Normal import duties are 12.6%	<p>AD duties starting October 4, 2013 for 5 years from U.S.\$236/tonne to U.S.\$1,077/tonne for imports.</p> <p>Renewal investigation launched on October 3, 2018, during which time AD duties will remain in place. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany.</p> <p>Renewed AD duties against China and Taiwan starting October 4, 2019 valid for 5 years from U.S.\$175/tonne to U.S.\$629/tonne for China and U.S.\$93/tonne to U.S.\$705/tonne for Taiwan.</p> <p>Anti-Dumping investigation on Stainless Steel Flat CR 304 against Indonesia and South Africa launched on February 25, 2021. Anti-subsidy investigation on 304CR from Indonesia also launched on June 2, 2021. On November 4, 2021 the Brazilian Trade Defence authority closed the anti-dumping investigation.</p>
<b>Stainless Steel Welded Tubes</b> in thickness between 0.4mm to 12.70mm	Normal import duties are 12.6%	<p>AD duties starting July 29, 2013, for 5 years from U.S.\$360/tonne up to U.S.\$911/tonne. Countries involved are China and Taiwan.</p> <p>Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place</p> <p>AD duties starting June 13, 2018, for 5 years from U.S.\$367/tonne up to U.S.\$888/tonne. Countries involved are Malaysia, Thailand and Vietnam.</p> <p>Renewed AD duties against China starting July 24, 2019 valid for 5 years from U.S.\$344/tonne to U.S.\$405/tonne.</p>
<b>Electrical steel – Non Grain Oriented (NGO)</b>	Normal import duties are 12.6%	<p>AD duties starting July 17, 2013, for 5 years from U.S.\$133/tonne to U.S.\$567/tonne. Countries involved are China, South Korea and Taiwan.</p> <p>On August 15, 2014, Camex released partially NGO AD, giving 45kt of imports in the next 12 months without AD penalties.</p> <p>On November 4, 2015, Brazilian authorities decided to end the existing quota of imports without AD and fixed the AD duties from U.S.\$90/tonne to U.S.\$132.5/tonne.</p> <p>Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place.</p> <p>An investigation involving Germany was launched on May 9, 2018.</p> <p>AD duties starting July 15, 2019, for 5 years from U.S.\$90/tonne to U.S.\$166.3/tonne. Countries involved are China, South Korea, Taiwan and Germany.</p>
<b>Electrical steel – Grain Oriented</b>	Normal import duties are 12.6%	

# Raw materials and Energy

## Raw materials

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

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

The London Metal Exchange (LME) nickel price started 2021 at a high level of U.S.\$17,344 per tonne. Supported by the recovery of the stainless steel production and positive macroeconomic factors, the LME nickel price entered into a rally leading to a new 9-year high of U.S.\$20,110 per tonne in February 2021. But following an announcement of a large stainless steel and Nickel Pig Iron producer on new nickel unit production capacities, the LME nickel price strongly corrected and ended the first quarter at U.S.\$16,098 per tonne. The LME nickel price remained quite stable at that level till the end of April, somewhat depressed by fears over renewed COVID-19 deterioration in the main economies. Later on, the LME nickel price has been volatile between U.S.\$17,000 and U.S.\$18,600 per tonne on alternating considerations on macro economics and speculations on fast growing automotive electrification. It ended the second quarter at U.S.\$18,450 per tonne. In July 2021, the LME nickel prices spiked again to U.S.\$ 19,892 per tonne supported by strong fundamentals with higher than expected demand from the stainless steel and EV sectors and fresh supply disruptions threats. After a consolidation phase, the LME nickel price found a new yearly high at U.S.\$20,375 per tonne in September 2021. At the end of the third quarter the LME nickel price was traded at U.S.\$18,180 per tonne amid inflation concerns and weakness across the base metal complex. During the fourth quarter, amid COVID-19 related tensions and strong demand in Europe and US, the LME nickel prices remained volatile ranging between U.S.\$19,000 and U.S.\$20,500 per tonne. The peak of U.S.\$21,135 per tonne was achieved at the end of November. At the end of year, the LME nickel price consolidated at U.S.\$20,925 per tonne. The LME nickel stocks decreased from 248,382 tonnes in January 2021 to 101,256 tonnes at the end of the year.

After a year of sluggish development, the Ferrochrome price started 2021 on a stronger trend. The European ferrochrome benchmark price increased to U.S.\$1.18 per pound of chrome in the first quarter amid a positive market sentiment as the producing countries faced supply disruptions as well as tightness in transportation logistics while the global demand recovered from the pandemics lows. In this context, the European benchmark price for the second quarter was concluded significantly higher at U.S.\$1.56 per pound of chrome, reflecting the sudden and strong price momentum of the first quarter and continued tightness in supply in Europe. The European ferrochrome benchmark price was rolled over for the third quarter in mid June. Following strong global demand, the European benchmark price for the fourth quarter 2021 jumped by 15% quarter on quarter to U.S.\$1.80 per pound of chrome, its highest level since the first quarter of 2009.

Molybdenum prices started the first quarter trading at U.S.\$22.27 per kilogram in January to peak at U.S.\$27.56 per kilogram in February 2021 on the basis of logistical disruptions (container shortage, COVID-19 related disruptions in South America,...) combined with a recovering demand. Despite these logistical challenges, the molybdenum prices dropped due to a temporary fallback in global demand but at the end of the first quarter, the molybdenum price was traded at U.S.\$24.36 per kilogram. In the second quarter, supported by falling inventories, rising freight costs, social unrest in Chile together with strong demand, the molybdenum prices reached a 7 years high of U.S.\$44.15 per kilogram in June. The molybdenum price ended the second quarter slightly lower at U.S.\$42.66 per kilogram. In July, the molybdenum price remained quite stable at U.S.\$40.41 per kilogram amid a balanced market between supply and demand, with slow trading activity. Supported by a renewed demand interest and continued freight delays disrupting the supply, the molybdenum price increased in August to peak at U.S.\$44.20 per kilogram early September. Shortly thereafter,



driven by limited market activity, the molybdenum price softened to end the third quarter 2021 at U.S.\$40.675 per kilogram. The molybdenum prices stood at U.S.\$41.56 per kilogram at the end of December 2021.

Ferrous scrap prices were at a high level of U.S.\$464.17 per tonne in January. But depressed demand from the export market together with a reasonable supply put a downward pressure on the ferrous scrap prices, dropping to U.S.\$381.84 per tonne in February. Since then, the ferrous scrap price recovered on an improved global demand and ended the first quarter at U.S.\$420.64 per tonne. Boosted by the news that China removed the export tax rebate on some steel products on May 1, higher iron ore prices and relaxed import criteria, the ferrous scrap prices consistently increased during the second quarter. In June 2021, the ferrous scrap price reached a new 10 year high of U.S.\$510.55. At the end of the second quarter, the Ferrous scrap price softened to U.S.\$496.38 per tonne on less than expected Chinese imports. Since then, the ferrous scrap prices have been on a consistent downward trend because finished steel sales on the export and domestic markets have remained poor. The ferrous scrap price was down to U.S.\$429.75 per tonne at the end of the third quarter 2021. At the beginning of October, stronger demand and limited supply pushed the price to U.S.\$503.32 per tonne but as demand softened, the ferrous scrap decreased again to U.S.\$450.88 per tonne at the end of the year.

## Energy

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

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

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

As an industrial Company, Aperam is a large consumer of electricity and natural gas. The energy and natural gas inflation had some impact during the second half of 2021. In this environment, we also seek to balance higher costs with efficiency gains. This is an industry wide phenomenon that has a comparable impact on production costs across the industry. The episode shows how important our 30% energy reduction target to 2030 is and that investment in energy savings has potentially high returns.

## Impact of exchange rate movements

At the end of 2020, the Euro amounted to 1.2271 U.S. dollar/Euro and 6.3779 Brazilian real/Euro. In 2021, the Euro depreciated by 8.3% against the U.S. dollar to reach 1.1326 U.S. dollar/Euro. In 2021, the Euro depreciated by 0.9% against the Brazilian real to reach 6.3210 Brazilian real/Euro.

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

# COVID-19: health and safety review

## *COVID-19: Health and Safety review*

Health and Safety remained as a top priority within the organisation. 2021 has continued to be dominated by the COVID-19 pandemic situation. Aperam maintained its installed centralised crisis management approach in the fight against the spread of the virus.

With all the measures implemented and their reinforcement at each site, Aperam has been able to limit the spread of the virus and ensure a very low level of contamination within the sites. In addition to these measures, many initiatives were taken on top of the general guidance such as

- rolling out a preventing testing strategy on the sites using saliva self tests;
- providing all employees a set of saliva tests for private use;
- shipping self tests for our employees and families and the local communities in India and our Indore plant, shipment of portable oxygen generators for the local hospitals, offering the possibility to our employees and families to come and live in the plant premises.

As a result, and thanks to the contribution of all our employees, we managed to keep our assets running with only temporary halts to implement strict health and safety protocols, and avoided contamination with the virus on our premises.

Aperam strongly encouraged its employees and contractors to get vaccinated. We reached in several plants a vaccination percentage far above 90%.

When allowed by country governments, Aperam used its own medical facilities to vaccinate its employees, as for instance in Brazil and in the plant of Genk in Belgium.

# Operational review and Liquidity

## Operational review

Aperam reports its operations in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties<sup>5</sup>.

The information in this section relates to the year ending December 31, 2021, and is compared to the year ending December 31, 2020.

## Key indicators

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

## Sales, steel shipments and average steel selling prices

The following table provides our sales, steel shipments and average steel selling prices by operating segment for the year ending December 31, 2021 as compared to the year ending December 31, 2020:

Operating segment	Sales for the Year Ending December 31, <sup>(1)</sup>		Steel Shipments for the Year Ending December 31, <sup>(1)(2)</sup>		Average Steel Selling Price for the Year Ending December 31, <sup>(1)</sup>		Changes in		
	2021	2020	2021	2020	2021	2020	Sales	Steel Shipments	Average Steel Selling Price
	(in millions of Euros)		(in thousands of tonnes)		(in Euros/tonne)		(%)		
Stainless & Electrical Steel <sup>(3)</sup>	4,369	2,897	1,796	1,639	2,360	1,705	50.8	9.6	38.4
Services & Solutions	2,212	1,513	726	646	2,922	2,242	46.2	12.4	30.3
Alloys & Specialties	518	511	30	31	16,600	16,061	1.4	(2.6)	3.4
Total (before intra-group eliminations)	7,099	4,921	2,552	2,316			44.3	10.2	
Others and elimination	(1,997)	(1,297)	(733)	(639)			54.0	14.7	
Total (after intra-group eliminations)	5,102	3,624	1,819	1,677			40.8	8.5	

### 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 733 thousand tonnes and 639 thousand tonnes in the year ending December 31, 2021 and 2020, respectively.
- (3) Includes shipments of special carbon steel from the Company's Timóteo production facility.

<sup>5</sup> ELG is fully consolidated into the Aperam Group as from acquisition date under a new operating segment "Recycling".

In 2021, sales increased by 40.8% compared to 2020 primarily due to higher average steel selling prices and higher steel shipments.

## Stainless & Electrical Steel

In 2021, sales in the Stainless & Electrical Steel segment (including intersegment sales) increased by 50.8% compared to 2020 primarily due to higher shipment volumes and increased average steel selling prices.

Steel shipments for this segment (including intersegment shipments) increased by 9.6% to 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. This was up from 1,639 thousand tonnes for the year ending December 31, 2020, of which 591 thousand tonnes were attributable to our operations in South America and 1,048 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 38.4% in 2021 compared to 2020.

Sales to external customers in the Stainless & Electrical Steel segment were €2,453 million for the year ending December 31, 2021, representing 48% of total sales, an increase of 48% as compared to sales to external customers of €1,660 million for the year ending December 31, 2020, or 46% of total sales.

## Services & Solutions

In 2021, sales in the Services & Solutions segment (including intersegment sales) increased by 46.2% compared to 2020 primarily due to 12.4% higher steel shipments and higher average steel selling prices by 30.3% for the segment.

Sales to external customers in the Services & Solutions segment were €2,135 million for the year ending December 31, 2021, representing 42% of total sales, an increase of 47% as compared to sales of €1,456 million for the year ending December 31, 2020, or 40% of total sales.

## Alloys & Specialties

In 2021, sales in the Alloys & Specialties segment (including intersegment sales) slightly increased by 1.4% primarily due to higher average steel selling prices by 3.4%, partly compensated by lower steel shipments by 2.6%.

Sales to external customers in the Alloys & Specialties segment were €513 million for the year ending December 31, 2021, representing 10% of total sales, an increase of 1% as compared to sales to external customers of €509 million for the year ending December 31, 2020, or 14% of total sales.

## Operating income

The following table provides our operating income and operating margin for the year ending December 31, 2021, as compared to the year ending December 31, 2020:

	Operating Income Year Ending December 31,		Operating Margin Year Ending December 31,	
	2021	2020	2021	2020
<b>Operating Segment</b>	<b>(in millions of Euros)</b>		<b>(%)</b>	
Stainless & Electrical Steel	774	159	17.7	5.5
Services & Solutions	196	26	8.9	1.7
Alloys & Specialties	50	36	9.7	7.0
<b>Total<sup>(1)</sup></b>	<b>1,042</b>	<b>199</b>	<b>20.4</b>	<b>5.5</b>

Note:

(1) Amounts shown include eliminations and other items of €22 million and €(22) million for the years ending December 31, 2021 and 2020 respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with intersegment eliminations and/or non-operational items that are not segmented.

The Group's operating income for the year ending December 31, 2021, was €1,042 million, compared to an operating income of €199 million for the year ending December 31, 2020. Group operating income increased by 424% as higher demand supported a pricing recovery in both Europe and South America. Additional contributions could be realized from inventory valuation gains, from the Leadership Journey® Phase 4 and the Top Line strategy. Exceptional gains of €126 million made of €117 million preliminary bargain purchase gain on ELG acquisition plus €9 million from the PIS/Cofins tax credits related to prior periods recognized in Brazil also contributed to the operating income in 2021 when exceptional gains of net €50 million from the PIS/Cofins tax credits and restructuring provisions for the Leadership Journey® Phase 4 also contributed to the operating income in 2020.

## Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was €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. This is compared to operating income of €159 million for the year ending December 31, 2020, of which an operating income of €16 million was attributable to our operations in Europe and €143 million was attributable to our operations in South America. The market recovery in both regions resulted in higher prices and higher volumes. The implementation of the Top Line strategy and Leadership Journey® were also supportive. Inventory valuation gains additionally benefited Europe.

## Services & Solutions

The operating income for the Services & Solutions segment was €196 million for the year ending December 31, 2021, compared to operating income of €26 million for the year ending December 31, 2020. The higher result was mainly attributable to higher shipments, higher prices and inventory valuation gains.

## Alloys & Specialties

The operating income for the Alloys & Specialties segment was €50 million for the year ending December 31, 2021, compared to operating income of €36 million for the year ending December 31, 2020. The increase is mainly attributable to higher selling price, a positive contribution from inventory valuation and cost savings through the Leadership Journey®.



## Financing income / (costs)

Financing income / (costs) include interest income, interest expense, net foreign exchange and derivative results and other net financing costs. Financing income decreased to €2 million for the year ending December 31, 2021, compared to financing income of €40 million for the year ending December 31, 2020.

Excluding the foreign exchange and derivative results described below, net interest expense and other financing costs for the year ending December 31, 2021 were below €1 million, including an exceptional interest income of €7 million in Brazil for PIS/Cofins tax credits related to prior periods, compared to positive net interest expense and other financing costs of €49 million for the year ending December 31, 2020, including an exceptional interest income of €66 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 €(9) million for the year ending December 31, 2021, of which cash costs of financing of €(7) million, compared to recurring financing costs of €(15) million for the year ending December 31, 2020, of which cash costs of financing of €(11) 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 gain of €2 million for the year ending December 31, 2021, compared to realised and unrealised foreign exchange and derivative losses of €(9) million for the year ending December 31, 2020. 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 €(74) million for the year ending December 31, 2021, compared to an income tax expense of €(63) million for the year ending December 31, 2020. Our 2021 income tax expense was primarily due to positive operational results in several countries. The income tax expense was positively impacted by additional recognition of deferred tax assets on tax attributes in several jurisdictions as well as a more favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions for the year ending December 31, 2021 compared to the year ending December 31, 2020. The effective tax rate for the year ending December 31, 2021 was 7% compared to the effective tax rate of 26% for the year ending December 31, 2020.

## Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of €968 million for the year ending December 31, 2021, compared to a profit of €175 million for the year ending December 31, 2020.

## 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, 2021	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others / Eliminations <sup>(1)</sup>	Total
Operating income (loss)	774	196	50	22	<b>1,042</b>
Depreciation, amortisation and Impairment	(122)	(12)	(8)	(2)	<b>(144)</b>
<b>EBITDA</b>	<b>896</b>	<b>208</b>	<b>58</b>	<b>24</b>	<b>1,186</b>

(in millions of Euros)

Year ending December 31, 2020	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others / Eliminations <sup>(1)</sup>	Total
Operating income (loss)	159	26	36	(22)	<b>199</b>
Depreciation, amortisation and Impairment	(118)	(13)	(9)	(4)	<b>(144)</b>
<b>EBITDA</b>	<b>277</b>	<b>39</b>	<b>45</b>	<b>(18)</b>	<b>343</b>

Note:

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

## Net Financial Debt and Gearing

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

Gearing is defined as Net Financial Debt divided by equity.

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

<i>(in millions of Euros)</i>	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Long-term debt	719	372
Short-term debt	271	53
Cash and cash equivalents	(524)	(358)
<b>Net Financial Debt</b>	<b>466</b>	<b>67</b>
Equity	2,953	2,204
<b>Gearing</b>	<b>16%</b>	<b>3%</b>

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

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

<i>(in millions of Euros)</i>	<b>Year ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
Net cash provided by operating activities	550	303
Net cash used in investing activities	(183)	(108)
<b>Free cash flow before dividend and share buy-back</b>	<b>367</b>	<b>195</b>

## Trend information

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

### Outlook

On February 11, 2022, the Company released its fourth quarter and full year 2021 results, which are available on the Company's website ([www.aperam.com](http://www.aperam.com)) under the "Investors" > "Reports and Presentations" > "Quarterly Reports" section. As part of its prospects, the Company announced that Q1 2022 Adjusted EBITDA is expected at a slightly higher level versus the record Q4 2021 base, and that net financial debt at the end of Q1 2022 is expected slightly higher than end of Q4 2021.

## 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 87 subsidiaries. The parent company generated a net profit<sup>6</sup> of €810 million in 2021.

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

Complementary regulatory developments were published in the course of 2021 specifying the content, methodology and presentation of information to be disclosed by Financial and Non-Financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. A phased implementation is planned in accordance with the Disclosures Delegated Act: non-financial undertakings shall disclose, from 1 January 2022 until 31 December 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 (see below), whereas starting on the 2022 accounts, the alignment with all criteria contributing to climate change mitigation or adaptation (including DNSH) will have to be assessed and reported.

<sup>6</sup> 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.

## Implications for non-financial undertakings

In accordance with Article 10 (1) of the Disclosures Delegated Act, non-financial undertakings shall disclose from 1 January 2022 until 31 December 2022 the proportion of EU Taxonomy-eligible and EU Taxonomy non-eligible economic activities in their total turnover, capital and operational expenditure.

The identification of the eligible activities corresponds to a preliminary screening 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 criteria defined for its sector (for instance in terms of CO<sub>2</sub> intensity or level of circularity) together with the DNSH requirements.

**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 companies 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 of 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](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-faq_en.pdf)

## Eligibility and preliminary results for Aperam

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.

Following an analysis of our activities led jointly by Aperam's Finance and Sustainability teams, 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 "enabling activities" meaning activities supporting the transition of other sectors towards low-carbon operations. For further reference, the substantial contribution criterion for Climate Change mitigation from the Iron and Steel sector is one of the following: a CO<sub>2</sub>e 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 is not included in our preliminary analysis and reporting below but we are further working on assessing their possible eligibility, in particular considering 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, for instance.

Lastly, for the year ended December 31, 2021, we did not consolidate ELG into Aperam figures for the EU Taxonomy as only the ELG's statement of financial position had been consolidated into Aperam's consolidated statement of financial position as of December 2021. We will assess ELG's eligibility in the upcoming report, together with Alloys & Specialties.



Overall, according to our analysis, the activities considered eligible under the EU Taxonomy regulation represent 90% of turnover, 85% of OpEx, and 94% of CapEx of the Aperam group as of December 31, 2021, while the rest of the business is still under assessment.

Whereas we are confident that these eligible entities should be able to comply in full to the applicable criteria, such as CO<sub>2</sub> intensity in Brazil and scrap ratio in Europe, we also expect further clarifications and additions to the EU Taxonomy documentation to address some uncertainties and recognize the benefits of specific sub-sectors. Therefore, further works will be necessary to conclude in 2022 on the share of the activity to be considered as aligned.

<b>Aperam</b>	<b>EU Taxonomy - eligible (%)</b>	<b>EU Taxonomy Non-eligible (%)</b>
Turnover	90%	10%
OpEx	85%	15%
CapEx	94%	6%

# 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 €524 million and €358 million as of December 31, 2021 and December 31, 2020, respectively.

Our total gross debt, which includes long and short-term debt, was €990 million (including €500 million attributable to ELG Group) and €425 million as of December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, Aperam had €561 million out of the total gross debt of €990 million outstanding at the subsidiary level (including €98 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 €466 million as of December 31, 2021, compared to €67 million at December 31, 2020.

Gearing, defined as net financial debt divided by total equity, was 16% as of December 31, 2021, compared to 3% as of December 31, 2020.

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.

As of December 31, 2020, the Company had a total liquidity of €833 million, consisting of cash and cash equivalents (including short term investments) of €358 million and committed credit lines of €475 million (revolving credit facility of €300 million and €100 million plus EIB financing of €75 million as described below).

## Financing

### Unsecured revolving credit facility

On June 6, 2017, Aperam entered into a €300 million unsecured revolving credit facility (The Facility) with a group of 10 banks. The Facility is structured as a five-year revolving credit facility with two options of extension by one year each, replacing its U.S.\$400 million three-year secured borrowing base facility. It will be used for the company's general corporate purposes. On May 22, 2018 and May 23, 2019, the original final maturity date of the Facility was extended by one year, to June 6, 2024.

The Facility charges interest at a rate of EURIBOR (or LIBOR, in the case of an advance denominated in U.S. dollars) plus a margin for the relevant interest period, which may be below one, two, three or six months, or any other period agreed to between the parties. The Facility also charges utilisation fees on the drawn portion of the total facility amount and commitment fees on the undrawn and uncanceled portion of the total facility amount, payable quarterly in arrears. On June 4, 2019, the Company received the consent from all lenders to amend the calculation of the margin to be determined on levels of a "Net Leverage Ratio" as opposed to the

Company's previous pricing model depending on the Group's most recent corporate rating by Standard & Poor's, Moody's, or both.

The Facility contains financial covenants, including:

- a minimum consolidated tangible net worth of €1.25 billion; and
- a maximum consolidated total debt of 70% of consolidated tangible net worth.

As of December 31, 2021, these financial covenants were fully met and the credit facility was fully undrawn.

### Unsecured short term revolving credit facility

On June 30, 2020, Aperam entered into a €100 million unsecured revolving credit facility ("The Short Term Facility") arranged with BGL BNP Paribas. The Short Term Facility is structured as a one year credit facility and is guaranteed by the *Office du Ducroire Luxembourg*. It was used for the company's general corporate purposes (excluding acquisitions financing) and the Company's specific costs or expenses that have arisen in the context of COVID-19 outbreak. This credit facility of €100 million has been extinguished on June 30, 2021.

### EIB financings

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

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

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

### Schuldscheindarlehen

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

### 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, fulfill the requirements of law. On December 31, 2021, an amount of €25 million was drawn under the Aperam NEU CP programme.

### ELG Debts

ELG debt (excluding leases) consists of €415 million of bank loans (Money market loans and overdrafts) and €40 million of promissory Notes as of December 31, 2021.

### 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 €370 million and €340 million as of December 31, 2021 and 2020, 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, 2021 and 2020 were €2 billion and €1.5 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 €(4) million and €(4) million in 2021 and 2020, respectively.

### Recent developments

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

On February 11, 2022, Aperam has increased its sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables ("TSR"), to a maximum combined amount of the programmes that could be utilised to €420 million from €370 million earlier.

### 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.

	Financial Policy	2022
5	Return excess cash to investors	Share buyback: up to €100m (up to 2.5m shares)
4	<b>Dividend</b> Base dividend progressively increases over time <sup>(1)</sup>	Dividend of €2.00 per share (~EUR156m) <sup>(2)</sup>
3	<b>Value accretive growth &amp; M&amp;A</b> min IRR 15%	~€50 million growth capex
2	<b>Company Sustainability, Upgrade and Transformation</b>	~€110m maintenance <sup>(3)</sup> / ~€40m ESG / Leadership Journey® Phase 4: ~€50m, Phase 5: ~€50m
1	<b>Strong balance sheet.</b> Ratios consistent with investment grade ratios, NFD / EBITDA of <1x <sup>(4)</sup>	✓

(1) Base dividend review in the (unlikely) event that NFD/EBITDA exceeds 1x.

(2) The Board of Directors has decided to propose for approval at the next Annual General Meeting of Shareholders of May 4, 2022, a base dividend of 2.00€/per share. Please refer to section "Earnings distribution" below for greater details.

(3) Including ELG

(4) 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 2021

On February 10, 2021, Aperam announced its detailed dividend payment schedule for 2021. The Company proposed maintaining its base dividend at €1.75, subject to shareholders approval at the 2021 Annual General



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

*In 2022*

On February 11, 2022, Aperam announced its detailed dividend payment schedule for 2022. The Company proposed to increase its dividend from €1.75 per share to €2.00 per share, subject to shareholders approval at the 2022 Annual General Meeting of May 4, 2022. The dividend payments would occur in four equal quarterly instalments of EUR 0.5 (gross) per share in 2022 as described below in the detailed dividend schedule:

	1 <sup>st</sup> Quarterly Payment (interim)	2 <sup>nd</sup> Quarterly Payment	3 <sup>rd</sup> Quarterly Payment	4 <sup>th</sup> Quarterly Payment
<b>Announcement date</b>	24 February 2022	10 May 2022	16 August 2022	9 November 2022
<b>Ex-Dividend</b>	01 March 2022	13 May 2022	19 August 2022	14 November 2022
<b>Record Date</b>	02 March 2022	16 May 2022	22 August 2022	15 November 2022
<b>Payment Date</b>	24 March 2022	10 June 2022	16 September 2022	9 December 2022
<b>FX Exchange rate</b>	25 February 2022	11 May 2022	17 August 2022	10 November 2022

## Share buyback

### Corporate authorisations

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

### Key features of the 2021 share buyback programme

On July 30, 2021, Aperam announced a share buyback programme under the authorization given by the Annual General Meeting of Shareholders held on May 7, 2019 (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: August 2, 2021 to December 31, 2021

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.

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 2021 share buyback program**

In aggregate, 1,959,592 shares were bought under this Program from August 17, 2021 to September 24, 2021, representing an aggregate amount of €99,963,194 (based on settlement date).

- Period of repurchases: August 17, 2021 to September 24, 2021 (based on settlement date)
- Number of shares acquired: 1,959,592
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : 1,156,942
  - Out of which on Euronext off market platform from the Mittal family: 802,650
- Pecuniary amount of shares acquired: €99,963,194
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : €59,018,213
  - Out of which on Euronext off market platform from the Mittal family: €40,944,981

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](http://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, 2020: 101,548 or 0.13% of the subscribed capital, representing a nominal value of €3,933,018 and an accounting par value of €532,112.
- Number of own shares acquired under share buyback program during 2021: 1,959,592 or 2.45% of the subscribed capital, representing a nominal value of €104,668,993 and an accounting par value of €10,268,262.
- Number of own shares acquired, at market price, from a related party 101,396 shares, or 0.13% of the subscribed capital, representing a nominal value of 4,705,798€ and an accounting par value of €531,315.
- Number of shares granted during the 2021 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: 71,249 shares (98,555 shares, net of 27,306 shares retained for tax purposes), or 0.09% of the subscribed capital, representing a nominal value of €3,032,891 and an accounting par value of €373,345.
- 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.

As of the date of this report, the number of treasury shares is 2,091,287. The total numbers of outstanding shares (net of treasury shares) as of 31 December 2021 stood at 77,904,993 shares.

### Key features of the 2022 share buyback program

On February 11, 2022, Aperam announced a share buyback program 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 (the "Program").

Aperam will appoint an investment services provider to execute the repurchases of shares in the open market during open and closed periods.

Aperam intends to repurchase per day a variable number of shares at market price, for an aggregate maximum amount of 100 million euros and a maximum of 2.5 million shares, over a period from 14 February 2022 up and until 31 December 2022. 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 is to be 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.

The shares acquired under this buyback program are intended to be cancelled to reduce the share capital of Aperam, and to meet Aperam's obligations arising from employee share programs.

The 2022 share buyback program has started on February 18, 2022. The weekly reporting of transactions of the 2022 share buyback programme in accordance with Market Abuse Regulation are available on the Company's website ([www.aperam.com](http://www.aperam.com)) under Investors, Equity Investors, Share Buyback.

## Sources and uses of cash

The following table presents a summary of our cash flows for the year ending December 31, 2021, as compared to the year ending December 31, 2020:

	Summary of Cash Flows	
	December 31,	
	2021	2020
	<i>(in millions of Euros)</i>	
Net cash provided by operating activities	550	303
Net cash used in investing activities	(183)	(108)
Net cash used in financing activities	(197)	(185)

### Net cash provided by operating activities

Net cash provided by operating activities amounted to €550 million for the year ending December 31, 2021, compared to €303 million for the year ending December 31, 2020. The €247 million increase of net cash provided by operating activities between 2020 and 2021 was mainly due to increased operating result.

### Net cash used in investing activities

Net cash used in investing activities amounted to €(183) million for the year ending December 31, 2021, compared to €(108) million for the year ending December 31, 2020. The net cash used in investing activities

for the year ending December 31, 2021 was mainly related to €152 million in capital expenditures, compared to €109 million for the year ending December 31, 2020. In addition we had in 2021 €31 million of other investing activities corresponding to ELG acquisition for €29 million net of cash acquired and ASB recycling for €2million net of cash acquired.

### Net cash used in financing activities

Net cash used in financing activities was €(197) million for the year ending December 31, 2021, compared to net cash used in financing activities of €(185) million for the year ending December 31, 2020. Net cash used in financing activities for the year ending December 31, 2021 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. Net cash used in financing activities for the year ending December 31, 2020 was primarily due to €139 million of dividend payments and €37 million of net payments to banks.

## Equity

Equity attributable to the equity holders of the parent increased to €2,945 million as of December 31, 2021, compared to €2,200 million on December 31, 2020. This is primarily due net profit for the year of €968 million, partially compensated by dividend declaration of €(139) million and share buy-back program €(105) million.

## Capital Expenditure<sup>(7)</sup>

Capital expenditures for the years ending December 31, 2021 and 2020 were €152 million and €109 million respectively.

---

<sup>7</sup> 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 <i>Completed</i>	Phase 2: 2014-2017 Upgrading best performing assets <i>Completed</i>	Phase 3: 2018-2020 Transforming the Company <i>Completed</i>
Launched at the early stage of the programme in 2011, the restructuring initiatives focused on the closure of non-competitive capacities and the reduction of fixed costs through, in particular, process simplification and major cost cutting investments.	Since the beginning of 2014, major projects were launched to help Aperam overcome bottlenecks in its downstream operations, improve its cost competitiveness, and enhance its product portfolio.	Launched in 2017, this phase of the journey aimed to transform the business and address the next generation needs of our customers by creating a modern, fully-connected and technology-enabled organisation. This was extended in early 2019 to consider cost reductions, including general procurement and raw material savings.
Total gains reached under Phase 1 and Phase 2: U.S.\$573 million		Total gains reached under Phase 3: €223 million

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

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, 2021, Phase 4 of the Leadership Journey® reached €40 million of cumulated annualized gains.

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

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

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

Our growth initiatives include:

- To grow our sales of high margin value added niche products and replace low contribution margin products, we will continue to focus on developing innovative products through our research and development initiatives, while also leveraging our marketing and advertising efforts for wider promotion. This includes accelerating the stainless steel consumption in the Brazilian market.
- Our industrial footprint in Europe and South America is perfectly complemented by our global service centres and sales networks, which are part of our Services & Solutions segment. In a volatile market environment, we believe that the development of the Services & Solutions segment and the provision of better customer services are key to achieving financial and operational excellence. Our value-added services include cutting, polishing, brushing, forming, welding, pickling, annealing and packaging. We believe that further developing the Services & Solutions segment will not only drive additional value creation, it will also allow us to serve our customers more effectively.
- The Alloys & Specialties segment focuses on the design, production and transformation of various specialty alloys and certain specific stainless steels. These products are intended for high-end applications or to address very specific customer requirements 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

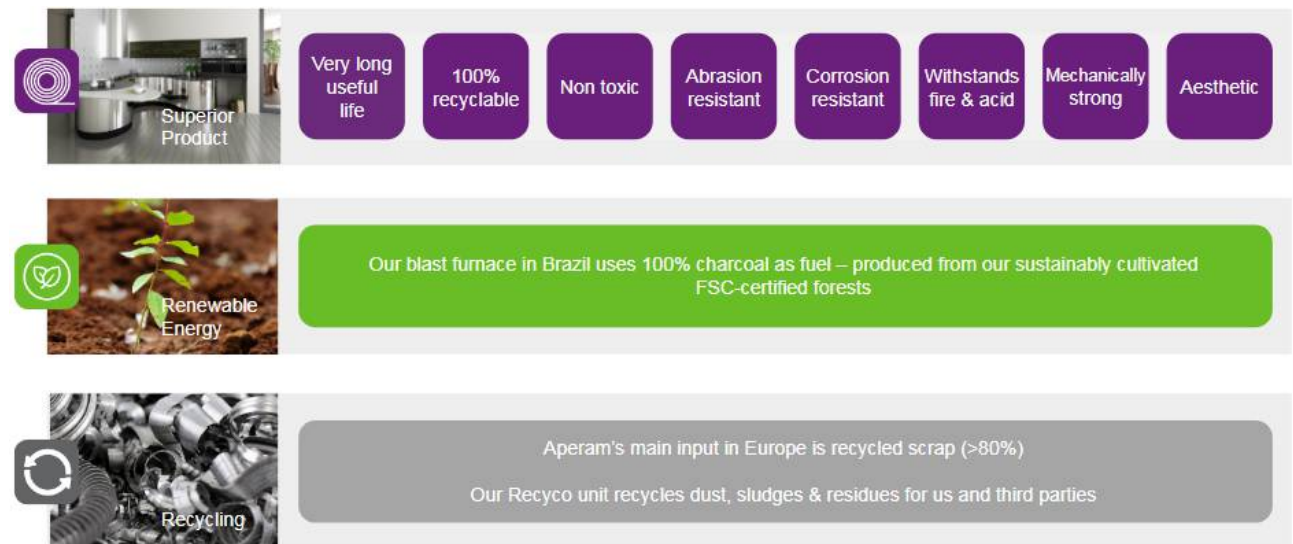
We believe that our key strengths include:

### 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 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 greater details.



The infographic is divided into three horizontal sections, each with an icon on the left and a corresponding text box on the right.

- Superior Product:** Represented by a circular icon with concentric lines. The text box contains eight purple rounded rectangles with the following attributes: Very long useful life, 100% recyclable, Non toxic, Abrasion resistant, Corrosion resistant, Withstands fire & acid, Mechanically strong, and Aesthetic.
- Renewable Energy:** Represented by a green leaf icon. The text box is green and states: "Our blast furnace in Brazil uses 100% charcoal as fuel – produced from our sustainably cultivated FSC-certified forests".
- Recycling:** Represented by a circular arrow icon. The text box is grey and contains two lines: "Aperam's main input in Europe is recycled scrap (>80%)" and "Our Recyco unit recycles dust, sludges & residues for us and third parties".

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

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

In Brazil, we also 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 footprint globally. In Brazil, about 1,000 of our employees are employed in seedling, nursing and planting eucalyptus trees. Our forest management is based upon 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 Brazil in the 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 allow it to support its customers' stainless and specialty steel requirements 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 LC21, 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 that 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 center in Gueugnon, will further contribute to the reorientation of our product portfolio towards specialties.

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

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

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

### Key strengths of Aperam's European operations

Sourcing	Logistics	Production and innovation	Sustainability
The only integrated upstream operations in the heart of Europe, with the best access to scrap supply <sup>(1)</sup>	Best location to serve Europe's biggest consumption areas	Full range of innovative stainless steel products	<p>Aperam's main input in Europe is recycled scrap (&gt;80%)</p> <p>Our Recyco unit is a unique asset that recycles dust, sludges &amp; residues for us and third parties.</p> <p>Our 4 main plants have been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard</p>
	Efficient logistics and working capital management	Flexibility and efficient capacity	
		A strategy to be a cost benchmark on key Aperam products	
		2 R&D centers	

(1) With the acquisition of ELG, Aperam benefits from a recycling backbone ; please refer to section "Key transaction in 2021: Acquisition of ELG"

## 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 <sup>(C)</sup> -certified forests
	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 centers	

## 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 132 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 67% of Aperam's sales are derived from developed markets and 33% 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 14 Steel Service Centres, 5 transformation facilities and 15 sales offices, and is one of the largest in the world. This network, along with its best-in-class service, allows the Group to develop customer loyalty and a consistent and stable customer base, while also capturing additional value in downstream operations. The Group's distribution channels are strategically located in areas of high demand and close to many end-users. The Group's global distribution network enables it to tailor its products to address specific customer needs, thereby facilitating the maintenance of our market share and the capturing of growth opportunities. The Group's customer base is well diversified, consisting of a number of blue chip clients.

## Our Premium Products - Alloys and Stainless Specialties

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

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

# 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*

The global economic recovery from the recession caused by responses to the COVID-19 pandemic is expected to continue but to slow down in 2022 compared to 2021, still impacted by high sovereign debts, and high inflation.

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 information technology systems. An increasing number of companies, including Aperam, are experiencing intrusion and phishing attempts for money transfers, as well as attempts at disabling information technology systems. If such attempts would succeed, they could cause application unavailability, data confidentiality failures, adverse publicity and, in the case of an intrusion to our process 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, risk of disruption of operations and supply chain, risk of pandemic virus**

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

The risk of pandemic due to COVID-19 or other type of disease could also affect our employees and lead to high absenteeism rate, up to fatalities in our production premises. While we have implemented strict health and safety protocols, such pandemic may impact our production processes.

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.

To the extent that lost production resulting from such a disruption cannot be compensated for by unaffected facilities, the disruption could have an adverse effect on Aperam's operations, customer service levels and results of operations.

*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](http://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™ Certification.



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 CO2 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, contains 12 principles with more than 200 requirements that set the benchmark for responsible steel production. The audit of Aperam's facilities, which took place in June 2021 and included Aperam's Châtelet, Genk, Gueugnon, Isbergues and Saint-Denis sites in Belgium and France, examined such sustainability topics 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 more than 40 exchanges with our external stakeholders, including officials, neighbours, associations, subcontractors, employees and unions. An independent Assurance Panel reviewed the final audit report and agreed with the audit team's conclusion that Aperam meets the ResponsibleSteel™ criteria.

See further 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.

To monitor its health and safety performance, the Company uses the "Lost Time Injury Frequency rate" (LTIF) indicator, a key metric that measures the time lost due to injuries per 1,000,000 worked hours. In 2021, our LTIF rate reached to 2.3, compared to 1.52 in 2020. The Severity rate of these accidents decreased to 0.12 in 2021, compared to 0.14 in 2020.

As from 2022 onwards, Aperam will introduce a new indicator, TRIR (Total Recordable Injury rate), 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. In this case, a recordable incident is any work-related injury and illness that result in death, loss of consciousness, days away from work, restricted work activity, transfer to another job, or medical treatment beyond first aid.

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, 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 2021, our Climate Survey indicates that 83% 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 Hallems, Chief Executive Officer Stainless & Electrical Steel Europe; 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 Technology Officer, Head of Sustainability, Health & Safety, Environment, Industrial Risk & Innovation and Purchasing.

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 employees 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 2021, considering the COVID-19 context, it was helpful and productive to rely on the social dialogue built with unions at European level. Besides the 4 regular meetings, we've had 5 extraordinary meetings with the select committee of the European Work Council to share specific topics (e.g adaptation measures to the specific work's situation). The members of the health and safety commission have pursued their work effectively, thanks also to these interactions.

## ***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 gaps between Women and Men on promotions and salary (for comparable jobs), and while it continues to provide remunerations above the market median, in 2021 Aperam managed to close almost 50% of the salary gap compared to 2017 and granted 30% of its promotions to women although they only represent 14% of the headcount.

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](http://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](http://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 often develops Corporate Responsibility programmes to support neighbouring communities on topics relating to 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 2021, the pandemic context continued to alter our usual engagement modes but we resumed some practices, for instance our participation to the local "Industry days/weeks" in Belgium and France, with numerous visitors, including neighbours and scholars gaining access to our installations, either online (in Châtelet) or on-site, with passionate Aperam guides to explain our process in Genk and Isbergues.

In Brazil, our Acesita foundation also continued its work on health prevention, environmental awareness, capacity building of local communities with a special attention to women entrepreneurs. The local units also granted a special donation of €200k to increase the medical service capabilities in the Vale of Jequitinhonha.



Initially planned to set up 10 Intensive Care Units, the donation eventually targeted a set of equipments creating the equivalent of 18 semi-intensive units, ready for COVID-19 but also for the robust treatment of other various illnesses with the aim to ensure greater and more sustainable medical coverage to the communities; in agreement with the local medical authorities.

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).

For 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 major assessment every two years, 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, redispached 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, we initiated a reinforcement of our investigations and stakeholder allegation watch. Recent reports related to suppliers of FerroNickel from Guatemala raised our attention, triggering a review of our risk analysis in accordance with our processes. Considering the need for in-depth studies with the concerned supplier, we decided to suspend supplies. Since then, the relationship was terminated.

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 29, 2021, Aperam published its "Made for life" report that details the progress we made in 2020 on the path to sustainability. The next release will be organised ahead of the 2022 Annual General Meeting of shareholders (which will take place on May 4, 2022) and made available on Aperam's website, ([www.aperam.com](http://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.

On November 4, 2020, Aperam had announced that the Board of Directors of Aperam had decided to co-opt Mr. Sandeep Jalan as Member of the Board of Directors until Aperam's next general meeting of shareholders, where Mr. Jalan's election was to be submitted for confirmation to the shareholders. This decision followed the resignation of Mr. Philippe Darmayan from the Board of Directors for personal considerations effective November 3, 2020. On June 8, 2021, the Annual General Meeting of Shareholders approved the election of Mr. Sandeep Jalan as Member of the Board of Directors of Aperam for a three year term.

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.

<b>Name</b>	<b>Age<sup>(1)</sup></b>	<b>Position within the Company<sup>(2)</sup></b>	<b>Date joined Board</b>	<b>Term expires</b>
Mr. Lakshmi N. Mittal	71	Chairman of the Board of Directors	December 2010	May 2022
Dr Ros Rivaz <sup>(4)</sup>	66	Lead Independent Director	May 2020	May 2023
Mrs. Bernadette Baudier <sup>(3)</sup>	61	Director	May 2019	May 2022
Mr. Joseph Greenwell <sup>(3)(4)</sup>	70	Director	May 2013	May 2023
Mr. Sandeep Jalan	54	Director	November 2020	May 2024
Mr. Alain Kinsch <sup>(3)(4)</sup>	50	Director	May 2020	May 2023
Mr. Aditya Mittal	45	Director	December 2010	May 2022

Company Secretary in 2021: Mr. Laurent Beauloye

**Notes:**

(1) Age on December 31, 2021.

(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 is the Senior Vice President Finance & People of the Gas, Renewables & Power Division of TotalEnergies since 2020.

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.



**Mr. Joseph Greenwell** is a non-executive and independent Director of Aperam, and a member of the Audit and Risk Management Committee, and the Remuneration, Nomination and Corporate Governance Committee. He has a career of 40 years in the motor industry, during which time he has held senior roles at Jaguar Land Rover, Ford of Europe and Ford North America. Mr. Greenwell was appointed Chairman of Ford of Britain in 2009, a role he retired from at the end of April 2013.

Prior to this role, Mr. Greenwell was Vice President, Government Affairs, Ford of Europe and Premier Automotive Group from 2005 to 2008, and Chairman and Chief Executive Officer of Jaguar and Land Rover from 2003 to 2005.



From 2001 to 2003, he served as Vice President, Marketing, Ford North America, Vice President, Global Marketing and Operations, and Vice President Global Product Promotions. Prior to that, he was Vice President Communications and Public Affairs for Ford of Europe from 1999 to 2001 and held similar responsibilities for Jaguar Cars from 1996 to 1999. Mr. Greenwell began his career as a graduate trainee with the British Leyland Motor Corporation in 1973. In recognition of his services to the automotive industry, he was awarded a CBE (Commander of the Most Excellent Order of the British Empire) in the Queen's birthday honours list in 2011. Mr. Greenwell is a non-executive director of privately owned Xtrac. Xtrac is worldwide leader in the design and manufacturing of transmission systems for top level motorsport and high performance automotive clients. Mr. Greenwell was appointed High Sheriff of Warwickshire, UK, for 2021/2022 and continues to serve as a Deputy Lord Lieutenant for the county.

Mr. Greenwell holds a Bachelor of Art degree from the University of East Anglia. Mr. Greenwell is a citizen of the United Kingdom.



**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 been the Country Managing Partner of EY Luxembourg (1.600 professionals) from 2009 to 2020. Mr. Kinsch has also been a member of several EY European regional leadership teams and committees during that period.

Mr. Kinsch started his career at Arthur Andersen in Luxembourg in 1995, qualifying as a Réviseur d'Entreprises and 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.

Since 2010, he has also been leading the Private Equity fund practice for EY in EMEA (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 currently serves as independent director on the Board of Directors of Arrival S.A. (NASDAQ - ARVL) and chairs its Audit & Risk Management Committee as well as on the Board of several privately owned companies.

Mr. Kinsch is a member of the Luxembourg State Council (Conseil d'Etat) since 2015 and has been appointed Vice-President in 2020. He is 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 as well as the INSEAD Advanced Certificate in Corporate Governance. 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 general*" 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 <sup>(1)</sup>	Function
Mr. Timóteo Di Maulo	62	Chief Executive Officer
Mr. Sudhakar Sivaji	42	Chief Financial Officer
Mrs. Vanisha Mittal Bhatia <sup>(2)</sup>	41	Chief Strategy Officer
Mr. Nicolas Changeur	50	Chief Executive Officer Services & Solutions, and Chief Marketing Officer Stainless & Electrical Steel Europe
Mr. Bernard Hallemans	54	Chief Executive Officer Stainless & Electrical Steel Europe
Mr. Frederico Ayres Lima	49	Chief Executive Officer and Chief Marketing Officer Stainless & Electrical Steel South America
Mr. Bert Lyssens	52	Chief Human Resources Officer and Head of Communications and IT
Mr. Frédéric Mattei	48	Chief Executive Officer Alloys & Specialties, Head of R&D
Mr. Geert Verbeeck	57	Chief Technical Officer, Head of Sustainability, Health & Safety, Environment, Industrial Risk & Innovation and Purchasing

Secretary to the Leadership Team in 2021: Mr. Guillaume Bazetoux, Head of Finance and M&A

#### Notes:

(1) Age on December 31, 2021.

(2) Mrs. Vanisha Mittal Bhatia is the daughter of Mr. Lakshmi N. Mittal and sister of Mr. Aditya Mittal.



**Mr. Timoteo Di Mauro** has been the Chief Executive Officer since January 2015. Mr. Di Mauro 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 Mauro served as Chief Commercial and Sourcing Officer from May 2012 to December 2014.

Prior to this function Mr. Di Mauro has served as Chief Executive Officer - Services & Solutions since 2005.

In 1990, Mr. Di Mauro 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 Mauro joined Ugine's Commercial Direction in Paris, where he was in charge of its Industry and Distribution division. Mr. Di Mauro 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 Mauro 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 Mauro 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 Mauro 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 center 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 responsibilities 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
29% women / 71% 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, who also acts as Secretary of all Board committees. The Company Secretary 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 six meetings in 2021. The average attendance rate of directors at the Board of Directors' meetings held in 2021 was 98%, 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 the 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 2021 Board of Directors' self-evaluation was completed by the members of the Board of Directors in February 2022. The members of the Board of Directors were of the opinion that it and the management had continued to perform successfully during 2021 on important matters including Environment-Social-Governance related subjects (e.g. management of employee's safety in a pandemic environment, ResponsibleSteel™ certification), completion of major M&A transactions (acquisition of ELG), operational and financial performance, continuous progress of the Leadership Journey®, the global stainless steel market and environment reviews, innovation and growth. Due to the persisting COVID-19 environment, meetings needed to be conducted remotely during the year.

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 2022, the members of the Board of Directors set new priorities for discussion and review, including retaining the strong desire to perform plant visits which could not take place in 2021 due to the pandemic related constraints. The Board evaluation established that the functioning of the Board of Directors based on a right balance between a pre-set annual timetable of Board topics, with flexibility and agility in the agendas for prioritisation, is effective and efficient and is to be continued.

## 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. Two 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 2021, 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 2021 included health and safety, Environmental-Social-Governance related topics (such as the Company's ResponsibleSteel™ 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, 2021, 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, 2021, 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)	
Joseph Greenwell	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, Mr. Joseph Greenwell 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 is Senior Vice President Finance & People of the Gas, Renewables & Power Division of TotalEnergies since 2020. 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 2021, the Audit Committee met four times. The attendance rate of the directors at the Audit and Risk Management Committee meetings held in 2021 was 100%. Invitees at the Committee in 2021 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 2021, 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 2022 with respect to performance in 2021.

## 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 Messrs. Alain Kinsch and Joseph Greenwell 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 2021, this committee met three times. The attendance rate at the Remuneration, Nomination and Corporate Governance Committee meetings held in 2021 was 100%. Invitees at the Committee in 2021 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 2021, 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 2020 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 2022 with respect to performance in 2021.

## 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](http://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](http://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](http://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, 2021, the Company's issued share capital was represented by 79,996,280 fully paid up shares without nominal value. As of December 31, 2021, the Company's authorised share capital, including the issued share capital, consisted of 88,100,042 shares without nominal value.
- On May 7, 2019, the Annual General Meeting of Shareholders decided (a) to cancel 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 5 May 2015 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, with option to delegate, 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 the five-year period.

The maximum number of shares that may be acquired is a number of shares such that 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 30 trading days preceding the three 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 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's 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 December 11, 2020, and is available on the Company's website ([www.aperam.com](http://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

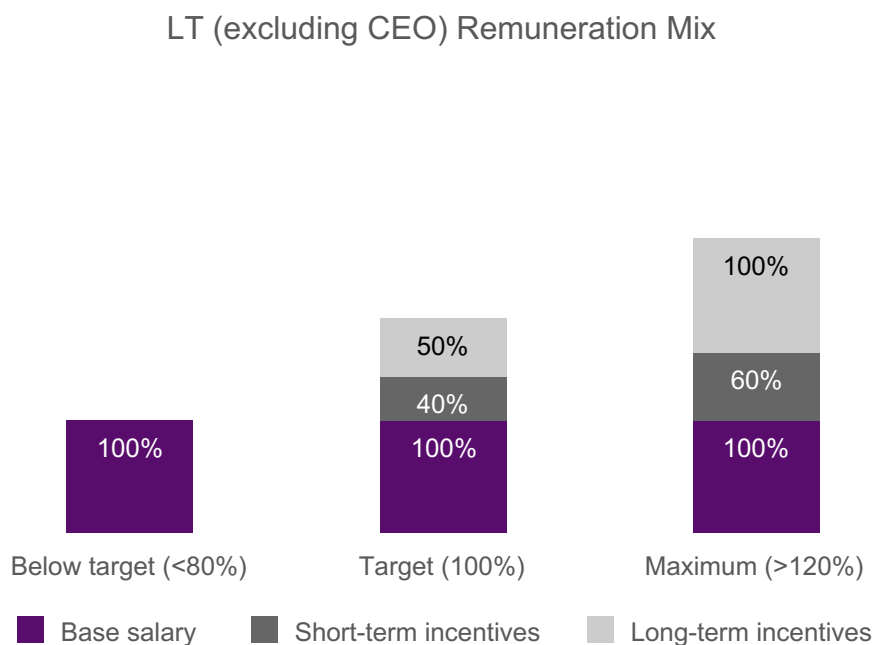
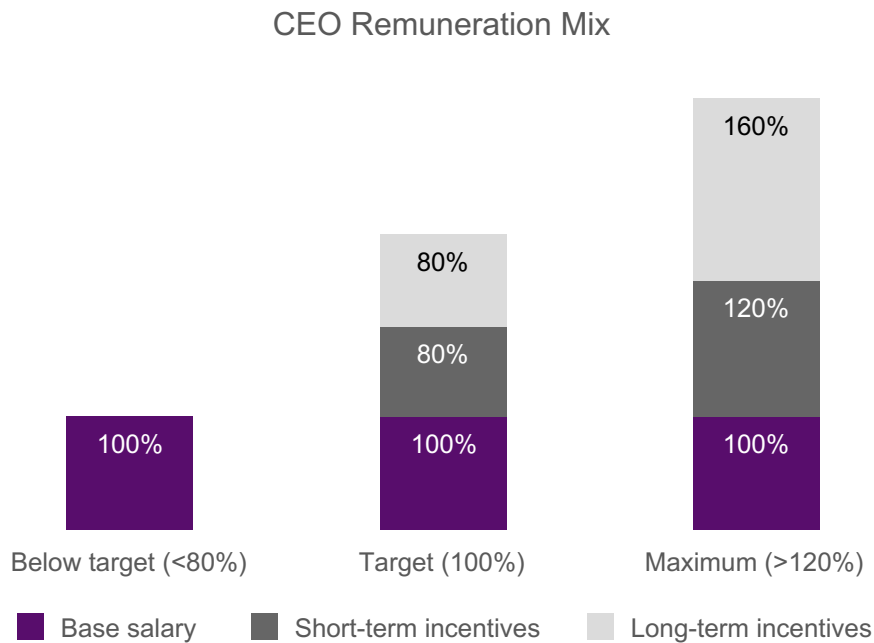
## Remuneration framework

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 2021.



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
- achievement of more than 100% and up to 120% of the performance measure generates a higher performance bonus pay-out capped at 150%.

For the Chief Executive Officer and the Members of the Leadership Team, the 2021 bonus formula is based on:

2021 Measures	% Weighting for the Chief Executive Officer and LT members	Review
EBITDA • <i>Rationale: demonstrates growth and operational performance</i>	40%	Incentive attributed to this metric
Free Cash Flow • <i>Rationale: demonstrates growth and operational performance</i>	20%	Incentive attributed to this metric
Leadership Journey® • <i>Rationale: demonstrates capacity to improve operational excellence by self-help measures</i>	20%	Incentive attributed to this metric
Gap to competition • <i>Rationale: demonstrated capacity to outperform peers.</i>	20%	Incentive attributed to this metric

The achievement level of performance for performance bonus is summarised as follow:

	<b>Business Plan Achievement Threshold at 80%</b>	<b>Business Plan Achievement Target at 100%</b>	<b>Business Plan Achievement Ceiling at 120%</b>
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

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 2021 Performance Bonus Plan with respect to senior management is structured based on the same criteria as the 2021 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 2018:

- 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:

50% vesting is linked to TSR evolution compared to SBF120 index and DAX index over a three year period:

- 25% 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
- 25% 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

50% vesting is linked to EPS and TSR evolution compared to a peer group over a three year period

- 25% of vesting is linked to EPS evolution compared to a peer group over a three year period:
  - 12.5% 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.
  - 12.5% 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.
- 25% of vesting is linked to TSR evolution compared to a peer group over a three year period:
  - 12.5% 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.
  - 12.5% 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.

Upon proposal of the Remuneration, Nomination and Corporate Governance Committee, it is intended to include Environment, Social and Governance (« ESG ») targets within the upcoming Long Term Incentive Plans, with additional details to be provided at the publication of the convening notice to the May 4, 2022 annual general meeting of shareholders.

#### *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 shares were vested and allocated to qualifying employees (out of which 33,611 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).

- 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 "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, 2021 and 2020, Aperam did not have any outstanding loans or advances to members of its Board of Directors and, as of December 31, 2021, 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, 2020 and 2021. In particular, at the June 8, 2021, annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2020 financial year at €543,415. The directors' compensation for the financial period ending December 31, 2021 will be submitted for shareholder approval at the annual general meeting expected to take place on May 4, 2022.

Name	Financial period ending December 31, 2020 <sup>(1)</sup>	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee <sup>(5)</sup>	Financial period ending December 31, 2021 <sup>(1)</sup>	Comparison vs. average remuneration on a FTE basis of an Aperam SA employee <sup>(5)</sup>
Mr. Lakshmi N. Mittal	€70,000	0.61x	€70,000	0.66x
Mrs. Bernadette Baudier	€85,000	0.74x	€85,000	0.80x
Mr. Romain Bausch <sup>(2)</sup>	€33,299	0.29x	N/A	N/A
Mr. Philippe Darmayan <sup>(3)</sup>	€58,716	0.51x	N/A	N/A
Mr. Joseph Greenwell	€82,500	0.72x	€82,500	0.78x
Mr. Sandeep Jalan <sup>(3)</sup>	€11,284	0.10x	€70,000	0.66x
Mr. Alain Kinsch <sup>(4)</sup>	€57,616	0.50x	€87,500	0.82x
Mrs. Kathryn A. Matthews <sup>(2)</sup>	€25,615	0.22x	N/A	N/A
Mr. Aditya Mittal	€70,000	0.61x	€70,000	0.66x
Dr. Ros Rivaz <sup>(4)</sup>	€49,385	0.43x	€83,932	0.79x
<b>Total</b>	<b>€543,415</b>		<b>€548,932</b>	
Shareholders' approval date	June 8, 2021		N/A	
Shareholders' expected approval date	N/A		May 4, 2022	

### Notes:

- (1) The directors compensation structure remained unchanged between 2020 and 2021. Reported changes in amounts are due to changes in the Board of Directors composition. See below.
- (2) Mr. Romain Bausch and Mrs. Kathryn A. Matthews resigned effective May 5, 2020. Mr. Romain Bausch was Lead Independent Director, Chairman of the Remuneration, Nomination and Corporate Governance Committee. Mrs. Kathryn A. Matthews was a member of the Remuneration, Nomination and Corporate Governance Committee.
- (3) Mr. Philippe Darmayan resigned effective November 3, 2020. Mr. Sandeep Jalan was co-opted on November 3, 2020 as director until Aperam's next annual general meeting of shareholders of June 8, 2021, where Mr. Jalan's election was approved by the shareholders.
- (4) Mr. Alain Kinsch and Dr. Ros Rivaz were elected at the annual general meeting of shareholders of May 5, 2020. Mr. Alain Kinsch is the Chairperson of the Remuneration, Nomination and Corporate Governance Committee, and a member of the Audit and Risk Management Committee. Dr. Ros Rivaz is the Lead Independent Director since February 9, 2021, and a member of the Remuneration, Nomination and Corporate Governance Committee.
- (5) 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. (€115k in 2020 ; €106k in 2021). The average remuneration in Aperam S.A. decreased because of changes in the population : entry of young talents and departure of senior profiles.

## 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 2021 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 2020 results), and pension expenses, is available in the table below. In particular, in 2019, no shares vested under the PSU Plan 2016 as the vesting criteria were not met over the three year period 2016 to 2019. The Company does not consider options for the short term bonus to be reclaimed, nor to be deferred.

### 2021

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

Name	Year	1 Fixed Remuneration		2 Variable remuneration		3 Exceptional one off items <sup>3</sup>	4 Pension expense <sup>4</sup>	5 Total Remuneration	6 Comparison versus average remuneration on a full time equivalent basis of an Aperam SA employee <sup>5</sup>
		Base Salary	Fringe Benefits and local allowances <sup>1</sup>	One year-variable (STIP) and % vs. Total Rem.	Multi-year variable (LTIP) <sup>2</sup> and % vs. Total Rem.				
CEO	2021	€737k	€17k	€783k (25%)	€1120k (35%)	€368k	€149k	€3,175k	29.9x
	2020	€733K	€19k	€703k (35%)	€419k (21%)		€142k	€2,016k	17.5x
	2019	€699k	€16k	€409k (32%)	0 (0%)		€138k	€1,261k	14.1x
LT excluding CEO (8 members) <sup>6</sup>	2021	€2,209k	€151k	€898k (15%)	€1706k (29%)	€748k	€202k	€5,914k	6,9x
	2020	€2,365k	€158k	€849k (20%)	€616k (15%)		€192k	€4,180k	4.5x
	2019	€2,150k	€100k	€573k (19%)	0 (0%)		€165k	€2,989k	4.2x

<sup>1</sup> Company car, residence benefit, health care, and local allowances (for French employees: local profit sharing according to CLA is included)

<sup>2</sup> Number of shares received multiplied by the share price at vesting date

<sup>3</sup> Special Leadership Journey® performance bonus plan to defend cost position (cf. Remuneration policy)

<sup>4</sup> Retirement, death and disability insurances

<sup>5</sup> 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). The average remuneration in Aperam S.A. decreased because of changes in the population : entry of young talents and departure of senior profiles.

<sup>6</sup> 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.

**2020 short term incentives paid in 2021:**

	<b>Realization as a % of business targets Achievement</b>
CEO	89%
Leadership Team Member excluding CEO	90%

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

**2021 short term incentives to be paid in 2022:**

	<b>Realization as a % of business targets Achievement</b>
CEO	120%
Leadership Team Member excluding CEO	120%

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 2021, the persons comprising the Company's Leadership Team received 39,611 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 €43.18. 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					
	Specification of plan	Performance Period	Fair Value per share (in €)	Award date	Vesting date	Opening balance	During the year				Closing balance
						PSUs at the beginning of the year <sup>1</sup>	PSUs awarded <sup>1</sup>	PSUs vested <sup>1</sup>	Number of own shares given from PSUs vested	PSUs forfeited <sup>1</sup>	PSUs remaining subject to a performance condition <sup>1</sup>
CEO											
Tim Di Maulo, CEO	LTIP 2018	3 years	40.32	01 June 2018	01 June 2021	11,699	NA	11,699	23,398	-11,699	0
Tim Di Maulo, CEO	LTIP 2019	3 years	26.23	01 June 2019	01 June 2022	21,809	NA	NA	NA	NA	21,809
Tim Di Maulo, CEO	LTIP 2020	3 years	21.58	01 June 2020	01 June 2023	27,163	NA	NA	NA	NA	27,163
Tim Di Maulo, CEO	LTIP 2021	3 years	43.18	1 June 2021	01 June 2024	0	13,577	NA	NA	NA	13,577
LT excluding CEO											
LT excluding CEO	LTIP 2018	3 years	40.32	1 June 2018	1 June 2021	21,912	NA	21,912	43,824	(21,912)	0
LT excluding CEO	LTIP 2019	3 years	26.23	1 June 2019	1 June 2022	27,684	NA	NA	NA	NA	27,684
LT excluding CEO	LTIP 2020	3 years	21.58	1 June 2020	01 June 2023	47,163	NA	NA	NA	NA	47,163
LT excluding CEO	LTIP 2021	3 years	43.18	1 June 2021	01 June 2024	0	26,034	NA	NA	NA	26,034

<sup>1</sup> 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:**

As from the 2018 shareholder approval, the performance criteria of the Performance Share Unit Plans defined in the section Long-term Incentives: Equity Based Incentives are as follows:

- 50% of the criteria is based on the development of Total Shareholder Return (TSR), defined as the share price at the end of the period, minus the share price at the start of the period, plus any dividend paid, divided by the share price at the start of the period compared to two representative indexes (25% weight: SBF 120 index; 25% weight DAX index), over a three year period.
- 50% of the criteria is based on the development of Earnings Per Share (EPS) for 25%, defined as the amount of earnings per share outstanding, compared to a peer group of companies, over a three year period, and on the development of TSR for 25% compared to a peer group of companies, over a three year period.
- The applicable peer group of companies used for the comparative performance as part of the Leadership Team PSU Plan submitted to shareholder approval 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 <sup>(1)</sup>	Correlation <sup>(2)</sup>
Stainless Steel peer group (weight inside peer group 50%)	Acerinox	2,444	0.93
	Outokumpu	1,341	0.92
Carbon Steel peer group (weight inside peer group 50%)	Thyssen-Krupp	5,057	0.87
	Salzgitter	1,304	0.88
	ArcelorMittal	20,821	0.82
	Voestalpine	5,231	0.93

**Notes:**

(1) On January 1, 2021, in million €

(2) Correlation calculated from 01/01/2016 to 01/01/2021

***LTIP vesting in 2021: PSU Plan under the May 9, 2018, 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: August 31, 2018

Vesting date: August 31, 2021

Percentage of achievement after third anniversary date (cliff vesting):

Performance criteria	% Weighting of criteria	Percentage of achievement at review at third grant anniversary date (August 31, 2021)
TSR	50%	Above 140% of median: 200%
EPS	50%	Above 140% of median: 200%

***For the PSU Plans under the May 7 2019, May 5, 2020, and June 8, 2021 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, 2021, the aggregate beneficial share ownership of Aperam directors and senior management totalled 141,771 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 don'ts that apply in all our countries of operations. It addresses topics ranging from the fight against discrimination up to the expectations of our business partners, be they customers or suppliers. It also covers the numerous facets of conflict of interest: an Aperam employee should always act in the best interests of the Company and must avoid any situation in which their personal interests could conflict with their obligations to Aperam.

Any behaviour that deviates from the Code of Business Conduct is to be reported (see § Process for handling complaints below) and sanctions can apply, up to termination, as we have a zero-tolerance 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](http://www.aperam.com).

#### Process for handling complaints

Our updated Prevention of Misconduct & Whistleblowing Policy (available on Aperam's website [www.aperam.com](http://www.aperam.com) under section Investors > Corporate Governance > Whistleblower ) 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](http://www.aperam.com)).

⇒ In 2021, there were 12 allegations relating to fraud, which were referred to the Group Global Assurance Department for investigation. At the end of 2021, 8 forensic cases had been investigated, with 3 cases founded without a material impact on Aperam accounts and 5 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 champions 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 encompass the third 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.

Following a mandatory tender process in line with applicable regulation and in particular Aperam's obligations to conduct a public tendering process after reaching a 10 year limit with Deloitte Audit *société à responsabilité limitée*, the Annual General Meeting of June 8, 2021 decided to appoint PricewaterhouseCoopers société coopérative, as independent auditor for the purposes of an independent audit of the Consolidated Financial Statements and the Parent Company Annual Accounts for the year ending December 31, 2021.

Audit fees in 2021 were €2.7 million for the auditing of financial statements. Please refer to Note 28 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](http://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<sub>2</sub> footprint stainless steel producer<sup>8</sup> 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<sup>9</sup> completed on December 27, 2021 Aperam is investing in sustainable recycling and will further improve its leading environmental footprint and support its CO<sub>2</sub> 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<sub>2</sub> reduction targets (see below).

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

- **30% CO<sub>2</sub> 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%**

(2021 performance will be disclosed and commented in the upcoming Sustainability Report)

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

Today already, our state-of-the-art carbon footprint (scope 1 and 2), nearly twice better than ISSF's average of 0.9 t CO<sub>2</sub>/tcs, 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<sub>2</sub> 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 BioEnergia, our eucalyptus forestry, which is a natural and renewable substitute for fossil fuels (coke).

<sup>8</sup> Scope 1 and 2

<sup>9</sup> Please refer to section "Key transactions in 2021" for greater details about ELG.



Thanks to this two-fold strategy, the expected 35% reduction in our CO<sub>2</sub> emissions intensity was recorded in 2020 vs. 2007, in line with our target.

But we aim to go further, and so we have been using an internal price of CO<sub>2</sub> since 2016 in order to incentivize the teams to integrate this aspect in every investment project and look for innovative solutions. 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.

⇒ As proof of our commitment, in 2021, we received again a “B” rating 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<sub>2</sub> roadmap (scope 1,2,3) analysed, validated and endorsed by the organisation.

### BioEnergia

In Brazil we have unique capability to produce stainless and specialty steel from low cost biomass (charcoal) produced by Aperam BioEnergia with the wood from its eucalyptus forests. The charcoal produced at BioEnergia is used in our steel-making process as a natural and renewable substitute for fossil fuels (coke). This allows us to entirely eradicate the use of extractive coke and makes our metal solutions leaders in terms of CO<sub>2</sub> footprint. Please refer to section Our operational organisation and facilities of this Report.

### ELG, Recyco and the Circular economy

At Aperam, the circular economy is truly at the heart of our strategy. Including the recent acquisition of ELG, Aperam will have about 30% of its workforce creating value from working in renewable and recycling upstream (please refer to section “Key transaction in 2021: Acquisition of ELG” for greater details regarding ELG.)

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 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 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.

## ~30% of Aperam's Workforce Create Value from Working in Renewables and Recycling Upstream



### Pollution prevention and biodiversity protection

In addition to our responsibility towards future generations, we also ensure that we are always ready to address immediate emergencies, such as fire and pollution. We do this through specific industrial risk projects, risk audits, regular training and on-site 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 .

More special in our industry is our focus on biodiversity. We are proud of our Brazilian FSC<sup>(C)</sup>-certified forestries and their ability to combine efficient plantation management (using biological pest control) with a well-applauded programme for protecting local flora and fauna, including large mammals.

### 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 capable of helping 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.

# Share capital

As of December 31, 2021, 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, 2021 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 <sup>(1)</sup>	31,907,332	39.89%	40.96%
Treasury shares	2,091,287	2.61%	0.00%
Other public shareholders	45,997,661	57.50%	59.04%
<b>Total issued shares</b>	<b>79,996,280</b>	<b>100.00%</b>	<b>100.00%</b>
of which: Directors and Senior Management <sup>(2) (3)</sup>	141,771	0.18%	0.18%

#### 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. At December 31, 2021, 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 31,893,992 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 31,905,082 Aperam ordinary shares, Ms. Usha Mittal was the beneficial owner of 31,896,242 Aperam ordinary shares and the Significant shareholder was the beneficial owner of 31,907,332 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 141,771 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, 2021, there were 2,015 shareholders - other than the Significant shareholder and Aperam as holder of treasury shares - with an aggregate of 81,277 Aperam common shares registered in Aperam's shareholder register, representing approximately 0.10% of the common shares issued. As of December 31, 2021, there were 41 U.S. shareholders holding an aggregate of 231,793 New York Registry Shares, representing approximately 0.29% 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, 2021, there were 32,742,994 Aperam common shares being held through the Euroclear clearing system in The Netherlands, France and Luxembourg. Euroclear is a Belgium-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](http://www.bourse.lu) and on the Company's website ([www.aperam.com](http://www.aperam.com)) under Investors, Equity Investors, Share Capital & Voting Rights.

- On February 25, 2021, Aperam announced shareholding notifications from M&G plc for crossing downwards the 5% voting rights threshold (6.37% global; but below 5% threshold in sub-section “voting rights attached to shares”).
- On March 12, 2021, Aperam announced shareholding notifications from M&G plc for crossing upwards the 5% voting rights threshold (6.01% global; but above 5% threshold in sub-section “voting rights attached to shares”).
- On May 10, 2021, Aperam announced shareholding notifications from M&G plc for crossing downwards the 5% voting rights threshold (5.44% global; but below 5% threshold in sub-section “voting rights attached to shares”).
- On May 24, 2021, Aperam announced shareholding notifications from M&G plc for crossing upwards the 5% voting rights threshold (5.42% global; but above 5% threshold in sub-section “voting rights attached to shares”).
- On August 11, 2021, Aperam announced shareholding notifications from M&G plc for crossing downwards the 5% voting rights threshold (5.08% global; but below 5% threshold in sub-section “voting rights attached to shares”).
- On August 25, 2021, Aperam announced shareholding notifications from M&G plc for crossing upwards the 5% voting rights threshold (5.08% global; but above 5% threshold in sub-section “voting rights attached to shares”).
- On September 10, 2021, Aperam announced shareholding notifications from M&G plc for crossing downwards the 5% voting rights threshold (4.97%).
- 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 23 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: a purchasing services agreement for negotiation services from ArcelorMittal Purchasing (the "Purchasing Services Agreement") as well as certain commitments regarding cost-sharing in Brazil and certain other ancillary arrangements governing the relationship between Aperam and ArcelorMittal following the spin-off, as well as certain agreements relating to financing.

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 2021 and 2022 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 and 2021 and are still ongoing.

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 and ArcelorMittal Purchasing SAS, and such contracts have been renewed in 2021.

Regarding procurement, Aperam still relies on ArcelorMittal for supplies and services in relation to the negotiation of certain contracts with global or large regional suppliers. 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.

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

Purchasing activities will continue to be provided to Aperam pursuant to existing contracts with ArcelorMittal entities that it has specifically elected to assume. 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 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.



# 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](mailto: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<sup>10</sup>.

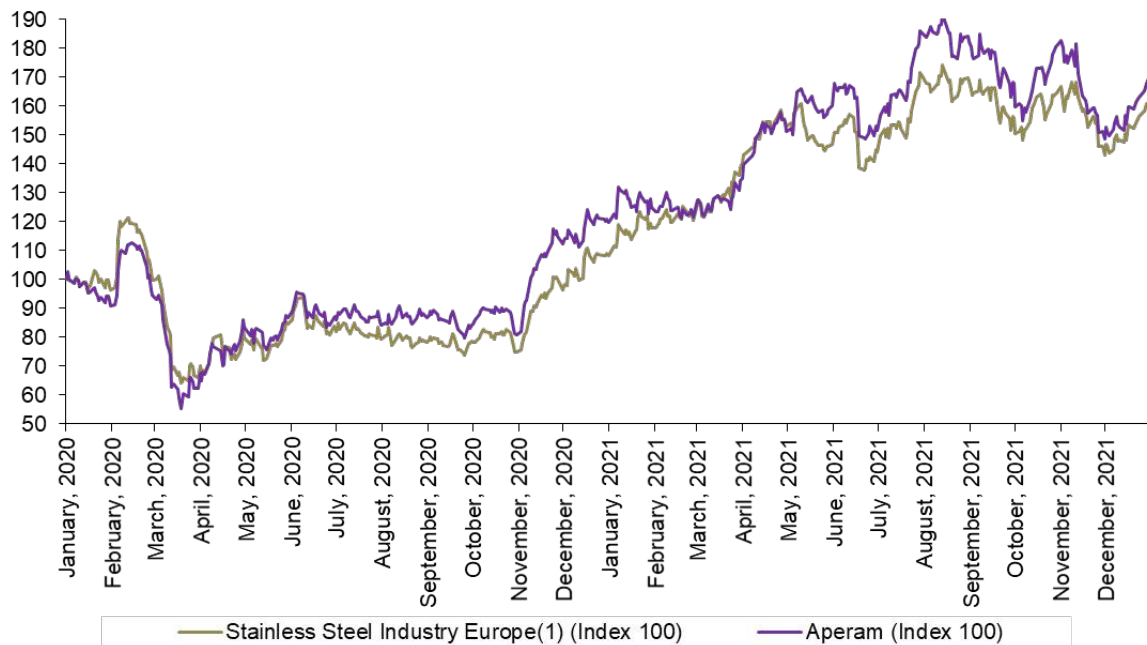
We are happy to see again our efforts being acknowledged by ESG analysts, especially with in 2021 our "Top-Rated" rating from Sustainalytics.

<sup>10</sup> Rating agencies assess Aperam according to social, environmental, economic and governance criteria.

To contact the Sustainability Team: [sustainability@aperam.com](mailto:sustainability@aperam.com)

## Share performance

The Graph below shows the share price performance of Aperam and the European Stainless Steel Industry<sup>1</sup> over the years 2020 to 2021 in index base 100:



**Note:**

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

## Financial Calendar

### Earnings calendar<sup>(1)</sup>

- > May 06, 2022: earnings for 1st quarter 2022
- > July 29, 2022: earnings for 2nd quarter 2022 and 6 months 2022
- > November 14, 2022: earnings for 3rd quarter 2022 and 9 months 2022

**Note:**

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

### General meeting of shareholders

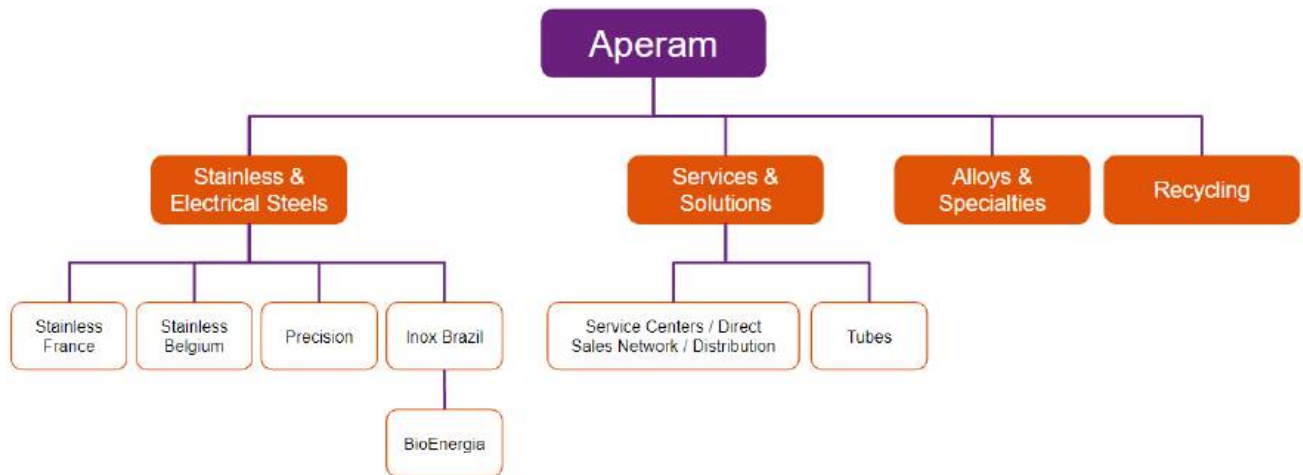
- May 4, 2022: Annual general meeting of shareholders, Luxembourg

## 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 2022.

# 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 2021. See Note 27 to the Consolidated Financial Statements for a list of the Group's significant subsidiaries<sup>11</sup>.



## 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](mailto: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

Aperam Media contact is:  
 Laurent Beuloye: +352 27 36 27 103

<sup>11</sup> ELG is fully consolidated into the Aperam Group as from acquisition date under a new operating segment Recycling

# Financial Statements 2021



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, 2021

**Aperam S.A.**  
**Société Anonyme**

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  
Date 24 March 2022

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)

	<b>Year ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
Sales (Note 4) (including 73 and 49 of sales to related parties in 2021 and 2020, respectively (Note 23))	5,102	3,624
Cost of sales (including depreciation and impairment of 144 and 144 (Note 4), purchases from related parties of 404 and 136 (Note 23) and preliminary bargain purchase gain of 119 and nil (Note 3) for 2021 and 2020, respectively)	(3,869)	(3,256)
<b>Gross margin</b>	<b>1,233</b>	<b>368</b>
Selling, general and administrative expenses	(191)	(169)
<b>Operating income (Note 4)</b>	<b>1,042</b>	<b>199</b>
Income / (Loss) from other investments	(1)	(1)
Financing costs, net (Note 5)	2	40
<b>Income before taxes and non-controlling interests</b>	<b>1,043</b>	<b>238</b>
Income tax expense (Note 6)	(74)	(63)
<b>Net income (including non-controlling interests)</b>	<b>969</b>	<b>175</b>
Net income attributable to Equity holders of the parent	968	175
Non-controlling interests	1	—
<b>Net income (including non-controlling interests)</b>	<b>969</b>	<b>175</b>
<b>Earnings per common share (in Euros):</b>		
Basic	12.21	2.19
Diluted	12.16	2.19
<b>Weighted average common shares outstanding (in thousands) (Note 20):</b>		
Basic	79,241	79,836
Diluted	79,557	80,145

*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,	
	2021	2020
<b>Net income (including non-controlling interests)</b>	<b>969</b>	<b>175</b>
<b>Items that cannot be reclassified to the consolidated statement of operations:</b>		
Remeasurement of defined benefit obligation during the period, net of tax (expense) income of (6) and 1 for 2021 and 2020, respectively (Note 19)	15	(2)
<b>Items that can be reclassified to the consolidated statement of operations:</b>		
Cash flow hedges (Note 22):		
Gain (loss) arising during the year, net of tax (expense) income of (6) and 2 for 2021 and 2020, respectively	16	(3)
Reclassification adjustments for (gain) loss included in the consolidated statement of operations, net of tax expense (income) of 6 and (3) for 2021 and 2020, respectively	(17)	8
<b>Total cash flow hedges</b>	<b>(1)</b>	<b>5</b>
Exchange differences arising on translation of foreign operations, net of tax expense of nil and nil for 2021 and 2020, respectively	5	(255)
<b>Total other comprehensive income / (loss)</b>	<b>19</b>	<b>(252)</b>
<b>Total other comprehensive income / (loss) attributable to:</b>		
Equity holders of the parent	19	(252)
<b>Total other comprehensive income / (loss)</b>	<b>19</b>	<b>(252)</b>
<b>Net comprehensive income / (loss)</b>	<b>988</b>	<b>(77)</b>
<b>Net comprehensive income / (loss) attributable to:</b>		
Equity holders of the parent	987	(77)
Non-controlling interests	1	—
<b>Net comprehensive income / (loss)</b>	<b>988</b>	<b>(77)</b>

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

# Aperam

## Consolidated Statement of Financial Position

(in millions of Euros)

	December 31, 2021	December 31, 2020
<b>ASSETS</b>	(1)	
<b>Current assets:</b>		
Cash and cash equivalents (Note 7)	524	358
Trade accounts receivable (Note 8)	556	229
Inventories (Note 9)	2,332	1,101
Prepaid expenses and other current assets (Note 10)	89	149
Income tax receivable	5	2
<b>Total current assets</b>	<b>3,506</b>	<b>1,839</b>
<b>Non-current assets:</b>		
Goodwill and intangible assets (Note 11)	439	429
Biological assets (Note 12)	31	30
Property, plant and equipment (Note 13)	1,695	1,492
Investments in associates, joint ventures and other investments (Note 14)	4	2
Deferred tax assets (Note 6)	135	94
Other non-current assets (Note 15)	101	83
<b>Total non-current assets</b>	<b>2,405</b>	<b>2,130</b>
<b>Total assets</b>	<b>5,911</b>	<b>3,969</b>

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

Note:

(1) ELG has been included in Aperam's statement of financial position as of 31 December 2021 (Note 3).

# Aperam

## Consolidated Statement of Financial Position

(in millions of Euros, except share data)

	December 31, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>		
	(1)	
<b>Current liabilities:</b>		
Short-term debt including current portion of long-term debt (Note 16)	271	53
Trade accounts payable	1,200	714
Short-term provisions (Note 17)	27	39
Accrued expenses and other liabilities (Note 18)	321	240
Income tax liabilities	34	38
<b>Total current liabilities</b>	<b>1,853</b>	<b>1,084</b>
<b>Non-current liabilities:</b>		
Long-term debt, net of current portion (Note 16)	719	372
Deferred tax liabilities (Note 6)	132	117
Employee benefits (Note 19)	186	148
Long-term provisions (Note 17)	60	37
Other long-term obligations	8	7
<b>Total non-current liabilities</b>	<b>1,105</b>	<b>681</b>
<b>Total liabilities</b>	<b>2,958</b>	<b>1,765</b>
<b>Equity (Note 20):</b>		
Common shares (no par value, 88,100,042 and 88,100,042 shares authorised, 79,996,280 and 79,996,280 shares issued and 77,904,993 and 79,894,732 shares outstanding as of December 31, 2021 and December 31, 2020, respectively)	419	419
Treasury shares (2,091,287 and 101,548 common shares as of December 31, 2021 and December 31, 2020, respectively)	(106)	(4)
Share premium	1,097	1,098
Retained earnings	2,253	1,424
Other comprehensive loss	(718)	(737)
<b>Equity attributable to the equity holders of the parent</b>	<b>2,945</b>	<b>2,200</b>
Non-controlling interests	8	4
<b>Total equity</b>	<b>2,953</b>	<b>2,204</b>
<b>Total liabilities and equity</b>	<b>5,911</b>	<b>3,969</b>

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

**Note:**

(1) ELG has been included in Aperam's statement of financial position as of 31 December 2021 (Note 3).

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

	Shares <sup>(1)</sup>	Other Comprehensive Income / (Loss)								Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
		Share capital	Treasury shares	Share premium	Retained earnings	Foreign currency translation adjustments	Unrealised gains / (losses) on derivatives financial instruments	Unrealised gains / (losses) on equity instruments at Fair Value through OCI	Recognised actuarial gains / (losses)			
<b>Balance at December 31, 2019</b>	<b>79,816</b>	<b>438</b>	<b>(117)</b>	<b>1,189</b>	<b>1,389</b>	<b>(463)</b>	<b>(2)</b>	<b>—</b>	<b>(20)</b>	<b>2,414</b>	<b>4</b>	<b>2,418</b>
Net income	—	—	—	—	175	—	—	—	—	175	—	175
Other comprehensive income / (loss)	—	—	—	—	—	(255)	5	—	(2)	(252)	—	(252)
Total comprehensive income / (loss)	—	—	—	—	175	(255)	5	—	(2)	(77)	—	(77)
Recognition of share based payments	79	—	3	—	2	—	—	—	—	5	—	5
Dividends	—	—	—	—	(140)	—	—	—	—	(140)	—	(140)
Cancellation of shares	—	(19)	110	(91)	—	—	—	—	—	—	—	—
Impairment of investments at FVOCI	—	—	—	—	(2)	—	—	—	—	(2)	—	(2)
<b>Balance at December 31, 2020</b>	<b>79,895</b>	<b>419</b>	<b>(4)</b>	<b>1,098</b>	<b>1,424</b>	<b>(718)</b>	<b>3</b>	<b>—</b>	<b>(22)</b>	<b>2,200</b>	<b>4</b>	<b>2,204</b>
<b>Balance at December 31, 2020</b>	<b>79,895</b>	<b>419</b>	<b>(4)</b>	<b>1,098</b>	<b>1,424</b>	<b>(718)</b>	<b>3</b>	<b>—</b>	<b>(22)</b>	<b>2,200</b>	<b>4</b>	<b>2,204</b>
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	71	—	3	(1)	—	—	—	—	—	2	—	2
Purchase of treasury shares	(2,061)	—	(105)	—	—	—	—	—	—	(105)	—	(105)
Acquisition of ELG	—	—	—	—	—	—	—	—	—	—	4	4
Dividends	—	—	—	—	(139)	—	—	—	—	(139)	(1)	(140)
<b>Balance at December 31, 2021</b>	<b>77,905</b>	<b>419</b>	<b>(106)</b>	<b>1,097</b>	<b>2,253</b>	<b>(713)</b>	<b>2</b>	<b>—</b>	<b>(7)</b>	<b>2,945</b>	<b>8</b>	<b>2,953</b>

<sup>(1)</sup> 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,	
	2021	2020
<b>Operating activities:</b>		
Net income (including non-controlling interests)	969	175
<b>Adjustments to reconcile net income to net cash provided by operations and payments:</b>		
Depreciation, amortisation and impairment (Note 4)	144	144
Net interest expense (Note 5)	4	7
Income tax expense (Note 6)	74	63
Net write-downs of inventories to net realisable value	10	12
Labor agreements and separation plans	(8)	16
Unrealised (gains)/ losses on derivative instruments (Note 5)	(2)	4
Preliminary bargain purchase gain (Note 3)	(119)	—
Unrealised foreign exchange effects, other provisions and non-cash operating (income)/expenses, (net)	(36)	(7)
<b>Changes in operating working capital:</b>		
Trade accounts receivable	(132)	(18)
Trade accounts payable	395	(62)
Inventories	(748)	57
<b>Changes in other operating assets, liabilities and provisions:</b>		
Interest paid, (net)	(4)	(7)
Income taxes paid	(56)	(4)
Other movements on accruals and provisions	59	(77)
<b>Net cash provided by operating activities</b>	<b>550</b>	<b>303</b>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment, intangible and biological assets (CAPEX)	(152)	(109)
Acquisition of net assets of subsidiaries, net of cash acquired of 6 and nil in 2021 and 2020	(31)	—
Other investing activities, (net)	—	1
<b>Net cash used in investing activities</b>	<b>(183)</b>	<b>(108)</b>
<b>Financing activities:</b>		
Net payments of short-term debt (Note 16)	(18)	(37)
Proceeds from long-term debt, net of debt issuance costs	75	—
Purchase of treasury shares	(105)	—
Dividends paid (Note 20)	(140)	(139)
Other financing activities (net) (Note 16)	(9)	(9)
<b>Net cash used in financing activities</b>	<b>(197)</b>	<b>(185)</b>
Effect of exchange rate changes on cash	(4)	(27)
Net increase in cash and cash equivalents	166	(17)
<b>Cash and cash equivalents (Note 7):</b>		
At the beginning of the year	358	375
At the end of the year	524	358

*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

**Note 4:** Segment and geographic information

**Note 5:** Financing costs - net

**Note 6:** Income tax

**Note 7:** Cash and cash equivalents

**Note 8:** Trade accounts receivable

**Note 9:** Inventories

**Note 10:** Prepaid expenses and other current assets

**Note 11:** Goodwill and intangible assets

**Note 12:** Biological assets

**Note 13:** Property, plant and equipment

**Note 14:** Other investments

**Note 15:** Other assets

**Note 16:** Short-term and long-term debt

**Note 17:** Provisions

**Note 18:** Accrued expenses and other liabilities

**Note 19:** Employee benefits

**Note 20:** Equity

**Note 21:** Leases

**Note 22:** Financial instruments

**Note 23:** Balances and transactions with related parties

**Note 24:** Commitments

**Note 25:** Contingencies

**Note 26:** Employees and key management personnel

**Note 27:** List of significant subsidiaries as of December 31, 2021

**Note 28:** Independent auditor fees

**Note 29:** 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 as the “Company” or “the Group”. Aperam *Société Anonyme* is the parent company of the Group. The Company’s shares have been trading on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011, and Brussels (Euronext) since February 16, 2017.

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, 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 27 provides an overview of the Company’s principal operating subsidiaries.

### Basis of presentation

The consolidated financial statements of Aperam (or the “Company”) 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 ending December 31, 2021 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.

As a result of the purchase of ELG, the Group assessed the accounting policies applied by all the companies belonging to the group and ensured that they were standardised in line with the policies established by the Aperam Group which are detailed in Note 2.

These consolidated financial statements were authorised for issuance on March 24, 2022 by Aperam’s Board of Directors.

## ***Adoption of new IFRS Standards, amendments and Interpretations applicable in 2021***

The Group applied for the first-time certain amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### **COVID-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16**

On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases.

The amendment provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the changes were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

## ***New IFRS standards and interpretations applicable from 2022 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 approved by the European Union and applicable as of January 1, 2022 which have not been early adopted by the Group and which could have an impact, are as follows:

- 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.
- 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.
  - 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.

The standards, interpretations and amendments that have not been adopted by the European Union and which have not been adopted in advance by the Group, but which could have an impact, are detailed below:

- 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.
- 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, 2023. 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 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. No relevant impact on the Group.

## 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 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 16, 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.

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 sold, such exchange differences are recognised in the consolidated statement of operations as part of the gain or loss on sale.

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 385.9% and 582.5% respectively for the years ending December 31, 2020 and December 31, 2021 for this purpose. As a result of the inflation-related adjustments on monetary items, a gain of respectively €2.2 million and €1.4 million was recognized in net financing costs for the year ending December 31, 2020 and December 31, 2021.

#### *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 accounts receivable are initially recorded at their nominal amount which approximately equals fair value and do not bear interest. The Company maintains an allowance for doubtful accounts 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 or first-in-first-out (FIFO) 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 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 determination of the recoverable amounts are those regarding the discount rates, growth rates and expected changes to selling prices and direct 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 carrying value 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.

Amortisation is included in the consolidated statement of operations as part of depreciation.

#### ***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.

<b>Asset Category</b>	<b>Useful Life Range</b>
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. Interest incurred during construction is 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 income from investments in associated companies 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 OCI 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 other income in the statement of profit or loss 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 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.

### ***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 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.

### ***Significant judgement in determining the 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***

The Company classifies the basis used to measure certain assets and liabilities at their fair value. 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***

#### ***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.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 other income in the statement of profit or loss 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.

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 statement of operations on a straight-line basis over the expected useful life of the asset.

When the Group receives grants of non-monetary assets, the asset and the grant are usually accounted for at fair value. When fair value cannot be measured reliably, both the asset and the grant will be recorded at a nominal amount.

### **Revenue recognition**

The Company's revenue is derived from the single performance obligation to transfer primarily stainless steel and specialty alloys products 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.

#### ***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 spinoff, 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 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.

Due to the still not fully foreseeable global consequences of the COVID-19 pandemic, especially the accounting estimates and management judgements regarding the reporting of assets and liabilities are subject to increased uncertainty. With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental countermeasures has been included. This information was included in the analysis of the recoverability and collectability of financial assets, as well as in impairment tests for the cash-generating units.

### ***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 the 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 6 describes the total deferred tax assets recognised in the consolidated statements of financial position. As of December 31, 2021, the amount of future income required to recover the Company's deferred tax assets was approximately €474 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 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 other comprehensive income in the period in which they arise.

Note 19 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 Tangible and Intangible Assets*

#### *Tangible and Intangible Assets*

At each reporting date, the Company reviews whether there is any indication that the carrying amounts of its tangible 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 net selling price (fair value reduced by selling costs) 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, 2021, the Company had determined it has seven 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 net selling price (fair value reduced by selling costs) or its value in use calculations, as described above. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct 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.

*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 22 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.

For 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.

*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.

*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.

## 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 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”*

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 will also be 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, will be reported as part of a new operating segment named "Recycling".

#### *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.

IFRS 3 establishes that the measurement period of the business combination shall not exceed one year from the acquisition date. At the reporting date of these consolidated financial statements the Group did not finalise the fair value measurement of all the assets acquired and liabilities assumed.

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, are reported in the selling, general and administrative expenses in the consolidated statement of operations.

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

<i>(in millions of Euros)</i>	<b>ELG</b>
Intangible assets	12
Property, plant & equipment (including Right-of-use assets)	169
Deferred tax assets	8
Other non current assets	16
Inventories <sup>(1)</sup>	473
Trade receivables <sup>(1) (2)</sup>	209
Prepaid expenses and other current assets	17
<b>Total assets acquired</b>	<b>904</b>
Long term and short term interest bearing liabilities	(500)
Trade payables <sup>(1)</sup>	(102)
Employee benefits	(57)
Other non-current and current liabilities	(95)
<b>Total liabilities acquired</b>	<b>(754)</b>
<b>Net assets acquired</b>	<b>150</b>
Non-controlling interests <sup>(3)</sup>	(4)
Consideration paid, net of cash acquired of €1 million	(29)
<b>Preliminary bargain purchase gain</b>	<b>117</b>



**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 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.

The Company completed the purchase price accounting and recognized the fair value of the acquired assets and liabilities assumed of ASB Recycling in 2021. 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:

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

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 three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

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

<i>(in millions of Euros)</i>	<b>Stainless &amp; Electrical Steel</b>	<b>Services &amp; Solutions</b>	<b>Alloys &amp; Specialties</b>	<b>Others / Eliminations<sup>(1)</sup> <sup>(3)</sup></b>	<b>Total</b>
<b>Year ending December 31, 2021</b>					
Sales to external customers	2,453	2,135	513	1	5,102
Intersegment sales <sup>(2)</sup>	1,916	77	5	(1,998)	—
Operating income <sup>(3)</sup>	774	196	50	22	1,042
Depreciation, amortisation and Impairment	(122)	(12)	(8)	(2)	(144)
Capital expenditures	(135)	(7)	(10)	—	(152)
<i>(in millions of Euros)</i>					
<b>Year ending December 31, 2020</b>					
Sales to external customers	1,660	1,456	509	(1)	3,624
Intersegment sales <sup>(2)</sup>	1,237	57	2	(1,296)	—
Operating income (loss)	159	26	36	(22)	199
Depreciation, amortisation and Impairment	(118)	(13)	(9)	(4)	(144)
Capital expenditures	(100)	(3)	(5)	(1)	(109)

### 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) As announced on December 27, 2021, ELG has been fully consolidated into the Aperam Group's statement of financial position as of acquisition date under a new segment "Recycling". The preliminary bargain purchase gain of €117 million accounted for by the Company as of December 31, 2021 was the only transaction considered as an exceptional item recognized in the operating income of this new segment "Recycling". As a consequence, we have included it in the segment "Others & Eliminations". The performance of the new segment "Recycling" will be disclosed as from the first quarter of 2022.

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.

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Assets allocated to segments <sup>(1)</sup>	5,148	3,432
Cash and cash equivalents	524	358
Investments	4	2
Deferred tax assets	135	94
Other unallocated assets	100	83
<b>Total assets</b>	<b>5,911</b>	<b>3,969</b>

### Note:

- (1) Including assets allocated to Recycling segment of €875 million.

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

<i>(in millions of Euros)</i>	Year Ending December 31,	
	2021	2020
<b>Operating income</b>	<b>1,042</b>	<b>199</b>
Income (loss) from associates, joint ventures and other investments	(1)	(1)
Financing costs - net	2	40
<b>Income before taxes</b>	<b>1,043</b>	<b>238</b>
Income tax expense	(74)	(63)
<b>Net income</b>	<b>969</b>	<b>175</b>

### *Geographical information*

Sales (by destination)

<i>(in millions of Euros)</i>	Year Ending December 31,	
	2021	2020
<b>Americas</b>		
Brazil	1,207	643
United States	167	158
Argentina	51	38
Others	44	40
<b>Total Americas</b>	<b>1,469</b>	<b>879</b>
<b>Europe</b>		
Germany	1,170	802
Italy	693	446
France	298	233
Belgium	159	124
Poland	165	116
Spain	124	85
United Kingdom	66	45
Netherlands	77	69
Turkey	90	69
Others	587	459
<b>Total Europe</b>	<b>3,429</b>	<b>2,448</b>
<b>Asia &amp; Africa</b>		
South Korea	81	139
China	59	69
Vietnam	26	29
India	13	17
United Arab Emirates	1	7
Others	24	36
<b>Total Asia &amp; Africa</b>	<b>204</b>	<b>297</b>
<b>Total</b>	<b>5,102</b>	<b>3,624</b>

Non-current assets<sup>(1)</sup> per significant country

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Americas</b>		
Brazil	296	274
USA	125	11
Others	12	9
<b>Total Americas</b>	<b>433</b>	<b>294</b>
<b>Europe</b>		
Belgium	742	723
France	423	412
Germany	107	62
United Kingdom	23	—
Italy	10	11
Poland	10	10
Spain	9	2
Netherlands	9	—
Czech Republic	8	8
Others	20	18
<b>Total Europe</b>	<b>1,361</b>	<b>1,246</b>
<b>Asia &amp; Africa</b>		
China	4	3
India	2	2
Taiwan	2	—
Australia	2	—
Japan	2	—
<b>Total Asia &amp; Africa</b>	<b>12</b>	<b>5</b>
Unallocated assets <sup>(1)</sup>	599	585
<b>Total</b>	<b>2,405</b>	<b>2,130</b>

**Note:**

(1) Non-current assets do not include goodwill (as it is not allocated to the geographic regions), deferred tax assets, other investments or receivables and other non-current financial assets. Such assets are presented under the caption "Unallocated assets".

## NOTE 5: FINANCING COSTS - NET

<i>(in millions of Euros)</i>	Year Ending December 31,	
	2021	2020
<b>Recognised in the consolidated statement of operations</b>		
Interest income	6	2
Interest expense	(10)	(9)
Other financing costs <sup>(1)</sup>	4	56
<b>Net interest expense and other financing costs - net</b>	<b>—</b>	<b>49</b>
Unrealised gains/(losses) on derivative instruments	2	(4)
Net foreign exchange result	(1)	(2)
Realised gains / (losses) on derivative instruments	1	(3)
<b>Foreign exchange and derivatives gains / (losses)</b>	<b>2</b>	<b>(9)</b>
<b>Financing costs - net</b>	<b>2</b>	<b>40</b>
<b>Recognised in the consolidated statement of comprehensive income (Company share)</b>		
Effective portion of changes in fair value of cash flow hedge	(1)	5
Foreign currency translation differences for foreign operations	5	(255)
<b>Total</b>	<b>4</b>	<b>(250)</b>

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 and 2020, other financing costs included an exceptional interest income of respectively €7 million and €66 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 6: INCOME TAX

### *Income tax expense*

The breakdown of the income tax expense for each of the years ending December 31, 2021 and 2020, respectively, is summarised as follows:

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current tax expense	(112)	(49)
Deferred tax benefit / (expense)	38	(14)
<b>Total income tax expense</b>	<b>(74)</b>	<b>(63)</b>

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

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net income (including non-controlling interests)</b>	<b>969</b>	<b>175</b>
Income tax expense	(74)	(63)
<b>Income before tax:</b>	<b>1,043</b>	<b>238</b>
Tax expense at domestic rates applicable to countries where income was generated	(310)	(73)
<b>Tax effect of amounts which are not (deductible) / taxable in calculating taxable income</b>		
Tax exempt revenues	5	6
Net change in measurement of deferred tax assets	139	(17)
Tax credits	1	1
Other tax exempt income and other permanent differences	91	20
<b>Income tax expense</b>	<b>(74)</b>	<b>(63)</b>

The weighted average statutory tax expense was €(310) million and €(73) million in 2021 and 2020, respectively.

The income tax expense was €(74) million in 2021, which corresponds to an effective tax rate of 7%, compared to an income tax expense of €(63) million and an effective tax rate of 26% in 2020. The decrease of the effective tax rate in 2021 compared to 2020 is mainly due to the positive impact of additional recognition of deferred tax assets on tax attributes in several jurisdictions as well as a more favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions.

### *Tax exempt revenues*

Tax exempt revenues of €5 million in 2021 and €6 million in 2020 mainly relate to partial exemption 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 €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.

Net change in measurement of deferred tax assets of €(17) million in 2020 mainly relates to the limitation of interest expense deduction for €(11) million in various jurisdiction, the reversal of deferred tax assets on previous years tax losses for €(8) million in France and the effect of the recapture of interest expense on



intercompany loans due to tax exempt dividends received by some subsidiaries for €(6) million, partly offset by the recognition of deferred tax assets on non-deductible interest expense of €11 million in various jurisdictions.

#### *Tax credits*

Tax credits of €1 million in 2021 and in 2020 relate to research tax credits in France.

#### *Other tax exempt income and other permanent differences*

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.

Other tax exempt income and other permanent differences in 2020 consists of a reduced taxation on the financing activity, taxation on dividends and interests on net equity, withholding taxes on intra-group corporate service fees and adjustments for tax deductible and non-deductible items.

#### *Income tax recognised directly in equity*

Income tax recognised in equity for the years ending December 31, 2021 and 2020 is as follows:

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Deferred tax (expense) benefit</b>		
<b>Recognised in Other Comprehensive Income (Loss):</b>		
Recognised actuarial (gain) / loss	(6)	1
Unrealised gain / (loss) on derivative financial instruments	—	(1)
<b>Recognised in Retained Earnings:</b>	—	—
<b>Total</b>	<b>(6)</b>	<b>—</b>

The net deferred tax (expense) income recorded directly to equity was €(6) million as of December 31, 2021 and nil as of December 31, 2020. There was no current tax booked directly in equity in 2021 and 2020.

*Deferred tax assets and liabilities*

The origin of deferred tax assets and liabilities is as follows:

<i>(in millions of Euros)</i>	Assets		Liabilities		Net	
	December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020
Intangible assets	2	1	(4)	—	(2)	1
Property, plant and equipment	4	1	(158)	(152)	(154)	(151)
Biological assets	—	—	(13)	(13)	(13)	(13)
Inventories	36	20	(14)	(2)	22	18
Financial instruments	5	2	(5)	(4)	—	(2)
Other assets	5	5	(9)	(6)	(4)	(1)
Provisions	34	37	(64)	(51)	(30)	(14)
Other liabilities	25	19	—	—	25	19
Tax losses carried forward	145	97	—	—	145	97
Tax credits and other tax benefits	14	23	—	—	14	23
<b>Deferred tax assets/(liabilities)</b>	<b>270</b>	<b>205</b>	<b>(267)</b>	<b>(228)</b>	<b>3</b>	<b>(23)</b>
Deferred tax assets					135	94
Deferred tax liabilities					(132)	(117)

Deferred tax assets not recognised by the Company as of December 31, 2021, were as follows:

<i>(in millions of Euros)</i>	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
<b>Total</b>		<b>542</b>	<b>270</b>	<b>272</b>

Deferred tax assets not recognised by the Company as of December 31, 2020, were as follows:

<i>(in millions of Euros)</i>	Gross amount	Total deferred tax assets	Recognised deferred tax assets	Unrecognised deferred tax assets
Tax losses carried forward	1,915	502	97	405
Tax credits and other tax benefits	92	24	23	1
Other temporary differences	314	85	85	—
<b>Total</b>		<b>611</b>	<b>205</b>	<b>406</b>

The Company has unrecognised deferred tax assets relating to tax losses carry forward, tax credits and other tax benefits amounting to €272 million and €406 million as of December 31, 2021 and 2020, respectively. As of December 31, 2021, the deferred tax assets not recognised relate to tax losses carry forward attributable to subsidiaries located in Luxembourg (€200 million), Brazil (€12 million) and Italy (€1 million) and other tax benefits attributable to subsidiary located in Malta (€44 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, 2021, 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 €135 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 €474 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, 2021

#### *Tax losses carry forward*

As of December 31, 2021, the Company had total estimated net tax losses carry forward of €1,350 million.

Such amount includes net operating losses of €595 million related to Aperam SA in Luxembourg and Aperam Stainless Services & Solutions USA and ELG Metals Corp in the United States which expire as follows:

<b>Year expiring</b>	<b>Amount</b> <i>(in millions of Euros)</i>
2022	—
2023	—
2024	—
2025	—
2026	—
2027 - 2038 <sup>(1)(2)</sup>	595
<b>Total</b>	<b>595</b>

#### Notes:

- (1) Starting in 2017, any tax losses generated in 2017 and onwards will have an expiry date of 17 years in Luxembourg when 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 when tax losses generated before 2018 have an expiry date of 20 years.

The remaining tax losses carry forward of €755 million are indefinite and attributable to the Company's operations in Belgium, Brazil, France, Germany, Italy, Luxembourg, Spain, The Netherlands and UK. 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 7: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Bank current accounts	432	258
Term accounts (initial maturity < 3 months)	92	100
<b>Total</b>	<b>524</b>	<b>358</b>

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

There were no restricted cash balances as of December 31, 2021.

## NOTE 8: TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable and allowance for doubtful accounts are as follows:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Gross amount	563	234
Allowance for doubtful accounts	(7)	(5)
<b>Total</b>	<b>556</b>	<b>229</b>

See Note 23 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 operating segment*

The maximum exposure to credit risk for trade accounts receivable by operating segment is:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Stainless & Electrical Steel	149	105
Services & Solutions	181	97
Alloys & Specialties	51	27
Recycling	175	—
<b>Total</b>	<b>556</b>	<b>229</b>

### *Exposure to credit risk by geography*

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

<i>(in millions of Euros)</i>	December 31,	
	2021	2020
Europe	357	151
South America	85	58
North America	104	19
Asia	10	1
<b>Total</b>	<b>556</b>	<b>229</b>

#### *Ageing of trade accounts receivable*

The ageing of trade accounts receivable is as follows:

<i>(in millions of Euros)</i>	December 31,			
	2021		2020	
	Gross	Allowance <sup>(1)</sup>	Gross	Allowance <sup>(1)</sup>
Not past due	532	—	215	—
Past due 0-30 days	21	—	11	—
Past due 31-180 days	3	—	3	—
More than 180 days	7	(7)	5	(5)
<b>Total</b>	<b>563</b>	<b>(7)</b>	<b>234</b>	<b>(5)</b>

#### Note:

<sup>(1)</sup> The large majority of our trade receivables are covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions, therefore ECL (Expected Credit Losses) before 180 days is not significant (below 0.10%)

The movement in the allowance for doubtful accounts in respect of trade accounts receivable during the year is as follows:

*(in millions of Euros)*

Balance as of December 31, 2019	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2020
6	3	(2)	(2)	5

*(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

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, 2021, only trade receivables due above 180 days were fully impaired for an impact of €7 million. The COVID-19 pandemic didn't have a significant impact on the recoverability of our trade receivables which are in large majority insured.

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 €370 million and €340 million as of December 31, 2021 and 2020, 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, 2021 and 2020 were €2 billion and €1.5 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 €(4) million and €(4) million in 2021 and 2020, respectively.

## NOTE 9: INVENTORIES

Inventories, net of provision for obsolescence, slow-moving inventories and excess of cost over net realisable value of €107 million and €111 million as of December 31, 2021 and December 31, 2020, respectively, are comprised of the following:

<i>(in millions of Euros)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Finished products	642	381
Production in process	785	434
Raw materials	772	174
Manufacturing supplies, spare parts and other	133	112
<b>Total</b>	<b>2,332</b>	<b>1,101</b>

The amount of inventory pledged as collateral was below €1 million as of December 31, 2021 and 2020, respectively.



The movement in the allowance for obsolescence is as follows:

(in millions of Euros)

<b>Balance as of December 31, 2019</b>	<b>Additions</b>	<b>Deductions/ Releases</b>	<b>Other Movements</b>	<b>Balance as of December 31, 2020</b>
116	24	(26)	(3)	111

(in millions of Euros)

<b>Balance as of December 31, 2020</b>	<b>Additions</b>	<b>Deductions/ Releases</b>	<b>Other Movements</b>	<b>Balance as of December 31, 2021</b>
111	18	(23)	1	107

The amount of write-down of inventories to net realisable value was €(18) million and €(24) million in 2021 and 2020, respectively. The Company reversed previously recorded write-downs of €23 million and €26 million in 2021 and 2020, 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 €(2,690) million and €(2,217) million during the years ending December 31, 2021, and 2020, respectively.

## NOTE 10: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

(in millions of Euros)

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Value added tax (VAT) and other amount receivable from tax authorities <sup>(1)</sup>	47	114
Derivative financial assets (Note 21)	20	16
Prepaid expenses and accrued receivables	9	7
Other	13	12
<b>Total</b>	<b>89</b>	<b>149</b>

Note:

(1) Includes €84 million in 2020 for PIS/Cofins tax credits in Brazil related to prior periods.

## NOTE 11: GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

<i>(in millions of Euros)</i>	Goodwill on acquisition	Customer relationships, trade marks & technology and other intangible assets	Concessions, patents and licenses	Total
<b>Cost</b>				
At December 31, 2019	457	152	101	710
Acquisitions	—	1	—	1
Foreign exchange differences	(44)	(13)	(11)	(68)
<b>At December 31, 2020</b>	<b>413</b>	<b>140</b>	<b>90</b>	<b>643</b>
<b>Accumulated amortisation and impairment losses</b>				
At December 31, 2019	—	(147)	(84)	(231)
Amortisation charge	—	—	(6)	(6)
Foreign exchange differences	—	12	11	23
<b>At December 31, 2020</b>	<b>—</b>	<b>(135)</b>	<b>(79)</b>	<b>(214)</b>
<b>Carrying amount</b>				
<b>At December 31, 2020</b>	<b>413</b>	<b>5</b>	<b>11</b>	<b>429</b>
<b>Cost</b>				
At December 31, 2020	413	140	90	643
Acquisitions	—	—	1	1
Acquisitions through business combinations	—	5	7	12
Foreign exchange differences	1	—	2	3
<b>At December 31, 2021</b>	<b>414</b>	<b>145</b>	<b>100</b>	<b>659</b>
<b>Accumulated amortisation and impairment losses</b>				
At December 31, 2020	—	(135)	(79)	(214)
Amortisation charge	—	—	(5)	(5)
Foreign exchange differences	—	—	(1)	(1)
<b>At December 31, 2021</b>	<b>—</b>	<b>(135)</b>	<b>(85)</b>	<b>(220)</b>
<b>Carrying amount</b>				
<b>At December 31, 2021</b>	<b>414</b>	<b>10</b>	<b>15</b>	<b>439</b>

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 three below operating segments based on the relative fair values of the operating segments :

<i>(in millions of Euros)</i>	<b>Net value December 31, 2020</b>	<b>Foreign exchange differences</b>	<b>Net value December 31, 2021</b>
Stainless & Electrical Steel	334	1	335
Alloys & Specialties	20	—	20
Services & Solutions	59	—	59
<b>Total</b>	<b>413</b>	<b>1</b>	<b>414</b>

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 2021, goodwill was tested at the GCGU level for impairment as of October 31. The Group reviewed as of December 31, 2021 any indication that long-lived assets (including goodwill) may be impaired. There were no triggers for impairment at the end of 2021. 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. 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 1.5% in Stainless & Electrical Europe and Alloys and 2% in Stainless & Electrical South America and Services & Solutions. These rates did not exceed the average long-term growth rate for the relevant markets.

The Group constantly monitors the latest government legislation in relation to climate-related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required.

For purposes of the 2021 impairment test, the Company estimated shipments on the basis of the analysis of the markets where the Company is active in as well as on the basis of projections provided by external sources.

The nickel price estimate for the next 5 years was determined by the management based on internal analysis giving due consideration to forecasts published by external sources.

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 Company's assets.

	<b>Stainless &amp; Electrical Steel</b>	<b>Alloys &amp; Specialties</b>	<b>Services &amp; Solutions</b>
GCGU weighted average pre-tax discount rate used in 2020	8.8%	8.9%	8.9%
GCGU weighted average pre-tax discount rate used in 2021	9.1%	8.5%	7.0%

Aperam's WACC is overall decreasing in 2021 versus 2020 mainly due to a decrease of country risk premium to 1.38% (from 1.95% in 2020) due to lower economic uncertainties in 2021 (2020 was fully affected by COVID-19 pandemic). In addition, cost of debt decreased to 2.19% (from 3.48% in 2020) due to lower observed market yields. Risk free rate remained at 0% and equity risk premium at 6%. In Stainless & Electrical Steel WACC is slightly increasing due to higher weight of Brazil versus Europe compared to 2020.

When estimating GCGU's average selling price for the purpose of 2021 impairment test, the Company 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 2020 and 2021 for each GCGU did not result in an impairment of goodwill as the value in use exceeded the carrying value of the GCGU.

In validating the value in use determined for the GCGU, 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 which is 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 €(18) million and €(18) million in the years ending December 31, 2021, and 2020, respectively. There were no research and development costs capitalised during any of the periods presented.

## NOTE 12: 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, 2019	51
Additions	5
Change in fair value <sup>(1)</sup>	3
Harvested trees	(15)
Foreign exchange differences	(14)
<b>At December 31, 2020</b>	<b>30</b>
Balance at December 31, 2020	30
Additions	9
Change in fair value <sup>(1)</sup>	9
Harvested trees	(17)
Foreign exchange differences	—
<b>At December 31, 2021</b>	<b>31</b>

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 126 thousand hectares is composed of eucalyptus forest reserves in Brazil. These areas are managed by Aperam BioEnergia Ltda that provides planting and coal production services.

In order to determine the fair value of biological assets, a discounted cash flow model was used, with the harvest cycle of six to seven years. Fair value measurement of biological assets is categorised within level 3 of fair value hierarchy. The projected cash flows are consistent with the area's growing cycle. The volume of eucalyptus production to be harvested was estimated considering the average productivity in cubic meters of wood per hectare from each plantation at the time of harvest. The average productivity varies according to the genetic material, climate and soil conditions and the forestry management programmes. The projected volume is based on the average annual growth which at the end of 2021 was equivalent to 29m<sup>3</sup>/ha/year.

The average net sales price of 69 Brazilian real per m<sup>3</sup> 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 2021, 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 12.31%. 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, 2021:

<i>(in millions of Euros)</i>	<b>Impacts on the fair value resulting from</b>	
	<b>10% increase</b>	<b>10% decrease</b>
<b>Significant unobservable impacts</b>		
Average annual volume	2	(2)
Average selling price	8	(8)
Discount rate	(3)	3

## NOTE 13: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarised as follows:



<i>(in millions of Euros)</i>	<b>Machinery, equipment and others<sup>(1) (2)</sup></b>	<b>Land, buildings and improvements<sup>(1)</sup></b>	<b>Construction in progress</b>	<b>Total</b>
<b>Cost</b>				
At December 31, 2019	2,338	704	130	3,172
Acquisitions	15	1	76	92
Foreign exchange differences	(159)	(50)	(9)	(218)
Disposals	(8)	—	—	(8)
Other movements	42	24	(39)	27
<b>At December 31, 2020</b>	<b>2,228</b>	<b>679</b>	<b>158</b>	<b>3,065</b>
<b>Accumulated amortisation and impairment losses</b>				
At December 31, 2019	(1,319)	(251)	—	(1,570)
Depreciation charge of the year	(102)	(18)	—	(120)
Impairment	(4)	—	—	(4)
Disposals	7	—	—	7
Foreign exchange differences	90	22	—	112
Other movements	3	(1)	—	2
<b>At December 31, 2020</b>	<b>(1,325)</b>	<b>(248)</b>	<b>—</b>	<b>(1,573)</b>
<b>Carrying amount</b>				<b>—</b>
<b>At December 31, 2020</b>	<b>903</b>	<b>431</b>	<b>158</b>	<b>1,492</b>

<b>Cost</b>				
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
<b>At December 31, 2021</b>	<b>2,442</b>	<b>816</b>	<b>118</b>	<b>3,376</b>
<b>Accumulated amortisation and impairment losses</b>				
At December 31, 2020	(1,325)	(248)	—	(1,573)
Depreciation charge of the year <sup>(3)</sup>	(106)	(19)	—	(125)
Impairment loss reversal <sup>(3)</sup>	2	—	—	2
Disposals	15	—	—	15
Foreign exchange differences	(3)	(1)	—	(4)
Other movements	2	2	—	4
<b>At December 31, 2021</b>	<b>(1,415)</b>	<b>(266)</b>	<b>—</b>	<b>(1,681)</b>
<b>Carrying amount</b>				<b>—</b>
<b>At December 31, 2021</b>	<b>1,027</b>	<b>550</b>	<b>118</b>	<b>1,695</b>

## Notes:

(1) Right-of-use assets included in those sections are detailed in Note 21 "Leases".

(2) Bearer plants are included in this section for a net amount of €26 million at end December 31, 2021 and €23 million at end December 31, 2020.

(3) The amount of depreciation and impairment of €144 million recorded in the consolidated statement of operations for the year ending December 31, 2021 consists in the depreciation charge of PP&E of €124 million, the amount of harvested trees in Biological assets of

€17 million (Note 12) and the amortisation charge of intangible assets of €5 million (Note 11), partly offset by the reversal of impairment losses in PP&E of €2 million.

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

As of December 31, 2021, and 2020, 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, 2021, 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, 2021, the Company had determined it has seven CGUs, including two CGUs coming from ELG acquisition. 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 €1.5 million as of December 31, 2021, and 2020, respectively.

## NOTE 14: ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The Company holds the following other investments:

<i>(in millions of Euros)</i>	Location	Ownership % at December 31, 2021	Fair value December 31,	
			2021	2020
Equity instruments at fair value through OCI <sup>(1)</sup>	Various	n/a	1	1
Investments accounted for under equity method	Various	n/a	3	1
<b>Total investments in associates, joint ventures and other investments</b>			<b>4</b>	<b>2</b>

**Note:**

(1) As of October 1, 2020, the shares in General Moly have been delisted from NYSE and have been traded OTC at a value close to zero. As a consequence, added to the high level of risk of bankruptcy of General Moly, the shares have been fully impaired in 2020 for an amount of €0.8 million. The bankruptcy of General Moly was effective on July 1, 2021.

## NOTE 15: OTHER NON CURRENT ASSETS

Other non current assets consisted of the following:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Long-term VAT receivables <sup>(1)</sup>	27	12
Income tax receivable	21	—
Cash guarantees and deposits	19	18
Pension fund assets <sup>(2)</sup>	12	8
Life insurance policies <sup>(2)</sup>	12	—
Receivable from public authorities <sup>(1)</sup>	7	42
Reimbursement rights <sup>(2)</sup>	2	2
Other financial assets	1	1
<b>Total</b>	<b>101</b>	<b>83</b>

Notes:

(1)

(2) See Note 19: Employee Benefits

## NOTE 16: SHORT-TERM AND LONG-TERM DEBT

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

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Short-term bank loans and other credit facilities <sup>(1)(2)</sup>	240	38
Current portion of long-term debt	18	6
Lease obligations <sup>(1)</sup>	13	9
<b>Total</b>	<b>271</b>	<b>53</b>

Notes:

(1) Including ELG short-term bank loans and other credit facilities of €214 million and lease obligations of €5 million as of December 31, 2021.

(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, fulfill the requirements of law. On December 31, 2021, an amount of €25 million was drawn under the Aperam NEU CP programme.

#### *ELG short-term debt*

ELG short-term debt consists in €214 million of money market loans, bank overdrafts and promissory notes as of December 31, 2021.

#### *Unsecured revolving credit facility*

On June 6, 2017, Aperam entered into a €300 million Unsecured Revolving Credit Facility ("The Facility") with a group of ten banks. The Facility is structured as a 5-year revolving credit facility with two options of extension by one year each, replacing its U.S.\$400 million existing 3-year secured borrowing base facility. It is to be used for the company's general corporate purposes.

The Facility charges interest at a rate of EURIBOR (or LIBOR, in the case of an advance denominated in US dollars) plus a margin (depending on the evolution of a net leverage ratio) for the relevant interest period, which may be below one, two, three or six months or any other period agreed between the parties. The Facility also charges a utilisation fee on the drawn portion of the total facility amount and a commitment fee on the undrawn and uncanceled portion of the total facility amount, payable quarterly in arrears.

The Facility contains financial covenants, including:

- a minimum consolidated tangible net worth of €1.25 billion; and
- a maximum consolidated total debt of 70% of consolidated tangible net worth.

On December 31, 2021, these financial covenants were fully met.

As of December 31, 2021, no amount was drawn under this facility. The current final maturity date for this facility stands at June 6, 2024 (See also Note 29 Subsequent events).

Long-term debt is comprised of the following:

<i>(in millions of Euros)</i>	<b>Year of maturity</b>	<b>Type of Interest</b>	<b>Interest rate<sup>(1)</sup></b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Corporate</b>					
EIB loan 1	2028	Fixed	1.669%	38	44
EIB loan 2	2029	Fixed	1.307%	100	100
EIB loan 3	2031	Fixed	0.88%	75	—
Schuldscheindarlehen	2023-2026	Fixed/Floating	1.10% - 1.50%	190	190
Other debt	2035	n/a	n/a	6	—
<b>ELG debt</b>					
Bank loans	2023-2025	Floating	0.48% - 1.57%	241	—
<b>Total</b>				<b>650</b>	<b>334</b>
Lease obligations <sup>(2)</sup>				100	53
Less current portion of long-term debt				(18)	(6)
Less current portion of lease obligations				(13)	(9)
<b>Total long-term debt, net of current portion</b>				<b>719</b>	<b>372</b>

**Notes:**

(1) Rates applicable to balances outstanding as of December 31, 2021.

(2) Details on Lease obligations in Note 21 Leases

### *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.

### *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.

#### *ELG bank debt*

ELG bank debt consists in €241 million of money market loans and bank overdrafts as of December 31, 2021.

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

<i>(in millions of Euros)</i>	<b>December 31, 2021</b>
2022	271
2023	113
2024	255
2025	151
2026	52
Subsequent years	148
<b>Total</b>	<b>990</b>

The following table presents the structure of the Company's debt and cash in original currencies:

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

<i>(in millions of Euros)</i>	<b>In EUR equivalent as of December 31, 2020</b>				
	<b>Total EUR</b>	<b>EUR</b>	<b>USD</b>	<b>BRL</b>	<b>Others</b>
Short-term debt and current portion of long-term debt	53	50	1	1	1
Long-term debt	372	358	11	2	1
Cash	358	216	36	97	9



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.

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

<i>(in millions of Euros)</i>	<b>As of December 31, 2020</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Instruments payable bearing interest at fixed rates	307	—	303	—	303
Instruments payable bearing interest at variable rates	118	—	113	—	113
<b>Total</b>	<b>425</b>	<b>—</b>	<b>416</b>	<b>—</b>	<b>416</b>

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 :

<i>(in millions of Euros)</i>	<b>Short-term debt and current portion of long-term debt</b>	<b>Long-term debt, net of current portion</b>
Balance at December 31, 2020	53	372
<b>Changes from financing cash flows</b>		
Proceeds and (repayments) from debt	(18)	75
Proceeds and (repayments) from finance lease	(9)	—
<b>Total changes from financing cash flows</b>	<b>(27)</b>	<b>75</b>
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)
<b>Balance at December 31, 2021</b>	<b>271</b>	<b>719</b>

## NOTE 17: PROVISIONS

The movements by provision were as follows:

<i>(in millions of Euros)</i>	Balance at December 31, 2019	Additions	Provisions used during the year	Provisions reversed during the year	Effects of Foreign Exchange and other movements	Balance at December 31, 2020
Litigation (Note 25)	36	5	—	(1)	(8)	32
Environmental (Note 25)	14	3	(1)	(1)	—	15
Voluntary separation plans	1	14	—	(1)	—	14
Other	15	4	(2)	(1)	(1)	15
<b>Total</b>	<b>66</b>	<b>26</b>	<b>(3)</b>	<b>(4)</b>	<b>(9)</b>	<b>76</b>
Short-term provisions	23					39
Long-term provisions	43					37
<b>Total</b>	<b>66</b>					<b>76</b>

<i>(in millions of Euros)</i>	Balance at December 31, 2020	Additions	Additions through business combinations	Provisions used during the year	Provisions reversed during the year	Effects of Foreign Exchange and other movements	Balance at December 31, 2021
Litigation (Note 25)	32	2	—	(5)	(1)	—	28
Environmental (Note 25)	15	4	20	—	(1)	—	38
Voluntary separation plans	14	2	—	(1)	(10)	—	5
Other	15	10	5	(3)	(11)	—	16
<b>Total</b>	<b>76</b>	<b>18</b>	<b>25</b>	<b>(9)</b>	<b>(23)</b>	<b>—</b>	<b>87</b>
Short-term provisions	39						27
Long-term provisions	37						60
<b>Total</b>	<b>76</b>						<b>87</b>

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 in the amounts above and the actual outflows. Due to the uncertainties regarding the timing of the provisions or the short period of their expected use, they are presented on a non-discounted basis.

Provisions for litigation 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. Discussion regarding legal matters is provided in Note 25.

Environmental provisions are related to probable environmental assessments and/or 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 18: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses were comprised of the following as of:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Accrued payroll and employee related expenses	160	125
VAT and other amounts due to public authorities	47	34
Payable from acquisition of intangible & tangible assets	35	42
Revaluation of derivative instruments (Note 22)	32	13
Unearned revenue and accrued payables	7	6
Accrued interests	2	1
Other creditors	38	19
<b>Total</b>	<b>321</b>	<b>240</b>

## NOTE 19: EMPLOYEE BENEFITS

The total net employee benefits as of December 31, 2021 and 2020 are presented as follows in the below table:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Pension fund assets (Note 14)	12	8
Employee Benefits liabilities	(186)	(148)
<b>Total Net Employee Benefits</b>	<b>(174)</b>	<b>(140)</b>

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 :

	December 31,	
	2021	2020
<i>(in millions of Euros)</i>		
Pension plan benefits liabilities	(114)	(76)
Pension fund assets (Note 14)	12	8
Net Pension Plan	(102)	(68)
Other post-employment benefits	(48)	(55)
Early retirement benefits	(23)	(16)
Other long-term employee benefits	(1)	(1)
<b>Total Net Employee Benefits</b>	<b>(174)</b>	<b>(140)</b>
Reimbursement rights (Note 14)	2	2
<b>Total Net Employee Benefits and reimbursement rights</b>	<b>(172)</b>	<b>(138)</b>

## 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 or terminated vested. For the time being, assets in the funds are sufficient to cover liabilities and Aperam is not contributing. Aperam is not allowed to recuperate the excess of assets in these funds and therefore, an asset of €30 million is recognised on the balance sheet.

### 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 described earlier 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 liabilities 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, plan assets and statement of financial position.

<i>(in millions of Euros)</i>	Year Ending December 31, 2021		
	Total	Brazil	Europe
<b>Change in benefit obligation</b>			
Benefit obligation at beginning of the year	(259)	(74)	(185)
Service cost	(6)	—	(6)
Interest cost	(6)	(5)	(1)
Actuarial gain / (loss)	27	7	20
<i>Demographic assumptions</i>	3	3	—
<i>Financial assumptions</i>	32	12	20
<i>Experience adjustments</i>	(7)	(8)	1
Benefits paid	11	4	7
Obligations transfer	—	—	—
Acquisitions	(108)	(7)	(101)
Foreign currency exchange rate differences and other movements	(1)	(1)	—
<b>Benefit obligation at end of the year</b>	<b>(342)</b>	<b>(76)</b>	<b>(266)</b>
<i>Actives</i>	(165)	(3)	(162)
<i>Terminated vested</i>	(33)	—	(33)
<i>Retirees</i>	(144)	(73)	(71)
<b>Benefit obligation at end of the year</b>	<b>(342)</b>	<b>(76)</b>	<b>(266)</b>
<b>Change in plan assets</b>			
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 greater/(less) than discount rate	(5)	—	(5)
Employer contributions	6	—	6
Obligation transfer	—	—	—
Benefits paid	(7)	(5)	(2)
Acquisitions	56	—	56
Foreign currency exchange rate differences and other movements	1	1	—
<b>Fair value of plan assets at end of the year</b>	<b>270</b>	<b>106</b>	<b>164</b>
Present value of wholly or partly funded obligation	(229)	(69)	(160)
Fair value of plan assets	270	106	164
<b>Net present value of wholly or partly funded obligation</b>	<b>41</b>	<b>37</b>	<b>4</b>
Present value of unfunded obligation	(114)	(7)	(107)
Prepaid due to unrecoverable surpluses	(29)	(29)	—
<b>Recognised net liabilities</b>	<b>(102)</b>	<b>1</b>	<b>(103)</b>
<b>Change in unrecoverable surplus</b>			
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	—	—	—
<b>Unrecoverable surplus at end of the year</b>	<b>30</b>	<b>30</b>	<b>—</b>

<i>(in millions of Euros)</i>	Year Ending December December 31, 2020		
	Total	Brazil	Europe
<b>Change in benefit obligation</b>			
Benefit obligation at beginning of the year	(274)	(98)	(176)
Service cost	(4)	—	(4)
Interest cost	(7)	(5)	(2)
Actuarial gain / (loss)	(13)	(5)	(8)
<i>Demographic assumptions</i>	(6)	(6)	—
<i>Financial assumptions</i>	(6)	4	(10)
<i>Experience adjustments</i>	(1)	(3)	2
Benefits paid	10	5	5
Obligations transfer	—	—	—
Foreign currency exchange rate differences and other movements	29	29	—
<b>Benefit obligation at end of the year</b>	<b>(259)</b>	<b>(74)</b>	<b>(185)</b>
<i>Actives</i>	(167)	(3)	(164)
<i>Terminated vested</i>	(15)	—	(15)
<i>Retirees</i>	(77)	(71)	(6)
<b>Benefit obligation at end of the year</b>	<b>(259)</b>	<b>(74)</b>	<b>(185)</b>
<b>Change in plan assets</b>			
Fair value of plan assets at beginning of the year	249	150	99
Interest income on plan assets	9	8	1
Return on plan assets greater/(less) than discount rate	(2)	(8)	6
Employer contributions	4	—	4
Obligation transfer	—	—	—
Benefits paid	(6)	(5)	(1)
Foreign currency exchange rate differences and other movements	(43)	(43)	—
<b>Fair value of plan assets at end of the year</b>	<b>211</b>	<b>102</b>	<b>109</b>
Present value of wholly or partly funded obligation	(183)	(74)	(109)
Fair value of plan assets	211	102	109
<b>Net present value of wholly or partly funded obligation</b>	<b>28</b>	<b>28</b>	<b>—</b>
Present value of unfunded obligation	(76)	—	(76)
Prepaid due to unrecoverable surpluses	(21)	(21)	—
<b>Recognised net liabilities</b>	<b>(69)</b>	<b>7</b>	<b>(76)</b>
<b>Change in unrecoverable surplus</b>			
Unrecoverable surplus at beginning of the year	(40)	(40)	—
Interest cost on unrecoverable surplus	(2)	(2)	—
Change in unrecoverable surplus in excess of interest	11	11	—
Exchange rates changes	10	10	—
<b>Unrecoverable surplus at end of the year</b>	<b>(21)</b>	<b>(21)</b>	<b>—</b>

### 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 €30 million and €26 million at December 31, 2021, and 2020, respectively.

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

<i>(in millions of Euros)</i>	<b>Year Ending December 31, 2021</b>		
	<b>Total</b>	<b>Brazil</b>	<b>Europe</b>
<b>Net periodic pension cost</b>			
Service cost	(5)	—	(5)
Net Interest (cost) / income on net (liability) / asset	1	2	(1)
Administration costs	—	—	—
<b>Total</b>	<b>(4)</b>	<b>2</b>	<b>(6)</b>

<i>(in millions of Euros)</i>	<b>Year Ending December 31, 2020</b>		
	<b>Total</b>	<b>Brazil</b>	<b>Europe</b>
<b>Net periodic pension cost</b>			
Service cost	(4)	—	(4)
Net Interest (cost) / income on net (liability) / asset	2	3	(1)
Administration costs	—	—	—
<b>Total</b>	<b>(2)</b>	<b>3</b>	<b>(5)</b>

*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, 2021		
<i>(in millions of Euros)</i>	Total	Brazil	Europe
<b>Change in post-employment benefit obligation</b>			
Benefit obligation at beginning of year	(55)	—	(55)
Service cost	(3)	—	(3)
Interest cost	(1)	—	(1)
Actuarial (gain)/loss	5	—	5
<i>Demographic assumptions</i>	—	—	—
<i>Financial assumptions</i>	2	—	2
<i>Experience adjustments</i>	3	—	3
Benefits paid	2	—	2
Curtailments	4	—	4
Foreign currency exchange rate changes and other movements	—	—	—
<b>Benefits obligation at end of year</b>	<b>(48)</b>	<b>—</b>	<b>(48)</b>
<i>Actives</i>	(48)	—	(48)
<i>Terminated vested</i>	—	—	—
<i>Retirees</i>	—	—	—
<b>Benefit obligation at end of the year</b>	<b>(48)</b>	<b>—</b>	<b>(48)</b>
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
<b>Recognised liabilities</b>	<b>48</b>	<b>—</b>	<b>48</b>
	Year Ending December 31, 2020		
<i>(in millions of Euros)</i>	Total	Brazil	Europe
<b>Change in post-employment benefit obligation</b>			
Benefit obligation at beginning of year	(54)	—	(54)
Service cost	(3)	—	(3)
Interest cost	(1)	—	(1)
Actuarial (gain)/loss	—	—	—
<i>Demographic assumptions</i>	—	—	—
<i>Financial assumptions</i>	(3)	—	(3)
<i>Experience adjustments</i>	3	—	3
Benefits paid	3	—	3
Curtailments	—	—	—
Foreign currency exchange rate changes and other movements	—	—	—
<b>Benefits obligation at end of year</b>	<b>(55)</b>	<b>—</b>	<b>(55)</b>
<i>Actives</i>	(55)	—	(55)
<i>Terminated vested</i>	—	—	—
<i>Retirees</i>	—	—	—
<b>Benefit obligation at end of the year</b>	<b>(55)</b>	<b>—</b>	<b>(55)</b>
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	55	—	55
<b>Recognised liabilities</b>	<b>55</b>	<b>—</b>	<b>55</b>

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

	Year Ending December 31, 2021		
<i>(in millions of Euros)</i>	<b>Total</b>	<b>Brazil</b>	<b>Europe</b>
<b>Components of net periodic OPEB benefit</b>			
Service cost	(3)	—	(3)
Past service cost – Curtailments	—	—	—
Net Interest (cost)/income on net (liability)/asset	(1)	—	(1)
Actuarial gains/(losses) recognised during the year	5	—	5
<b>Total</b>	<b>1</b>	<b>—</b>	<b>1</b>

	Year Ending December 31, 2020		
<i>(in millions of Euros)</i>	<b>Total</b>	<b>Brazil</b>	<b>Europe</b>
<b>Components of net periodic OPEB benefit</b>			
Service cost	(2)	—	(2)
Past service cost – Curtailments	—	—	—
Net Interest (cost)/income on net (liability)/asset	(1)	—	(1)
Actuarial gains/(losses) recognised during the year	(1)	—	(1)
<b>Total</b>	<b>(4)</b>	<b>—</b>	<b>(4)</b>

*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, 2021 and €2 million as of December 31, 2020.

*Plan Assets*

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

	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Equity Securities	1%	13%
<i>Asset classes that have a quoted market price in an active market</i>	1%	13%
<i>Asset classes that do not have a quoted market price in an active market</i>	—%	—%
Fixed Income (including cash)	86%	76%
<i>Asset classes that have a quoted market price in an active market</i>	86%	76%
<i>Asset classes that do not have a quoted market price in an active market</i>	—%	—%
Real Estate	2%	—%
<i>Asset classes that do not have a quoted market price in an active market</i>	2%	—%
<i>Asset classes that have a quoted market price in an active market</i>	—%	—%
Other	11%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

	<b>At December 31,</b>	
	<b>2021</b>	<b>2020</b>
Equity Securities	4%	—
<i>Asset classes that have a quoted market price in an active market</i>	4%	—
<i>Asset classes that do not have a quoted market price in an active market</i>	—%	—
Fixed Income (including cash)	24%	—
<i>Asset classes that have a quoted market price in an active market</i>	24%	—
<i>Asset classes that do not have a quoted market price in an active market</i>	—%	—
Real Estate	1%	—
<i>Asset classes that do not have a quoted market price in an active market</i>	1%	—
<i>Asset classes that have a quoted market price in an active market</i>	—%	—
Other	71%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The assets related to the funded defined benefit pension plans in Europe are all related to insured contracts in Belgium. These assets do not include any direct investment in Aperam or in property or other assets occupied or used by Aperam and hence classified under other asset category above. This does not exclude Aperam shares included in mutual fund investments. The invested assets produced an actual return of €3 million and €7 million in 2021 and 2020, respectively.

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.

	<b>BRAZIL</b>	<b>EUROPE</b>
Equity Securities	3%	—
Fixed Income (including cash)	93%	—
Real Estate	2%	—
Other	2%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*Weighted average assumptions used to determine benefit obligations:*

	<b>Pension Plans</b>		<b>Other Post-Employment Benefits</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Discount rate</b>			
Range	0.90%-8.88%	0.50%-7.30%	0.90%	0.50%
Weighted average	3.50%	2.45%	0.90%	0.50%
	<b>Rate of compensation increase</b>			
Range	2.00%-6.25%	0.00%-5.41%	2.00%-3.3%	2.80%-3.3%
Weighted average	2.40%	2.86%	3.05%	3.05%
	<b>Average longevity at retirement age for current pensioners (years)</b>			
Males	22.467	22.689	NA	NA
Females	26.309	26.843	NA	NA

**Cash Contributions and maturity profile of the plans**

In 2021, the cash contributions of the Company amounted to €11 million for pension plans, €2 million for other post-employment benefits plans and €8 million for the defined contribution plans. Cash contributions to the defined contribution plans, sponsored by the Company, were €8 million and €7 million in 2021 and 2020, respectively. On December 31, 2021, the weighted average durations of the pension and other post-employment benefits plans were 15 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, 2021, the defined benefit obligation ("DBO") for pension plans was €342 million):

<i>(in millions of Euros)</i>	<b>Effect on 2022 Pre-Tax Pension Expense (sum of service cost and interest cost)<sup>(1)</sup></b>	<b>Effect of December 31, 2021 DBO</b>
<b>Change in assumption</b>		
100 basis point decrease in discount rate	1	(39)
100 basis point increase in discount rate	(1)	34
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	—	(5)

**Note:**

(1) Effects of change in assumptions on 2021 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, 2021 the DBO for post-employment benefit plans was €48 million):

<i>(in millions of Euros)</i>	<b>Effect on 2022 Pre-Tax Pension Expense (sum of service cost and interest cost)<sup>(1)</sup></b>	<b>Effect of December 31, 2021 DBO</b>
<b>Change in assumption</b>		
100 basis point decrease in discount rate	—	(6)
100 basis point increase in discount rate	—	4
100 basis point decrease in rate of compensation	—	5
100 basis point increase in rate of compensation	—	(5)
1-year increase of the expected life of the beneficiaries	—	—

**Note:**

(1) Effects of change in assumptions on 2021 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.

## NOTE 20: EQUITY

### Authorised shares

On May 5, 2020, the Extraordinary General Meeting resolved to adjust the authorised share capital by €23,123,395, equivalent to 4,416,743 shares, to €480,868,153, represented by 91,800,042 shares without nominal value. This adjustment was to allow the Company to retain flexibility while taking into account the Company's current commitments under its long term incentive plans and the shares to be cancelled under the share buy back programmes.

On December 11, 2020, and in accordance with the resolution of the Extraordinary General Meeting held on May 5, 2020, the Company further decreased its authorised share capital by €19,388,000, equivalent to 3,700,000 shares. This adjustment translates the 3,700,000 shares cancelled under the 2019 share buy back program. Following this decrease, the total authorised share capital (including its issued share capital) was €461,480,153 represented by 88,100,042 shares without nominal value.

### Share capital

On September 29, 2020, following the decision of the Extraordinary General Meeting of May 7, 2019, to cancel issued shares acquired under the share buyback programme announced on February 6, 2019, the Company cancelled 3,700,000 issued shares acquired under the Programme. The share capital decreased from €438,418,922 to €419,030,922. The aggregate number of shares issued and fully paid up decreased to 79,996,280.

On December 31, 2021, the Company has 79,996,280 shares issued and 77,904,993 shares outstanding, with no par value, for a total amount of €408 million.

### Treasury shares

#### *Share buy back*

On September 29, 2020, 3,700,000 shares acquired under the 2019 share buyback programme were cancelled in line with the announced purpose of the programme.

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

#### *Share unit plans*

During 2020, a total of 94,932 shares were allocated to qualifying employees under the PSU plan granted in August 2017.

During 2021, a total of 98,555 shares were allocated to qualifying employees under the PSU plan granted in June 2018.

#### *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 2,091,287 and 101,548 treasury shares as of December 31, 2021, and 2020, respectively.

## Dividends

On May 5, 2020, the shareholders approved, at the 2020 Annual General Meeting of shareholders, a base dividend per share of €1.75 (gross). The dividend was paid in four equal quarterly instalments of €0.4375 (gross) per share.

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.

## 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, 2021:

Grant date	Type of plan	At Grant date			Number of units issued as of December 31, 2021				
		Number of units	Number of beneficiaries	Maturity	Fair value per units (in €)	Units outstanding	Units vested	Units forfeited	
Jun 1, 2018	PSU	85,461	54	Jun 1, 2021	40.32	—	(75,461)	(1,800)	
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	39,325	—	—	
<b>TOTAL</b>		<b>437,650</b>				<b>316,654</b>	<b>(75,461)</b>	<b>(37,335)</b>	

The fair value of the units allocated to the beneficiaries is recorded as an expense in the consolidated statements of operations (selling, general and administrative expenses) over the relevant vesting or service periods. The compensation expense recognised for the performance and restricted stock units was €(3) million and €(2) million for the years ending December 31, 2021, and 2020, respectively.

Share unit plan activity is summarized below as of and for each year ending December 31, 2021 and 2020:

	RSUs		PSUs	
	Number of units	Fair value per units (€)	Number of units	Fair value per units (€)
<b>Outstanding Dec 31, 2019</b>	—	—	<b>260,007</b>	<b>35.87</b>
Granted	54,060	21.58	101,806	21.58
Vested	—	—	(63,294)	44.34
Forfeited	(2,802)	21.58	(37,846)	32.33
<b>Outstanding Dec 31, 2020</b>	<b>51,258</b>	<b>21.58</b>	<b>260,673</b>	<b>28.75</b>
Granted	39,325	43.18	54,336	43.18
Vested	—	—	(75,461)	40.32
Forfeited	(4,505)	21.58	(8,972)	28.12
<b>Outstanding Dec 31, 2021</b>	<b>86,078</b>	<b>31.45</b>	<b>230,576</b>	<b>28.38</b>

## Earnings per common share

	Year Ending December 31,	
	2021	2020
<i>(in millions of Euros)</i>		
<b>Net income considered for the purposes of basic earnings per share</b>	<b>968</b>	<b>175</b>
<b>Net income considered for the purposes of diluted earnings per share</b>	<b>968</b>	<b>175</b>
<b>Weighted average common shares outstanding (in millions) for the purposes of basic earnings per share</b>	<b>79.2</b>	<b>79.8</b>
Incremental shares from assumed conversion of stock options, restricted share units and performance share units	0.3	0.3
<b>Weighted average common shares assuming conversions (in millions) used in the calculation of diluted earnings per share</b>	<b>79.5</b>	<b>80.1</b>
<b>Earnings per common share (in Euros)</b>		
Basic	12.21	2.19
Diluted	12.16	2.19

## 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 monitors capital using a ratio of Net Financial Debt divided by Equity 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 :

<i>(in millions of Euros)</i>	December 31,	
	2021	2020
Long-term debt	719	372
Short-term debt	271	53
Cash and cash equivalents	(524)	(358)
<b>Net financial debt</b>	<b>466</b>	<b>67</b>
Equity	2,945	2,200
<b>Gearing</b>	<b>16%</b>	<b>3%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ending December 31, 2021 and 2020.

## NOTE 21: 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:

<i>(in millions of Euros)</i>	<b>Machinery, equipment and others</b>	<b>Land, buildings and improvements</b>	<b>Total right-of- use assets</b>
<b>Cost</b>			
At December 31, 2019	45	23	68
Additions	7	20	27
Foreign exchange differences	(1)	(1)	(2)
Disposals	—	—	—
Other movements	(2)	1	(1)
<b>At December 31, 2020</b>	<b>49</b>	<b>43</b>	<b>92</b>
<b>Accumulated amortisation and impairment losses</b>			
At December 31, 2019	(24)	(5)	(29)
Depreciation charge of the year	(7)	(3)	(10)
Disposals	—	—	—
Foreign exchange differences	—	—	—
Other movements	1	—	1
<b>At December 31, 2020</b>	<b>(30)</b>	<b>(8)</b>	<b>(38)</b>
<b>Carrying amount</b>			
<b>At December 31, 2020</b>	<b>19</b>	<b>35</b>	<b>54</b>
<b>Cost</b>			
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)
<b>At December 31, 2021</b>	<b>55</b>	<b>74</b>	<b>129</b>
<b>Accumulated amortisation and impairment losses</b>			
At December 31, 2020	(30)	(8)	(38)
Depreciation charge of the year	(6)	(4)	(10)
Disposals	—	—	—
Foreign exchange differences	—	—	—
Other movements	1	2	3
<b>At December 31, 2021</b>	<b>(35)</b>	<b>(10)</b>	<b>(45)</b>
<b>Carrying amount</b>			
<b>At December 31, 2021</b>	<b>20</b>	<b>64</b>	<b>84</b>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

(in millions of Euros)

	<u>Lease debt</u>
Balance at December 31, 2020	53
Additions	6
Acquisitions through business combinations	49
Accretion of interest	—
Payments	(8)
<b>Balance at December 31, 2021</b>	<b><u>100</u></b>
Current	13
Non-current	87

Scheduled maturities of lease debt are as follows:

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

The following are the amounts recognised in profit or loss:

(in millions of Euros)

	<u>Year Ending December 31, 2021</u>	<u>Year Ending December 31, 2020</u>
Depreciation expense of right-of-use assets	(10)	(10)
Interest expense on lease liabilities	(2)	(2)
Expense relating to company cars (included in cost of sales)	—	—
Expense relating to short-term leases (included in cost of sales)	(6)	(7)
Expense relating to leases of low-value assets (included in cost of sales)	(1)	—
Variable lease payments (included in cost of sales)	—	—
<b>Total amount recognised in profit or loss</b>	<b><u>(19)</u></b>	<b><u>(19)</u></b>

The Group had total cash outflows for leases of €8 million in 2021 and €10 million in 2020. The Group also had non-cash additions to lease liabilities of €55 million in 2021 (including €49 million due to business acquisition) and €23 million in 2020. The Group didn't have any future cash outflows relating to leases that have not yet commenced at the end of December 2021 or December 2020.

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 22: 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, 2021.

(in millions of Euros)	Carrying amount in statements of financial position	Non-financial assets and liabilities	Assets at amortised cost	Liabilities at amortised cost	Assets/Liabilities at fair value		
					Fair value recognised in profit and loss	Equity instruments at Fair Value through OCI	Derivatives
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	524	—	524	—	—	—	—
Trade accounts receivable	556	—	556	—	—	—	—
Inventories	2,332	2,332	—	—	—	—	—
Prepaid expenses and other current assets	89	47	22	—	—	—	20
Income tax receivable	5	5	—	—	—	—	—
<b>Total current assets</b>	<b>3,506</b>	<b>2,384</b>	<b>1,102</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20</b>
<b>Non-current assets:</b>							
Goodwill and intangible assets	439	439	—	—	—	—	—
Biological assets	31	—	—	—	31	—	—
Property, plant and equipment	1,695	1,695	—	—	—	—	—
Other investments	4	—	—	—	—	4	—
Deferred tax assets	135	135	—	—	—	—	—
Other assets	101	55	46	—	—	—	—
<b>Total non-current assets</b>	<b>2,405</b>	<b>2,324</b>	<b>46</b>	<b>—</b>	<b>31</b>	<b>4</b>	<b>—</b>
<b>Total assets</b>	<b>5,911</b>	<b>4,708</b>	<b>1,148</b>	<b>—</b>	<b>31</b>	<b>4</b>	<b>20</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Current liabilities:</b>							
Short-term debt and current portion of long-term debt	271	—	—	271	—	—	—
Trade accounts payable	1,200	—	—	1,200	—	—	—
Short-term provisions	28	28	—	—	—	—	—
Accrued expenses and other liabilities	320	47	—	241	—	—	32
Income tax liabilities	34	34	—	—	—	—	—
<b>Total current liabilities</b>	<b>1,853</b>	<b>109</b>	<b>—</b>	<b>1,712</b>	<b>—</b>	<b>—</b>	<b>32</b>
<b>Non-current liabilities:</b>							
Long-term debt, net of current portion	719	—	—	719	—	—	—
Deferred tax liabilities	132	132	—	—	—	—	—
Employee benefits	186	186	—	—	—	—	—
Long-term provisions	60	60	—	—	—	—	—
Other long-term obligations	8	1	—	7	—	—	—
<b>Total non-current liabilities</b>	<b>1,105</b>	<b>379</b>	<b>—</b>	<b>726</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Equity:</b>							
Equity attributable to the equity holders of the parent	2,945	2,945	—	—	—	—	—
Non-controlling interests	8	8	—	—	—	—	—
<b>Total equity</b>	<b>2,953</b>	<b>2,953</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and equity</b>	<b>5,911</b>	<b>3,441</b>	<b>—</b>	<b>2,438</b>	<b>—</b>	<b>—</b>	<b>32</b>

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

	<b>As of December 31, 2021</b>			
<i>(in millions of Euros)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets at fair value:</b>				
Biological assets	—	—	31	31
Equity instruments at Fair Value through OCI	—	—	4	4
Derivative financial current assets	—	20	—	20
Derivative financial non-current assets	—	—	—	—
<b>Total assets at fair value</b>	<b>—</b>	<b>20</b>	<b>35</b>	<b>55</b>
<b>Liabilities at fair value:</b>				
Derivative financial current liabilities	—	32	—	32
Derivative financial non-current liabilities	—	—	—	—
<b>Total liabilities at fair value</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>32</b>
	<b>As of December 31, 2020</b>			
<i>(in millions of Euros)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets at fair value:</b>				
Biological assets	—	—	30	30
Equity instruments at Fair Value through OCI	—	—	2	2
Derivative financial current assets	—	16	—	16
Derivative financial non-current assets	—	—	—	—
<b>Total assets at fair value</b>	<b>—</b>	<b>16</b>	<b>32</b>	<b>48</b>
<b>Liabilities at fair value:</b>				
Derivative financial current liabilities	—	13	—	13
Derivative financial non-current liabilities	—	—	—	—
<b>Total liabilities at fair value</b>	<b>—</b>	<b>13</b>	<b>—</b>	<b>13</b>

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

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

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

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, 2020:

<i>(in millions of Euros)</i>	<b>Equity instruments not quoted</b>	<b>Total</b>
<b>Balance as of December 31, 2020</b>	2	2
Change in fair value <sup>(1)</sup>	2	2
Early buyback (see Note 16)	—	—
<b>Balance as of December 31, 2021</b>	<b>4</b>	<b>4</b>

Note:

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

For more information on Biological assets, please refer to Note 12.

## Portfolio of Derivatives

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

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

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

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

The portfolio associated with derivative financial instruments classified as Level 2 as of December 31, 2020, is as follows:

	Assets		Liabilities	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<i>(in millions of Euros)</i>				
<b>Foreign exchange rate instruments</b>				
Forward purchase contracts	3	—	269	(9)
Forward sale contracts	153	4	85	—
<b>Total foreign exchange rate instruments</b>		<b>4</b>		<b>(9)</b>
<b>Raw materials (base metal)</b>				
Term contracts sales metals	38	1	50	(2)
Term contracts purchases metals	97	11	45	(2)
<b>Total raw materials (base metal)</b>		<b>12</b>		<b>(4)</b>
<b>Total</b>		<b>16</b>		<b>(13)</b>

## 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.

## 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.

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 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:

	December 31, 2021					
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 Years	2-5 Years	More than 5 Years
<i>(in millions of Euros)</i>						
<b>Non-derivative financial liabilities</b>						
Debt over €100 million	(100)	(104)	(13)	(13)	(39)	(38)
Trade payables	(1,200)	(1,200)	(1,200)	—	—	—
Other non-derivative financial liabilities	(890)	(905)	(263)	(104)	(426)	(112)
<b>Total</b>	<b>(2,190)</b>	<b>(2,209)</b>	<b>(1,476)</b>	<b>(117)</b>	<b>(465)</b>	<b>(150)</b>
<b>Derivative financial liabilities</b>						
Foreign exchange contracts	(8)	(8)	(8)	—	—	—
Other commodities contracts	(24)	(24)	(24)	—	—	—
<b>Total</b>	<b>(32)</b>	<b>(32)</b>	<b>(32)</b>	<b>—</b>	<b>—</b>	<b>—</b>

<i>(in millions of Euros)</i>	December 31, 2020					
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 Years	2-5 Years	More than 5 Years
<b>Non-derivative financial liabilities</b>						
Debt over €100 million	(100)	(104)	(1)	(13)	(40)	(50)
Trade payables	(714)	(714)	(714)	—	—	—
Other non-derivative financial liabilities	(325)	(338)	(57)	(16)	(212)	(53)
<b>Total</b>	<b>(1,139)</b>	<b>(1,156)</b>	<b>(772)</b>	<b>(29)</b>	<b>(252)</b>	<b>(103)</b>
<b>Derivative financial liabilities</b>						
Foreign exchange contracts	(9)	(9)	(9)	—	—	—
Other commodities contracts	(4)	(4)	(4)	—	—	—
<b>Total</b>	<b>(13)</b>	<b>(13)</b>	<b>(13)</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Cash flow hedges

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

<i>(in millions of Euros)</i>	December 31, 2021					
	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)	—	—	—
<b>Total</b>	<b>3</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

<i>(in millions of Euros)</i>	December 31, 2020					
	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	3	2	1	—	—	—
Foreign exchange contracts	—	—	—	—	—	—
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

<i>(in millions of Euros)</i>	December 31, 2021					
	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)	—	—	—
<b>Total</b>	<b>3</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

<i>(in millions of Euros)</i>	December 31, 2020					
	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	3	2	1	—	—	—
Foreign exchange contracts	—	—	—	—	—	—
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 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 instruments are as follows:

<i>(in millions of Euros)</i>	December 31,	
	2021	2020
Base metals	(10)	8
<b>Total</b>	<b>(10)</b>	<b>8</b>
Assets associated with raw material	14	12
Liabilities associated with raw material	(24)	(4)
<b>Total</b>	<b>(10)</b>	<b>8</b>

The Company consumes large amounts of commodities (mainly nickel), the price of which is related to the London Metals Exchange price index. 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.

<i>(in millions of Euros)</i>	<b>December 31, 2021</b>	
	<b>Income</b>	<b>Other Equity Cash Flow Hedging Reserves</b>
10% appreciation in Euro	18	—
10% depreciation in Euro	(21)	—

#### *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

<i>(in millions of Euros)</i>	<b>December 31, 2021</b>	
	<b>Income</b>	<b>Other Equity Cash Flow Hedging Reserves</b>
+10% in prices Base Metals	15	13
-10% in prices Base Metals	(15)	(13)

## **NOTE 23: 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:

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Transactions</b>	<b>Sales</b>		<b>Included in Trade accounts receivable</b>	
ArcelorMittal and its subsidiaries	73	49	12	6
<b>Total</b>	<b>73</b>	<b>49</b>	<b>12</b>	<b>6</b>

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Transactions</b>	<b>Purchase of raw material &amp; others</b>		<b>Included in Trade accounts payable</b>	
ArcelorMittal and its subsidiaries	404	136	59	23
<b>Total</b>	<b>404</b>	<b>136</b>	<b>59</b>	<b>23</b>

The table above includes purchases of raw materials and energy from related parties as follows:

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
Raw materials	112	29
Energy supply contracts	233	84

Transactions and balances with related parties also include the following:

<i>(in millions of Euros)</i>	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Other current assets	1	1
Other current liabilities	4	5

<i>(in millions of Euros)</i>	<b>Year Ending December 31,</b>	
	<b>2021</b>	<b>2020</b>
Selling, general and administrative expenses	4	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 26 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 24: 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,	
	2021	2020
Purchase commitments	1,963	1,227
Guarantees, pledges and other collateral	208	149
<b>Total</b>	<b>2,171</b>	<b>1,376</b>

### Purchase commitments

Purchase commitments consist of the major agreements for procuring electricity and nickel. The Company also entered into agreements for industrial gas, molybdenum, chromium, scrap and mill rolls. 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 25: 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 for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty, or the amount of provision accrued, which is 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 tax authorities in the countries in which they operate. Those audits could result in additional tax liabilities and payments, including penalties for late payment and interest.

## Environmental Liabilities

The Company is subject to a broad range of environmental laws and regulations. As of December 31, 2021, the Company had established reserves of €30 million for environmental and remedial activities and 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 Chatelet. 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 €11 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.

#### *France, Germany, Netherlands on ELG sites*

For locations in France, Germany and The Netherlands there is a provision of €5.5 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.

#### *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*

Contingent liabilities were identified for possible obligations from environmental pollution assumed from previous owner on some ELG US's sites. In this relation, other current and non-current provisions of €14 million are recognized.

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.

## 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, 2021, (ii) that constitute a contingent liability, or (iii) that were resolved in 2021, 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, 2021, the Company has established reserves in the aggregate of approximately €7 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 favor 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 precedential 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)<sup>12</sup> in the consolidated

<sup>12</sup> €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.

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 total amount claimed is R\$25 million (€4 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 total amount claimed is R\$64 million (€10 million). The Company obtained unfavorable 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 R\$27 million (€4 million). On March 8, 2018, the Company received an unfavorable decision and decided to appeal it on April 6, 2018. On December 31, 2021, 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 6th, 2022. The case is pending at the second administrative level.
- On May 19, 2015, Aperam South America received two tax assessments related to social contributions regarding years 2010-2011 in a total amount of R\$23 million (€4 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 total amount claimed by the Federal Revenue Service is R\$255 million (€40 million). The Company presented its defense on August 21, 2014, at the first administrative level. On July 1, 2016, the Company received an unfavorable 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 total amount of R\$58 million (€9 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 unfavorable. 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 unfavorable to the Company on November 2019. The Company brought the case to judicial level in November 2020. On August 25, 2021, the Company filed a petition informing adherence to the PLR Amnesty (related to non-employees directors) allowing it to reduce the claimed amount. The case is pending at the first judicial instance.
- On June 24, 2014, Aperam Bioenergia received a tax assessment from the Federal Revenue Service in the total amount of R\$81 million (€13 million) related to corporate income tax ("IRPJ" and "CSLL") due to disallowance of previous tax losses compensation made by the Company in 2011. On December 10, 2015, Aperam Bioenergia received a partially favorable decision. The Federal Revenue appealed to the

Administrative Tax Court. In May 2017, the Court of Appeal denied the appeal of Federal Revenue. The Company presented a motion for clarification of the court decision that was denied in October 2017. The Company intends to bring the case to the judicial level.

- On December 20, 2013, Aperam South America received a tax assessment from Federal Revenue in the total amount of R\$418 million (€66 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 unfavorable 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 for a total amount of R\$105 million (€17 million) considering that the Company did not pay several social contributions due on payments made to employees under the Profit Sharing Programme. The Company presented its defense in January 2012. In April 2014, the Company obtained an unfavorable 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 unfavorable 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 unfavorably 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 total amount claimed by the Federal Union is R\$27 million (€4 million). On June 20, 2012, the first Judicial Court decision was favorable to the Company but the Federal Union appealed the decision on June 21, 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 R\$68 million (€11 million). The Company brought the case at judicial level on September 9, 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, 2021, the Company has established reserves in the aggregate of approximately €21 million for those of the claims as to which the criteria for provisioning were met.

### *Brazil*

- In July 2014, Union claimed against Aperam South America for non-payment of weekly remunerated rest period to employees since 2007. Total amount claimed is R\$47 million (€7 million). The decision of the Court of Appeals was favorable to the Unions but granted rights higher than initial calculation claimed. The Company filed an action to get clarification. The Court agreed to suspend the execution of the Court of

Appeals decision. On March 1, 2018 the company received a favorable decision from the Special Court. In 2021, Aperam South America reached a settlement with the Union and the case is now closed.

- 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 fine of R\$53 million (€8 million). The Company brought the case before the Judicial Court in 2012. On February 6, 2014, the first judicial instance was not favorable to the Company. On February 21, 2014 the Company appealed this first instance decision after several proceedings. The case is still pending before the Court of Appeal.

## NOTE 26: EMPLOYEES AND KEY MANAGEMENT PERSONNEL

The total annual compensation of Aperam's employees was as follows:

(in millions of Euros)

	Year Ending December 31,	
	2021	2020
<b>Employee Information</b>		
Wages and salaries	448	414
Pension cost	8	7
Other staff costs	78	60
<b>Total</b>	<b>534</b>	<b>481</b>

During 2021 and 2020, Aperam employed 9,500 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)

	Year Ending December 31,	
	2021	2020
Base salary	3	3
Directors' fees	1	1
Short-term performance-related bonus	2	2
Post-employments benefits <sup>(1)</sup>	—	—
Share based compensation	2	1

Note:

(1) Post-employments benefits for Aperam's key management personnel were below €1 million for the years ending December 31, 2021 and December 31, 2020

As of December 31, 2021, and 2020, 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 27: LIST OF SIGNIFICANT SUBSIDIARIES AS OF DECEMBER 31, 2021

The following table provides an overview of the Company's principal operating subsidiaries<sup>(1)</sup>, all of which are integrated in full consolidation by the Company, according to the principles defined in Note 1, and meet the following criteria:

- Contribution to the Group total property, plant and equipment in excess of €5 million; or
- Contribution to the Group revenue in excess of €40 million.

Name of subsidiary	Country of incorporation	% Interest
<b>Stainless &amp; Electrical Steel</b>		
Aperam Stainless Belgium	Belgium	100%
Aperam BioEnergia	Brazil	100%
Aperam South America	Brazil	100%
Aperam Stainless Europe	France	100%
Aperam Stainless France	France	100%
Aperam Stainless Precision	France	100%
Recyco	France	100%
Aperam Stainless Precision	France	100%
ASB Recycling	Belgium	100%
Haven Genk	Belgium	100%
<b>Alloys &amp; Specialties</b>		
Aperam Alloys Imphy	France	100%
Aperam Alloys Amilly	France	100%
<b>Services &amp; Solutions</b>		
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%
<b>Recycling</b>		
Eisenlegierungen Handelsgesellschaft mbH	Germany	100%
Jewometaal Stainless Processing B.V.	Netherlands	100%
ELG Metals Ltd	UK	100%
FERINOX S.A.S.	France	100%
Iberinox Recycling Plus S.L.	Spain	100%
ELG Metals Inc.	USA	100%
ELG Utica Alloys GmbH	Germany	100%
ELG Utica Alloys Ltd.	UK	100%
ELG Utica Alloys Inc.	USA	100%
ELG Utica Alloys (Hartford), Inc.	USA	100%

(1) We have no legal entity, sales offices nor sales in / purchases from: Afghanistan, Cuba, Iran, Iraq, North Korea, Somalia, Sudan/ South Sudan, Syria, Crimea Region of Ukraine, Yemen nor Zimbabwe.



## NOTE 28: INDEPENDENT AUDITOR FEES

Deloitte Audit S.à.r.l. acted as independent auditor for the audit of the Consolidated Financial Statements and the Parent Company Annual Accounts for the year ending December 31, 2020. The Annual General Meeting that was held on June 8, 2021 decided to appoint PricewaterhouseCoopers, *société coopérative*, as independent auditor for the audit of the Consolidated Financial Statements and the Parent Company Annual Accounts for the year ending December 31, 2021.

Set forth below is a breakdown of fees for services rendered in 2021 and 2020.

**Audit Fees.** Audit fees in 2021 and 2020 were €2.7 million (including €1.4 million related to the audit of ELG entities) and €1.4 million, respectively.

**Audit-Related Fees.** Audit-related fees in 2021 and 2020 were €0.1 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 2021 and 2020 were below €<0.1 million.

## NOTE 29: SUBSEQUENT EVENTS

On February 11, 2022, Aperam announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility of €500 million with a syndicate of 16 banks. Such facility replaces the existing 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 revolving credit facility is for general corporate purposes and the term loan is dedicated to the refinancing of maturing debts of ELG. BNP Paribas, ING Bank N.V. and Intesa Sanpaolo S.p.A. arranged the new facilities, with Credit Agricole Corporate & Investment Bank acting as Sustainability and Facility Agent.

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

On February 11, 2022, Aperam announced a share buyback program of up to €100 million, and a maximum of 2.5 million shares under the authorization given by the annual general meeting of shareholders held on May 7, 2019. Such shareholder resolution is to be renewed at the May 4, 2022 Annual General Meeting.

In the context of the conflict between Russia and Ukraine which officially started on February 24, 2022, Aperam confirms that it has limited direct exposure to the region with sales in 2021 of less than 0.5%. More globally, this conflict together with the imposition of international sanctions, have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments, potentially affecting stainless steel and raw materials demand and prices, as well as increasing energy costs. Aperam uses only a very limited amount of class 1 nickel as scrap is our dominant raw material and this market is not impacted by the current geopolitical tensions. Scrap availability is normal, our order book is correctly covered by contracts and will be delivered as planned.

In the wake of this conflict between Russia and Ukraine, a market turmoil on the trading of nickel was generated, leading LME to decide to suspend nickel trading on March 8, 2022. This suspension was primarily linked to brokers struggling to pay margin calls against deeply unprofitable short positions. The situation resulted in a massive disconnect between the nickel price observed on the LME and availability of the input. Starting March 16, 2022, the LME resumed nickel trading in a fixed price range after this rare shut down. At

the date of the publication of this report, the situation tended to normalize with nickel trading in the range of USD 30,000 per tonne just before hitting the daily trading limit imposed by LME. At these levels, with our flexible and agile business model, a robust balance sheet and long term financings without covenants, as detailed in the section Liquidity of this report, we are confident that we can overcome the challenge of this crisis situation and the related increase in the working capital requirements.

# 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 2021, 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 2021;
- 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 28 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 matter	How our audit addressed the key audit matter
<p><b><i>Recognition and recoverability of the deferred tax assets arising from the tax losses carried forward</i></b></p> <p>As of 31 December 2021, the Group has recognized deferred tax assets of EUR 145 million on tax losses carried forward, mainly related to the French, Brazilian and Luxembourg tax groups.</p> <p>The recognition and the recoverability of deferred tax assets arising from the tax losses carried forward depend on the capacity of Aperam to generate future taxable profits and the local tax laws and regulations applying to the recognition and use of deferred tax assets at subsidiary level.</p> <p>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 subsidiaries of the Group are located in various tax jurisdictions with, in some cases, changing environments, makes the determination of these management estimates more complex.</p> <p>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.</p> <p>For further details on the deferred tax assets, please refer to Note 2 ("Summary of significant accounting policies, critical accounting judgments and change in accounting estimates"), and Note 6 ("Income tax") to the consolidated financial statements.</p>	<ol style="list-style-type: none"> <li>a. We assessed the Group's controls which support the process followed to book deferred tax assets arising from tax losses carried forward.</li> <li>b. With the assistance of our tax specialists, we assessed the amount and availability of tax losses and temporary differences under tax law in the relevant jurisdictions, focusing on the most material balances.</li> <li>c. For the different jurisdictions where material deferred tax assets were recorded, we assessed management's assumptions used in order 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.</li> <li>d. We considered the appropriateness of the disclosures in Note 6 to the consolidated financial statements.</li> </ol>

**Brazilian Tax litigations**

The Group operates in Brazil and is subject to complex Brazilian tax legislations, resulting from time to time in litigations, arbitrations and other legal proceedings.

As at 31 December 2021, the Group recognized EUR 7 million as provision linked to these Brazilian tax litigations (See note 25 “Contingent liabilities”).

There is a high level of judgement to properly appreciate the risks related to these specific tax cases that may materially impact the amount of provisions recorded and the information disclosed in relation to the provisions and contingent liabilities at year end.

Management considers that given the uncertain evolution of some of the pending litigations and the resulting complexity to estimate their outcome, they qualify as contingent liabilities and therefore do not trigger the recognition criteria of a provision. Rather they are disclosed in the consolidated financial statements.

For these reasons, tax litigation matters in Brazil are considered as a key audit matter.

For further details on Brazilian tax litigations, please refer to Note 2 (“Summary of significant accounting policies, critical accounting judgments and change in accounting estimates”), Note 17 (“Provisions”), and Note 25 (“Contingencies”) to the consolidated financial statements.

- a. We obtained from management and their legal counsels the list of Brazilian tax cases open at year-end and we assessed management’s positions with the support of our tax specialists and the involvement of the local audit team in Brazil.
- b. We evaluated the impact of the latest correspondence received from the Brazilian tax authorities and related tax assessments, if any.
- c. We obtained letters from external legal counsels and evaluated the impact on the completeness and accuracy of provisions and contingent liabilities recorded and/or disclosed in the consolidated financial statements.
- d. We considered the appropriateness of the disclosures in Note 25 to the consolidated financial statements.

**ELG acquisition and purchase price allocation**

As disclosed in note 3 to the consolidated financial statements, the Group acquired 100% of the shares of ELG Haniel GmbH and its subsidiaries (“ELG”) on 27 December 2021, for a total consideration of EUR 30 million, resulting in a bargain purchase of EUR 117 million.

This transaction falls under the scope of IFRS 3 business combinations, which requires significant management judgement in determining the fair value of assets acquired, including intangible assets, and of liabilities assumed, which are inherently judgmental. Management engaged a third party (management expert) to assist in a process to identify and determine the fair value of these assets and liabilities. This matter was significant to our audit since the determination of the fair value of assets and liabilities requires significant judgment and estimates.

- a. We reviewed the sale purchase agreement and other legal documentation related to the acquisition to obtain an understanding of the transaction and to confirm the acquisition date and the consideration transferred;
- b. We have audited the year-end figures of ELG that have been included into the consolidated figures of the Group;
- c. With the support of our corporate finance specialists, we have analyzed the accounting treatment and the methodology used by the management expert and we tested the procedures applied in determining the fair value of the net identifiable assets acquired, including the property, plant and equipment and inventories;
- d. We assessed the appropriateness of the Group’s disclosures regarding the ELG acquisition and purchase price allocation in note 3 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 skepticism throughout the audit. We also:

1. 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;
2. 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;

3. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
4. 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;
5. 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;
6. 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 8 June 2021 and the year 2021 marks the first year of our uninterrupted engagement.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group the requirements are:

- a. the consolidated financial statements are prepared in a valid XHTML format;

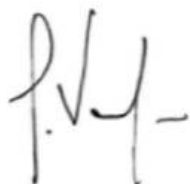


- b. the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Company as at 31 December 2021, identified as aperam-2021-12-31-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, 24 March 2022

A handwritten signature in black ink, appearing to read 'G. Vanderweyen', with a horizontal line at the end.

Gilles Vanderweyen

# Aperam, Société Anonyme

Annual Accounts

As of and for the year ending December 31, 2021

## **Aperam S.A. Société Anonyme**

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.*



Hôtel Le Fouquet's, VOUS ÊTES ICI ARCHITECTES, © 11h45 / Florent Michel  
Executed using Aperam grade 316L with Uginox MECA 8 ND® surface finish  
(non-directional Super Mirror finish)

# Balance Sheet

Aperam, Société Anonyme

*(in thousands of Euros)*

		December 31, 2021	December 31, 2020
<b>Assets</b>			
<b>C. Fixed assets</b>			
<b>I. Intangible assets</b>	<b>Note 3</b>	<b>4,734</b>	<b>6,551</b>
2.a) Concessions, patents, licences, trademarks and similar rights and assets, if they were acquired for valuable consideration		1,989	3,914
4. Payments on account and intangible fixed assets under development		2,745	2,637
<b>III. Financial assets</b>	<b>Note 4</b>	<b>4,186,762</b>	<b>4,039,521</b>
1. Shares in affiliated undertakings		4,103,095	4,017,557
2. Loans to affiliated undertakings		83,627	21,931
6. Other loans		40	33
<b>D. Current assets</b>			
<b>II. Debtors</b>			
2. Amounts owed by affiliated undertakings		340,920	123,760
a) becoming due and payable within one year	Note 5	340,920	120,194
b) becoming due and payable after more than one year		—	3,566
4.a) Other debtors becoming due and payable within one year		1,453	1,195
<b>III. Investments</b>			
2. Own shares	Note 6	5,606	3,933
<b>IV. Cash at bank and in hand</b>			
		<b>46</b>	<b>55</b>
<b>E. Prepayments</b>			
	<b>Note 7</b>	<b>1,137</b>	<b>1,597</b>
<b>Total assets</b>		<b>4,540,658</b>	<b>4,176,612</b>

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

# Balance Sheet

Aperam, Société Anonyme

<i>(in thousands of Euros)</i>		December 31, 2021	December 31, 2020
<b>Capital, reserves and liabilities</b>			
<b>A. Capital and reserves</b>	<b>Note 8</b>	<b>4,070,320</b>	<b>3,400,197</b>
<b>I. Subscribed capital</b>		<b>419,031</b>	<b>419,031</b>
<b>II. Share premium account</b>		<b>1,140,629</b>	<b>1,140,629</b>
<b>IV. Reserves</b>		<b>61,972</b>	<b>60,299</b>
1. Legal reserve		56,366	56,366
2. Reserve for own shares	Note 8.3	5,606	3,933
<b>V. Profit brought forward</b>		<b>1,638,206</b>	<b>1,789,054</b>
<b>VI. Profit or loss for the financial year</b>		<b>810,482</b>	<b>(8,816)</b>
<b>C. Creditors</b>	<b>Note 9</b>	<b>470,338</b>	<b>776,415</b>
1. Debenture loans		215,608	227,576
<i>b) Non convertible loans</i>	<i>Note 10</i>	215,608	227,576
<i>i) becoming due and payable within one year</i>		25,608	37,576
<i>ii) becoming due and payable after more than one year</i>		190,000	190,000
2. Amounts owed to credits institutions	Note 11	214,530	144,985
<i>a) becoming due and payable within one year</i>		18,697	6,096
<i>b) becoming due and payable after more than one year</i>		195,833	138,889
6.a) Amounts owed to affiliated undertakings becoming due and payable within one year	Note 12	22,043	386,685
8. Other creditors		18,157	17,169
<i>a) Tax authorities</i>		96	1,030
<i>b) Social security authorities</i>		112	263
<i>c.i) Other creditors becoming due and payable within one year</i>		17,949	15,876
<b>Total capital, reserves and liabilities</b>		<b>4,540,658</b>	<b>4,176,612</b>

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

# Profit and Loss account

Aperam, Société Anonyme

<i>(in thousands of Euros)</i>		Year ending December 31, 2021	Year ending December 31, 2020
<b>4. Other operating income</b>	<b>Note 13</b>	<b>294,240</b>	<b>92,033</b>
<b>5. b) Other external expenses</b>	<b>Note 14</b>	<b>(68,439)</b>	<b>(59,757)</b>
<b>6. Staff costs</b>		<b>(12,880)</b>	<b>(15,218)</b>
<i>a) Wages and salaries</i>		<i>(11,207)</i>	<i>(13,492)</i>
<i>b) Social security costs</i>		<i>(1,648)</i>	<i>(1,664)</i>
<i>i) relating to pensions</i>		<i>(924)</i>	<i>(932)</i>
<i>ii) other social security costs</i>		<i>(724)</i>	<i>(732)</i>
<i>c) Other staff costs</i>		<i>(25)</i>	<i>(62)</i>
<b>7. Value adjustments</b>		<b>(1,918)</b>	<b>(2,732)</b>
<i>a) In respect of formation expenses and of tangible and intangible fixed assets</i>		<i>(1,918)</i>	<i>(2,732)</i>
<b>8. Other operating expenses</b>		<b>(88)</b>	<b>(1,177)</b>
<b>9. Income from participating interests</b>	<b>Note 15</b>	<b>561,368</b>	<b>59,344</b>
<i>a) Derived from affiliated undertakings</i>		<i>561,368</i>	<i>59,344</i>
<b>11. Other interest receivable and similar income</b>	<b>Note 16</b>	<b>31,367</b>	<b>17,392</b>
<i>a) Derived from affiliated undertakings</i>		<i>31,204</i>	<i>17,392</i>
<i>b) other interest and similar income</i>		<i>163</i>	
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>		<b>17,351</b>	<b>(75)</b>
<b>14. Interest payable and similar expenses</b>	<b>Note 16</b>	<b>(9,260)</b>	<b>(94,678)</b>
<i>a) Concerning affiliated undertakings</i>		<i>(4,103)</i>	<i>(4,939)</i>
<i>b) Other interest and similar expenses</i>		<i>(5,157)</i>	<i>(89,739)</i>
<b>15. Tax on profit or loss</b>	<b>Note 17</b>	<b>(1,255)</b>	<b>(3,941)</b>
<b>16. Profit or loss after taxation</b>		<b>810,486</b>	<b>(8,809)</b>
<b>17. Other taxes not shown under items 4 to 16</b>		<b>(4)</b>	<b>(7)</b>
<b>18. Profit or loss for the financial year</b>		<b>810,482</b>	<b>(8,816)</b>

*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 87 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, 2021 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.

#### *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:

<i>(in thousands of Euros)</i>	<b>Concessions, patents, licenses, trademarks and similar rights and assets, if they were acquired for valuable consideration</b>	<b>Payments on account and intangible fixed assets under development</b>	<b>Total as of December 31, 2021</b>
<b>Gross book value</b>			
Opening balance	23,720	2,637	26,357
Additions	—	101	101
Transfer	(7)	7	—
<b>Closing balance</b>	<b>23,713</b>	<b>2,745</b>	<b>26,458</b>
<b>Accumulated value adjustments</b>			
Opening balance	(19,806)	—	(19,806)
Additions	(1,918)	—	(1,918)
<b>Closing balance</b>	<b>(21,724)</b>	<b>—</b>	<b>(21,724)</b>
<b>Net book value</b>			
Opening balance	3,914	2,637	6,551
<b>Closing balance</b>	<b>1,989</b>	<b>2,745</b>	<b>4,734</b>

## NOTE 4 – FINANCIAL ASSETS

The movements for the year are as follows:

<i>(in thousands of Euros)</i>	Shares in affiliated under takings	Loans to affiliated under takings	Other loans	Total as of December 31, 2021
<b>Gross book value</b>				
Opening balance	4,034,908	21,931	33	4,056,872
Additions	68,187	84,057	7	152,251
Disposals	—	(29,046)	—	(29,046)
Foreign exchange differences	—	6,685	—	6,685
<b>Closing balance</b>	<b>4,103,095</b>	<b>83,627</b>	<b>40</b>	<b>4,186,762</b>
<b>Accumulated value adjustments</b>				
Opening balance	(17,351)	—	—	(17,351)
Reversals	17,351	—	—	17,351
<b>Closing balance</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net book value</b>				
Opening balance	4,017,557	21,931	33	4,039,521
<b>Closing balance</b>	<b>4,103,095</b>	<b>83,627</b>	<b>40</b>	<b>4,186,762</b>

### 4.1. – Shares in affiliated undertakings

*(in thousands of Euros)*

Name of undertaking	Registered office	Percentage of capital held (%) as of December 31, 2021	Result for 2021 <sup>(1)</sup>	Capital and reserves (including result for 2021) <sup>(1)</sup>	Carrying amount as of December 31, 2021	Carrying amount as of December 31, 2020
Aperam HoldCo S.à r.l.	Luxembourg	100.00	971,838	3,354,293	3,492,806	3,492,806
Aperam Stainless France S.A.S	France	100.00	194,401	568,267	500,000	500,000
Aperam Stainless Services & Solutions Germany GmbH	Germany	25.00	24,099	32,317	55,092	1,741
ACE Holdco S.à r.l.	Luxembourg	100.00	(330)	26,670	27,000	—
Aperam Stainless Services & Solutions Italy S.r.l.	Italy	100.00	26,814	28,871	15,000	15,000
Corea S.A.	Luxembourg	100.00	365	10,996	7,976	7,976
Aperam Brand Services S.à r.l.	Luxembourg	100.00	2,212	7,399	5,187	—
Aperam Treasury S.C.A	Luxembourg	100.00	10,802	2,771	31	31
Aperam Sourcing S.C.A	Luxembourg	< 0.00	77,862	21,281	< 1	< 1
Other	Various	—	n/a	n/a	2	2
					<b>4,103,095</b>	<b>4,017,557</b>

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 June 22, 2021, the Company subscribed to 100% of the share capital of Aperam Brand Services S.à r.l. in Luxembourg, for a total consideration of €12 thousands and on June 30, 2021, it subsequently made a cash contribution to the share premium of Aperam Brand Services S.à r.l. for a total consideration of €5,175 thousands.

On October 22, 2021, the Company subscribed to 100% of the share capital of ACE Holdco S.à r.l. in Luxembourg, for a total consideration of €12 thousands and on November 30, 2021, it subsequently made a cash contribution to the share premium of ACE Holdco S.à r.l. for a total consideration of €26,988 thousands.

On November 30, 2021, the Company acquired, at fair market value, a 15% less 1 share interest in Aperam Stainless Services & Solutions Germany GmbH from Aperam HoldCo S.à r.l. for a total consideration of €36,000 thousands.

On December 31, 2021, the Board of Directors has reviewed the carrying value of the 10% plus 1 share the Company already held in Aperam Stainless Services & Solutions Germany GmbH before the above additional acquisition of 15% less 1 share. Based on the fair market value determined for this additional acquisition of 15% less 1 share, it has been considered that the value adjustment of €17,351 thousands previously recorded has ceased to exist. Therefore, this value adjustment has been reversed in the profit and loss account.

On December 31, 2021, the Board of Directors has reviewed the carrying value of the other 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

<i>(in thousands of Euros, unless otherwise stated)</i>	<b>Currency</b>	<b>Amount in original currency</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Aperam Treasury S.C.A.	BRL	400,000	61,874	—
Aperam Treasury S.C.A.	PLN	100,000	21,753	21,931
<b>Total</b>			<b>83,627</b>	<b>21,931</b>

### Description of the main changes during the year

On September 1, 2021, at maturity date, the loan of PLN 100,000 thousands (€29,046 thousands) granted to Aperam Treasury S.C.A. has been reimbursed. On the same day, a new loan of PLN 100,000 thousands (€22,184 thousands) has been granted to Aperam Treasury S.C.A. with maturity July 29, 2026.

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. On December 17, 2021, Aperam Treasury S.C.A. drew an amount of 400,000 thousands (€61,874) 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

<i>(in thousands of Euros)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Assets under cash pooling arrangements	211,638	—
Amounts receivable on corporate services	98,343	100,496
Amounts receivable on tax integration	30,434	16,363
Dividends to be received	—	3,334
Accrued interests	505	1
<b>Total</b>	<b>340,920</b>	<b>120,194</b>

### Description of the main changes during the year

Amounts owed by affiliated undertakings becoming due and payable within one year increased by €220,726 thousands during the year to €340,920 thousands as of December 31, 2021. This variance is mainly explained by:

- a change in the balance of amounts under cash pooling arrangement with Aperam Treasury S.C.A. by €582,054 thousands from liabilities under cash pooling arrangements of €370,416 thousands (Note 12) to assets under cash pooling arrangements of €211,638 thousands. This change is mainly due to the dividends received from affiliated undertakings for €560,659 thousands (Note 15),
- a decrease in amounts receivable on corporate services charged by the Company to its subsidiaries by €2,153 thousands,
- an increase in amounts receivable on tax integration by €14,071 thousands (Amounts receivable on tax integration correspond to income tax receivables from entities included in the tax integration headed by the Company), partly offset by
- an increase in accrued interest by €505 thousands
- a decrease of dividends receivable by €3,334 thousands.

## NOTE 6 – OWN SHARES

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 €4,706 thousands.

During the year 2021, 71,249 own shares (98,555 shares, net of 27,306 shares retained for tax purposes) have been given to certain employees of the Company to serve the PSU Plan 2018.

On December 31, 2021, the Company had 131,695 own shares for a total book value of €5,606 thousands.

## NOTE 7 – PREPAYMENTS

As of December 31, 2021, prepayment and accrued income amounts to €1,137 thousands and mainly refers to prepaid charges on supplier invoices received.

## NOTE 8 – CAPITAL AND RESERVES

<i>(in thousands of Euros)</i>	Number of shares <sup>(1)</sup>	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit brought forward	Profit / (Loss) for the financial year	Total
Balance as of December 31, 2020	79,996,280	419,031	1,140,629	56,366	3,933	1,789,054	(8,816)	3,400,197
Allocation of net result	—	—	—	—	—	(8,816)	8,816	—
Directors' fees (Note 20)	—	—	—	—	—	(543)	—	(543)
Dividend	—	—	—	—	—	(139,816)	—	(139,816)
Profit for the financial year	—	—	—	—	—	—	810,482	810,482
Reserve for own shares	—	—	—	—	1,673	(1,673)	—	—
<b>Balance as of December 31, 2021</b>	<b>79,996,280</b>	<b>419,031</b>	<b>1,140,629</b>	<b>56,366</b>	<b>5,606</b>	<b>1,638,206</b>	<b>810,482</b>	<b>4,070,320</b>

Note:

(1) Number of shares denominated in units.

### 8.1. Subscribed capital and share premium account

As of December 31, 2021, 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 <sup>(1)</sup> may be specified as follows:

	<b>December 31, 2021</b>
Significant Shareholder <sup>(2)</sup>	40.89%
Treasury shares <sup>(3)</sup>	2.61%
Other public shareholders	56.50%
<b>Total</b>	<b>100.00%</b>

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 2.61% includes 131,695 shares held by Aperam SA and 1,959,592 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, 2021, 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 €1,673 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, 2021	December 31, 2020
	Up to 1 year	From 1 to 5 years	Above 5 years	Total	Total
Non convertible debenture loans	25,608	190,000	—	215,608	227,576
Amounts owed to credit institutions	18,697	72,222	123,611	214,530	144,985
Amounts owed to affiliated undertakings	22,043	—	—	22,043	386,685
Other creditors	18,157	—	—	18,157	17,169
<b>Total</b>	<b>84,505</b>	<b>262,222</b>	<b>123,611</b>	<b>470,338</b>	<b>776,415</b>

## NOTE 10 – NON CONVERTIBLE DEBENTURE LOANS

### Schuldscheindarlehen

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.

### 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, 2021, an amount of €25,000 thousands was drawn under the Aperam NEU commercial paper programme.

## NOTE 11 – AMOUNTS OWED TO CREDIT INSTITUTIONS

### EIB financing

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). 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 €100,000 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 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 €75,000 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.

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

<i>(in thousands of Euros)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Liabilities under cash pooling arrangement	—	370,416
Intercompany fees receivable	22,043	16,269
<b>Total</b>	<b>22,043</b>	<b>386,685</b>

### Description of the main changes during the year

Amounts owed to affiliated undertakings becoming due and payable within one year decreased by €364,642 thousands during the year to €22,043 thousands as of December 31, 2021. This variance is mainly explained by:

- a change in the balance of amounts under cash pooling arrangement with Aperam Treasury S.C.A. by €582,054 thousands from liabilities under cash pooling arrangements of €370,416 thousands to assets under cash pooling arrangements of €211,638 thousands (Note 5). This change is mainly due to the dividends received from affiliated undertakings for €560,659 thousands (Note 15),
- an increase of the intercompany fees receivable by €5,773 thousands

## 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 increase by €202,207 thousands from €92,033 thousands in 2020 to €294,240 thousands in 2021 is mainly due to the strategic decision 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 €68,439 thousands mainly relate to staff, R&D and IT costs invoiced by affiliated undertakings.

## NOTE 15 – INCOME FROM PARTICIPATING INTERESTS

Income from participating interests of €561,368 thousands mainly relate to €560,659 thousands and €709 thousands of dividends and interest income received from affiliated undertakings, respectively.

## NOTE 16 – INTEREST PAYABLE / RECEIVABLE AND SIMILAR EXPENSES / INCOME

<i>(in thousands of Euros)</i>	Year ending December 31, 2021		Year ending December 31, 2020	
	Expenses	Income	Expenses	Income
Interests payable concerning affiliated undertakings	(4,103)	22	(4,939)	78
Income from tax integration with affiliated undertakings	—	30,434	—	16,363
Other income with affiliated undertakings	—	747	—	951
<b>Total interests concerning affiliated undertakings</b>	<b>(4,103)</b>	<b>31,203</b>	<b>(4,939)</b>	<b>17,392</b>
Interests in respect of credit institutions	(715)	—	(2,843)	—
Interests in respect of debenture loans	(4,438)	—	(2,362)	—
Effects of foreign exchange	—	164	(84,448)	—
Other interest and similar expenses	(4)	—	(86)	—
<b>Total other interests</b>	<b>(5,157)</b>	<b>164</b>	<b>(89,739)</b>	<b>—</b>
<b>Total interests payable / receivable and similar expenses / income</b>	<b>(9,260)</b>	<b>31,367</b>	<b>(94,678)</b>	<b>17,392</b>

Interests in respect of credit institutions mainly correspond to interest expenses related to EIB Financing (Note 11) and commitment fees related to the €300,000 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 2021 (2020: nil).

The amount charged to affiliated undertakings amounted to €30,434 thousands (2020: €16,383 thousands). Please refer to Note 16.

The amount of income tax corresponds to the tax charge of the Company’s Swiss Branch (in 2020 only) and withholding tax on corporate services with affiliated undertakings.

## NOTE 18 – COMMITMENTS AND CONTINGENCIES

### Commitments given

<i>(in thousands of Euros)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Guarantees given relating to credit facilities <sup>(1)</sup>	4,806	4,486
Other commitments <sup>(2)</sup>	59,255	51,044
<b>Total</b>	<b>64,061</b>	<b>55,530</b>

#### 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 June 6, 2017, Aperam entered into a €300,000 thousands Unsecured Revolving Credit Facility ("The Facility") with a group of ten banks. The Facility is structured as a 5-year revolving credit facility with two options of extension by one year each, replacing its U.S.\$400,000 thousands existing 3-year secured borrowing base facility. It will be used for the company's general corporate purposes. On May 23, 2019, the original final maturity date of the Facility was extended to June 6, 2024.

The Facility charges interest at a rate of EURIBOR (or LIBOR, in the case of an advance denominated in US dollars) plus a margin (depending on the evolution of a net leverage ratio) for the relevant interest period, which may be below one, one, two, three or six months or any other period agreed between the parties. The Facility also charges a utilisation fee on the drawn portion of the total facility amount and a commitment fee on the undrawn and uncanceled portion of the total facility amount, payable quarterly in arrears.

The Facility is fully undrawn as of December 31, 2021.

#### 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, 2021, an amount of €25,000 thousands was drawn under the Aperam NEU commercial paper programme.

### Contingencies

The Company has no contingency as of December 31, 2021.

### Share Unit Plans

On May 5, 2020, the 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 and

54,060 RSUs were granted to a total of 29 employees and 42 employees, respectively, at a fair value of €21.58 per share (out of which 81,970 PSUs were for the 10 Members of the Leadership Team).

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).

## NOTE 19 – STAFF

The Company employed an average of 52 full time equivalent employees during the financial year (57 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 €549 thousands for the year ending December 31, 2021 (€543 thousands for the year ending December 31, 2020). Please refer to Note 8.

As of December 31, 2021, and 2020, 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 February 11, 2022, the Company proposed to increase its base dividend at €2.00 per share, subject to shareholder approval at the May 4, 2022 Annual General Meeting.

On February 11, 2022, the Company announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility of EUR 500 million with a syndicate of 16 banks. Such facility replaces the existing senior unsecured revolving credit facility of EUR 300 million signed in June 2017. In addition, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of EUR 300 million with a syndicate of 10 banks. The revolving credit facility is for general corporate purposes and the term loan is dedicated to the refinancing of maturing debts of ELG. BNP Paribas, ING Bank N.V. and Intesa Sanpaolo S.p.A. arranged the new facilities, with Credit Agricole Corporate & Investment Bank acting as Sustainability and Facility Agent.

## 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 2021, 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:

- a. the balance sheet as at 31 December 2021;
- b. the profit and loss account for the year then ended; and
- c. 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.

---

*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*

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.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period.

These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of the shares in affiliated undertakings and recoverability of loans to affiliated undertakings</b></p> <p>Investments in shares in affiliated undertakings and loans granted to affiliated undertakings (financial assets) amount to EUR 4,187 million or approximately 89% of the total assets of the Company at year-end (See note 4).</p> <p>The shares in affiliated undertakings are valued at acquisition cost, including related expenses. Loans to affiliated undertakings and other loans are recorded in the balance sheet at their nominal value.</p> <p>Management performs an annual impairment test to assess whether the recoverable amount of each of those financial assets is at least equal to their respective carrying value. The recoverable amount can be determined through different valuation techniques.</p> <p>The recoverability of these financial assets is a key audit matter due to the inherent complexity and judgement in the estimate of their value and their significance as at 31 December 2021.</p>	<ol style="list-style-type: none"> <li>a. We obtained an understanding of Management's process and controls related to the impairment test of the financial assets;</li> <li>b. We assessed the Company's ability to reliably determine the recoverable amount of its financial assets;</li> <li>c. We compared the carrying amount of the shares in affiliated undertakings to the pro-rata of net equity of these entities;</li> <li>d. In case where the pro-rata of net equity of the individual subsidiary was below the carrying amount, we performed procedures to verify that the recoverable amount was still above the carrying amount and there were no other indications of impairment;</li> <li>e. We evaluated the appropriateness of the disclosures in Note 2 ("Summary of significant accounting policies") and Note 4 ("Financial assets") to the annual accounts.</li> </ol>

### 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 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 and marking up 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:

1. 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;
2. 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;
3. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
4. 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;
5. evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

### **Report on other legal and regulatory requirements**

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on 8 June 2021 and the year 2021 marks the first year of our uninterrupted engagement.

We have checked the compliance of the annual accounts of the Company as at 31 December 2021 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 2021, identified as aperam-2021-12-31-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, 24 March 2022



Gilles Vanderweyen

## Proposed allocation of the 2021 results

	<b>In Euros</b>
Profit for the financial year	810,481,910
Profit brought forward ( <i>Report à nouveau</i> ) before transfer to the reserve for own shares	1,639,878,693
<b>Results to be allocated and distributed</b>	<b>2,450,360,603</b>
Transfer to the reserve for own shares	(1,672,908)
Dividend <sup>(1)</sup>	(155,809,986)
Directors' compensation	(548,932)
<b>Profit carried forward</b>	<b>2,292,328,777</b>

Note:

(1) To be submitted to shareholders' approval at the Annual General Meeting of May 4, 2022, and related to the financial period ending December 31, 2021. On the basis of 77,904,993 shares outstanding as of December 31, 2021 (79,996,280 shares in issue, net of 2,091,287 treasury shares). Dividends are paid quarterly, resulting in a total annualised cash dividend per share of €2.00.



Aperam

24-26 Boulevard d'Avranches  
L-1160 Luxembourg  
Grand Duchy of Luxembourg



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



Aperam Becomes First Stainless Steel Company  
to Earn ResponsibleSteel™ Certification