Paris, 26 July 2023, 6:30 p.m.

PRESS RELEASE

Refocused and more robust, Eramet stays the course in a challenging market environment

- **Adjusted EBITDA**[1,2] at **€339m**, down significantly compared to a record H1 in 2022:
    - **Strong decline in selling prices** for all of the Group's markets, notably manganese alloys (refined alloys down nearly 50%) and class II nickel (ferronickel down more than 30%)
    - **Major logistical incidents** in Gabon**, now resolved**, resulting in a significant decline in volumes of manganese ore produced (-27% at 2.6 Mt)
    - **Strong growth** in nickel ore volumes **in Indonesia** (+79% at 16.4 Mwmt)
    - **Input costs at high levels**, particularly reductants
    - Implementation of a **cash saving and cost reduction action plan**, in addition to **productivity actions and the optimisation of production** (volume, grade)
- **Net income, Group share** positive at **€98m**
- Negative Free Cash-Flow in a context of growth capex, resulting in **net debt** of **€712m** and **adjusted leverage**[3] **of 0.7x**; **extension of the maturity** with the successful inaugural rated issue of sustainability-linked bonds
- **Start of lithium production** in Argentina in Q2 2024 confirmed, with a completion rate for the construction of the plant at 60% at end-June 2023
- **Final Investment Decision expected in H2 2023 for the first stage of Phase II of the Centenario project** (representing additional 30 kt-LCE)
- **Signature in July of a joint marketing agreement** for lithium carbonate from 2025, enabling to secure an advance payment of $400m from 2023[4]
- **Further progress in CSR**, with a commitment made by Eramet to have all of its mining sites assessed by 2027, including Weda Bay (Indonesia), complying with the Initiative for Responsible Mining Assurance (IRMA) standard
- **The outlook for 2023** is set against the background of a persisting difficult macroeconomic context. **Adjusted EBITDA** is revised downwards to **close to €900m** in 2023, factoring in:
    - the **downward revision** of **the consensus for manganese ore prices** ($5.15/dmtu vs. $5.4/dmtu previously)
    - a **more significant trend reversal** in **class II nickel** and **nickel ore prices**
    - only partly offset by the **upward revision of marketable nickel ore volumes at Weda Bay** (+5 Mwmt[5] low-grade, to approximately 35 Mwmt)

Christel Bories, *Group Chair and CEO:*

« Our first half-year results were penalised by unfavourable prices and logistical incidents that are now resolved. However, on the back of the transformations achieved in recent years, we are staying the course and continue our development in metals for the energy transition, supported by a more robust financial structure and an ambitious CSR roadmap.

Looking ahead to the second half of the year, we remain focused on our operational performance and the strict control of our costs. We continue to make progress in the Group's strategic projects and confirm the start of our lithium production in Argentina in the second quarter of 2024. »

♦ CSR commitments

In H1 2023, the Group continued its excellent **safety** performance, with a FR2 at 1.0 for Eramet's new scope (vs 1,1 in 2022), significantly below the target in the CSR roadmap for 2023 (FR2 < 4) and among the Top 3[6] based on the ICMM *Safety Performance Report 2022* published in July 2023.

During the first half of the year, the Group continued to implement the **Initiative for Responsible Mining Assurance** (IRMA) standard, with the launch of the first independent audit at its Grande Côte Opérations (GCO) site, in Senegal. This external audit performed by third party audit firm will enable Eramet to be among the first mining groups to demonstrate its public commitment to the IRMA process. The Group has also reaffirmed its commitment to auditing all its mining sites by 2027, which includes the PT Weda Bay Nickel joint venture (in which Eramet owns a 38.7% interest), according to this Responsible Mining standard.

Eramet has become the first mining group in the world to establish a transnational labour relations body encompassing all Group entities – the **Eramet Global Forum** (EGF) – reflecting the Group's diversity. Established through an agreement signed in May between employee representatives and Group management, this new body is tasked with strengthening and developing constructive labour relations that are inclusive and respectful of local cultures. It brings together representatives from the Group's main countries, with the aim of negotiating agreements applicable to all employees in areas such as social protection, quality of life at work, diversity and inclusion, as well as parental issues.

Eramet also announced its partnership with **International Women in Mining** (IWiM), a global organisation that works towards achieving gender equality, the advancement of women, as well as their access to opportunities and leadership positions in the mining industry. This partnership will enable the Group to share best practices in diversity and inclusion.

Lastly, in June, the Group published details of its economic contributions in the main regions in which it operates in respect of 2022[7], with an overall contribution of €3.3bn which was almost twice higher than the previous year.

♦ Financial rating and financing

In April, Moody's and Fitch awarded Eramet long-term credit ratings of Ba2 and BB+ respectively, with a stable outlook.

Against this backdrop, and after refinancing the bank term loan at end-January for an amount of €515m, in early May, Eramet completed the successful inaugural issue of sustainability-linked bonds for an amount of €500m. The bond issue, with a five-year maturity and an annual coupon of 7%, is linked to two sustainability performance targets. These will be measured on 31 December 2025, against 2019 levels:

- (i) 35% reduction in the annual Scope 1 and Scope 2 greenhouse gas emissions intensity of the Group, and,
- (ii) increase to 67% in the share of its suppliers and customers (by emissions) with decarbonisation targets that are consistent with the well-below 2° Celsius scenario of the Paris Agreement.

Parallel to this, in June, Eramet repurchased its outstanding bonds due in February 2024 (for an amount of €429.7m), enabling the Group to continue proactively managing its debt profile and to extend its average maturity. At 30 June 2023, the average maturity was nearly 3 years (compared with 2.2 years at 31 December 2022).

Finally, in July, Eramet agreed with Glencore on a $400m prepayment agreement, ahead of the future and joint marketing of 50 kt of lithium carbonate from Phase I of the Centenario-Ratones project (approximately equivalent to a five-year commercial contract). The commercial advance will be used in particular to finance the Group's growth projects in energy transition metals. The agreement is subject to the satisfaction of the usual conditions precedent for this type of transaction.

♦ Eramet group key figures (in accordance with the IFRS 5 standard)

Millions of euros[1]	H1 2023[2]	H1 2022[2]	Chg. (€m)	Chg.[3] (%)
Adjusted turnover[4]	**1,901**	**2,816**	**(915)**	**-32%**
Turnover	1,604	2,635	(1,031)	-39%
Adjusted EBITDA[4]	**339**	**1,170**	**(831)**	**-71%**
EBITDA	93	982	(889)	-91%
Current operating income (COI)	(10)	853	(863)	n.a.
Net income from continuing operations	**52**	**783**	**(731)**	**-93%**
Net income from discontinued operations	14	(13)	+27	n.a.
Net income, Group share	**98**	**677**	**(579)**	**-86%**

Group Free Cash-Flow	**(120)**	**429**	**(549)**	**n.a.**

Millions of euros[1]	30/06/23[2]	31/12/22[2]	Chg. (€m)	Chg.[3] (%)
Net debt (Net cash)	**712**	**344**	**+368**	**+107%**
Shareholders' equity	2,134	2,245	(111)	-5%
Adjusted leverage[4] **(Net debt-to-adjusted EBITDA ratio**[5]**)**	**0.7**	**0.2**	**+0.5 pts**	**n.a.**
Leverage (Net debt-to-EBITDA ratio[5])	1.1	0.2	-0.9 pts	n.a.
Gearing (Net debt-to-Shareholders' equity ratio)	**33%**	**15%**	**+18 pts**	**n.a.**
Gearing within the meaning of bank covenants[6]	**18%**	**2%**	**+16 pts**	**n.a.**
ROCE (COI/capital employed[7] for the previous year)	**13%**	**51%**	**-38 pts**	**n.a.**

[1] Data rounded to the nearest million.

[2] Excluding Aubert & Duval, Sandouville and Erasteel, which in accordance with the IFRS 5 standard, are presented as operations in the process of being sold in 2023 and 2022. See reconciliation tables in Appendix 1.

[3] Data rounded to higher or lower %.

[4] Adjusted turnover, adjusted EBITDA and adjusted leverage are defined in the financial glossary in Appendix 8.

[5] Calculated on a 12-month rolling basis at 30 June.

[6] Net debt-to-Shareholders' equity ratio, excluding IFRS 16 impact and French state loan to SLN.

[7] Total shareholders' equity, net debt, site restoration provisions, restructuring and other social risks, less long-term investments, excluding Weda Bay Nickel capital employed.

N.B. 1: all the commented changes in H1 2023 are calculated with respect to H1 2022, unless otherwise specified.

N.B. 2: all the commented figures for H1 2023 and H1 2022 correspond to figures in accordance with the IFRS 5 standard as presented in the Group's consolidated financial statements, unless otherwise specified.

N.B. 3: mentions of Q1, Q2, Q3 and Q4 refer to the four quarters of the financial year.

The Group's adjusted turnover[1] including the proportional contribution of Weda Bay amounted to **€1,901m** in H1 2023, down 32% (-34% at constant scope and exchange rates[8], with +2% of currency effect). This decrease mainly reflects a negative price effect (-27%) in a depressed market environment compared to high price levels in H1 2022, notably regarding manganese ore and alloys as well as ferronickel at SLN.

Group **EBITDA** amounted **€93m**.

Adjusted EBITDA[1,2] (including the proportional contribution of Weda Bay) amounted to **€339m**, a strong decline (-71% vs. H1 2022), mainly reflecting:

- The **negative impact of external factors** of around **€749m**, including an unfavourable price effect (-€724m, of which -€498m for manganese and -€225m for nickel), an unfavourable volume effect (-€48m) on manganese alloys production in order to adapt to a sharply declining market, as well as higher input costs and other (up by €43m) vs. H1 2022). These impacts were partly offset by a decrease in freight costs (+€51m) and a favourable currency effect (+€33m),
- A **negative intrinsic performance of €77m**, mainly reflecting the decline in manganese ore volumes sold related to non-recurring incidents on the railway (-€124m), as well as the zircon and CP slag volumes (-€38m). The organic growth in nickel ore at Weda Bay (+€63m), as well as actions to reduce fixed costs and productivity gains (+21M€), partly offset this decline.

Net profit for discontinued operations amounted to **€14m**.

Net income, Group share for H1 2023 was **€98m**, including the share of income in Weda Bay (€174m).

Capex accounted for **€356m**, including the share of the Lithium project financed by Tsingshan (via a capital increase by our Argentine subsidiary. Investments supported by the Groupe amount to €263m and include €136m in organic growth capex, mainly in Gabon (€81m) and in Argentina (€51m); current capex amount to €127m in H1 2023.

Free Cash-Flow (“FCF”) totalled **-€120m**, including a contribution from **Weda Bay** of **€153m**.

Net debt stood at **€712m** on 30 June 2023, with no material impact in the first half from the sale of Aubert & Duval and Erasteel. The change in net debt includes dividends paid to Eramet shareholders (-€100m) and Comilog minority shareholders (-€87m) in respect of the 2022 financial year.

The leverage ratio was **1.1x**. The Group’s capital allocation policy continues to focus primarily on deleveraging, to maintain leverage[9] below 1x on average through the cycle, while allocating capex to its growth projects and rewarding its shareholders.

As of 30 June 2023, Eramet's **liquidity**, including undrawn credit lines, remains high at **€2.5bn**.

♦ Key figures by activity[2] – continuing operations (IFRS 5)

Millions of euros[1]		H1 2023	H1 2022	Change (€m)	Change[2] (%)
MANGANESE	Turnover	946	1,647	(701)	-43%
	EBITDA	**193**	**831**	**(638)**	**-77%**
Manganese ore activity[3,4]	*Turnover*	*471*	*747*	*(276)*	*-37%*
	EBITDA	*154*	*343*	*(189)*	*-55%*
Manganese alloys activity[3]	*Turnover*	*475*	*901*	*(426)*	*-47%*
	EBITDA	*38*	*488*	*(450)*	*-92%*
NICKEL	Adjusted Turnover[5]	815	943	(128)	-13%
	Adjusted EBITDA[5]	**174**	**306**	**(132)**	**-43%**
MINERAL SANDS	Turnover	136	224	(88)	-39%
	EBITDA	**49**	**97**	**(48)**	**-49%**
LITHIUM	Turnover	0	0	n.a.	n.a.
	EBITDA	**(9)**	**(8)**	**(1)**	**n.a.**

[1] Data rounded to the nearest million.

[2] Data rounded to higher or lower %.

[3] See financial glossary in Appendix 8.

[4] Turnover linked to external sales of manganese ore only, including €24m linked to Setrag transport activity other than Comilog's ore (vs. €41m in H1 2022).

[5] Adjusted turnover, adjusted EBITDA and adjusted leverage are defined in the financial glossary in Appendix 8.

▪ Continuing operations

Manganese

Factoring in a H1 that was strongly disrupted by logistical incidents in Gabon, and a particularly favourable price environment in H1 2022, the Manganese activity posted EBITDA that was down very significantly to €193m (-77%).

In H1 2023, manganese ore produced and transported volumes were down, respectively by 27% to 2.7 Mt and 16% to 2.8 Mt, due to the suspension in traffic in January, following the landslide at end-2022, and in early April.

As a result, EBITDA for the manganese ore activity was down to €154m[10] (-55%), mainly reflecting an unfavourable price environment as well as the decline in volumes sold externally (-16%).

EBITDA for the manganese alloys activity was down very significantly to €38m (-92%). The latter mainly reflects the normalisation of selling prices after the historic records reached in H1 2022. Volumes sold also declined by 9%.

Market trends[11] & prices[12]

Global production of carbon steel, the main end-product for manganese, was down by 2% in H1 2023 to 944 Mt compared to the same period last year.

Production in China, which accounts for more than 50% of global production, remained stable versus H1 2022, in the context of a significantly lower than expected rebound in the Chinese economy, and a downturn in the construction sector. Production declined in the rest of the world (-5%), notably in Europe (-13%) where the real estate sector was strongly impacted by economic situation and high interest rates. Among the major markets, India was the only exception with a 7% increase in production.

As a result, manganese ore consumption decreased by nearly 2% to 10.1 Mt in H1 2023, as did global manganese ore production (-2%) which totalled 10.2 Mt. The production decreases in Gabon (nearly -10%) and South Africa (-2%), were partly offset by the growth in supply in Brazil (+81%), with the restart of former mining sites.

In this context, the supply/demand balance remained in slight surplus in H1 2023 and Chinese port ore inventories stood at 6.5 Mt at end of H1, an increase compared to 2022.

The average CIF China 44% manganese ore price index stood at $5.2/dmtu in H1 2023, down 23% from H1 2022, in line with the reduced demand.

The price index (CRU) for refined alloys in Europe (MC Ferromanganese) declined by nearly 50% in H1 2023, as did that for standard alloys (Silicomanganese), down 37%. Manganese alloys benefitted in H1 2022 from exceptionally high prices due to a strong post-Covid recovery in the construction sector and tensions on supply linked to the conflict in Ukraine.

Activities

The expansion programme in Moanda, which is the **world's largest manganese mine**, as well as operational improvement continue at Comilog, in Gabon. However, operations were strongly disrupted in the first half by logistical incidents at the start of the year (landslide at end-2022, breach of civil engineering structure in early April), which are now resolved.

Due to a lack of downstream logistics and the absence of fuel and parts deliveries required for mining operations, production at the mine was halted for the whole of January and was also severely disrupted in April. As a result, **manganese ore** production volumes were down 27% to 2.6 Mt in H1 2023. Factoring in a destocking at Moanda, the transported ore volumes and ore volumes sold externally declined to a lesser extent, by 16% and 18% respectively, ending the period at 2.8 Mt and 2.4 Mt.

The return to normal traffic enabled the transportation of nearly 700 kt of manganese ore in June, at an annual pace of 7.0 Mt in 2023 factoring in the H1 performance.

As a result of the disruptions, deliveries scheduled for January were postponed to February and March (invoiced on the basis of the CIF China 44% index in December 2022), and Comilog did not benefit from the rise in market prices in January and February.

The FOB cash cost[13] of manganese ore activity was $2.7/dmtu, up 21% compared to H1 2022. The latter is mainly linked to the negative impact of the decrease in volumes, partially offset by the decrease in sales taxes as well as a favourable exchange rate impact.

Sea transport costs per tonne decreased by around 30% to $0.9/dmtu, mainly reflecting the decline in freight prices on average over the first half.

Manganese alloys production declined by 18% to 311 kt in H1 2023. This decrease if related to the slowdown in production in order to adapt to market conditions and to limit the impact of energy price increases, as well as the scheduled relining programme of several furnaces.

Sales amounted to 310 kt (-9%) with a slightly more favourable mix over the period compared to H1 2022. The manganese alloys margin declined further in H1 2023, driven by the continued decrease in selling prices and input costs which remained at a high level. Thus, the decrease in the cost to purchase metallurgical coke has not yet been reflected in the price of consumed reductants[14]; in addition, since supplies from Russia were cut off at the start of the conflict, the Group's supply mix includes Ultra Low Phos coke from Colombia, whose price remains more than 10% higher than that of metallurgical coke.

Outlook

In H2 2023, steel production is expected to continue declining given the unfavourable seasonality. Production levels should remain stable compared to H2 2022. The rising interest rates continue to penalise the construction sector at the global level, although India is expected to post growth again.

As a result, demand for manganese ore could decline over the year. Although supply is also slightly decreasing, the market consensus, which is currently set around $5.2/dmtu, expects a drop of nearly 15% in the average CIF China 44% manganese ore price index in 2023 compared with 2022.

Demand for manganese alloys is expected to strongly decline in 2023, particularly in Europe. With inventories still high for most products, particularly standard alloys, and margins that are strongly contracting, supply should also decrease. Demand for alloys in H2 is expected to follow the trend for steel and decrease as a result of seasonality.

In 2023, alloys invoiced selling prices could stabilise on average to the level of mid-2023 and therefore remain significantly below the average prices for 2022, notably with a very strong decline in North America.

In Gabon, the targets for **transported ore** volumes are maintained at more than 7.0 Mt, factoring in the logistical incidents of H1, which are now resolved. The production will be adjusted according to the level of volumes transported, as was already done in April. The successful start of modular washing facilities and an electric conveyor commissioned in H1 on the Okouma plateau enable to expect a production capacity of around 8 Mt per year, as well as lower production and ore transport costs. Cash cost is expected to decrease from H2, reflecting a structurally more favourable seasonality in the second half of the year, as well as improved ore grade.

The multi-year rehabilitation programme for manganese **alloys** furnaces started with an initial shutdown in H1. The programme, which includes a second shutdown at year-end, will have a downward impact on alloys production over the year, as will adaptation to market conditions.

Nickel

In H1 2023, the Weda Bay mine in Indonesia, which is the world's largest nickel mine, continued its ramp-up with an increase of nearly 80% in ore volumes sold.

Adjusted EBITDA[2] for the Nickel activities totalled €174m (-43%), including the strongly positive proportional contribution of Weda Bay which offset the loss made by SLN.

As a result, Weda Bay's contribution to EBITDA (38.7% owned by the Group) was up 31% to €246m, thanks to excellent operational performance in the mine, both in terms of volumes and ore quality, with a positive impact on selling prices.

EBITDA for SLN[15] strongly declined, however, with a loss of €70m, reflecting a sharply deteriorated price and the subsidiary's persistent difficulties.

Market trends[16] & prices

Global stainless-steel production, which is the main end-market for nickel, was down by 2% to 27.7 Mt in H1 2023.

Production in China, which accounts for more than 50% of global production, was up by nearly 5% from the low levels in H1 2022 (Winter Olympic Games, Covid-19) and by 4% compared to H2 2022, reflecting a recovery in the Chinese economy. Conversely, production in the rest of the world declined by 11%, with a notable decrease in Indonesia (-18%), and a decline in Europe due to sluggish demand.

In parallel, the batteries sector continued to post very sustained growth (+28%). Global demand for primary nickel therefore continued to grow, increasing by 4% in H1 2023 to 1.5 Mt.

Global primary nickel production grew by more than 8% to reach 1.6 Mt in H1 2023. This growth is supported by the NPI supply in Indonesia (+19%), as well as the strong ramp-up in new projects

(+74%), notably HPAL[17] and Matte. Conversely, NPI production[18] in China and traditional production were down by 9% and 4% respectively.

The nickel supply/demand balance (class I and II[19]) was therefore slightly in surplus in H1 2023. Nickel inventories at the LME and SHFE[20] remained low (42 kt at end-June); they are, however, progressively less representative as the market for LME products (pure nickel cathodes and briquettes) now only represents around 19% of the global market.

In H1 2023, the **LME** price average (price of class I nickel) was $24,236/t, down versus H1 2022 (-12%) which was at a particularly high level, but slightly up compared to H2 2022 (+2%).

The average for the **NPI**[21] price index as sold at Weda Bay was $15,368/t, significantly down versus H1 2022 (-26%) and also down compared to H2 2022 (-9%).

The spot price of **ferronickel** as produced by SLN (class II nickel) was set, as expected, at a level very significantly below the LME and approached prices for NPI (also class II nickel), posting a strong decline of 31% in H1 (-10% in H1 vs. H2).

Nickel ore prices (1.8% CIF China), as exported by SLN, averaged $92/wmt in H1 2023, a significant decline versus H1 2022 (-26%) and H2 2022 (-14%). The nickel ore price has significantly corrected since April and currently stands at $80/wmt.

In Indonesia, the official **domestic price index for high-grade nickel ore** ("HPM Nickel") was approximately $57/wmt[22], an increase compared to H1 2022 (+2%) and H2 2022 (+10%). As a reminder, the HPM Nickel price formula is indexed to LME, with a lag of about 1 month.

Activities

In Indonesia, the Weda Bay mine continued its exceptional ramp-up with the sale of 16.4 Mwmt in H1 2023 (for 100%), an increase of nearly 80%.

External ore sales (at the plants on the industrial site other than the JV plant) doubled (to 15.1 Mwmt) with the sale of 6.9 Mwmt in high-grade ore and 8.2 Mwmt in low-grade ore; internal consumption for nickel ferroalloys production amounted to 1.3 Mwmt.

Production at the plant reached 15.7 kt-Ni of NPI in H1 2023 (on a 100% basis), a decline of 21%, due to difficulties in electricity supply at the industrial park in Q1 2023. The volumes sold by Eramet as part of the off-take contract, representing 7.0 kt-Ni (-18%), contributed €102m to Group turnover in H1 2023, down 36%, owing to the decline in volumes and an unfavourable price environment.

The operational performance of Weda Bay was again reflected in a substantial contribution to Group FCF over the period of €153m.

In New Caledonia, mining production amounted to 2.9 Mwmt in H1 2023, up 18%, reflecting improved weather conditions, despite social (ongoing restructuring plan in Kouaoua) and societal difficulties that disrupted operations and the loading of vessels. The continued unauthorised access to certain deposits prevented the subsidiary from taking full advantage of the good weather conditions, notably leading to a reduction in activity at the Poum site. Low-grade nickel ore exports therefore decreased 5% to nearly 1.4 Mwmt, while the plant benefitted from improved supply in terms of grade but was also impacted by social conflicts at the start of the year.

Ferronickel production remained stable, at 20.3 kt-Ni (vs. 20.4 kt-Ni in H1 2022). Volumes sold were slightly up, to 20.3 kt-Ni in H1 23 (+2%).

Cash cost[23] of ferronickel production amounted to $8.7/lb on average in H1 2023 (vs. $8.1/lb in H1 2022), reflecting a decrease in export margins in a depressed market environment as well as reduced operational efficiency at the plant, resulting in costs linked to the start of the Temporary Offshore Power Plant.[24] These effects were partly offset by a favourable currency impact as well as increased mining operational efficiency.

As a result, SLN generated at a local level a negative Free-Cash Flow of -€70m for the half-year, with entity's net debt now totalling €564m.

In order to address its difficulties, which have recently worsened due to the strong decline in selling prices for ore and ferronickel, the Group's New Caledonia subsidiary continues to implement its plan to reduce costs and preserve cash, notably through the reduction of its investments and fixed costs.

Outlook

In H2 2023, demand for primary nickel is expected to continue growing despite a sluggish market for stainless-steel in Europe, notably thanks to the resilient demand in the batteries sector.

Primary nickel production is also expected to continue increasing over the period, thanks to the growth of NPI and new projects (Matte and HPAL) for batteries in electric vehicles, increasing the market surplus for 2023.

In Indonesia, the Weda Bay mine should continue its exceptional ramp-up, with a marketable target (on a 100% basis) revised upwards to approximately 35 Mwmt[5] in 2023, of which approximately 20 Mwmt in low-grade ore.

In New Caledonia, in light of its financial situation which remains critical, and in order to meet its short-term cash requirements, SLN is expected to draw a second tranche of €20m in July from the loan granted by the French State at the beginning of the year (for a total amount of €60m).

Assuming a normal functioning of operations, ferronickel production for the plant is confirmed at above 45 kt-Ni in 2023. Conversely, the nickel ore export target has been revised downwards to more than 3.0 Mwmt taken into account that the Poum site will be put into “Care & Maintenance” from mid-July, as a consequence of the absence of operating permits being issued by the Northern Province.

Strategic growth projects

In H1 2023, Eramet and BASF have continued studies related to the **Sonic Bay project**, **the hydro-metallurgical project (HPAL[18]) intending to produce battery-grade nickel and cobalt** intermediate products, using laterite ores extracted from the Weda Bay mine. The investment decision could be postponed to 2024, subject to project execution and funding strategy.

In addition, the Group continues its exploration and business development activity targeting nickel limonites, with a particular emphasis on Indonesia. To this end, Eramet has recently participated in the formation of a consortium seeking to develop a ***Responsible Green Electric Vehicle hub*** ("RGEV") in Indonesia.

Mineral Sands

EBITDA for Mineral Sands activities was down 49% to €49m in H1 23, reflecting a decrease in volumes, mainly linked to the maintenance shutdown of the furnace at the Norway plant during the first half, and the passage of the GCO dredge through a complex and low-grade zone. This phase is currently weighing on the mine's operating costs, given the infrastructure relocations and community costs in a denser area, as well as the difficulty of operating.

Zircon prices remained at high levels which offset the decrease in volumes in Senegal, factoring in the operating difficulties combined with a lower content in the area mined over the period.

Market trends & prices[25]

In an unfavourable macroeconomic context for the ceramics sector, global demand for zircon slowed throughout the first half of the year. In parallel, zircon production was up over the period due to the start of new capacity. In this context, the supply/demand balance was slightly in surplus in H1 2023, following a slight deficit in 2022.

Zircon market prices therefore averaged $2,100/t FOB, down more than 2% vs. H2 2022, albeit up by 3% vs. H1 2022.

Global demand for TiO_2[26] pigments, the main end-market for titanium-based products[27], grew since the large-scale destocking at end-2022, albeit remaining below the sustained levels reached in H1 2022. Driven by the demand for chloride pigments in China, the production of high-grade titanium-based products increased. Against this background, the market is in surplus.

The average market price for CP titanium dioxide slag, as produced by Eramet in the ETI plant in Norway, remained in H1 at very high levels at $930/t.

Activities

In Senegal, following a major equipment breakdown in January and factoring in the expected decline in average grade in the area mined, mineral sands production volumes declined by 21% to 306 kt.

Zircon volumes produced decreased by 20% to 24 kt and sale volumes were down 26% to 23 kt.

In Norway, with the scheduled ten-yearly maintenance shutdown of the plant starting in Q1 2023, titanium slag production was limited to 32 kt in H1 2023, down 68%. These works were completed during Q2 and the production ramp-up was successfully completed. Prior to the shutdown, the furnace capacity was reduced to limit the impact of rising energy prices.

As a result, sales volumes decreased by 59% to 39 kt over the semester.

Outlook

Demand for zircon is expected to decrease in H2, factoring in macroeconomic difficulties (inflation, construction market at half-mast, notably in China), leading to an overall decline over the year. The market could be in surplus, which would result in the normalisation of prices for the rest of 2023, after a 2022 record year.

Demand for titanium-based products is also expected to decrease in H2, impacted by the soft demand for pigments linked to the construction market. Demand over the year is set to decrease, leading to a surplus and an average price level in 2023 that is lower than that observed in 2022.

In Senegal, mineral sands production in 2023 is confirmed at a level equivalent to that of 2022, with the lower content over the year offset by the commissioning of the dry mining unit at end-2022.

In Norway, H2 production should run at a quicker pace than that of 2022 which was impacted by the reduced capacity linked to energy prices. Works during the H1 shutdown targeted an increase in the plant's capacity by 7% a year from 2024.

In July, Eramet received a unilateral offer from a strategic player to acquire 100% of the shares in Eramet Titanium & Iron ("ETI"). The proposed enterprise value is $245m. The offer is currently under review.

Lithium

Lithium carbonate prices averaged $52,192/t LCE[28,29] in H1 2023, down 21% versus H1 2022, mainly due to destocking among producers of Cathode Active Material (CAM[30]) over the half year. Prices reached approximately $68,000/t LCE in Q1 2023 before adjusting to the current price of around $40,000/t LCE.

In Argentina, the construction of the Centenario lithium plant (Phase I), launched in 2022, is continuing and has achieved a 60% completion rate at 30 June 2023. Current estimates forecast, that production should start in Q2 2024 and the achievement of a full ramp-up in production, to 24 kt LCE battery grade (100% basis), is expected by mid-2025.

Capex linked to Phase I of the project in 2023, estimated at around $310m, will mainly be financed by Tsingshan.

In collaboration with Tsingshan, its partner in Phase I, Eramet is continuing the feasibility study into a Phase II expansion project in order to eventually reach an annual total production capacity of more than 75 kt-LCE per year via two stages. An investment decision for a first stage of additional 30 kt-LCE should be taken during H2. Early capex related to this stage is estimated at around $90m (at 100%) and will be cashed out mainly in the second half of the year, including 49.9% which is financed by Tsingshan.

Building on its experience in Argentina and in the interests of diversifying and expanding its asset portfolio, the Group is stepping up its efforts to explore and develop its business in lithium brine, **in Chile**. A local office, Eramet Chile, was set up in June to support this strategy and to position the Group in the country's lithium development ecosystem.

Battery recycling in France

In France, Eramet recently completed the pre-feasibility studies as expected, prior to potentially conducting a feasibility study, for **its ReLieVe project in partnership with SUEZ**, which is now entering the feasibility study phase. A pilot plant, designed to test and validate the continuous refining process on a pre-industrial scale, is currently under construction at the Group's research center in Trappes. Start-up is scheduled for H2 2023.

This project would strengthen Eramet's position in the electric battery value chain, with a presence upstream and downstream, from the collection and dismantling of end-of-life batteries to their recovery in the form of recyclable metal salts.

▪ Discontinued Operations

In accordance with the IFRS 5 standard – "Non-current assets held for sale and discontinued operations", the Aubert & Duval, Erasteel and Sandouville entities are presented in the Group's consolidated financial statements as operations in the process of being sold for the 2022 and 2023 financial years:

- At end-April, Eramet finalised the sale of Aubert & Duval to the consortium formed by Airbus, Safran and Tikehau Capital.
- At end-June, following the fulfilment of all conditions precedent, Eramet finalised the sale to Syntagma Capital of 100% of the shares in its subsidiary Erasteel.

The divestment thus finalised for the entire High-Performance Alloys Division (Aubert & Duval et Erasteel) has a non-material impact on the Group's net debt at end-June 2023.

♦ Outlook

The climate of geopolitical and macroeconomic uncertainties and the inflationary context continue to weigh on all of the Group's markets.

The rebound initially expected in China is yet to materialise in 2023, despite the 5% growth target announced by the Chinese authorities. The downturn in the construction sector continues to weigh on the Group's business, in China but also in Europe and North America. Demand across all the underlying markets for our products remains sluggish, reflecting the continued downward trend in prices observed throughout the first half of the year, unless a rebound in demand materialises, particularly from China.

In parallel, freight rates strongly decreased over the period to levels significantly below the 2022 average. A stabilisation is expected in H2. The price of reducing agents and energy costs, down in H1 2023 compared to 2022, remain however at a historically high level which continues to weigh on the performance of metallurgical activities and their markets. However, the Group's smelters benefit from long-term supply contracts that cover approximately 80% of their electricity needs.

Volume targets over the year are now raised to:

- **Around 35 Mwmt**[5] of marketable nickel ore at Weda Bay, of which approximately 20 Mwmt of low-grade ore,
- **More than 7.0 Mt** of manganese ore transported in Gabon, given the non-recurring logistical incidents in H1.

Invoiced selling prices for manganese alloys should remain significantly below 2022 on average for the year, particularly in North America, while the consensus for average manganese ore prices is slightly down at $**5.15/dmtu** (vs. $5.4/dmtu previously).

In addition, the trend reversal in class II nickel prices was considerably more marked than anticipated in H1 2023. The price of ferronickel should therefore be set at a level very slightly above the SMM NPI 8-12% index[31]. Domestic prices for nickel ore sold in Indonesia are indexed to the LME of which consensus is $21,250/t for 2023[32], and change accordingly.

The €/$ exchange rate remains expected at **1.10**[33] for the year.

Based on the above-mentioned volumes targets and price forecasts, the Group's guidance on **adjusted EBITDA**[1] is **revised downwards close to €900m** in 2023, including the proportional contribution of Weda Bay.

Capex is revised downwards from previously communicated guidance, given the need for strict management to deal with the difficult environment. However, it includes €40m of preliminary capex financed by Eramet as part of phase II of the lithium project. The Group is thus expected to invest **around €550m in capex in 2023** (excluding the operations sold in H1 and excluding the share of the Lithium project financed by Tsingshan).

Calendar

27.07.2023: Presentation of 2023 half-year results

A live Internet webcast of the 2023 half-year results presentation will take place on Thursday 27 July 2023 at 10:30 a.m. (Paris time), on the website: www.eramet.com. Presentation material will be available at the time of the webcast.

26.10.2023: Publication of 2023 Group third-quarter turnover

13.11.2023: Eramet's first ***Capital Markets Day*** *– "A New ERA"*

ABOUT ERAMET

Eramet transforms the Earth's mineral resources to provide sustainable and responsible solutions to the growth of the industry and to the challenges of the energy transition.

Its employees are committed to this through their civic and contributory approach in all the countries where the mining and metallurgical group is present.

Manganese, nickel, mineral sands, lithium, and cobalt: Eramet recovers and develops metals that are essential to the construction of a more sustainable world.

As a privileged partner of its industrial clients, the Group contributes to making robust and resistant infrastructures and constructions, more efficient means of mobility, safer health tools and more efficient telecommunications devices.

Fully committed to the era of metals, Eramet's ambition is to become a reference for the responsible transformation of the Earth's mineral resources for living well together.

www.eramet.com

INVESTOR CONTACT

Director of Investor Relations

Sandrine Nourry-Dabi

T. +33 1 45 38 37 02

sandrine.nourrydabi@eramet.com

PRESS CONTACT

Media relations manager

Fanny Mounier

fanny.mounier@eramet.com

T. +33 7 65 26 46 83

Image 7

Marie Artzner

T. +33 1 53 70 74 31 | M. +33 6 75 74 31 73

martzner@image7.fr

Appendix 1: Reconciliation tables

H1 2023 reported reconciliation table before IFRS 5

(in millions of euros)	H1 2023 Before IFRS 5 treatment	Aubert & Duval CGU	Erasteel CGU	Sandouville GCU	Restatements and eliminations	Total discontinued operations	H1 2023 Reported
Turnover	1,950	217	129	-	-	346	1,604
Current operating income	92	(19)	6	-	7	(6)	93
Operating income	(16)	(8)	12	-	(6)	(3)	(10)
Net income from discontinued operations		(13)	5	-	(4)	14	14

H1 2022 reported reconciliation table before IFRS 5

(en millions d'euros)	H1 2022 Before IFRS 5 treatment	Aubert & Duval CGU	Erasteel CGU	Sandouville GCU	Restatements and eliminations	Total discontinued operations	H1 2022 Reported
Turnover	3,063	278	138	11		427	2,635
Current operating income	843	(36)	11	(2)	17	(10)	853
Operating income	845	(14)	(21)	13	18	(4)	850
Net income from discontinued operations		(18)	(27)	13	19	(13)	(13)

Appendix 2: Quarterly turnover (IFRS 5)

€ million[1]	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Manganese	505	440	630	873	926	722
Manganese ore activity[2]	*262*	*209*	*315*	*465*	*439*	*308*
Manganese alloys activity[2]	*244*	*231*	*316*	*407*	*487*	*414*
Nickel	228	290	331	300	409	352
Adjusted Nickel[3,4]	**356**	**459**	**464**	**357**	**514**	**428**
Mineral Sands	93	44	142	99	134	90
Lithium	0	0	0	0	0	0
Holding, elim. and others	3	1	4	0	1	1
Eramet group published financial statements	828	775	1,107	1,272	1,470	1,165
Eramet group adjusted[3,4]	**956**	**944**	**1,241**	**1,328**	**1,576**	**1,240**

[1] Data rounded to the nearest million.

[2] See financial glossary in Appendix 8.

[3] Adjusted turnover defined in the financial glossary in Appendix 8.

[4] Adjusted turnover restated for 2022 and Q1 2023, following update of indicator definition.

Appendix 3: Productions and shipments

In thousands of tonnes	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	H1 2023	H1 2022
MANGANESE								
Manganese ore and sinter production	1,543	1,097	1,854	2,061	1,862	1,762	2,640	3,624
Manganese ore and sinter transportation	1,489	1,359	1,734	2,048	1,765	1,620	2,848	3,385
External manganese ore sales	1,325	1,158	1,753	1,840	1,535	1,409	2,483	2,944
Manganese alloys production	160	151	132	164	193	188	311	381
Manganese alloys sales	170	140	166	190	186	156	310	342
NICKEL								
Nickel ore production *(in thousands of wet tonnes)*								
SLN	1,405	1,482	1,490	1,460	1,290	1,154	2,887	2,444
Weda Bay Nickel (100%) **–** marketable production (high-grade)	3,802	3,958	3,539	3,485	3,552	4,563	7,760	8,115
Ferronickel production – SLN	9.7	10.6	11.0	9.5	10.5	9.9	20.3	20.4
Low-grade nickel ferroalloys production – Weda Bay Nickel (kt of Ni content – 100%)	7.9	7.8	8.1	8.9	9.6	10.0	15.7	19.6
Nickel ore sales *(in thousands of wet tonnes)*								
SLN	734	657	982	576	830	632	1,391	1,462
Weda Bay Nickel (100%)	7,753	7,318	7,581	2,931	3,576	3,875	15,071	7,451
Ferronickel sales – SLN	10.1	10.2	10.7	10.6	10.8	9.2	20.3	20.0
Low-grade nickel ferroalloy sales– Weda Bay Nickel/Off-take Eramet (kt of Ni content)	3.9	3.1	3.2	4.1	4.2	4.3	7.0	8.5
MINERAL SANDS								
Mineral Sands production	194	112	186	170	188	198	306	386
Zircon production	15	9	13	14	15	15	24	30
Titanium dioxide slag production	13	19	40	48	48	52	32	100
Zircon sales	14	9	14	14	16	15	23	31
Titanium dioxide slag sales	26	13	44	39	52	40	39	92

Appendix 4: Price and index

	H1 2023	H2 2022	H1 2022	Chg. H1 2023 – H1 2022[6]	Chg. H1 2023 – H2 2022[6]
MANGANESE					
Mn CIF China 44% ($/dmtu)[1]	5.22	5.14	6.79	*-23%*	*+2%*
Ferromanganese MC - Europe (€/t)[1]	1,682	2,158	3,254	*-48%*	*-22%*
Silicomanganese - Europe (€/t)[1]	1,100	1,205	1,739	*-37%*	*-9%*
NICKEL					
Ni LME ($/t)[2]	10.99	10.75	12.51	*-12%*	*+2%*
Ni LME ($/lb)[2]	*24,236*	*23,702*	*27,575*	*-12%*	*+2%*
SMM NPI Index ($/t)[3]	15,368	16,837	20,778	*-26%*	*-9%*
Ni ore CIF China 1.8% ($/wmt)[4]	92.2	107.1	124.8	*-26%*	*-14%*
HPM[5] Nickel prices 1.8%/35% ($/wmt)	57	52	56	*+2%*	*+10%*
MINERAL SANDS					
Zircon ($/t) [6]	2,100	2,150	2,035	*+3%*	*-2%*
CP grade titanium dioxide ($/t) [7]	930	865	850	*+9%*	*+8%*

[1] Quarterly average for market prices, Eramet calculations and analysis.
[2] LME (London Metal Exchange) prices.
[3] SMM NPI 8-12%.
[4] CNFEOL (China FerroAlloy Online), "Other mining countries".
[5] Official index for domestic nickel ore prices in Indonesia.
[6] Market and Eramet analysis (premium zircon).
[7] Market analysis, Eramet analysis.
[8] Eramet calculation rounded to the nearest decimal place.

Appendix 5: Performance indicators of continuing operations (IFRS 5)

€ million[1]		H1 2023	H1 2022	FY 2022	Change (€m)	Change[2] (%)
MANGANESE	Turnover	946	1,647	3,151	(701)	-43%
	EBITDA	**193**	**831**	**1,402**	**(638)**	**-77%**
	COI[3]	138	765	1,255	(627)	-82%
	FCF	**(20)**	**395**	**835**	**(415)**	**n.a.**
Activity Mn ore[4]	Turnover	471	747	1,527	(276)	-37%
	EBITDA	154	343	722	(189)	-55%
	FCF	(93)	71	371	(164)	n.a.
Activity Mn alloys[4]	Turnover	475	901	1,624	(426)	-47%
	EBITDA	38	488	680	(450)	-92%
	FCF	73	324	464	(251)	-77%
NICKEL	Adjusted Turnover[5]	815	943	1,763	(128)	-13%
	Turnover	518	762	1,392	(244)	-32%
	Adjusted EBITDA[5]	**174**	**306**	**430**	**(132)**	**-43%**
	EBITDA	(72)	118	86	(190)	n.a.
	COI[3]	(92)	78	14	(170)	n.a.
	FCF	**86**	**99**	**148**	**(13)**	**-13%**
MINERAL SANDS	Turnover	136	224	465	(88)	-39%
	EBITDA	**49**	**97**	**184**	**(48)**	**-49%**
	COI[3]	26	76	140	(50)	-66%
	FCF	**14**	**4**	**105**	**+10**	**n.a.**
LITHIUM	Turnover	0	0	0	n.a.	n.a.
	EBITDA	**(9)**	**(8)**	**(12)**	**(1)**	**n.a.**
	COI[3]	(9)	(8)	(13)	(1)	n.a.
	FCF	**(149)**	**(64)**	**(175)**	**(85)**	**n.a.**
Holding, elim. and others	Turnover	4	2	6	+2	n.a.
	EBITDA	**(68)**	**(55)**	**(107)**	**(13)**	**n.a.**
	COI[3]	(73)	(58)	(116)	(15)	n.a.
	FCF	**(52)**	**(5)**	**(89)**	**(47)**	**n.a.**
GROUP TOTAL (IFRS5)	Adjusted Turnover[5]	1,901	2,816	5,385	(915)	-32%
	Turnover	1,604	2,635	5,014	(1,031)	-39%
	Adjusted EBITDA[5]	**339**	**1,170**	**1,897**	**(831)**	**-71%**
	EBITDA	93	982	1,553	(889)	-91%
	COI[3]	(10)	853	1,280	(863)	n.a.
	FCF	**(120)**	**429**	**824**	**(549)**	**n.a.**

[1] Data rounded to the nearest million.
[2] Data rounded to higher or lower %.
[3] Current operating income (COI).
[4] See financial glossary in Appendix 8.
[5] Adjusted turnover, adjusted EBITDA and adjusted leverage are defined in the financial glossary in Appendix 8.

Appendix 5b: Performance indicators of operations in the process of being sold (IFRS 5)

€ million[1]		H1 2023	H1 2022	FY 2022	Change (€m)	Change[2] (%)
Erasteel and Aubert & Duval	Turnover	346	416	826	(70)	-17%
	EBITDA	**(8)**	**(18)**	**(24)**	**+10**	**n.a.**
	COI[3]	(13)	(25)	(27)	+12	n.a.
	FCF	**(41)**	**(127)**	**(234)**	**+86**	**n.a.**
Sandouville	Turnover	n.a.	11	11	n.a.	n.a.
	EBITDA	**n.a.**	**(2)**	**(2)**	**n.a.**	**n.a.**
	COI[3]	n.a.	(2)	(2)	n.a.	n.a.
	FCF	**n.a.**	**3**	**3**	**n.a.**	**n.a.**

[1] Data rounded to the nearest million.

[2] Data rounded to higher or lower %.

[3] Current operating income (COI).

Appendix 6: Sensitivities of Group adjusted EBITDA

Sensitivities	Change	Impact on adjusted EBITDA
Manganese ore prices (CIF China 44%)	+$1/dmtu	c.€245m[1]
Manganese alloys prices	+$100/t	c.€60m[1]
Ferronickel prices – SLN	+$1/lb	c.€90m[1]
Nickel ore prices (CIF China 1.8%) – SLN	+$10/wmt	c.€30m[1]
Nickel ore prices (HPM nickel, 1.8%, 35% moisture) – Weda Bay	+$10/wmt	c.€125m[1]
Exchange rate	-$/€0.1	c.€165m
Oil price per barrel (Brent)	+$10/bbl	c.€(15)m[1]

[1] For an exchange rate of $/€1.10.

Appendix 7: Performance indicators

Operational performance by division

(in millions of euros)	Operations Department				Holding and other éliminations, and others	**Total of continuing operations**	Erasteel and Aubert & Duval	Sandouville	Eliminations	**Total of continuing and discontinued operations**
	Manganese	Nickel	Sand Minerals	Lithium						
Half year 2023										
Turnover	946	518	136	-	4	**1,604**	346	-		**1,950**
EBITDA	193	(72)	49	(9)	(68)	**93**	(8)	-	7	**92**
Current operating income	138	(92)	26	(9)	(73)	**(10)**	(13)	-	7	**(16)**
Net cash flow generated by operating activities	127	(29)	64	(5)	(109)	**48**	(71)	-	2	**(21)**
Industrial investments (intangible assets and property, plant & equipment)	151	8	50	74	8	**291**	24	-	-	**315**
Half year 2022										
Turnover	1,647	762	224	-	2	**2,635**	416	11	-	**3,063**
EBITDA	831	118	97	(8)	(55)	**982**	(18)	(2)	17	**979**
Current operating income	765	78	76	(8)	(58)	**853**	(25)	(2)	17	**843**
Net cash flow generated by operating activities	548	26	30	(31)	(85)	**488**	(92)	5	(11)	**390**
Industrial investments (intangible assets and property, plant & equipment)	144	37	26	28	5	**240**	22	-	-	**262**
Financial year 2022										
Turnover	3,151	1,392	465	-	6	**5,014**	826	11	-	**5,851**
EBITDA	1,402	86	184	(12)	(107)	**1,553**	(24)	(2)	37	**1,564**
Current operating income	1,255	14	140	(13)	(116)	**1,280**	(27)	(2)	37	**1,288**
Net cash flow generated by operating activities	1,124	-	157	(23)	(142)	**1,116**	(146)	5	16	**991**
Industrial investments (intangible assets and property, plant & equipment)	273	85	52	109	11	**530**	63	-	-	**593**

Turnover and investments by region

(in millions of euros)	**France**	**Europe**	**North America**	**China**	**Other Asia**	**Oceania**	**Africa**	**South America**	**Total**
Sales (destination of sales)									
Half year 2023	30	338	225	442	464	43	34	28	**1,604**
Half year 2022	168	718	138	453	331	372	89	366	**2,635**
Financial year 2022	313	1,215	294	1,057	1,261	76	128	670	**5,014**
Industrial investments (intangible assets and property, plant & equipment)									
Half year 2023	14	43	21	-	1	7	131	74	**291**
Half year 2022	6	15	4	-	-	37	150	28	**240**
Financial year 2022	9	50	13	1	-	84	263	110	**530**

Consolidated performance indicators – Income statement

(in millions of euros)	**Half-year 2023**	**Half-year 2022**	**Financial year 2022**
Turnover	**1,604**	**2,635**	**5,014**
EBITDA	**93**	**982**	**1,553**
Amortisation and depreciation of non-current assets	(114)	(130)	(271)
Provisions for liabilities and charges	11	1	(2)
Current operating income	**(10)**	**853**	**1,280**
(Impairment of assets)/reversals	(7)	(2)	(221)
Other operating income and expenses	(27)	(1)	(34)
Operating income	**(44)**	**850**	**1,025**
Financial income (loss)	(63)	(56)	(89)
Share of income from associates	174	147	258
Income taxes	(15)	(158)	(264)
Net income from continuing operations	**52**	**783**	**930**
Net income from discontinued operations (1)	14	(13)	(156)
Net income for the period	**66**	**770**	**774**
- Attributable to non-controlling interests	(32)	93	34
- Attributable to Group share	**98**	**677**	**740**
Basic earnings per share (in euros)	3.44	23.54	25.81

(1) Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", Erasteel and Aubert & Duval CGUs are shown as discontinued operations.

Consolidated performance indicators – Net financial debt flow table

(in millions of euros)	Half year 2023	Half year 2022	Financial year 2022
Operating activities			
EBITDA	93	982	1,553
Cash impact of items below EBITDA	(71)	(220)	(326)
Cash flow from operations	**22**	**762**	**1,227**
Change in WCR	26	(273)	(111)
Net cash flow generated by operating operations (A)	**48**	**489**	**1,116**
Investing activities			
Industrial investments	(291)	(240)	(530)
Other investment cash flows	123	180	238
Net cash flows from investing activities of continuing operations (B)	**(168)**	**(60)**	**(292)**
Net cash flows from financing activities of continuing operations	**(94)**	**(55)**	**80**
Impact of fluctuations in exchange rates and others	(16)	(10)	(49)
Acquisition of IFRS 16 rights of use	(6)	(14)	(26)
Change in the net financial debt of continuing operations before taking into account flows with discontinued operations	**(236)**	**350**	**829**
Net cash flow from continuing operations carried out with discontinued operations[1] [2]	(133)	(161)	(236)
Change in net financial debt of continuing operations	**(369)**	**189**	**593**
Change in net financial debt of discontinued operations before taking into account flows with continuing operations	**(101)**	**(138)**	**(213)**
Net cash flow from discontinued operations carried out with continuing operations [1] [2]	133	161	236
Change in net financial debt of discontinued operations	**31**	**23**	**23**
(Increase)/Decrease in net financial debt	**(337)**	**212**	**616**
Opening (net financial debt) of continuing operations	**(344)**	**(936)**	**(936)**
Opening (net financial debt) of discontiued operations	**(31)**	**(54)**	**(54)**
Closing (net financial debt) of continuing operations	**(712)**	**(748)**	**(344)**
Closing (Net financial debt) of discontinued operations	**-**	**(30)**	**(31)**
Free Cash Flow (A) + (B)	**(120)**	**429**	**824**

(1) Pursuant to IFRS 5 – "Non-current assets held for sale and discontinued operations", Erasteel and Aubert & Duval CGUs are shown as discontinued operations.

(2) The amounts relate mainly to financing cash flows from discontinued operations by the continuing operations

Consolidated performance indicators – Balance sheet

(in millions of euros)	**30 june 2023**	**31 December 2022**
Non-current assets	**3,350**	**3,122**
Inventories	688	724
Customers	319	369
Suppliers	(439)	(424)
Simplified Working Capital Requirements (WCR)	**568**	**669**
Other items of WCR	(117)	(201)
Total Working Capital Requirements (WCR)	**451**	**468**
Derivatives	**21**	**62**
Assets held for sale [(1)]	**-**	**714**
TOTAL ASSETS	**3,822**	**4,366**

(in millions of euros)	**30 june 2023**	**31 December 2022**
Shareholders' equity – Group share	1,705	1,781
Non-controlling interests	429	464
Shareholders' equity	**2,134**	**2,245**
Cash and cash equivalents and other current financial assets	(1,387)	(1,660)
Loans	2,099	2,004
Net financial debt	**712**	**344**
Net financial debt/shareholders' equity (gearing)	*33%*	*15%*
Employee-related liabilities and provisions	**801**	**814**
Net deferred tax	**175**	**226**
Liabilities associated with assets held for sale[(1)]	**-**	**737**
TOTAL PASSIF	**3,822**	**4,366**

(1) Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of Aubert & Duval and Erasteel CGUs were shown in the consolidated balance sheet at 31 December 2022 as assets held for sale. As of 30 June 2023, as Aubert & Duval and Erasteel were sold during the first semester, assets and liabilities of these two CGUs are not part of the balance sheet.

Appendix 8: Financial glossary

Consolidated performance indicators

The consolidated performance indicators used for the financial reporting of the Group's results and economic performance and presented in this document are restated data from the Group's reporting and are monitored by the Executive Committee.

Turnover at constant scope and exchange rates

Turnover at constant scope and exchange rates corresponds to turnover adjusted for the impact of the changes in scope and the fluctuations in the exchange rate from one financial year to the next. The scope effect is calculated as follows: for the companies acquired during the financial year, by eliminating the turnover for the current period and for the companies acquired during the previous period by integrating, in the previous period, the full-year turnover; for the companies sold, by eliminating the turnover during the period considered and during the previous comparable period. The exchange rate effect is calculated by applying the exchange rates of the previous financial year to the turnover for the year under review.

Adjusted turnover

Adjusted turnover is presented to provide a better understanding of the underlying operating performance of the Group's activities. Adjusted turnover corresponds to turnover including Eramet's share of the turnover of significant joint ventures accounted for using the equity method in the Group's financial statements, restated for the off-take of all or part of the business activity.

As of 30 June 2023, turnover was adjusted to include the contribution of PT Weda Bay Nickel, a company in which Eramet owns a 38.7% indirect interest. Eramet owns a 43% interest in Strand Minerals Pte Ltd, the holding which owns 90% of PT Weda Bay Nickel and is booked in the Group's consolidated financial statements under the equity method. An off-take agreement for nickel ferroalloys production (NPI) is in place with Tsingshan, with Eramet holding a 43% interest, and Tsingshan 57%.

A reconciliation with Group turnover is provided in Note 3 to the Group's consolidated financial statements.

EBITDA ("Earnings before interest, taxes, depreciation and amortisation")

Earnings before financial revenue and other operating expenses and income, income tax, contingencies and loss provision, and amortisation and impairment of property, plant and equipment and tangible and intangible assets.

Adjusted EBITDA

Adjusted EBITDA is presented to provide a better understanding of the underlying operating performance of the Group's activities. Adjusted EBITDA corresponds to EBITDA including Eramet's share of the EBITDA of significant joint ventures accounted for using the equity method in the Group's financial statements.

As of 30 June 2023, EBITDA was adjusted to include the proportional EBITDA of PT Weda Bay Nickel, a company in which Eramet owns a 38.7% indirect interest. Eramet owns a 43% interest in Strand Minerals Pte Ltd, the holding which owns 90% of PT Weda Bay Nickel and is booked in the Group's consolidated financial statements under the equity method.

A reconciliation with Group EBITDA is provided in Note 3 to the Group's consolidated financial statements.

Adjusted leverage

Adjusted leverage is defined as net debt (on a consolidated basis) to adjusted EBITDA (as defined above), as PT Weda Bay did not have any external debt during the 2022 and 2023 financial years.

However, in the future, should other significant joint ventures restated for adjusted EBITDA have external debt, net debt will be adjusted to include Eramet's share in the external debt of the joint ventures ("adjusted net debt”). Adjusted leverage would then be defined as adjusted net debt to adjusted EBITDA, in compliance with a fair and economic approach to Eramet’s debt.

Manganese ore activity

Manganese ore activity corresponds to Comilog's mining activities (excluding the activity of the Moanda Metallurgical Complex, “CMM”, which produces manganese alloys) and Setrag's transport activities.

Manganese alloys activity

Manganese alloys activity corresponds to the plants that transform manganese ore into manganese alloys. It includes the three Norwegian plants comprising Eramet Norway (“ENO”, i.e., Porsgrunn, Sauda, and Kvinesdal), Eramet Marietta (“EMI”) in the United States, Comilog Dunkerque (“CDK”) in France and the Moanda Metallurgical Complex (“CMM”) in Gabon.

Manganese ore FOB cash cost

The FOB (“Free On Board”) cash cost of manganese ore is defined as all production and overhead costs (R&D including exploration geology, administrative expenses, sales expenses, overland transport expenses), which cover all stages of ore extraction through to shipping to the port of shipment and loading, and which impact the EBITDA in the company's financial statements, over tonnage sold for a given period. This cash cost does not include sea transport or marketing costs. Conversely, it includes the mining taxes and royalties from which the Gabonese state benefits.

SLN’s cash cost

SLN’s cash cost is defined as all production and overhead costs (R&D including exploration geology, administrative expenses, logistical and commercial expenses), net of by-products credits (including exports and nickel ore) and local services, which cover all the stages of industrial development of the finished product until delivery to the end customer and which impact the EBITDA in the company’s financial statements, over tonnage sold.

Appendix 9: Footnotes

[1] In accordance with the IFRS 5 standard – "Non-current assets held for sale and discontinued operations". See reconciliation tables in Appendix 1
[2] The definition of adjusted EBITDA, a new Alternative Performance Indicator, is presented in the financial glossary, in Appendix 8
[3] The definition of adjusted leverage, a new Alternative Performance Indicator, is presented in the financial glossary, in Appendix 8
[4] Subject to satisfaction of the usual preconditions for this type of transaction
[5] Assuming administrative approvals by the Indonesian government
[6] Compared to similar or larger-sized companies, i.e., companies (employees and subcontractors) that worked more than 65 million hours
[7] See press release of 22 June 2023 (PR - Contributing indicators 2022 - June 2023)
[8] See financial glossary in Appendix 8
[9] Net debt to adjusted EBITDA
[10] Includes €29m linked to Setrag transport activity other than Comilog's ore (€37m in 2021)
[11] Unless otherwise indicated, market data corresponds to Eramet estimates based on World Steel Association production data
[12] Unless otherwise indicated, price data corresponds to the average for market prices, Eramet calculations and analysis; manganese ore price index: CRU CIF China 44% spot price; manganese alloys price indices: CRU Western Europe spot price
[13] See financial glossary in Appendix 8. Cash cost calculated excluding sea transport and marketing costs
[14] With a 3 to 5-month lag on the purchase price
[15] SLN, ENI and others
[16] Unless otherwise indicated, market data corresponds to Eramet estimates
[17] High Pressure Acid Leach
[18] Nickel Pig Iron
[19] Class I: produced with a nickel content above or equal to 99%; Class II: produced with a nickel content below 99%
[20] LME: London Metal Exchange; SHFE: Shanghai Futures Exchange
[21] SMM NPI 8-12% index
[22] For nickel ore with 1.8% nickel content and 35% moisture content. Indonesian prices are set according to domestic market conditions, but with a monthly price floor based on the LME, in compliance with a government regulation published in April 2020.
[23] See financial glossary in Appendix 8
[24] Commissioning at full capacity in early January 2023, replacing the old plant, whose phase-out became effective in Q1 2023
[25] Unless otherwise indicated, price data corresponds to the average for market prices, Eramet calculations and analysis; Source Zircon premium (FOB prices): Market and Eramet analysis; Source CP slag (FOB prices): Market and Eramet analysis
[26] c.90% of titanium-based end-products
[27] Titanium dioxide slag, ilmenite, leucoxene and rutile
[28] LCE: Lithium Carbonate equivalent, battery grade
[29] Source: Fastmarkets – Battery-grade Lithium Carbonate price CIF Asia
[30] CAM: Cathode Active Material
[31] For reference, the 10% NPI stands at $14,690/t in 2023 according to Macquarie's current forecasts.
[32] Consensus of main market analysts
[33] Bloomberg forecast consensus as of 31/01/2023 for the year 2023