2021
INTERIM FINANCIAL REPORT

eramet

CONTENTS

1 Statement by the persons responsible for the Eramet Interim Financial Report as of 30 June 2021

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the past half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies within the scope of consolidation and that the accompanying interim business report presents a true and fair view of the highlights of the first six months of the year and their impact on the condensed interim consolidated financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Paris, 28 July 2021

Thomas Devedjian
Deputy CEO and CFO, IT & Purchasing

Christel Bories
Chairwoman and Chief Executive Officer

2 Interim Business Report as of 30 June 2021

1 FOREWORD

It is advisable to read this report on the Company's financial position and operating performance in conjunction with the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements for the period ended 30 June 2021 and the other financial information in the 2020 Universal Registration Document filed with the French Financial Markets Authority (AMF) on 14 April 2021. The Company's condensed interim consolidated financial statements were drawn up in accordance with IAS 34 "Interim Financial Reporting". The information in this report also contains forecasts based on estimates of Eramet's future business activities, the realisation of which may differ materially from actual results.

2 OVERVIEW

Eramet, a global mining and metallurgical group, is a key player in the extraction and beneficiation of metals (manganese, nickel, mineral sands) and the development and modification of high value-added alloys (high-speed steels, high-performance steels, superalloys, aluminium and titanium alloys). The Group supports the energy transition by developing activities with high growth potential, such as lithium mining and refining, and recycling. Eramet is positioned as the preferred partner of our customers in the steel, stainless steel, aeronautics, pigment, energy and new generation batteries industries. Based on operational excellence, the quality of its investments and the know-how of its employees, the Group deploys a virtuous and value-creating industrial, managerial and societal model. As a corporate citizen and contributor, Eramet works to achieve a sustainable and responsible industry. Eramet has close to 13,000 employees in approximately 20 countries.

3 GROUP RESULTS FOR THE FIRST HALF OF THE YEAR 2021

The Group's H1 2021 turnover totalled €1,878 m, up 11% (+18% at constant scope and exchange rates, factoring in a negative currency effect of -7%). This growth was driven by the Mining and Metals Division with a volume/mix effect of +7% and a price effect of +15%. Turnover for the High-Performance Alloys Division declined and remains heavily penalised by the aerospace crisis.

Group EBITDA was €293m, up significantly (by nearly 150%) reflecting notably:

- an intrinsic performance of +€112m, representing nearly two thirds of the increase;
- an impact of external factors of +€61m, with a positive price effect largely offset by higher input costs (freight and materials) and by a negative currency effect.

Net income, Group share totalled €53m, and included the share of income of Weda Bay Nickel (+€77m). The loss posted in H1 2020 particularly reflected asset impairments related to the health and aerospace crises.

Capex cash amounted to €109m at end-June, declining versus H1 2020 (which included investments made in the lithium project before it was mothballed), reflecting the reduction in capital expenditure in 2020. Capex cash breaks down as €67m in current capex and €42m in growth capex, mainly dedicated to supporting the organic development of mining production in Gabon. Capex-related disbursements will be higher in H2 than H1.

Free Cash-Flow ("FCF") came out at €111m, of which €222m for the Mining and Metals Division and -€47m for the High-Performance Alloys Division. The improvement in FCF of +€321m reflects the good operating performance, the Group's good cash control and the partial recovery of A&D.

Net debt ended at €1,244m at 30 June 2021. This included €88m linked to the application of IFRS 16.

3.1 Income statement

(in millions of euros)	H1 2021	H1 2020	Year 2020
Turnover	1,878	1,687	3,553
EBITDA	293	120	398
Current operating income	159	(32)	106
Operating income	132	(491)	(455)
Net income for the period	70	(639)	(676)
Net income, Group share	53	(623)	(675)
Basic earnings per share (in euros)	1.98	(23.48)	(25.46)

3.1.1 Notes by Business Unit

Mining & Metals Division

The activities of the Mining and Metals Division benefitted from positive market momentum in H1 2021 with strong demand driven by the rebound in global economic growth, resulting in overall higher price levels. However, the increase in the cost of freight, combined with an unfavourable €/$ exchange rate, weighed significantly on results.

Manganese BU

The Manganese BU continued to record excellent operating performance in H1 2021, notably with an increase in ore production by 13%.

Turnover totalled €887m (+6%) and EBITDA increased by 20% to €280m, reflecting the strong increase in manganese alloys selling prices. The increase in the cost of freight by more than 60% in the Gabon-China route nonetheless weighed significantly on the results of ore activity.

Market trends & prices

In H1 2021, global production of carbon steel, the main end-product for manganese, was up considerably by +13% ending at 1,007 Mt in H1 2021. Production in China increased strongly (+12%), driven by good momentum in the local economy and particularly in the automotive, construction and infrastructures sectors. Production in the rest of the world also saw strong growth in H1 2021 (+15%), thanks in particular to India, but also the recovery in Europe and North America which still have not returned to their pre-crisis level. In this context, manganese ore consumption increased by 10% in H1 2021 to 10.5 Mt. Global manganese ore production was up 9% to 9.8 Mt, reflecting the increase of nearly 28% in volumes produced in South Africa compared with H1 2020, marked by the closure of mines faced with the health crisis. The supply/demand balance was thus in deficit in H1 2021 with Chinese port ore inventories declining versus end-2020, now representing 11 weeks' consumption.

The average CIF China 44% manganese ore price stood at approximately $5.1/dmtu in H1 2021, up c.2% from H1 2020 ($5.0/dmtu), but down 7% in Euros.

Driven by the increased demand in the steel market and shortage of supply in the European market, manganese alloy prices in Europe increased very considerably in H1 2021. In June, they reached a record level versus a previous high point in 2008, particularly for refined alloys (MC ferromanganese at €1,886/t, +33% vs. H1 2020; +20% in Q2 2021 vs. Q1) but also for standard alloys (silicomanganese at €1,191/t, representing +26% vs. H1 2020; +26% in Q2 vs. Q1). Given the one quarter lag between changes in market prices and those in sales contracts, the increase in prices in Q2 will again have a very favourable impact on the BU's turnover in Q3.

Activities

In Gabon, thanks to the mine expansion programme, Comilog's manganese ore production increased +13% to 3.1 Mt in H1 2021.

Transported volumes stood at 2.9 Mt and were almost stable compared with a particularly high level in Q2 2020, which had notably benefitted from the temporary shutdown in passenger traffic, factoring in the health crisis. The incidents that occurred on the railway line in H1 2021 also weighed on transported volumes, which nevertheless reached a level at 563 kt in June and should achieve a higher pace in July, benefitting from the progress made in the operations of Setrag thanks to the plan to modernise the Transgabonese railway. Transported volumes are expected to support the ramp-up in production in H2. External sale volumes amounted to 2.5 Mt (+4%).

Manganese alloys production increased by 7% in H1 2021 to reach 367 kt. Sales were up 3% to 357 kt with a change in the mix in favour of refined products.

The margin for manganese alloys significantly increased in H1 2021, mainly driven by the increase in alloy selling prices (representing a positive impact of more than €60m). Moreover, operating performance also progressed over the half-year, particularly with better optimisation of costs and technical ratios.

Nickel BU

Nickel BU turnover stood at €515m in H1 2021 (+41%), including €108m from the trading activity of nickel ferroalloys produced at Weda Bay (off-take contract) which continues to ramp up.

The BU's EBITDA was €10m (vs. –€70m in H1 2020).

The recovery in the stainless steel and batteries markets was reflected by a strong increase in prices over the half-year, offset however in part by the increase in freight costs on ore export sales. SLN only partially benefitted from the recovery, considering production difficulties: blockades in New Caledonia at end-2020 did not enable the necessary inventories to be built in order to anticipate the particularly penalising rainy season this year. This weighed on ferronickel production and constrained the growth in ore export volumes. As a result, turnover increased only slightly to €330m (+3%) but EBITDA was positive at €17m (vs. -€49m in H1 2020).

The Sandouville refinery reduced its losses with EBITDA of -€14m in H1 2021 (vs. -€21m in H1 2020), reflecting a progressive improvement in operating performance.

Market trends & prices

Global stainless steel production, which is the main end-market for nickel, amounted to 29 Mt in H1 2021, an increase of 28% on H1 2020, which at the time was strongly marked by the beginning of the global health crisis and the decline across the global economy. China continued to be the main driver of this growth by posting production which also increased by 28%. This was also the case in Indonesia, where production more than doubled compared to H1 2020, exceeding 2.3 Mt over the half-year (+114%). Stainless steel production also recorded a strong rebound in the rest of the world in H1 2021 (+17%), without returning to its pre-crisis level.

Global demand for primary nickel thus increased in H1 2021 to 1.4 Mt (+28%), driven by demand for primary nickel in stainless steel (+30%) and strong growth in the batteries sector (+80% mainly linked to electric vehicles).

Global primary nickel production also increased but to a lesser extent in H1 2021, reaching 1.3 Mt (+12%). This increase reflects the growth in Indonesian NPI production (+81%), whereas Chinese NPI production declined (-13%). Traditional nickel production declined slightly in H1 (-3%), with some producers experiencing difficulties in their operations.

After having largely been in surplus in 2020, the supply/demand balance was heavily in deficit in H1 2021 (-66 kt). LME and SHFE nickel inventories declined at end-June 2021 to 239 kt, equivalent to approximately 9 weeks consumption.

LME nickel prices increased 40% in H1 2021 (+29% in Euros). LME price average was $7.93/lb ($17,485/t). Ferronickel selling prices were also up considerably in H1 2021 (+43% in US dollars, +31% in Euros), despite a significant discount versus the LME over the period.

1.8% CIF China nickel ore prices continued to evolve at high levels (more than $95/wmt on average), up very significantly (+39%) on H1 2020. The nickel ore market remained difficult in H1 due to the unfavourable seasonality, with the rainy season significantly reducing the ore offer, particularly from the Philippines. As a result, ore inventories in China reached relatively low levels, which contributed to sustaining high prices.

In Indonesia, the official domestic price index for nickel ore ("HPM Nickel") averaged approximately $38/wmt in H1 2021, for nickel ore with 1.8% nickel content and 35% moisture content.

Activities

In New Caledonia, activities in the mine and the Doniambo plant were penalised by an environment which was once again difficult, between societal disruptions and the strong impact of an exceptional rainy season that continued in April and May. SLN mining production, which had started the year with low inventories due to blockades in the territory in December 2020, amounted to 2.3 Mwmt in H1 2021, an increase of 5%. In parallel, low-grade nickel ore exports were up 2%, reaching 1.1 Mwmt. Since the bad weather stopped, the situation has improved with 415 kwmt exported in June, representing an annual pace above 4 Mwmt. Ferronickel production particularly suffered with a decrease in produced volumes in H1 2021 of 22% (to 19 kt). This resulted in a decline in sold volumes of 27% (to 19 kt). The plant is also supplied better since end-June.

Cash cost[6] amounted to $6.9/lb on average in H1 2021, reflecting the significant decline in produced volumes and the unfavourable €/$ exchange rate.

As a result, SLN's cash position again deteriorated in H1 2021. This highlights the need for SLN to not only be able to operate its mines and its plant under normal operating conditions, but also be in a position to fully implement the levers identified in the rescue plan: an increase in export capacity of non-recoverable ore locally to 6 Mwmt per year with demand obtained to authorise 2 Mwmt in additional exports as well as an electricity price reduction. The consultation process with suppliers for a long-term solution to the supply of electricity to Doniambo is advancing on schedule.

At the Sandouville plant in Normandy, nickel salt and high-purity metal production reached 4.9 kt in H1 2021, an increase of 32% from H1 2020, which was very affected by the health crisis. Sales volumes also significantly increased to 4.7 kt (+27%) thanks to the recovery in high-purity nickel markets. The recovery of the plant is expected to continue in H2.

At Weda Bay in Indonesia, mine operations, which now employ approximately 4 000 people, continued to ramp up to an exceptional pace with nearly 7 Mwmt produced in H1 2021. The level of production achieved enabled the supply of the joint venture's plant, but also sold nearly 4.2 Mwmt of ore to other Indonesian producers located on the industrial site of the island of Halmahera which now has six plants. In parallel, the nickel ferroalloys plant operated at maximum capacity in H1 2021, for a total of 20 kt produced at a very competitive cash cost. The excellent operating performance of Weda Bay was thus reflected in a contribution of €70m to Group FCF over the period, including trading activity.

Mineral Sands BU

The Mineral Sands BU posted stable H1 2021 turnover at €138m, factoring in a negative €/$ currency effect, which offset the favourable price effect. EBITDA was up by 6% to €47m, reflecting the good operating performance offset in part by an increase in the cost of inputs, particularly the cost of energy.

Market trends & prices

Global demand for zircon has rebounded since early 2021 and was very sustained throughout H1 thanks to the recovery in the global economy. Most of this increase is a result of the ceramics sector (approximately 50% of the end-product) in China and Europe. Parallel to this, zircon production increased at a less fast pace, especially given that the market was plunged into uncertainty in Q2 with the emergence of significant operating difficulties at a major producer in South Africa. The supply/demand balance was thus in deficit in H1 2021.

Zircon market prices ended at $1,338/t FOB in H1 2021, with an increase of 6% in Q2 versus Q1. However, prices remained below their H1 2020 level (-1% in US dollars, -10% in Euros), but stable on Q4 2020.

Global demand for TiO2 pigments, the main end-market for titanium-based products, was again very substantial in H1 2021 thanks to global economic growth. To date, TiO2 pigment producers have managed to meet this demand, in a tight market. In the titanium-based products market, factoring in the difficulties encountered by some producers, the expected deficit in supply results in tight demand, notably for CP titanium dioxide slag as produced by TiZir in Norway.

This tight demand is not reflected in selling prices in H1 2021 due to the inertia of operations in this market in which prices are set on a quarterly and half-year basis. The latter ended at $753/t FOB (-6% in US dollars versus H1 2020, -13% in Euros).

Activities

In Senegal, mineral sands production remained at a high level in H1 2021 at 362 kt. The slight reduction in average content in the targeted are being mined over the period was offset by the very good operating performance achieved. Zircon production declined by 3% to 28 kt with sales down by 9% to 30 kt, compared to a high level in H1 2020.

In Norway, titanium slag production reached a record level in the first-half at 103 kt (+5%), whereas sales volumes increased more significantly (+13%), reaching 113 kt.

High-Performance Alloys Division

The High-Performance Alloys Division posted turnover of €337m in H1 2021, down slightly by 2%. The loss in EBITDA was reduced by more than six, amounting to -€10m in H1 2021.

The profound crisis in the aerospace sector continues to weigh significantly on Aubert & Duval ("A&D"). Sales down 9% to €245m. Measures to adapt costs to the level of activity enabled an improvement in EBITDA, which went from -€52m in H1 2020 to -€14m in H1 2021.

Erasteel sales increased to €91m (+20%). EBITDA ended at €3m (vs. -€15m in H1 2020), reflecting a more favourable product mix and productivity gains.

In addition, Brown Europe, a subsidiary of the Division specialised in wire drawing of alloys used in the aerospace sector, was sold at end-June for €12m, booked in FCF at end-June 2021.

Market trends & prices

The aerospace sector, which accounts for nearly 70% of A&D's turnover (pre-crisis level), still remains very significantly lagging behind, particularly for long-range aircraft.

National sovereign markets (defence and nuclear) as well as energy markets only very slightly suffered from the effects of the health crisis, notably thanks to large-scale public investment programmes that sustain demand.

The automotive industry, which represents nearly half of Erasteel's sales, saw its recovery accentuate in H1 2021, driven by Asia in the first instance followed by North America and Europe to a lesser extent. However, the shortage of semiconductors penalised this recovery.

Activities

A&D's aerospace sector turnover declined 24% to €143m in H1 2021. Sales continued to suffer the full effects of the sharp slowdown in the aerospace industry as production rates for the main programmes remained at low levels.

Turnover in the Energy and Defence sectors was up very significantly (+74%) to €73m in H1 2021. Sales in the Energy sector increased considerably in Q2, reflecting the ramp-up in volumes of deliveries to GE of parts for land-based turbines, with a demand that is increasingly sustained. New contracts were also signed with National Defence players notably regarding parts for use in the military naval sector.

Moreover, A&D is pursuing the finalisation of a review of quality processes and the adaptation of its cost structure to respond to the degradation of its main market. The Work Organisation Adjustment Plan signed in April is aimed at a net reduction of 327 positions based on staff in June 2020 (427 positions cut and 100 new positions created), for an overall estimated cost of €33m. The plan is under implementation, a first round of departures was thus validated, leading to the recording of a provision of €20m at end-June.

Measures to adapt the cost of labour – reduction in temporary staff, departures of employees, use of part-time work – enabled savings over the half-year estimated at €33m on an annual basis, for a target of €50m. They will be supplemented by the full effect of voluntary redundancies. At end-June 2021, A&D headcount thus declined by -14% versus end-2019. This decline should be c.-20% at the end of the Plan.

At Erasteel, turnover increased 20% to €91m, linked to the global economic recovery and new market share gains in Asia for products made from powder metallurgy. Recycling activity continued to grow (+67% to €10m). The cost reduction plan also continued this year.

3.1.2 Net income, Group share

Net income, Group share amounted to €53 million in the first half of 2021, up by €676 million compared with a loss of €623 million for the same period in 2020, mainly due to the very strong performance recorded by the Mining and Metals Division, including Weda Bay Nickel's share of the result. The loss recorded in the first half of 2020 included substantial write-downs, mainly due to the health and aeronautics crises.

It includes the following items:

- **financial loss,** which was a loss of €82 million in the first half of 2021, unchanged compared with the same period in 2020 (-€82 million);
- **income taxes,** which totalled -€57 million in the first half of 2021, compared with -€73 million for the same period in 2020, mainly due to the results of Comilog and Eramet Norway;
- **non-controlling interests** of €17 million in the first half of 2021, compared with -€16 million in the first half of 2020, mainly due to the reduction in the losses of Société Le Nickel-SLN (minority interest of 44%) and the increase in the profits of Comilog (minority interest of 36%).

3.2 Statement of changes in net financial debt

(in millions of euros)	H1 2021	H1 2020	Year 2020
Net cash flow from operating activities	155	10	309
Industrial investments	(110)	(163)	(342)
Other investment cash flows	66	(57)	(3)
Dividends and other financing flows	(8)	(3)	(15)
Exchange-rate impact	(9)	(9)	34
Vesting of IFRS 16 rights of use	(5)	(7)	(12)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	**89**	**(229)**	**(29)**
Net financial debt of activities held for sale[1]	-	(3)	-
Opening (net financial debt)	**(1,333)**	**(1,304)**	**(1,304)**
Closing (net financial debt)	**(1,244)**	**(1,536)**	**(1,333)**

(1) In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of TTI are presented in the consolidated balance sheet at 30 June 2020 as "assets held for sale".

The net financial debt as at 30 June 2021 amounted to €1,244 million, compared with €1,333 million as at 31 December 2020.

Net cash flow from operating activities amounted to €155 million in the first half of 2021, up €145 million compared with the first half of 2020, due to the €222 million increase in cash flow from operations (and a €173 million improvement in EBITDA) and a decrease of €77 million in WCR between the two periods, primarily due to higher inventory levels.

Industrial investments amounted to €110 million in the first half of 2021, compared with €163 million in the first half of 2020.

3.3 Shareholders' equity – Group share

Shareholders' equity – Group share amounted to €816 million at the end of June 2021, compared with €764 million at the end of December 2020.

This increase is mainly due to the profit generated by the Group in the first half of 2021 (€53 million).

4 RISK MANAGEMENT

The Group uses derivatives to control its risk exposure. Management of the principal risks, delegated by the Executive Committee, is centralised at Eramet's finance department. This management is performed directly by Eramet or via special purpose companies, such as Metal Currencies, specifically created to manage the Group's currency risks.

The presentation of these risks and the Group's assessment of them are detailed in the 2020 Universal Registration Document in Note 8 "Financial instruments and risk management" in the Notes to the consolidated statements, and in Chapter 5 "Risk management".

Cash surpluses of subsidiaries are pooled at Group level through a wholly owned subsidiary (Metal Securities). In 2021, as in previous years, cash is being managed prudently; this enabled Eramet to obtain an annualised return of 0.55% in the first half of 2021, i.e. Eonia +1.00%.

The Group has not identified any other risk factors during the first half of 2021 or any affecting the upcoming second half.

5 FINANCIAL STATEMENTS OF ERAMET S.A.

(in millions of euros)	H1 2021	H1 2020	Year 2020
Turnover	465	340	842
Operating income	(37)	(17)	(23)
Financial profit (loss)	186	(537)	(865)
Extraordinary income	(19)	(18)	(22)
Net income	131	(572)	(907)

Turnover increased by €125 million (37%) due to the launch on the market of the Nickel Pig iron produced by the Weda Bay plant in the second half of 2020, with an impact on turnover of €108 million. This increase mainly reflects the rise in the average nickel price during the half-year (LME average of USD7.93/lb. in the first half of 2021, compared with USD5.65/lb. in the first half of 2020).

The operating loss was €37 million in the first half of 2021, compared with a loss of €17 million in the first half of 2020, mainly due to the recognition of pension expenses.

The financial result for the first half of 2021 was a profit of €186 million. It mainly comprised a reversal provision of €143 million on Strand investment and dividends of €56 million received from Strand.

The net result was a profit of €131 million in the first half of 2021, compared with a loss of €572 million in the first half of 2020.

6 OUTLOOK – SHORT TERM

Assuming that the health situation does not significantly deteriorate, the good momentum in the markets of the Mining and Metals Division should continue into second-half 2021, with prices increases expected in Q3, notably for manganese alloys and much more favourable seasonality. However, the high freight costs and logistics issues are set to continue.

Despite an improved medium-term outlook for single-aisle aircraft, the aerospace crisis continues to penalise the High-Performance Alloys Division.

The Group is expected to complete between €400-€450m in capital expenditure in 2021, specifically to support its growth.

As part of the strategic review of the Sandouville site, the option of a sale is now favoured and discussions are underway and at an advanced stage with a potential buyer.

Mining production targets are maintained in Gabon and New Caledonia and revised upwards in Indonesia:

- 7 Mt of manganese ore production in 2021;
- 3.5 Mwmt in nickel ore exports;
- Weda Bay production to 12 Mwmt.

The Group is revising its 2021 EBITDA target upwards: factoring in a particularly favourable price environment for manganese alloys and a revised consensus for 2021 for average manganese ore prices (CIF China 44%) at $5.01/dmtu and LME nickel prices at $7.9/lb, forecast EBITDA would be more than €850m in 2021.

This outlook is in line with the good momentum of H1, assuming that the health situation does not significantly deteriorate.

3 Condensed interim consolidated financial statements as of 30 June 2021

INCOME STATEMENT

(in millions of euros)	Notes	H1 2021	H1 2020	Year 2020
Turnover	3	**1,878**	**1,687**	**3,553**
Other income		3	-	37
Raw materials and purchases consumed		(627)	(605)	(1,306)
External expenses		(541)	(539)	(1,110)
Personnel cost		(412)	(403)	(757)
Taxes		(8)	(9)	(19)
Operating depreciation expense		(130)	(145)	(281)
Net change in operating provisions and write-downs		(4)	(18)	(11)
Current operating income	3	**159**	**(32)**	**106**
Other operating income and expenses	4	(27)	(459)	(561)
Operating income		**132**	**(491)**	**(455)**
Net debt cost		(60)	(60)	(120)
Other financial income and expenses		(22)	(22)	(66)
Financial profit (loss)		**(82)**	**(82)**	**(186)**
Share of income from joint ventures and associates	7	77	7	86
Income taxes	8	(57)	(73)	(121)
Net income for the period		**70**	**(639)**	**(676)**
Attributable to non-controlling interests	4	17	(16)	(1)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**53**	**(623)**	**(675)**
Basic earnings per share (in euros)		1.98	(23.48)	(25.46)
Diluted earnings per share (in euros)[1]		1.84	(23.48)	(25.46)

(1) When basic earnings per share are negative, diluted earnings per share are deemed to be equal to the latter, as the instruments are then considered to be anti-dilutive.

STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Notes	H1 2021	H1 2020	Year 2020
Net income for the period		**70**	**(639)**	**(676)**
Exchange differences for subsidiaries' financial statements in foreign currency		(9)	(51)	(36)
Change in fair value reserve on bonds		(2)	6	6
Change in revaluation reserve for hedging financial instruments		(4)	2	19
Income taxes		-	-	-
Items that will be subsequently reclassified to profit or loss		**(15)**	**(43)**	**(11)**
Revaluation of net defined benefit plan liabilities		-	(3)	1
Income taxes		-	-	(3)
Items that will not be subsequently reclassified to profit or loss		**-**	**(3)**	**(2)**
Other comprehensive income		**(15)**	**(46)**	**(13)**
• attributable to non-controlling interests		1	-	1
• attributable to equity holders of the parent company		(16)	(46)	(14)
TOTAL COMPREHENSIVE INCOME		**55**	**(685)**	**(689)**
• attributable to non-controlling interests		18	(16)	-
• attributable to equity holders of the parent company		37	(669)	(689)

STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	H1 2021	H1 2020	Year 2020
OPERATING ACTIVITIES				
Net income for the period		70	(639)	(676)
Non-cash income and expenses		95	582	691
Cash flow from operations		**165**	**(57)**	**15**
Net change in working capital requirement (WCR)	6	(10)	67	294
Net cash flow generated by operating activities[1]	3	**155**	**10**	**309**
INVESTING ACTIVITIES				
Payments for non-current assets[2]	7	(114)	(200)	(360)
Net change in other non-current financial assets		(15)	(22)	14
Proceeds from non-current assets disposals		13	2	1
Net change in current financial assets	5	(181)	(73)	(30)
Dividends received from equity accounted companies		57	-	
Impact of changes in scope		11	-	-
Net cash flow from investing activities		**(229)**	**(293)**	**(375)**
FINANCING ACTIVITIES				
Dividends paid to non-controlling interests		(7)	-	(8)
Payment of dividends and ODIRNAN		(2)	(2)	(4)
Buyback of equity shares		-	(1)	(4)
Issuance of new borrowings	5	46	1,478	1,459
Repayment of borrowings	5	(59)	(179)	(465)
Repayment of lease debts[2]		(7)	(8)	(17)
Changes in bank overdrafts	5	32	(44)	(9)
Other changes		(20)	(9)	17
Net cash flow from financing activities		**(17)**	**1,235**	**969**
Impact of changes in exchange rate		(1)	-	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(92)**	**952**	**905**
Cash and cash equivalents from operations held for sale[3]		-	(4)	-
Cash and cash equivalents at opening	5	**1,461**	**556**	**556**
Cash and cash equivalents at closing	5	**1,369**	**1,503**	**1,461**
(1) Of which, included in operating activities:				
Interest received		*1*	*3*	*10*
Interest paid (including expense under IFRS 16)		*(64)*	*(66)*	*(118)*
Tax paid		*(113)*	*(29)*	*(72)*

(2) Assets under financial leases are treated as purchases in substance and therefore as acquisitions of fixed assets unlike other leases.

(3) In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of TTI are presented in the consolidated balance sheet at 30 June 2020 as "assets held for sale".

BALANCE SHEET

(in millions of euros)	Notes	30/06/2021	31/12/2020
Intangible assets and goodwill	7	479	480
Property, plant & equipment	7	2,107	2,127
Rights of use relating to lease contracts	7	75	80
Investments in joint ventures and associates	7	124	99
Other non-current financial assets		214	216
Deferred tax assets		4	2
Other non-current assets			2
Non-current assets		**3,003**	**3,006**
Inventories	6	971	906
Trade receivables	6	366	348
Other current assets		254	294
Current tax receivables		8	14
Derivatives assets		44	58
Current financial assets	5	575	395
Cash and cash equivalents	5	1,369	1,461
Current assets		**3,587**	**3,476**
TOTAL ASSETS		**6,590**	**6,482**

(in millions of euros)	Notes	30/06/2021	31/12/2020
Share capital		82	81
Share premiums		382	377
Revaluation reserve for assets available for sale		9	11
Revaluation reserve for hedging instrument		0	5
Revaluation reserve for defined benefit plan liabilities		(90)	(90)
Currency differences		(137)	(128)
Other reserves		570	508
Attributable to equity holders of the parent company		**816**	**764**
Attributable to non-controlling interests	4	243	233
Shareholders' equity		**1,059**	**997**
Employee-related liabilities		187	200
Provisions – more than one year	9	666	649
Deferred tax liabilities		246	221
Borrowings – more than one year	5	2,104	2,830
Lease obligations due in more than one year	5	73	76
Other non-current liabilities		2	-
Non-current liabilities		**3,278**	**3,976**
Provisions – less than one year	9	88	87
Borrowings – less than one year	5	996	268
Lease obligations due in less than one year	5	15	15
Trade payables	6	551	541
Other current liabilities		488	467
Current tax liabilities		64	92
Derivative liabilities		51	39
Current liabilities		**2,253**	**1,509**
TOTAL LIABILITIES		**6,590**	**6,482**

STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares	Share capital	Share premiums	Revaluation reserve for assets available for sale	Revaluation reserve for hedging instrument	Revaluation reserve for defined benefit plan liabilities	Currency differences	Other reserves	Attributable to equity holders of the parent company	Attributable to non-controlling interests	Shareholders' equity
Shareholders' equity as of 1 January 2020	**26,636,000**	**81**	**377**	**5**	**(13)**	**(88)**	**(92)**	**1,128**	**1,398**	**241**	**1,639**
Net income for the period – H1 2020								**(623)**	**(623)**	**(16)**	**(639)**
Other comprehensive income				6	2	(3)	(51)	-	(46)	(0)	(46)
Total comprehensive income		**-**	**-**	**6**	**2**	**(3)**	**(51)**	**(623)**	**(669)**	**(16)**	**(685)**
Capital increase	3										
Distribution of dividends											
Interest on equity instruments (ODIRNAN)								(2)	(2)		(2)
Share-based payments								3	3		3
Repurchase of own shares											
Other movements								27	27		27
Total transactions with shareholders	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**28**	**28**	**-**	**28**
Shareholders' equity as of 30 June 2020	**26,636,003**	**81**	**377**	**11**	**(11)**	**(91)**	**(143)**	**533**	**757**	**225**	**982**
Net income for the period – H2 2020								**(52)**	**(52)**	**15**	**(37)**
Other comprehensive income				0	16	1	15		32	1	33
Total comprehensive income		**-**	**-**	**0**	**16**	**1**	**15**	**(52)**	**(20)**	**16**	**(4)**
Capital increase	2								-		-
Distribution of dividends									-	(8)	(8)
Interest on equity instruments (ODIRNAN)								(2)	(2)		(2)
Share-based payments								3	3		3
Repurchase of own shares								(2)	(2)		(2)
Other movements								28	28		28
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**27**	**27**	**(8)**	**19**
Shareholders' equity as of 31 December 2020	**26,636,005**	**81**	**377**	**11**	**5**	**(90)**	**(128)**	**508**	**764**	**233**	**997**
Net income for the period – H1 2021								**53**	**53**	**17**	**70**
Other comprehensive income				(2)	(5)	-	(9)	-	(16)	1	(15)
Total comprehensive income		**-**	**-**	**(2)**	**(5)**	**-**	**(9)**	**53**	**37**	**18**	**55**
Capital increase	105,371	1	5					(6)	-	-	-
Distribution of dividends								(0)	(0)	(7)	(7)
Interest on equity instruments (ODIRNAN)								(2)	(2)		(2)
Share-based payments								3	3		3
Buyback of equity shares								-	-		-
Other movements								14	14	(1)	13
Total transactions with shareholders	**105,371**	**1**	**5**	**-**	**-**	**-**	**-**	**11**	**16**	**(9)**	**7**
SHAREHOLDERS' EQUITY AS OF 30 JUNE 2021	**26,741,376**	**82**	**382**	**9**	**0**	**(90)**	**(137)**	**570**	**816**	**243**	**1,059**

NOTES TO THE FINANCIAL STATEMENTS

Eramet is a limited company *(société anonyme)* under French law, with a Board of Directors, governed by the provisions of Articles L. 225-17 and R. 225-1 *et seq.* of the French Commercial Code, as well as by the provisions of its by-laws. As required by law, the Company is audited by two incumbent Statutory Auditors and two alternate Statutory Auditors.

Through its subsidiaries and investments, the Eramet Group operates in the nickel and manganese mining and production sectors, as well as in the alloys production sector, where it is the market leader.

The condensed interim consolidated financial statements for the Eramet Group for the first half of 2021 were approved by the Board of Directors of Eramet on 28 July 2021.

Note 1 Highlights of H1 2021

Continuation of the rescue plan and new business model of Société Le Nickel-SLN ("SLN")

In New Caledonia, SLN's mining production continued to increase, reaching 2.3 Mwmt (up 5% compared with 2020). This increase helped to ramp up the rescue plan. Nickel ore exports increased by 2% to 1.1 Mwmt, with 415 Kwmt exported in June, *i.e.* an annual level over 4 Mwmt. By contrast, ferronickel production was hit particularly hard, with a decrease of 22% (19 kt) in volumes produced in the first half of 2021. Mining and activity at the Doniambo plant were affected by serious industrial disruption and the major impact of the rainy season. In these circumstances, the cash cost deteriorated, rising to $6.9/lb, compared with $5.35/lb on average in 2020. These factors could eventually result in a delay to the implementation of the rescue plan.

As a reminder, the rescue plan for SLN is based on three key points: the effective implementation of a business model based on ferronickel production by the plant and low-grade ore exports, increased productivity and lower energy prices. SLN is currently authorised to export 4 Mwmt of ore per year; the success of the rescue plan will depend on increasing this volume to 6 Mwmt. In this context, SLN had requested a conciliation procedure from the chairman of the Joint Commercial Court of Nouméa. The aim of this procedure was to bring all of the stakeholders together in a combined effort to carry out the rescue plan successfully. The conciliation procedure failed, coming to an end in June 2021.

At the end of June 2021, as at 31 December 2020, €73 million of the €525 million of loans granted by Eramet and the French State in December 2015 had not yet been drawn down. In the current market conditions, driven by a 16% increase in nickel prices compared with the second half of 2020 and subject to an improvement in the local operational situation, the loans of €525 million put in place by Eramet and the French State will enable SLN to honour its commitments for the next 12 months.

Review of the quality process within the High Performance Alloys Division and adaptation plan

Actions to bring the quality process into compliance continued with all the customers concerned. Joint appraisals and in-depth work continued in close collaboration with customers in the first half of 2021. Complaints were received and are being analysed and discussed with customers concerned. The balance of the provision at 30 June 2021 was €39 million (€44 million at 31 December 2020). Aubert & Duval is not the subject of any legal developments as part of the compliance of the quality processes.

Aubert & Duval has also established an adaptation plan which includes controlling its cash consumption. In the first half of the year, a "PDV" ("*plan de depart volontaire*") government subsidy plan was signed with the company's industrial relations partners. A provision of €20 million was recognised to cover the voluntary redundancies accepted at 30 June 2021.The "PDV" plan will continue in the second half of the year and the provision will be adjusted according to the total number of departures actually accepted.

The impact of the health crisis

Since the beginning of the health crisis, Eramet has been very active, first of all by putting rigorous health protocols in place at all its sites and by ensuring the application of very strict guidelines to protect the health of its staff and to comply with the rules, according to the development of the pandemic and the recommendations of local authorities. The health protocols established in 2020 are regularly revised according to how the pandemic situation evolves.

Substantial asset write-downs were recognised in the first half of 2020, particularly in the High Performance Alloys division (Aubert & Duval and Erasteel), to take account of the brutal deterioration of the aeronautic and automotive markets. While the markets have not yet returned to pre-crisis activity levels, the support and adaptation measures implemented have stabilised the situation. No change in asset write-downs was recorded in the first half of 2021.

Note 2 Change of method: new presentation of the income statement

During the second half of 2020, Eramet adopted a new presentation of the income statement. This new presentation is detailed in the 2020 Universal Registration Document in Note 3.2 "Change of method: new presentation of the income statement".

The presentation of the income statement for the first half of 2020 has been modified accordingly.

(in millions of euros)	H1 2020 Restated
Turnover	**1,687**
Other income	-
Raw materials and purchases consumed	(605)
External expenses	(539)
Personnel cost	(403)
Taxes	(9)
Operating depreciation expense	(145)
Net change in operating provisions and write-downs	(18)
Current operating income	**(32)**
Other operating income and expenses	(459)
Operating income	**(491)**
Net debt cost	(60)
Other financial income and expenses	(22)
Financial profit (loss)	**(82)**
Share of income from joint ventures and associates	7
Income taxes	(73)
Net income for the period	**(639)**
Attributable to non-controlling interests	(16)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(623)**
Basic earnings per share (in euros)	(23.48)
Diluted earnings per share (in euros)[1]	(23.48)

(in millions of euros)	H1 2020 Published
Turnover	**1,687**
Other income/expense	4
Cost of sales	(1,459)
Administrative and selling expenses	(96)
Research and development costs	(16)
EBITDA	120
Depreciation of fixed assets and provisions for contingencies and losses	(152)
Current operating income	**(32)**
Other operating income and expenses	(459)
Operating income	**(491)**
Financial profit (loss)	**(82)**
Share of income from joint ventures and associates	7
Income taxes	(73)
Net income for the period	**(639)**
Attributable to non-controlling interests	(16)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(623)**
Basic earnings per share (in euros)	(23.48)
Diluted earnings per share (in euros)[1]	(23.48)

(1) When basic earnings per share are negative, diluted earnings per share are deemed to be equal to the latter, as the instruments are then considered to be anti-dilutive.

Note 3 Operational performance of the Divisions and the Group – segment reporting

Reconciliation of the EBITDA of published financial indicators

(in millions of euros)	H1 2021	H1 2020	Year 2020
Turnover	**1,878**	**1,687**	**3,553**
Other income	3	-	37
Raw materials and purchases consumed	(627)	(605)	(1,306)
External expenses	(541)	(539)	(1,110)
Personnel cost	(412)	(403)	(757)
Taxes	(8)	(9)	(19)
Change net of write-downs of working capital	-	(11)	-
EBITDA	293	120	398
Operating depreciation expense	(130)	(145)	(281)
Net change in operating provisions and write-downs (ex. working capital)	(4)	(7)	(11)
Current operating income	**159**	**(32)**	**106**
Other operating income and expenses	(27)	(459)	(561)
Operating income	**132**	**(491)**	**(455)**
Net debt cost	(60)	(60)	(120)
Other financial income and expenses	(22)	(22)	(66)
Financial profit (loss)	**(82)**	**(82)**	**(186)**
Share of income from joint ventures and associates	77	7	86
Income taxes	(57)	(73)	(121)
Net income for the period	**70**	**(639)**	**(676)**
Attributable to non-controlling interests	17	(16)	(1)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**53**	**(623)**	**(675)**

Performance indicators per Business Division

(in millions of euros)	Mining and Metals						
	Manganese	Nickel	Mineral Sands	Lithium	High Performance Alloys	Holding and eliminations[1]	Total
H1 2021							
Turnover	887	515	138	-	337	1	1,878
EBITDA	280	10	47	(2)	(10)	(32)	293
Current operating income	219	(30)	25	(2)	(18)	(35)	159
Net cash flow from operating activities	222	(30)	59	(11)	(45)	(40)	155
Industrial investments (intangible assets and property, plant & equipment)	72	11	8	-	16	3	110
H1 2020							
Turnover	839	366	139	-	345	(2)	1,687
EBITDA	234	(70)	44	(2)	(66)	(20)	120
Current operating income	179	(114)	22	(2)	(93)	(24)	(32)
Net cash flow from operating activities	200	(47)	40	(23)	(135)	(25)	10
Industrial investments (intangible assets and property, plant & equipment)	73	21	6	34	20	9	163
FINANCIAL YEAR 2020							
Turnover	1,699	905	276	-	680	(7)	3,553
EBITDA	442	21	91	(5)	(119)	(32)	398
Current operating income	339	(79)	44	(5)	(153)	(41)	106
Net cash flow from operating activities	472	17	60	(52)	(116)	(72)	309
Industrial investments (intangible assets and property, plant & equipment)	195	44	16	34	38	15	342

(1) From 2021, increase of Holding costs due to a reclassification of Mining and Metal division corporate expenses. Corporate expenses are related to operationnal and commercial costs previously recognized in Mining and Metals Business Units.

Revenue, capital expenditure and non-current assets by geographical area

(in millions of euros)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
REVENUE (DESTINATION OF SALES)								
H1 2021	**249**	**499**	**363**	**684**	**13**	**55**	**15**	**1,878**
H1 2020	141	489	226	738	10	51	32	1,687
Financial year 2020	253	845	669	1,622	24	103	37	3,553
INDUSTRIAL INVESTMENTS (INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT)								
H1 2021	**19**	**20**	**1**	**-**	**9**	**61**	**-**	**110**
H1 2020	31	9	1	-	19	69	34	163
Financial year 2020	57	29	2	1	39	180	34	342
NON-CURRENT ASSETS (EXCLUDING DEFERRED TAXES)								
H1 2021	**346**	**440**	**107**	**125**	**548**	**1,433**	**-**	**2,999**
Financial year 2020	367	432	54	101	577	1,421	53	3,005

Consolidated performance indicators

Segment reporting information is supplemented by the consolidated performance indicators monitored by the Executive Committee. These indicators are taken from Group reporting and used for the financial disclosure of the Group's results and performance.

Income statement

(in millions of euros)	H1 2021	H1 2020	Year 2020
Turnover	**1,878**	**1,687**	**3,553**
EBITDA	**293**	**120**	**398**
Depreciation of fixed assets	(130)	(145)	(281)
Provisions for contingencies and losses	(4)	(7)	(12)
Current operating income	**159**	**(32)**	**106**
Impairment of assets	-	(381)	(498)
Other operating income and expenses	(27)	(78)	(63)
Operating income	**132**	**(491)**	**(455)**
Financial profit (loss)	(82)	(82)	(186)
Share of income from associates	77	7	86
Income taxes	(57)	(73)	(121)
Net income for the period	**70**	**(639)**	**(676)**
Minority interests	17	(16)	(1)
GROUP	**53**	**(623)**	**(675)**
Basic earnings per share (in euros)	1.98	(23.48)	(25.46)

Statement of changes in net financial debt

(in millions of euros)	H1 2021	H1 2020	Year 2020
OPERATING ACTIVITIES			
EBITDA	293	120	398
Cash impact of items below EBITDA	(128)	(177)	(384)
Cash flow from operations	**165**	**(57)**	**15**
Change in WCR	(10)	67	294
Net cash generated by operating activities (A)	**155**	**10**	**309**
INVESTING ACTIVITIES			
Industrial investments	(110)	(163)	(342)
Other investment cash flows	66	(57)	(3)
Net cash used in investing activities (B)	**(44)**	**(220)**	**(345)**
Net cash used in financing activities	**(8)**	**(3)**	**(15)**
Impact of fluctuations in exchange rates and others	(9)	(9)	34
Acquisition of lease rights of use	(5)	(7)	(12)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	**89**	**(229)**	**(29)**
Net financial debt of activities held for sale[1]	-	(3)	-
Opening (net financial debt)	**(1,333)**	**(1,304)**	**(1,304)**
Closing (net financial debt)	**(1,244)**	**(1,536)**	**(1,333)**
Free cash flow (A) + (B)	**111**	**(210)**	**(36)**

(1) In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of TTI are presented in the consolidated balance sheet at 30 June 2020 as "assets held for sale".

The reconciliation of cash and cash equivalents in the statement of cash flows with net financial debt from the Eramet Group reporting is as follows:

(in millions of euros)	H1 2021	H1 2020	Year 2020
Cash and cash equivalents	**1,369**	**1,503**	**1,461**
Other current financial assets	575	438	395
Borrowings	(3,100)	(3,383)	(3,098)
Lease obligation debt (IFRS 16)	(88)	(94)	(91)
NET FINANCIAL DEBT – REPORTING	**(1,244)**	**(1,536)**	**(1,333)**

Economic balance sheet

(in millions of euros)	30/06/2021	31/12/2020
Non-current assets	**2,999**	**3,003**
Inventories	971	906
Trade receivables	366	348
Trade payables	(551)	(541)
Simplified Working Capital	**786**	**713**
Other Working Capital items	(298)	(238)
Total Working Capital Requirement (WCR)	**488**	**475**
Derivatives	**-**	**7**
TOTAL ASSETS	**3,487**	**3,485**

(in millions of euros)	30/06/2021	31/12/2020
Shareholders’ equity – Group share	816	764
Minority interests	243	233
Shareholders’ equity	**1,059**	**997**
Cash and cash equivalents and other current financial assets	(1,944)	(1,856)
Borrowings	3,188	3,189
Net financial debt	**1,244**	**1,333**
Provisions and employee-related liabilities	**941**	**936**
Net deferred tax	**242**	**219**
Derivatives	**1**	**-**
TOTAL LIABILITIES	**3,487**	**3,485**

Note 4 Other operating income and minority interests

Other operating income

(in millions of euros)	H1 2021	H1 2020	Year 2020
Impairment of assets	-	(381)	(498)
Other operating income and expenses	(27)	(78)	(63)
OTHER OPERATING INCOME	**(27)**	**(459)**	**(561)**

Asset write-downs and impairment losses

No asset write-downs were recorded in the first half of 2021.

In the first half of 2020, asset write-downs and impairment losses related to CGUs Aubert & Duval for €197 million, Erasteel for €34 million, Sandouville for €53 million and Lithium for €97 million (to which €45 million must be added for the costs of the period and for demobilisation) following the cocooning of the project.

Other operating income and expenses

At 30 June 2021, other operating income and expenses mainly comprised the costs of the redundancy plan at the High Performance Alloys Division (€20 million) and capital losses on asset disposals.

As a reminder, in the first half of 2020, other operating income and expenses included the additional costs of the Lithium project (€45 million – see previous paragraph) as well as €12 million in charges to restructure subsidiaries of the High Performance Alloys division and a €16 million write-down of the assets in progress corresponding to an IT project.

Attributable to non-controlling interests – minority interests

		Share		Share		Share
		of income	of shareholders' equity	of income	of shareholders' equity	of income
(in millions of euros)	% of minority interests	H1 2021	30/06/2021	Year 2020	31/12/2020	H1 2020
At closing		**17**	**243**	**(1)**	**233**	**(16)**
Société Le Nickel-SLN	44.00%	(21)	(159)	(38)	(141)	(48)
Comilog SA	36.29%	36	406	35	379	32
Grande Côte Opérations	10.00%	2	(5)	2	(7)	-
Interforge	4.30%	-	1	-	1	-

Note 5 Net financial debt and shareholders' equity

Net financial debt

(in millions of euros)	30/06/2021		31/12/2020	
Borrowings		**(3,100)**		**(3,098)**
• Borrowings from financial markets	(1,098)		(1,127)	
• Borrowings from credit institutions	(1,699)		(1,699)	
• Bank overdrafts and creditor banks	(93)		(61)	
• Finance leases	(14)		(22)	
• Other borrowings	(196)		(189)	
Lease obligation debt		**(88)**		**(91)**
Other current financial assets		**575**		**395**
Cash and cash equivalents		**1,369**		**1,461**
• Cash equivalents	674		638	
• Cash	695		823	
NET FINANCIAL DEBT		**(1,244)**		**(1,333)**
Net financial debt – more than one year		(2,177)		(2,906)
Net financial debt – less than one year		933		1,573

Some borrowings are subject to financial ratios or covenants at Group level or locally.

As of 30 June 2021, there are no cases of early repayment under the covenants.

Change in borrowings

(in millions of euros)	H1 2021	H1 2020	Year 2020
At opening	**3,098**	**2,128**	**2,128**
Issuance of new borrowings	46	1,478	1,459
Repayment of borrowings	(59)	(179)	(465)
Changes in bank overdrafts	32	(44)	(9)
Changes in scope	(8)	-	-
Currency differences and other movements	(9)	-	(15)
AT CLOSING	**3,100**	**3,383**	**3,098**

Change in lease obligation debt

(in millions of euros)	H1 2021	H1 2020	Year 2020
At opening	**91**	**97**	**97**
Change in lease obligation debt (IFRS 16)	(3)	(1)	(1)
Changes in scope	(1)	-	-
Reclassification under IFRS 5 of TTI	-	(2)	-
Currency differences and other movements	1	-	(5)
AT CLOSING	**88**	**94**	**91**

Shareholders' equity

The share capital of €81,561,196.80 consists of 26,741,376 fully paid-up ordinary shares with a par value of €3.05.

Following requests for the conversion of ODIRNAN (net share settled undated bonds convertible into new shares), 105,317 new shares were created in the first half of 2021, compared with three in 2020.

Note 6 Working Capital Requirement

(in millions of euros)	31/12/2020	Change in WCR Statement of cash flows	Change in trade payables non-current assets	Currency differences and other movements	30/06/2021
Inventories	906	59	-	6	971
Trade receivables	348	20	-	(2)	366
Trade payables	(541)	-	-	(10)	(551)
Simplified Working Capital	**713**	**79**	**-**	**(6)**	**786**
Other Working Capital items[1]	(238)	(69)	4	5	(298)
TOTAL WORKING CAPITAL REQUIREMENT (WCR)	**475**	**10**	**4**	**(1)**	**488**

(1) Includes tax and social security payables and receivables, other assets and liabilities, tax payables and receivables due and payables on non-current assets.

Note 7 Investments

Payments for non-current assets

(in millions of euros)	H1 2021	H1 2020	Year 2020
Investments in property, plant and equipment during the period	85	138	289
Investments in intangible assets during the period	25	25	53
Total industrial investments	**110**	**163**	**342**
Change in debt for the acquisition of non-current assets	4	37	18
Acquisition of equity investments	-	-	-
TOTAL PAYMENTS FOR NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**114**	**200**	**360**

Change in property, plant, and equipment

(in millions of euros)	H1 2021	H1 2020	Year 2020
At opening	**2,128**	**2,462**	**2,462**
Investments during the period	85	138	289
Disposals during the period	29	-	(6)
Depreciation during the period	(112)	(127)	(244)
Write-downs for the period	(32)	(388)	(486)
Change in gross value of dismantling assets	-	-	84
Change in non-current assets under finance leases	(4)	-	-
Changes in scope	(8)	-	-
Hyperinflation	4	14	39
Reclassification under IFRS 5 of TTI	-	(49)	-
Currency differences and other movements	17	(3)	(10)
AT CLOSING	**2,107**	**2,047**	**2,128**
• Gross value	6,956	6,580	6,873
• Depreciation	(4,199)	(3,915)	(4,080)
• Write-downs for impairment losses	(650)	(618)	(666)

Rights of use relating to lease contracts

(in millions of euros)	H1 2021	H1 2020	Year 2020
At opening	**80**	**92**	**92**
Change in user rights	3	7	12
Depreciation during the period	(8)	(10)	(19)
Write-downs for the period	-	(7)	(5)
Reclassification under IFRS 5 of TTI	-	(1)	-
Currency differences and other movements	-	(3)	-
AT CLOSING	**75**	**78**	**80**
• Gross value	117	109	116
• Depreciation	(38)	(24)	(31)
• Write-downs for impairment losses	(4)	(7)	(5)

Intangible assets and goodwill

(in millions of euros)	H1 2021	H1 2020	Year 2020
At opening	**480**	**461**	**461**
Investments during the period	25	25	53
Depreciation during the period	(10)	(9)	(18)
Write-downs for the period	-	(1)	(3)
Hyperinflation	1	-	1
Reclassification under IFRS 5 of TTI	-	(34)	-
Currency differences and other movements	(17)	(9)	(14)
AT CLOSING	**479**	**433**	**480**
• Gross value	786	721	777
• Depreciation	(272)	(255)	(261)
• Write-downs for impairment losses	(35)	(33)	(36)

Interests in joint ventures and associates

Detail by entity

			Share		Share		Share
(in millions of euros)			of income	of shareholders' equity	of income	of shareholders' equity	of income
Companies	Country	% held	H1 2021	30/06/2021	Year 2020	31/12/2020	H1 2020
UKAD	France	50%	-	-	8	-	2
Total joint ventures			**-**	**-**	**8**	**-**	**2**
Strand Minerals – Weda Bay	Indonesia	43%	77	124	79	99	6
EcoTitanium	France	22%	-	-	(1)	-	(1)
Total associates			**77**	**124**	**78**	**-**	**5**
TOTAL INTERESTS IN JOINT VENTURES AND ASSOCIATES			**77**	**124**	**86**	**99**	**7**

Note 8 Taxes

Income tax

(in millions of euros)	H1 2021	H1 2020	Year 2020
Current taxes	(59)	(56)	(119)
Deferred taxes	2	(17)	(2)
INCOME TAX	**(57)**	**(73)**	**(121)**

Effective tax rate

(in millions of euros)	H1 2021	H1 2020	Year 2020
Operating income	132	(491)	(455)
Financial profit (loss)	(82)	(82)	(186)
Pre-tax profit (loss) of consolidated companies	**50**	**(573)**	**(641)**
Standard tax rate in France *(in percent)*	28.41%	32.02%	32.02%
Theoretical tax income (expense)	**(14)**	**183**	**205**
Effects on theoretical tax:			
• permanent differences between accounting profit and taxable profit	21	(19)	(45)
• taxes on dividend distribution (withholdings)	(10)	-	(1)
• Impairment of Assets	-	-	-
• standard current income tax differences in foreign countries	8	(6)	(7)
• changes in tax rates	(3)	(16)	(41)
• tax credits		2	-
• unrecognised or limited deferred tax assets	(42)	(196)	(216)
• miscellaneous items	(17)	(21)	(15)
Actual tax income / (expense)	**(57)**	**(73)**	**(121)**
TAX RATES	**114%**	**(13)%**	**(19)%**

The tax rate of 114% is mainly due to the limitation of deferred tax assets on certain loss-making entities (Société Le Nickel-SLN and the French tax consolidation group) for €42 million.

Note 9 Provisions

(in millions of euros)		30/06/2021		30/06/2020		31/12/2020
At opening		**736**		**662**		**662**
Allowances (reversals) during the period		12		22		(13)
• allowances during the period	37		52		52	
• (reversals) used during the period	(25)		(30)		(36)	
• (reversals) unused during the period	-		-		(29)	
Accretion expenses		4		4		9
Dismantling assets		1		-		80
Currency differences and other movements		1		(3)		(2)
AT CLOSING		**754**		**685**		**736**
• More than one year		666		635		649
• Less than one year		88		50		87
Environmental contingencies and site restoration		620		537		615
Employees		34		9		11
Other contingencies and losses		100		139		110

The change in provisions is mainly due to the provision for the redundancy plan at Aubert & Duval (€20 million) and the change in the quality risk provision at Aubert & Duval (the balance of this provision was €39 million at 30 June 2021, compared with €44 million at 31 December 2020).

Note 10 Off-balance sheet commitments, other commitments, contingent liabilities and other information

Off-balance sheet commitments

(in millions of euros)		30/06/2021		31/12/2020
Commitments given	-	**114**		**84**
• Operating activities	88		78	
• Financing activities	26		6	
Commitments received	-	**44**		**47**
• Operating activities	44		47	
Lines of credit	-			-

Other commitments, contingent liabilities and other disclosures

The other commitments, contingent liabilities and other information presented in the 2020 Universal Registration Document in Note 15 "Off-balance sheet commitments, other commitments, contingent liabilities and other information" in the notes to the consolidated financial statements" were as follows:

Review of the quality process within the High Performance Alloys Division

As indicated in Note 1 "Highlights of H1 2021", a €39 million provision is maintained in order to take into account the estimate to date of the residual processing cost of the in-depth review of quality processes (€44 million at 31 December 2020).

During the completion of this review and depending on possible requests from certain customers, additional costs could be incurred, the amount of which cannot be estimated at this stage.

Operational risks in the High Performance Alloys Division

The High Performance Alloys Division develops special steels and super alloys, particularly for the aviation industry, involved in the process of building aircraft, helicopters and other equipment from the production of its customers in the sector. As such, the Group may for example be indirectly or directly involved in the event of damage, loss or accident, passenger death or operating losses to equipment containing manufacturing parts from this Division.

As part of its risk management policy, the Division implements actions to control these risks. These actions were effective as reflected in the fact that the accreditations or certifications relating to this type of industry were renewed and the validation process of the manufactured parts, if necessary, was validated by customers.

In addition, the Group implemented insurance to cover residual risks.

ICPE (Installations Classified for Environmental Protection) regulations applicable to the Doniambo power plant

As regards the Doniambo power plant (Plant B), the order issued by the President of the Assembly of the Southern Province of New Caledonia on 12 November 2009 established new technical requirements that were more stringent in terms of atmospheric discharge, with which the new power plant (Plant C) was required to comply, by and no later than 1 September 2013.

In the absence of a new power plant, this deadline was extended on several occasions by means of various supplementary orders including requirements that favoured the reduction of Plant B's atmospheric emissions.

The last order, dated 1 July 2019, expired on 11 June 2020. We are currently waiting to be notified of another supplementary decree that will impose requirements relatively similar to those to which the plant is already subject, for a period of five years.

Other commitments received

Société Le Nickel-SLN has available financing of €20 million from the State, out of a total of €200 million maturing on 30 June 2024.

The amount drawn down at the end of June 2021 was €180 million, the same as at 31 December 2020.

Other commitments given

As requested under the conciliation procedure relating to SLN in New Caledonia, Eramet agreed to extend certain environmental guarantees amounting to €71 million until 31 December 2021.

The other contingent liabilities did not change significantly.

Note 11 Subsequent events

Early redemption of the TiZir bond

In July, Eramet carried out the early redemption of the bonds issued by TiZir, a subsidiary of the Group, for USD 225 million.

Repayment of the RCF

In July, the line of credit drawn on the RCF was also partially repaid (€500 million).

Strategic review of the Sandouville site

As part of the strategic review of the Sandouville site, the option of a sale is now favoured and discussions are underway and at an advanced stage with a potential buyer.

To the best of the Company's knowledge, no other events have occurred since the balance sheet date.

Note 12 Basis of preparation of the condensed interim consolidated financial statements

General principles and declaration of compliance

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the condensed interim consolidated financial statements for the first half of 2021 are presented in millions of euros in accordance with IAS 34 "Interim Financial Reporting", and prepared in accordance with the IFRS framework as published by the IASB (International Accounting Standards Board) and IFRS as adopted by the European Union as of 30 June 2021. Since they are condensed interim consolidated financial statements, these financial statements do not contain all the information and notes required for annual consolidated financial statements and should therefore be read in conjunction with the Eramet Group's annual consolidated financial statements for the year ended 31 December 2020.

The reference document adopted by the European Union is available for consultation on the following website: http://ec.europa.eu/commission/index_fr.

Changes to standards and interpretations

The accounting principles and methods applied for the condensed interim consolidated financial statements as of 30 June 2021 are the same as those used in the consolidated financial statements as of 31 December 2020, with the exception of IFRS standards, amendments and interpretations as adopted by the European Union and issued by the IASB, the application of which is mandatory for the financial years starting on or after 1 January 2021 (and which have not been applied early by the Group).

The Group has thus applied the following standards and amendments to standards, which have no significant impact on the condensed interim consolidated financial statements, since 1 January 2021:

- Amendments to IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 16 "Leases" and IAS 39 "Financial Instruments: Recognition and Measurement"– Interest Rate Benchmark Reform – Phase II.

Standards, interpretations and amendments issued by the IASB and IFRS Interpretations Committee, application of which is not mandatory for the financial years starting after 1 January 2021, have not been applied by the Group.

Seasonality effect

The Group's various activities are not subject to significant seasonal fluctuations.

Use of estimates and judgement

The judgements and estimates that are likely to result in a material change in the carrying value of assets and liabilities as of 30 June 2021 are the same as those for the previous year presented in the consolidated financial statements for 2020 and in the 2020 Universal Registration Document.

Consolidation scope

As Erasteel Stubs and Weda Bay Mineral Inc were considered to be dormant entities, they were deconsolidated in the first half of 2021.

CFED and Comilog Asia were liquidated on 31 March 2021.

Brown Europe was sold on 30 June 2021.

Treatment of hyperinflation in Argentina

Argentina has been considered a country in hyperinflation under IAS 29 since 1 July 2018. The Group applies IAS 29 to its operations in Argentina through its Eramine subsidiary. Given the start-up of the Lithium activities in Argentina, the Group's exposure is reflected as a financial loss of €10 million in the financial statements.

Specific features in the preparation of condensed interim consolidated financial statements

Employee benefits

The post-employment benefit expense for the half-year is half of the net expense estimated for financial year 2021, based on the actuarial assumptions and data used as of 31 December 2020, and adjusted where necessary for non-recurring events (plan amendments, curtailments, settlements). As of 30 June, the actuarial gains and losses estimated on the basis of a sensitivity analysis of the discount rates are recorded and recognised in shareholders' equity (defined benefit plans) or in the income statement (other long-term benefits), as soon as they are considered significant.

Income tax

The current and deferred income tax expense for the period is calculated using the effective tax rate estimated for the current year at the Group level. It is adjusted for transactions specific to the first half year.

Asset write-downs and impairment losses

Impairment testing of goodwill and intangible assets with an indefinite useful life is always carried out in the second half of the year. As a result, as of the close of the first half, impairment tests for the assets were only carried out if there were indications of an impairment loss.

4 Statutory Auditors' Report on the interim financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from 1 January to 30 June 2021

To the Shareholders,

In compliance with the engagement entrusted to us by the Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Eramet S.A., for the period from January 1, 2021 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the following matter set out in the notes to the condensed half-yearly consolidated financial statements:

- Note 1 "*Highlights of H1 2020*", the paragraph on "*Continuation of the rescue plan and new business model of Société Le Nickel-SLN (SLN)*", which sets out the continuation of the restructuring plan and the framework for assessing going concern matters of the company.

- Note 1 "*Highlights of H1 2021*", the paragraph on the "*Review of the quality process within the High Performance Alloys division and adaptation plan*" which sets out the framework for the internal review of the quality process within the division and Note 10 "*Off-balance sheet commitments, other commitments, contingent liabilities and other disclosures*", the paragraph on the "*Review of the quality process within the High Performance Alloys division*", which indicates that during the finalization of this review and depending on potential requests from certain customers, additional costs may be incurred and cannot be estimated at this stage.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report approved by the Board of Directors on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, July 28, 2021

KPMG Audit
KPMG Audit, division of KPMG SA

Michel Piette
Partner

Jérémie Lerondeau
Partner

Grant Thornton
Member of Grant Thornton International

Jean-François Baloteaud
Partner

Design and production: côtécorp.

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10, boulevard de Grenelle
CS 63205
F-75015 Paris
www.eramet.com