2023

Interim Financial Report

CONTENT

1 STATEMENT BY THE PERSONS RESPONSIBLE FOR THE ERAMET INTERIM FINANCIAL REPORT AS OF 30 JUNE 2023

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 significant events 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, 26 JULY 2023

NICOLAS CARRÉ

CHIEF FINANCIAL OFFICER, IN CHARGE OF PROCUREMENT & IT

CHRISTEL BORIES

CHAIR AND CHIEF EXECUTIVE OFFICER

2 INTERIM BUSINESS REPORT AS OF 30 JUNE 2023

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 2023 and the other financial information in the 2022 Universal Registration Document filed with the French Financial Markets Authority (AMF) on 13 April 2023. 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, which may differ materially from actual future 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). 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 battery 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 societal contributor, Eramet works to achieve a sustainable and responsible industry. Eramet has close to 9,200 employees in approximately 20 countries.

3 GROUP RESULTS FOR THE FIRST HALF OF THE YEAR 2023

The Group's turnover amounted to €1,604 million and the Group's adjusted turnover (including the proportional contribution of Weda Bay) amounted to €1,901 million in H1 2023, down 32% (-34% at constant scope and exchange rates, 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 €93 million.

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

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

Net profit for discontinued operations amounted to €14 million.

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

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

Free Cash-Flow ("FCF") totalled -€120 million, including a contribution from Weda Bay of €153 million.

Net debt stood at €712 million 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 (-€100 million) and Comilog minority shareholders (-€87 million) 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 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 €2.5 billion.

3.1 INCOME STATEMENT

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Revenue	1,604	2,635	5,014
EBITDA	93	982	1,553
Current operating income	(10)	853	1,280
Operating income	(44)	850	1,025
Net income from continuing operations	**52**	**783**	**930**
Net income from operations held for sale	*14*	*(13)*	*(156)*
Net income for the period	**66**	**770**	**774**
Net income, Group share	98	677	740
Basic earnings per share *(in euros)*	**3.44**	**23.54**	**25.81**

3.1.1 Comments by Business Unit: revenue and current operating income

Continuing operations

Manganese BU

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 €193 million (-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 €154 million (-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 €38 million (-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 and prices

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 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; 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 there-fore 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 shut-down 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 BU

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 for the Nickel activities totalled €174 million (-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 €246 million, 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 strongly declined, however, with a loss of €70 million, reflecting a sharply deteriorated price and the subsidiary's persistent difficulties.

Market trends and 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 and Matte. Conversely, NPI production in China and traditional production were down by 9% and 4% respectively.

The nickel supply/demand balance (class I and II) was therefore slightly in surplus in H1 2023. Nickel inventories at the LME and SHFE 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 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, 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 one 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 ktNi 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 ktNi (-18%), contributed €102 million 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 €153 million.

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 ktNi (vs. 20.4 ktNi in H1 2022). Volumes sold were slightly up, to 20.3 ktNi in H1 2023 (+2%).

Cash cost 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 Off-shore Power Plant. 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 -€70 million for the half-year, with entity's net debt now totalling €564 million.

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 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 €20 million in July from the loan granted by the French State at the beginning of the year (for a total amount of €60 million).

Assuming a normal functioning of operations, ferronickel production for the plant is confirmed at above 45 ktNi 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 hydrometallurgical project HPAL 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 BU

EBITDA for Mineral Sands activities was down 49% to €49 million in H1 2023, 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 and prices

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 pigments, the main end-market for titanium-based products, 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 $245 million. The offer is currently under review.

Lithium BU

Lithium carbonate prices averaged $52,192/t LCE, in H1 2023, down 21% versus H1 2022, mainly due to destocking among producers of Cathode Active Material (CAM) 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 $310 million, 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 $90 million (at 100%), and will mainly 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 centre 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.

Divested 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 and Erasteel) has a non-material impact on the Group's net debt at end-June 2023.

3.1.2 Net income, Group share

Net income, Group share amounts to €98 million for the first half of 2023 (including €84 million on continuing operations), down €579 million versus the €677 million profit in the same period in 2022 (including €690 million on continuing operations), due to lower prices in the operations department despite a strong contribution from Weda Bay.

It includes the following items:

- **financial loss** of -€63 million in the first half of 2023, an increased loss compared to the same period in 2022 (-€56 million);
- **income taxes** which totalled -€15 million in the first half of 2023, compared to -€158 million for the same period in 2022, due to the decrease in Comilog and Marietta taxes;
- **non-controlling interests** of-€32 million in the first half of 2023, compared to€93 million in the first half of 2022, mainly due to a higher loss for Société Le Nickel-SLN (44% non-controlling interests) and lower profits for Comilog (36% non-controlling interests).

3.2 STATEMENT OF CHANGES IN NET FINANCIAL DEBT

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Net cash flow from operating activities	48	489	713
Industrial investments	(291)	(240)	(312)
Other investment cash flows	123	180	125
Dividends and other financing flows	(94)	(55)	21
Impact of fluctuations in exchange rates	(16)	(10)	(25)
Acquisition of IFRS 16 rights of use	(6)	(14)	(10)
(Increase)/Decrease in net financial debt before cash flows from operations sold/held for sale	**(237)**	**350**	**512**
Flows generated by operations sold/held for sale	(133)	(161)	(114)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT OF CONTINUING OPERATIONS	**(370)**	**189**	**398**
Net financial debt of des operations held for sale before flows from continuing operations[1]	**(101)**	**(138)**	**(125)**
Flows generated by continuing operations	133	161	114
(Increase)/Decrease in net financial debt of operations sold or held for sale	**31**	**23**	**(11)**
Opening (net financial debt) of continuing operations	**(344)**	**(936)**	**(1,378)**
Closing (net financial debt) of continuing operations	**(712)**	**(748)**	**(936)**
Closing (net financial debt) of operations held for sale	-	(30)	(31)

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

The net financial debt as of 30 June 2023 amounts to €712 million, compared to €344 million as of 31 December 2022.

Net cash flow from operating activities amounts to€48 million for the first half of 2023, down€441 million compared to the first half of 2022, due to lower material prices offset by an improvement in the working capital.

Industrial investments amount to €291 million for the first half of 2023, compared to €240 million in the first half of 2022.

Gearing in accordance with the bank covenants, corresponding to the ratio between net financial debt according to the bank covenants and Group equity is 18% as of 30 June 2023 versus 2% as of 31 December 2022. Net financial debt under the bank covenants is the net financial debt minus the "Operating leases" debt under IFRS 16 and the debt of SLN to the French state.

3.3 TOTAL EQUITY GROUP SHARE

Equity attributable to owners of the parent stands at€1,705 million at the end of June 2023, compared to €1,781 million at the end of December 2022.

This decrease is mainly due to the change in translation differences and the distribution of dividends in the first half.

3.4 ROCE

The Group's **ROCE** (Return on Capital Employed) as of 30 June 2023 stands at 13% versus 51% as of 31 December 2022.

The ROCE is the ratio between the ROC over a sliding 12-month period and the Group's capital employed for the year N-1. Capital employed means the sum of the Group's equity, the net financial debt, provisions for site restorations, provisions for restructurings and social risk, minus non-current financial assets, and excluding the Weda Bay nickel capital employed.

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 2022 Universal Registration Document in Note 8 "Financial instruments and risk management" to the consolidated financial statements, and in Chapter 4 "Risk factors and control environment".

Cash surpluses of subsidiaries are pooled at Group level through a wholly owned subsidiary (Metal Securities). In the first half of 2023, the yield is €STR capitalized flat, *i.e.* approximately 2.66%. Cash is being managed prudently in 2023, as in previous years.

The Group has not identified any other risk factors arising in the first half of 2023 or affecting the upcoming second half.

5 FINANCIAL STATEMENTS OF ERAMET S.A.

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Revenue	1,514	644	1,193
Operating income	(75)	(47)	(78)
Financial profit (loss)	734	138	135
Extraordinary income	(525)	-	(1)
Net income	134	149	143

Revenue in the first half of 2023 stands at €1,514 million, up €871 million (135.3%) compared with the first half of 2022. This increase is mainly due to the resumption at Eramet S.A. of the marketing of the Manganese Alloys, Manganese Mineral Ore and Mineral Sands activities, following the transfer of the assets and liabilities of Eramet Marketing Services S.A.S. to Eramet S.A.

The operating result was a loss of €75 million in the first half of 2023, compared with a loss of €47 million in the first half of 2022. The financial result for the first half of 2023 was €734 million. It mainly consists of reversals of provisions on securities and for impairment of Erasteel loans, as well as dividends received totalling €203 million. The extraordinary result for the first half of 2023 was -€525 million. It primarily consists of the divestment of Erasteel securities, compensation for Erasteel's departure from the tax consolidation group and provisions related to Erasteel's sale.

The net impact of Erasteel's sale on net income was -€11 million.

Net income amounted to €134 million in the first half of 2023, compared with €149 million in the first half of 2022.

6 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.

3 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

INCOME STATEMENT

(in millions of euros)	Notes	H1 2023	H1 2022	Financial year 2022
Revenue	**3**	**1,604**	**2,635**	**5,014**
Other income		26	(8)	88
Raw materials and purchases consumed		(595)	(640)	(1,495)
External expenses		(605)	(679)	(1,406)
Personnel cost		(310)	(308)	(608)
Taxes		(9)	(7)	(16)
Operating depreciation expense		(114)	(130)	(271)
Net change in operating provisions and write-downs		(7)	(10)	(26)
Current operating income	**3**	**(10)**	**853**	**1,280**
Other operating income and expenses	4	(34)	(3)	(255)
Operating income		**(44)**	**850**	**1,025**
Cost of net debt		(60)	(72)	(115)
Other financial income and expenses		(3)	16	26
Financial profit (loss)		**(63)**	**(56)**	**(89)**
Share of income from joint ventures and associates		174	147	258
Income taxes		(15)	(158)	(264)
Net income from continuing operations		**52**	**783**	**930**
Net income from discontinued operations[1]	2	14	(13)	(156)
Net income for the period		**66**	**770**	**774**
Attributable to non-controlling interests	4	(32)	93	34
• *of which, attributable to non-controlling interests from continuing operations*		*(32)*	*93*	*34*
• *of which, attributable to non-controlling interests from operations to be divested*		-	-	-
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**98**	**677**	**740**
• *of which attributable to equity holders of the parent company from continuing operations*		*84*	*690*	*896*
• *of which attributable to equity holders of the parent company from operations to be divested*		*14*	*(13)*	*(156)*
Basic earnings per share (in euros) from continuing operations		*2.96*	*25.18*	*31.23*
Basic earnings per share (in euros) from operations to be divested		*0.48*	*(1.64)*	*(5.42)*
Basic earnings per share *(in euros)*		3.44	23.54	25.81
Diluted earnings per share (in euros) from continuing operations		*2.93*	*24.90*	*30.84*
Diluted earnings per share (in euros) from operations to be divested		*0.47*	*(1.64)*	*(5.42)*
Diluted earnings per share *(in euros)*[2]		3.40	23.28	25.49

(1) Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the CGUs Erasteel and Aubert & Duval are presented as divested operations. See Note 2.

(2) 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)	H1 2023	H1 2022	Financial year 2022
Net income for the period	**66**	**770**	**774**
Exchange differences for subsidiaries' financial statements in foreign currency	(242)	(38)	(208)
Change in fair value reserve for financial assets measured at fair value through shareholders' equity	-	-	-
Change in revaluation reserve for hedging financial instruments	(29)	46	68
Income taxes	-	-	(12)
Items that will be subsequently reclassified to profit or loss	**(272)**	**8**	**(152)**
Revaluation of net defined benefit plan liabilities[1]	4	22	10
Income taxes	-	-	(2)
Items that will not be subsequently reclassified to profit or loss	**4**	**22**	**8**
Other comprehensive income	**(268)**	**30**	**(144)**
• Attributable to non-controlling interests	(74)	(4)	(54)
Attributable to equity holders of the parent company	**(193)**	**34**	**(90)**
TOTAL COMPREHENSIVE INCOME	**(202)**	**800**	**630**
• Attributable to non-controlling interests	(107)	90	(20)
• **Attributable to equity holders of the parent company**	**(95)**	**711**	**650**

(1) Pertaining to the rate change between 31 December 2022 and 30 June 2023.

STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	H1 2023	H1 2022	Financial year 2022
OPERATING ACTIVITIES				
Net income for the period		66	770	774
Reintegration of the net income from operations to be divested		(14)	13	156
Non-cash income and expenses		(30)	(22)	297
Cash flow from operations		**22**	**761**	**1,227**
Net change in working capital requirement (WCR)	6	26	(273)	(111)
Net cash flow generated by continuing operating activities(1)		**48**	**488**	**1,116**
Net cash flow generated by discontinued operating activities(3)	2	(69)	(98)	(125)
Net cash flow generated by operating activities(1)		**(21)**	**390**	**991**
INVESTING ACTIVITIES				
Payments for non-current assets(2)	7	(356)	(251)	(588)
Net change in other non-current financial assets		(33)	79	150
Proceeds from non-current assets disposals		4	-	7
Net change in current financial assets	5	2	20	(134)
Capital increase of joint ventures		-	-	37
Dividends received from equity accounted companies		152	25	25
Impact of changes in scope(5)		35	78	79
Net cash flow from investing activities related to continuing operations		**(196)**	**(49)**	**(424)**
Net cash flow from investing activities related to discontinued operations(3)	2	(33)	(35)	(89)
Net cash flow from investing activities		**(229)**	**(84)**	**(513)**
FINANCING ACTIVITIES				
Capital increase subscribed by non-controlling interests		93	48	183
Dividends paid to non-controlling interests		(87)	(32)	(32)
Payment of dividends		(100)	(72)	(72)
Buyback of treasury shares		-	-	(7)
Issuance of new borrowings	5	1,059	113	167
Repayment of borrowings	5	(793)	(209)	(382)
Repayment of lease debts(2)	5	(10)	(7)	(16)
Changes in bank overdrafts		(135)	(17)	98
Other changes		(30)	(8)	3
Net cash flow from financing activities related to continuing operations		**(3)**	**(185)**	**(58)**
Net cash flow from financing activities related to discontinued operations(3)	2	(34)	(5)	(2)
Net cash flow from financing activities		**(37)**	**(190)**	**(60)**
Impact of fluctuations in exchange rates on continuing operations		(27)	(10)	(64)
Impact of fluctuations in exchange rates on discontinued operations(3)	2	-	-	-
Net cash flow from continuing operations generated from discontinued operations(4)		(104)	(161)	(236)
Net cash flow from discontinued operations generated from continuing operations(4)		104	161	236
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS		**(282)**	**83**	**334**
Increase/(Decrease) in cash and cash equivalents from discontinued operations		(32)	23	20
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(314)**	**106**	**354**
Cash and cash equivalents at opening		**1,123**	**789**	**789**
Cash and cash equivalents at closing		**843**	**873**	**1,123**
Cash and cash equivalents from assets held for sale(3)	2	-	36	33

(1) Of which, included in operating activities:			
Interest received	*14*	*5*	*8*
Interest paid (including expense under IFRS 16)	*(65)*	*(49)*	*(105)*
Tax paid	*(136)*	*(107)*	*(187)*

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

(3) Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the CGUs Erasteel and Aubert & Duval are presented as divested operations, since Aubert & Duval was sold in April 2023 and Erasteel in June 2023. See Note 2.

(4) The amounts are essentially related to financing flows from operations divested by continuing operations.

(5) The impacts of changes in scope of consolidation reflect the impacts related to disposals during the period.

BALANCE SHEET

ASSETS

(in millions of euros)	Notes	30/06/2023	31/12/2022
Intangible assets and goodwill	7	492	486
Property, plant & equipment	7	2,366	2,222
Rights of use relating to lease contracts	7	76	76
Investments in joint ventures and associates	7	313	297
Other non-current financial assets		103	41
Deferred tax assets		62	44
Other non-current assets		20	11
Non-current assets		**3,432**	**3,177**
Inventories	6	688	724
Trade receivables	6	319	369
Other current assets		464	434
Current tax receivables		12	6
Derivatives assets		54	75
Current financial assets	5	544	537
Cash and cash equivalents	5	843	1,123
Assets held for sale(1)	2	-	714
Current assets		**2,924**	**3,982**
TOTAL ASSETS		**6,356**	**7,159**

(1) As of 31 December 2022, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the CGUs Aubert & Duval and Erasteel are presented in the consolidated balance sheet as "assets held for sale". As of 30 June 2023, because the CGUs Aubert & Duval and Erasteel were sold in the first half of 2023, the assets and liabilities of these CGUs are no longer presented in the balance sheet. See Note 2.

LIABILITIES

(in millions of euros)	Notes	30/06/2023	31/12/2022
Share capital		88	88
Share premiums		466	466
Fair value reserve for financial assets measured at fair value through shareholders' equity		7	7
Revaluation reserve for hedging instrument		13	42
Revaluation reserve for defined benefit plan liabilities		(80)	(84)
Currency differences		(460)	(292)
Other reserves		1,671	1,554
Attributable to equity holders of the parent company		**1,705**	**1,781**
Attributable to non-controlling interests	4	429	464
Shareholders' equity		**2,134**	**2,245**
Employee-related liabilities		97	90
Provisions – more than one year	9	594	562
Deferred tax liabilities		239	270
Borrowings – more than one year	5	1,424	1,393
Lease obligations due in more than one year	5	74	75
Other non-current liabilities		6	8
Non-current liabilities		**2,434**	**2,398**
Provisions – less than one year	9	109	162
Borrowings – less than one year	5	584	520
Lease obligations due in less than one year	5	17	16
Trade payables	6	439	424
Other current liabilities		519	496
Current tax liabilities		77	150
Derivative liabilities		43	11
Liabilities associated with assets held for sale[(1)]	2	-	737
Current liabilities		**1,788**	**2,516**
TOTAL LIABILITIES		**6,356**	**7,159**

(1) As of 31 December 2022, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the CGUs Aubert & Duval and Erasteel are presented in the consolidated balance sheet as "assets held for sale". As of 30 June 2023, because the CGUs Aubert & Duval and Erasteel were sold in the first half of 2023, the assets and liabilities of these CGUs are no longer presented in the balance sheet. See Note 2.

STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares	Share capital	Share premiums	Fair value reserve for financial assets measured at fair value through shareholders' equity	Revaluation reserve for hedging instruments	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 at 1 January 2022	**28,755,047**	**88**	**466**	**7**	**(11)**	**(92)**	**(141)**	**695**	**1,012**	**323**	**1,335**
Net income for the first half 2022								**677**	**677**	**93**	**770**
Other comprehensive income				-	46	22	(34)	-	34	(4)	30
Total comprehensive income	**-**	**-**	**-**	**-**	**46**	**22**	**(34)**	**677**	**711**	**90**	**800**
Distribution of dividends								(72)	(72)	(32)	(104)
Share-based payments								4	4		4
Buyback of treasury shares								-	-		-
Transactions with non-controlling interests								10	10	35	45
Other movements(1)								63	63	11	74
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6**	**6**	**14**	**20**
Shareholders' equity as of 30 June 2022	**28,755,047**	**88**	**466**	**7**	**35**	**(70)**	**(175)**	**1,378**	**1,729**	**426**	**2,155**
Net income for H2 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**63**	**63**	**(59)**	**4**
Other comprehensive income	-	-	-	-	7	(14)	(117)	-	(124)	(50)	(174)
Total comprehensive income	**-**	**-**	**-**	**-**	**7**	**(14)**	**(117)**	**63**	**(61)**	**(110)**	**(170)**
Share-based payments								4	4	-	4
Buyback of treasury shares								(7)	(7)	-	(7)
Transactions with non-controlling interests								45	45	90	135
Other movements(1)								72	72	57	129
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**113**	**113**	**147**	**260**
Shareholders' equity as of 31 December 2022	**28,755,047**	**88**	**466**	**7**	**42**	**(84)**	**(292)**	**1,554**	**1,781**	**464**	**2,245**
Net income for the first half 2023								**98**	**98**	**(32)**	**66**
Other comprehensive income				-	(29)	4	(168)	-	(193)	(74)	(268)
Total comprehensive income		**-**	**-**	**-**	**(29)**	**4**	**(168)**	**98**	**(95)**	**(107)**	**(202)**
Distribution of dividends								(100)	(100)	(87)	(187)
Share-based payments								5	5	-	5
Buyback of treasury shares									-		-
Transactions with non-controlling interests								12	12	82	94
Other movements(1)								103	103	77	179
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19**	**19**	**72**	**91**
SHAREHOLDERS' EQUITY AS OF 30 JUNE 2023	**28,755,047**	**88**	**466**	**7**	**13**	**(80)**	**(460)**	**1,672**	**1,705**	**429**	**2,134**

(1) The other movements essentially represent the effects of the hyperinflation in Argentina.

NOTES TO THE FINANCIAL STATEMENTS

Content

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, and by the provisions of its Articles of Association. 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 2023 were approved by the Board of Directors of Eramet on 26 July 2023.

Note 1 Highlights of H1 2023

Operational and financial difficulties at SLN in New Caledonia and outlook

In New Caledonia, exports of low-grade nickel ore stood at 1.391 Mwmt, down from 2022 (1.462 Mwmt). Ferronickel production and sales are stable compared with the first half of 2022, at 20.3 ktNi and 20.4 ktNi respectively. By contrast, the prices invoiced for export ore and ferronickel are down 23%. SLN's EBITDA was significantly negative at the end of June 2023 at -€81 million. As a result, SLN generated negative free cash flow of -€70 million over the six-month period and net debt deteriorated to €564 million.

In view of the critical cash flow situation seen since the end of the 2022 financial year, on 13 February 2023 the French government announced an additional loan of €60 million in two instalments, €40 million and €20 million respectively, maturing in May 2024, to enable SLN to meet its short-term cash-flow requirements. The first, €40 million instalment was drawn in March 2023. Alongside the State's support, the existing overdraft authorisation between Eramet and all of its subsidiaries was extended to give SLN the necessary flexibility to manage the fluctuations in its liquidity. Following the first-half results, SLN sent the drawdown notice for the second, €20 million instalment of the loan and Eramet extended SLN's overdraft authorisation by the same amount, allowing SLN to meet its obligations until the end of 2023 under current economic conditions.

The guarantees temporarily granted by Eramet on behalf of its subsidiary for the operation of the mines and the plant expire at the end of July 2023. Discussions between SLN, its shareholders and the local authorities are ongoing to find a way of extending them. Work is also being done by the French government to analyse the Nickel sector in New Caledonia and assess which support measures to implement in order to ensure the survival of the sector. The outcome of this analysis should be known in the next few weeks. In view of current economic forecasts, SLN would be able to continue operating should the suggested measures be implemented.

Sale of Aubert & Duval and Erasteel

The sale of the entire High-Performance Alloys Division (Aubert & Duval and Erasteel) has been finalised.

On 28 April 2023, Eramet completed the sale of Aubert & Duval to the consortium made up of Airbus, Safran and Tikehau Capital. It completed the sale of 100% of the shares in its subsidiary Erasteel to Syntagma Capital on 30 June.

Divesting these two companies has had a €14 million impact on net income.

Mining activities halted in Gabon in January following landslide on railway track

The mine expansion programme and operational developments are continuing at Comilog in Gabon. However, the suspension of rail traffic following the landslide in late December halted operations for the whole of January. This logistical incident, now resolved, resulted in a 16% decrease in the volumes produced and transported.

Lithium in Argentina

In Argentina, the construction of the Centenario lithium plant (phase 1), launched in 2022, is now 60% complete. Production is due to start in the second quarter of 2024. Full ramp-up of production, with 24 kt of battery-quality LCE (at 100%), is expected by mid-2025.

In tandem with Tsingshan, its phase-1 partner, Eramet is continuing the feasibility study for a phase-2 expansion of the project, to reach a total annual production capacity of more than 80 kt LCE for the two development phases. An investment decision for the next phase (2A) is expected in the second half of 2023.

In addition, the exploration and feasibility study for lithium brine extraction projects remains a priority for the Group, particularly in the “Lithium Triangle” in Latin America.

Financing

Extension of the term loan

In January 2023, Eramet renewed and extended its €480 million term loan with a pool of banks. The amount was increased to €515 million in April 2023. The new floating-rate loan is due in January 2027 and is amortisable from January 2025. A total of €370 million has been drawn on the loan, mainly to refinance the outstanding balance on the previous loan.

Bond issue

In early May, Eramet completed the placement of its first sustainability-linked bond issue for €500 million, with a five-year maturity and an annual coupon of 7%. The bond issue is linked to two sustainable-performance objectives, measured as at 31 December 2025 relative to 2019:

- 35% reduction in the Group’s annual greenhouse-gas emissions (scopes 1 and 2); and
- increase to 67% of the share (in terms of emissions) of its suppliers and customers, with decarbonisation targets consistent with the Paris Agreement’s “well-below 2°C” scenario.

In addition, in June 2023, Eramet completed the repurchase of its outstanding bonds due February 2024 (for €429.7 million).

Financial rating

Following an in-depth assessment, the Group received its first financial rating from two rating agencies in April. Moody’s and Fitch gave Eramet long-term credit ratings of Ba2 and BB+ respectively, with a stable outlook.

Note 2 Application of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

Reminder of IFRS 5

A non-current asset, or a group of assets and liabilities, is held for sale when its carrying value will be recovered primarily through a sale and not from continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. The relevant assets and liabilities are reclassified as assets held for sale and as liabilities associated with the assets held for sale, without possibility of offset. Assets classified in this way are recognised at the lower value between the fair value net of disposal costs and their net carrying value, which is the cost less total depreciation and impairment losses, and are no longer amortised.

An operation is considered sold or held for sale when it represents a distinct and significant operation for the Group, and when the criteria for classification as an asset held for sale have been met or when Eramet has sold the operation. Discontinued operations are presented on a single line of the income statement for the periods presented, comprising the net income after tax of the discontinued operations until the date of sale, and the after-tax profit or loss resulting from the sale or the fair value assessment minus the costs of the sale of the assets and liabilities of the discontinued operations. In the same way, the cash flows generated by the discontinued operations are presented on separate lines of the statement of consolidated cash flows for the periods presented.

Pursuant to IFRS 5 “Non-current assets held for sale and discontinued operations”, the CGUs Aubert & Duval and Erasteel are presented in the Eramet consolidated financial statements as operations to be divested since 31 December 2021 in accordance with the following conditions:

- their contribution, until they are effectively sold, to each line of Eramet’s consolidated income statement (before non-controlling interests) is grouped on the line “Net income from discontinued operations”; these restatements are applied to all periods presented in order to make the information homogeneous;
- their contribution, until they are effectively sold, to each line of Eramet’s consolidated statement of cash flows is grouped on the lines “Cash flow from discontinued operations” for the three main aggregates of the statement of financing flows (operating activities, investing activities and financing activities); these restatements are applied to all periods presented in order to make the information homogeneous;
- their contribution to each line of Eramet’s consolidated balance sheets as at 31 December 2022 is grouped on the lines “Assets held for sale” and “Liabilities associated with assets held for sale”. Since Aubert & Duval and Erasteel were sold in the first half of 2023, their assets and liabilities are no longer part of the balance sheet as at 30 June 2023.

The details of the items classified under the heading “Income (loss) on discontinued operations,” “Cash flow on operations to be divested”, “Assets held for sale” and “Liabilities associated with assets held for sale” are presented in the following tables.

Details of the data as of 30 June 2023 by contributing operations

The tables below present the contribution of each of the discontinued operations to the income statement, the statement of cash flows and the balance sheet.

INCOME (LOSS) FROM DIVESTED OPERATIONS AS OF 30 JUNE 2023

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Restatements and eliminations	Total divested operations
Revenue	217	129	-	346
Current operating income	(19)	6	7	(6)
Operating income	(8)	12	(6)	(3)
Net income from discontinued operations	13	5	(4)	14

INCOME (LOSS) FROM DISCONTINUED OPERATIONS AS OF 30 JUNE 2022

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville CGU	Restatements and eliminations	Total discontinued operations
Revenue	278	138	11	-	427
Current operating income	(36)	11	(2)	17	(10)
Operating income	(14)	(21)	13	18	(4)
Net income from discontinued operations	(18)	(27)	13	19	(13)

CASH FLOW GENERATED BY DIVESTED OPERATIONS AS OF 30 JUNE 2023

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Restatements and eliminations	Total divested operations
Net cash flow from divested operating activities	(86)	15	2	(69)
Net cash flow from investing activities related to divested operations	54	(3)	(83)	(33)
Net cash flow from financing activities related to divested operations	23	(35)	(22)	(34)
Impact of fluctuations in exchange rates on divested operations	-	-	-	-
Net cash flow from divested operations generated from continuing operations(1)	116	(12)	-	104

(1) The amounts are essentially related to financing flows from divested operations by the continuing operations.

CASH FLOW GENERATED BY DISCONTINUED OPERATIONS AS OF 30 JUNE 2022

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville CGU	Restatements and eliminations	Total discontinued operations
Net cash flow from discontinued operating activities	(73)	(18)	5	(12)	(98)
Net cash flow from investing activities related to discontinued operations	(33)	(2)	79	(79)	(35)
Net cash flow from financing activities related to discontinued operations	114	29	1	(149)	(5)
Impact of fluctuations in exchange rates on discontinued operations	-	-	-	-	-
Net cash flow from discontinued operations generated from continuing operations(1)	124	24	13	-	161

(1) The amounts are essentially related to financing flows from discontinued operations by the continuing operations.

ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES AS OF 31 DECEMBER 2022

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Restatements and eliminations	Total discontinued operations
Non-current assets	1	13		14
Current assets	558	142		700
Assets held for sale	**559**	**155**		**714**
Non-current liabilities	76	73	(11)	137
Current liabilities	441	165	(7)	600
Liabilities associated with assets held for sale	**517**	**238**	**(18)**	**737**

Note 3 Operational performance of the Divisions/BU and the Group – Segment reporting information

Reconciliation of the EBITDA of published financial indicators

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Revenue	**1,604**	**2,635**	**5,014**
Other income	26	(8)	88
Raw materials and purchases consumed	(595)	(640)	(1,496)
External expenses	(605)	(679)	(1,406)
Personnel cost	(310)	(308)	(608)
Taxes	(9)	(7)	(16)
Change net of write-downs of working capital	(18)	(11)	(23)
EBITDA	**93**	**982**	**1,553**
Operating depreciation expense	(114)	(130)	(271)
Net change in operating provisions and write-downs (ex. working capital)	11	1	(2)
Current operating income	**(10)**	**853**	**1,280**
Other operating income and expenses	(34)	(3)	(255)
Operating income	**(44)**	**850**	**1,025**
Net debt cost	(60)	(72)	(115)
Other financial income and expenses	(3)	16	26
Financial profit (loss)	**(63)**	**(56)**	**(89)**
Share of income from joint ventures and 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
GROUP SHARE	**98**	**677**	**740**

(1) Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the CGUs Erasteel and Aubert & Duval are presented as divested operations, since Aubert & Duval was sold in April 2023 and Erasteel in June 2023.

Performance indicators

(in millions of euros)	Operations Department Manganese	Nickel	Mineral sands	Lithium	Holding, eliminations, restatements and other entities	Total of continuing operations	Erasteel and Aubert & Duval	Sandouville	Eliminations and restatements	Total of continuing operations and discontinued operations
H1 2023										
Revenue	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 from 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
H1 2022										
Revenue	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 from 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										
Revenue	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 from 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

The adjusted revenue and EBITDA are set out below so that the underlying operational performance of the Group's activities can be understood more clearly, and concern exclusively the Nickel BU.

Adjusted revenue and EBITDA

ADJUSTED REVENUE

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Revenue	**1,604**	**2,635**	**5,014**
Share of revenue from joint ventures and associates:			
• PT Weda Bay (38.7%)	297	181	371
ADJUSTED REVENUE	**1,901**	**2,816**	**5,385**

Adjusted revenue corresponds to revenue including Eramet's share of PT Weda Bay's revenue (38.7%), adjusted for the off-take between Eramet and PT Weda Bay.

ADJUSTED EBITDA

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
EBITDA	**93**	**982**	**1,553**
Share of EBITDA from joint ventures and associates:			
• PT Weda Bay (38.7%)	246	188	344
ADJUSTED EBITDA	**339**	**1,170**	**1,897**

Adjusted EBITDA corresponds to the EBITDA of the Eramet Group adjusted for Eramet's share (38.7%) in EBITDA generated by PT Weda Bay.

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

(in millions of euros)	France	Europe	North America	China	Other	Oceania	Africa	South America	Total
REVENUE (DESTINATION OF SALES)									
H1 2023	**30**	**338**	**225**	**442**	**464**	**43**	**34**	**28**	**1,604**
H1 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)									
H1 2023	**14**	**43**	**21**	**-**	**1**	**7**	**131**	**74**	**291**
H1 2022	6	15	4	-	-	37	150	28	240
Financial year 2022	9	50	13	1	-	84	263	110	530
NON-CURRENT ASSETS (EXCLUDING DEFERRED TAXES)									
30 June 2023	**213**	**400**	**492**	**-**	**313**	**265**	**1,687**	**-**	**3,370**
Financial year 2022	130	399	387	3	298	286	1,630	-	3,133

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 2023	H1 2022	Financial year 2022
Revenue	**1,604**	**2,635**	**5,014**
EBITDA	**93**	**982**	**1,553**
Depreciation of fixed assets	(114)	(130)	(271)
Provisions for contingencies and losses	11	1	(2)
Current operating income	**(10)**	**853**	**1,280**
Impairment of assets	(7)	(2)	(221)
Other operating income and expenses	(27)	(1)	(34)
Operating income	**(44)**	**850**	**1,025**
Financial profit (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
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", the CGUs Erasteel and Aubert & Duval are presented as divested operations, since Aubert & Duval was sold in April 2023 and Erasteel in June 2023.*

STATEMENT OF NET FINANCIAL DEBT FLOWS

(in millions of euros)	H1 2023	H1 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 from continuing operations (A)	**48**	**489**	**1,116**
INVESTING ACTIVITIES			
Industrial investments	(291)	(240)	(530)
Other investment cash flows	123	180	238
Net cash used in investing activities of continuing operations (B)	**(168)**	**(60)**	**(292)**
Net cash used in 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 flows from discontinued operations	**(236)**	**350**	**829**
Net cash flow from continuing operations generated from 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 flow from continuing operations	**(101)**	**(138)**	**(213)**
Net cash flow from discontinued operations generated from 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 discontinued operations	(31)	(54)	(54)
Closing (net financial debt) of continuing operations	**(712)**	**(748)**	**(344)**
(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", the CGUs Erasteel and Aubert & Duval are presented as divested operations.

(2) The amounts are essentially related to financing flows from discontinued operations by the continuing operations.

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)	30/06/2023	30/06/2022	31/12/2022
Cash and cash equivalents	**843**	**873**	**1,123**
Current financial assets	544	367	537
Borrowings	(2,008)	(1,899)	(1,913)
Lease obligation debt (IFRS 16)	(91)	(89)	(91)
NET FINANCIAL DEBT – REPORTING	**(712)**	**(748)**	**(344)**

ECONOMIC PRESENTATION OF THE BALANCE SHEET

(in millions of euros)	30/06/2023	31/12/2022
Non-current assets	**3,350**	**3,122**
Inventories	688	724
Trade receivables	319	369
Trade payables	(439)	(424)
Simplified Working Capital	**568**	**669**
Other Working Capital items	(117)	(201)
Total Working Capital Requirement (WCR)	**451**	**468**
Derivatives	**21**	**62**
Assets held for sale(1)	**-**	**714**
TOTAL ASSETS	**3,822**	**4,366**

(in millions of euros)	30/06/2023	31/12/2022
Shareholders' equity – Group share	1,705	1,781
Minority interests	429	464
Shareholders' equity	**2,134**	**2,245**
Cash and cash equivalents and other current financial assets	(1,387)	(1,660)
Borrowings	2,099	2,004
Net financial debt	**712**	**344**
Ratio of net financial debt to shareholders' equity (gearing)	*33%*	*15%*
Provisions and employee-related liabilities	**801**	**814**
Net deferred tax	**175**	**226**
Liabilities associated with assets held for sale(1)	**-**	**737**
TOTAL LIABILITIES	**3,822**	**4,366**

(1) In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the CGUs Aubert & Duval and Erasteel are presented in the consolidated balance sheet as at 31 December 2022 as "assets held for sale". As of 30 June 2023, because the CGUs Aubert & Duval and Erasteel were sold in the first half of 2023, the assets and liabilities of these CGUs are no longer presented in the balance sheet.

Note 4 Other operating income and minority interests

Other operating income and expenses

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Asset depreciation and impairment losses	(7)	(2)	(221)
Other operating income and expenses, excluding depreciation	(26)	(1)	(34)
OTHER OPERATING INCOME AND EXPENSES	**(34)**	**(3)**	**(255)**

Asset depreciation and impairment losses

As at 31 December 2022, the €221 million impairment loss concerned the impairment related to SLN.

Attributable to non-controlling interests – minority interests

		Share of		Share of		Share of
		net income	shareholders' equity	net income	shareholders' equity	net income
(in millions of euros)	% of minority interests	H1 2023	30/06/2023	Financial year 2022	31/12/2022	H1 2022
At closing		**(32)**	**429**	**34**	**464**	**93**
Setrag	67.51%	(14)	(9)	-	-	(6)
Société Le Nickel-SLN	44.00%	(48)	(317)	(115)	(268)	17
Comilog S.A.	36.29%	40	543	141	597	77
Eramine Sudamérica	42.20%	(11)	195	(5)	122	-
Grande Côte Opérations	10.00%	1	16	14	14	5
Interforge	4.30%	-	-	-	(1)	-

Note 5 Net financial debt and shareholders' equity

Net financial debt

(in millions of euros)	30/06/2023	31/12/2022
Borrowings	**(2,008)**	**(1,913)**
• Borrowings from financial markets	(876)	(846)
• Borrowings from credit institutions	(656)	(614)
• Bank overdrafts and creditor banks	(58)	(195)
• Finance leases	(21)	(25)
• Other borrowings and financial liabilities	(397)	(233)
Lease obligation debt	**(91)**	**(91)**
Other current financial assets	**544**	**537**
Cash and cash equivalents	**843**	**1,123**
• Cash equivalents	446	837
• Cash	397	286
NET FINANCIAL DEBT	**(712)**	**(344)**
Net financial debt – more than one year	(1,498)	(1,468)
Net financial debt – less than one year	786	1,124

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

As of 30 June 2023, the covenants are met.

Change in borrowings

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
At opening	**1,913**	**2,033**	**2,033**
Issuance of new borrowings	1,059	113	167
Repayment of borrowings	(793)	(209)	(382)
Changes in bank overdrafts	(135)	(17)	98
Changes in accrued interest not due	(20)	(23)	(3)
Currency differences and other movements	(16)	2	-
AT CLOSING – BORROWINGS	**2,008**	**1,899**	**1,913**

Change in lease obligation debt

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
At opening	**91**	**79**	**79**
Change in lease obligation debt (IFRS 16)	(0)	6	9
Changes in scope	1	-	-
Currency differences and other movements	(1)	4	2
AT CLOSING – LEASE OBLIGATIONS	**91**	**89**	**91**

Shareholders’ equity

The share capital of €87,702,893.35 consists of 28,755,047 fully paid-up ordinary shares with a par value of €3.05.

Note 6 Working Capital Requirement

(in millions of euros)	31/12/2022	Change in WCR Statement of cash flows	Change in trade payables non-current assets	Currency differences and other movements	30/06/2023
Inventories	724	(9)	-	(28)	688
Trade receivables	369	(54)	-	4	319
Trade payables	(424)	(11)	-	(4)	(439)
Simplified Working Capital	**669**	**(74)**	**-**	**(28)**	**567**
Other Working Capital items[1]	(201)	48	65	(28)	(117)
TOTAL WORKING CAPITAL REQUIREMENT (WCR)	**468**	**(26)**	**65**	**(56)**	**451**

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

Note 7 Investments

Payments for non-current assets

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Investments in property, plant and equipment during the period[1]	268	221	491
Investments in intangible assets during the period	23	19	39
Total industrial investments	**291**	**240**	**530**
Change in debt for the acquisition of non-current assets[1]	65	11	58
TOTAL PAYMENTS FOR NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**356**	**251**	**588**

(1) Of which, investments related to leased assets in H1 2023: €0 million (€14 million in H1 2022).

Change in property, plant, and equipment

(in millions of euros)	30/06/2023	30/06/2022	31/12/2022
At opening	**2,222**	**2,254**	**2,254**
Investments during the period	268	207	461
Disposals during the period	(4)	(1)	(7)
Depreciation and amortisation during the period	(91)	(110)	(228)
Impairment loss for the period	(29)	-	(234)
Reversal of impairment loss for the period	22	2	9
Change in gross value of dismantling assets	(3)	-	(101)
Change in non-current assets under finance leases (IFRS 16)	-	14	26
Changes in scope	4	-	-
Hyperinflation	157	66	177
Currency differences and other movements	(179)	(41)	(135)
AT CLOSING	**2,366**	**2,391**	**2,222**
• Gross value	6,031	5,783	5,837
• Depreciation and amortisation	(3,349)	3,291	(3,284)
• Impairment loss	(316)	(101)	(331)

Rights of use relating to lease contracts

(in millions of euros)	30/06/2023	**30/06/2022**	**31/12/2022**
At opening	**76**	**69**	**69**
Change in user rights	9	16	25
Depreciation and amortisation during the period	(10)	(8)	(18)
Currency differences and other movements	1	(3)	-
AT CLOSING	**76**	**74**	**76**
• Gross value	136	121	132
• Depreciation and amortisation	(60)	(47)	(56)

Intangible assets and goodwill

(in millions of euros)	30/06/2023	30/06/2022	31/12/2022
At opening	**486**	**477**	**477**
Investments during the period	23	19	39
Depreciation and amortisation during the period	(13)	(11)	(25)
Impairment loss for the period	-	-	(16)
Hyperinflation	2	2	4
Currency differences and other movements	(6)	12	7
AT CLOSING	**492**	**499**	**486**
• Gross value	791	755	773
• Depreciation and amortisation	(261)	(234)	(249)
• Impairment loss	(38)	(22)	(38)

Interests in joint ventures and associates

			Share of		Share of		Share of
(in millions of euros)			net income	shareholders' equity	net income	shareholders' equity	net income
Companies	Country	% held	H1 2023	30/06/2023	Financial year 2022	31/12/2022	H1 2022
Strand Minerals – Weda Bay	Indonesia	38.7%	174	313	258	297	147
TOTAL INTERESTS IN JOINT VENTURES AND ASSOCIATES			**174**	**313**	**258**	**297**	**147**

Note 8 Taxes

Income tax

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Current taxes	(59)	(157)	(234)
Deferred taxes	44	(1)	(30)
TAX INCOME (EXPENSE)	**(15)**	**(158)**	**(264)**

Effective tax rate

(in millions of euros)	H1 2023	H1 2022	Financial year 2022
Operating income	(44)	850	1,025
Financial profit (loss)	(63)	(56)	(89)
Pre-tax profit (loss) of consolidated companies	**(107)**	**794**	**936**
Standard tax rate in France (in percent)	25.83%	25.83%	25.83%
Theoretical tax income (expense)	**28**	**(205)**	**(242)**
Effects on theoretical tax:			
• permanent differences between accounting profit and taxable profit	4	35	91
• taxes on dividend distribution (withholdings)	(5)	(10)	(16)
• standard current income tax differences in foreign countries	8	(19)	(12)
• changes in tax rates	-	1	6
• tax credits	1	-	1
• unrecognised or limited deferred tax assets	(50)	(1)	(98)
• use or activation of deferred tax assets not previously recognised	2	60	41
• use of tax losses classified as income from operations to be disposed	-	9	2
• miscellaneous items	(2)	(28)	(37)
REAL TAX INCOME/(EXPENSE)	**(15)**	**(158)**	**(264)**
TAX RATES	**-14%**	**10%**	**28%**

The -14% tax rate is primarily the result of the limitation of deferred tax assets, notably those of SLN, limiting the tax effect on net income for the period. In addition, the amount of deferred tax assets on tax deficits of the French tax consolidation group amounted to €30 million (unchanged from 31 December 2022).

Note 9 Provisions

(in millions of euros)	30/06/2023	31/12/2022
At opening	**724**	**796**
Allowances (reversals) during the period	(25)	(37)
• allowances during the period	30	50
• (reversals) used during the period	(54)	(87)
• (reversals) unused during the period	(1)	-
Accretion expenses	5	7
Dismantling assets	(3)	(101)
Currency differences and other movements	2	59
AT CLOSING	**703**	**724**
• More than one year	594	562
• Less than one year	109	162
Environmental contingencies and site restoration	523	525
Employees	12	6
Other contingencies and losses	168	193

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

Off-balance sheet commitments

(in millions of euros)	30/06/2023	31/12/2022
Commitments given	**66**	**100**
• Operating activities	66	66
• Financing activities	-	34
Commitments received	**44**	**45**
• Operating activities	44	45
• Financing activities	-	-

Other commitments, contingent liabilities and other disclosures

The other commitments, contingent liabilities and other information presented in the 2022 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:

Commitment given during disposals

In the context of the significant disposals made, particularly in the first half of 2023, Eramet granted a number of standard guarantees and specific indemnities. Depending on the estimates and judgements relating to each item, which could lead to an outflow of resources in the short or medium term, a provision for risk has been recognised. The residual amount is treated as a contingent liability.

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 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. An order from the South Province dated 13 January 2021, amending the 2019 order, authorises the operation of Plant B until 12 June 2025.

Plant B was permanently shut down in the first half of 2023 and replaced by a temporary power plant.

Other commitments received

On 13 February 2023, the French government granted an additional €40 million loan with a €20 million extension. As at 30 June 2023, Société Le Nickel – SLN – has available financing of €20 million from the State, out of a total of €260 million maturing on 31 May 2024 (€60 million) and 30 June 2024 (€200 million). The amount drawn down at the end of June 2023 was €240 million.

Other commitments given

Eramet has agreed to extend certain environmental guarantees amounting to €85 million on behalf of SLN until 27 July 2023. Discussions are currently ongoing with the local authorities to find a solution on this matter.

The other contingent liabilities did not change significantly.

Note 11 Post-closing events

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 245 million dollars. The offer is currently under review.

Also in July, Eramet agreed with Glencore on a 400 million dollars 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.

To the best of the Company's knowledge, no other events have occurred since the closing 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 2023 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 the IFRS as adopted by the European Union as of 30 June 2023. 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 2022. They do, however, include a selection of notes explaining significant events and transactions with a view to understanding the changes that have occurred in the financial position and performance of the Group since the last annual financial statements.

Changes to standards and interpretations

The accounting principles and methods applied for the condensed interim consolidated financial statements as of 30 June 2023 are identical to those used in the consolidated financial statements as of 31 December 2022, 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 2023 (and which have not been applied early by the Group).

The Group has thus applied the standards and amendments to the following standards since 1 January 2023, which have no significant impact on the condensed interim consolidated financial statements:

- amendments to IFRS 17 "Initial application of IFRS 17" and IFRS 9 "Comparative information";
- amendments to IAS 1 and Practice Statement 2 "Disclosure of accounting methods";
- amendments to IAS 8 "Definition of accounting estimates";
- amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction".

The amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" have not yet been approved by the European Union. The potential impact of these texts will be assessed by the Group in subsequent financial periods.

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 2023 are the same as those for the previous year presented in the consolidated financial statements for 2022 and in the 2022 Universal Registration Document.

Consolidation scope

On 28 April 2023, Eramet finalised the sale of Aubert & Duval to the consortium made up of Airbus, Safran and Tikehau Capital.

The sale of Erasteel to Syntagma Capital was completed on 30 June 2023.

Eramet Lithium now owns 57.80% of its subsidiary Eramine Sudamérica.

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 activity in Argentina, the Group's exposure is reflected as a financial loss of -€21 million in the financial results.

Specific features in the preparation of condensed interim consolidated financial statements

Climate issues

The Group considers climate risks to be material, although at this stage, their impact on the Group's consolidated financial statements is not material.

The Group takes these risks into account in its closing assumptions and reflects their potential impact in the financial statements. Specifically, climate risks are taken into account during closing procedures, such as examining the useful life of property, plant and equipment used to calculate depreciation, reviewing estimates and assumptions concerning asset impairment tests and assessing risks to determine the amount of provisions.

On the basis of analyses carried out as part of its internal work on climate change, the Group has not identified any significant climate-related risks whose financial consequences could lead to impairment of its assets.

The Group re-evaluates the assumptions used to account for commitments made by the Group to investors and stakeholders.

The Group considers climate risks when assessing its mining site remediation obligations. It is of the opinion that at this stage, such risks are not a source of material uncertainty. Changes in legislation that may have a correlated impact on climate risks are taken into account in the assessment of environmental obligations when those changes take effect.

The Group's strategy on climate issues is set out in the statement on non-financial performance contained in the Universal Registration Document.

Employee benefits

The post-employment benefit expense for the half-year is half of the net expense estimated for financial year 2023, based on the actuarial assumptions and data used as of 31 December 2022, 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 depreciation 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 carried out only if there were indications of an impairment loss.

Cash-generating units (CGUs)

As at 30 June 2023 and following the disposals made in the first half of the year, the Group is divided into six CGUs: two CGUs in the Nickel Business Unit (Nickel Ore and Nickel Processing Plant); one Manganese Ore CGU; one Manganese Alloys CGU; one Mineral Sands CGU; and one Lithium CGU.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY 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 JANUARY 1ST, 2023 TO JUNE 30TH, 2023

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 1st, 2023 to June 30th, 2023,
- the verification of the information presented in the half-yearly management report.

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 consolidated condensed half-yearly 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 paragraph "Operational and financial difficulties at SLN in New Caledonia and outlook" of the note 1 "Highlights of H1 2023" of the disclosures to the consolidated condensed half-yearly financial statements, which sets out the conditions under which, to date, the principle for accessing going concern matters of your subsidiary, Société Le Nickel-SLN ("SLN") is accessed, with regard to the deployment of its new economic model and the financing of its activities

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 condensed financial statements.

Paris La Défense et Neuilly-sur-Seine, July 26th, 2023

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