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2023 CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors meeting of
21 February 2024

2.1 Consolidated financial statements for the 2023 financial year

Income statement

(in millions of euros)	Notes	FY 2023	FY 2022
Turnover	**6**	**3,251**	**5,014**
Other income	6	89	88
Raw materials and purchases consumed	6	(1,101)	(1,495)
External expenses	6	(1,255)	(1,406)
Personnel cost	6	(602)	(608)
Taxes	6	(18)	(16)
Operating depreciation and amortisation	6	(240)	(271)
Net change in operating provisions and impairment allowances	6	3	(26)
Current operating income	**6**	**127**	**1,280**
Other operating income and expenses	7	(320)	(255)
Operating income	**7**	**(193)**	**1,025**
Net debt cost	8	(85)	(115)
Other financial income and expenses	8	83	26
Financial income	**8**	**(2)**	**(89)**
Share of income from joint ventures and associates	11	295	258
Income taxes	12	(88)	(264)
Net income from continuing operations		**12**	**930**
Net income from discontinued operations[1]	4	6	(156)
Net income for the period		**18**	**774**
Attributable to non-controlling interests	7	(91)	34
o/w continuing operations attributable to non-controlling interests		(91)	34
o/w discontinued operations attributable to non-controlling interests		-	-
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**109**	**740**
o/w continuing operations attributable to equity holders of the parent company		103	896
o/w discontinued operations attributable to equity holders of the parent company		6	*(156)*
Basic earnings per share of continuing operations (in euros)		3.59	31.23
Basic earnings per share of discontinued operations (in euros)		0.20	(5.42)
Basic earnings per share *(in euros)*		3.80	25.81
Diluted earnings per share of continuing operations (in euros)		3.54	30.84
Diluted earnings per share of discontinued operations (in euros)		0.19	(5.42)
Diluted earnings per share *(in euros)*[2]		3.75	25.49

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

(2) Where basic earnings per share are negative, the diluted earnings per share are deemed equal to them, in which case the instruments are considered to be antidilutive.

Statement of comprehensive income

(in millions of euros)	Notes	FY 2023	FY 2022
Net income for the period		**18**	**774**
Translation differences for subsidiaries' financial statements in foreign currency		(374)	(208)
Change in the fair value reserve for bonds	9	-	-
Change in revaluation reserve for hedging instruments	9	(41)	68
Income taxes		8	(12)
Items recyclable to profit or loss		**(406)**	**(152)**
Revaluation of net defined benefit plan liabilities	14	2	10
Income taxes		0	(2)
Items not recyclable to profit or loss		**2**	**8**
Other comprehensive income		**(404)**	**(144)**
• attributable to non-controlling interests		(180)	(54)
• **attributable to equity holders of the parent company**		**(223)**	**(90)**
TOTAL COMPREHENSIVE INCOME		**(386)**	**630**
• attributable to non-controlling interests		(272)	(20)
• **attributable to equity holders of the parent company**		**(114)**	**650**

These items are listed in the table of changes in equity under the section relating to Other Comprehensive Income (OCI).

Statement of cash flows

(in millions of euros)	Notes	FY 2023	FY 2022
OPERATING ACTIVITIES			
Net income for the period		18	774
Reincorporation of net income from operations to be divested		(6)	156
Non-cash income and expenses	8	156	297
Cash flow from operations		168	1,227
Net change in working capital requirement (WCR)	10	73	(111)
Net cash flow from continuing operating activities[1]		**241**	**1,116**
Net cash flow from discontinued operating activities[3]	4	(69)	(125)
Net cash flow from operating activities[1]		**172**	**991**
Acquisition of non-current assets[2]	11	(920)	(588)
Net change in other non-current financial assets	11	(114)	150
Disposal of non-current assets	11	6	7
Net change in current financial assets	8	8	(134)
Capital increase (reduction) from joint ventures		(0)	37
Dividends received from equity-accounted companies[4]	11	267	25
Impact of changes in consolidation scope	8	229	79
Net investment cash flow relating to continuing operations		**(524)**	**(424)**
Net investment cash flow relating to discontinued operations[3]	4	(33)	(89)
Net cash used in investing activities		**(557)**	**(513)**
Capital increase subscribed by non-controlling interests		321	183
Dividends paid to non-controlling interests		(87)	(32)
Payment of dividends		(100)	(72)
Buyback of equity shares		(10)	(7)
Issue of new debt	8	1,419	167
Loan repayments	8	(1,118)	(382)
Change in lease commitments	8	(17)	(16)
Change in bank overdrafts	8	(69)	98
Other changes		(36)	3
Net financing cash flow relating to continuing operations		**303**	**(58)**
Net financing cash flow relating to discontinued operations[3]	4	(34)	(2)
Net cash used in financing activities		**269**	**(60)**
Impact of fluctuations in exchange rates of continuing operations		45	(64)
Impact of fluctuations in exchange rates of discontinued operations[3]	4	(0)	-
Net cash flow from continuing operations carried out with discontinued operations		(104)	(236)
Net cash flow from discontinued operations carried out with continuing operations		104	236
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS		**(39)**	**334**
Increase (decrease) in cash and cash equivalents of discontinued operations		(33)	20
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(71)**	**354**
Opening cash and cash equivalents	8	1,123	789
Closing cash and cash equivalents	8	1,084	1,123
Cash and cash equivalents of assets held for sale[3]	4	0	33
(1) including under operating activities:			
Interest income		*41*	*8*
Interest paid (including IFRS 16 charge)		*(144)*	*(105)*
Tax paid		*(172)*	*(187)*

(2) Lease-purchases are treated as purchases and recognised as acquisition of non-current assets in contrast to other leases.

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

(4) The impact of Weda Bay amounts to €267 million and consists mainly of the payment of dividends.

Balance sheet

(in millions of euros)	Notes	31 December 2023	31 December 2022
Intangible assets and goodwill	11	434	486
Property, plant and equipment	11	2,236	2,222
Lease rights of use	11	70	76
Investments in joint ventures and associates	11	315	297
Other non-current financial assets	11	177	41
Deferred tax assets	12	64	44
Other non-current assets	10	8	11
Non-current assets		**3,304**	**3,177**
Inventories	10	619	724
Customers	10	221	369
Other current assets	10	480	434
Current tax receivables	12	10	6
Derivatives – assets	9	35	75
Current financial assets	8	522	537
Cash and cash equivalents	8	1,084	1,123
Assets held for sale(1)	4	-	714
Current assets		**2,972**	**3,982**
TOTAL ASSETS		**6,276**	**7,159**

(in millions of euros)	Notes	31 December 2023	31 December 2022
Capital	8	88	88
Share premiums	8	466	466
Revaluation reserve for available-for-sale assets	8	7	7
Revaluation reserve for hedging instruments	8	10	42
Revaluation reserve for defined benefit plan liabilities	8	(82)	(84)
Translation adjustments	8	(486)	(292)
Other reserves	8	1,597	1,554
Attributable to equity holders of the parent company		1,600	1,781
Attributable to non-controlling interests	7	394	464
Shareholders' equity		**1,994**	**2,245**
Employee-related liabilities	13	99	90
Provisions – due in more than one year	14	579	562
Deferred tax liabilities	12	246	270
Non-current borrowings – due in more than one year	8	1,541	1,393
Lease commitment – more than one year	8	65	75
Other non-current liabilities	10	0	8
Non-current liabilities		**2,530**	**2,398**
Current provisions – due in less than one year	14	132	162
Current borrowings – due in less than one year	8	603	520
Lease commitment – less than one year	8	18	16
Suppliers	10	445	424
Other current liabilities	10	456	496
Current tax payables	12	88	150
Derivatives – liabilities	9	10	11
Liabilities associated with assets held for sale(1)	4	-	737
Current liabilities		**1,752**	**2,516**
TOTAL LIABILITIES		**6,276**	**7,159**

(1) Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the Aubert & Duval and Erasteel CGUs are shown in the consolidated balance sheet at 31 December 2022 as "assets held for sale". At 31 December 2023, as the Aubert & Duval and Erasteel CGUs were disposed of during the first half of 2023, the assets and liabilities of these CGUs no longer appear on the balance sheet.

Statement of changes in equity

(in millions of euros)	Number of shares	Capital	Share premiums	Revaluation reserve for available-for-sale assets	Revaluation reserve for hedging instruments	Revaluation reserve for defined benefit plan liabilities	Translation adjustments	Other reserves	Attributable to equity holders of the parent company	Attributable to non-controlling interests	Shareholders' equity
Shareholders' equity restated at 1 January 2022[1]	**28,755,047**	**88**	**466**	**7**	**(11)**	**(92)**	**(141)**	**695**	**1,012**	**323**	**1,335**
Net income for the period 2022	-	-	-	-	-	-	-	740	740	34	774
Other comprehensive income	-	-	-	-	53	8	(151)	-	(90)	(54)	(144)
Total comprehensive income	-	-	-	-	53	8	(151)	740	650	(20)	630
Distribution of dividends	-	-	-	-	-	-	-	(72)	(72)	(32)	(104)
Share-based payment	-	-	-	-	-	-	-	8	8	-	8
Buyback of equity shares	-	-	-	-	-	-	-	(7)	(7)	-	(7)
Transactions with non-controlling interests	-	-	-	-	-	-	-	55	55	125	180
Other movements[2]	-	-	-	-	-	-	-	135	135	68	203
Total transactions with shareholders	-	-	-	-	-	-	-	119	119	161	280
Shareholders' equity at 31 December 2022	**28,755,047**	**88**	**466**	**7**	**42**	**(84)**	**(292)**	**1,554**	**1,781**	**464**	**2,245**
Net income for the period 2023	-	-	-	-	-	-	-	109	109	(91)	18
Other comprehensive income	-	-	-	-	(32)	2	(193)	-	(223)	(180)	(403)
Total comprehensive income	-	-	-	-	(32)	2	(193)	109	(114)	(272)	(385)
Distribution of dividends	-	-	-	-	-	-	-	(100)	(100)	(87)	(187)
Share-based payment	-	-	-	-	-	-	-	11	11	-	11
Buyback of equity shares	-	-	-	-	-	-	-	(10)	(10)	-	(10)
Transactions with non-controlling interests[3]	-	-	-	-	-	-	-	33	33	288	321
Other movements[2]	-	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-	(66)	(66)	201	134
Shareholders' equity at 31 December 2023	**28,755,047**	**88**	**466**	**7**	**10**	**(82)**	**(486)**	**1,597**	**1,600**	**394**	**1,994**

(1) At 31 December 2021, in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", Eramet restated its opening equity, reducing it by €39 million

(2) At 31 December 2022, other movements consisted mainly in the effects of hyperinflation in Argentina. At 31 December 2023, the effects of hyperinflation were reclassified as other comprehensive income, pursuant to the Group's decision to present them as such (see Note 4.1 "General principles and declaration of compliance")

(3) At 31 December 2023, transactions with non-controlling interests mainly included the impact of the Eramine Sudamerica capital increase by Tsingshan

Main components of changes in equity

Premiums essentially consist of issue premiums, representing the difference between the par value of the shares issued and the amount of the contributions in cash or in kind received on issue.

Hedging instrument reserves comprise the cumulative change in the effective portion of the fair value of derivatives relating to future cash flow hedging in connection with transactions that have not yet impacted the net income for the period. This is offset in Derivatives under assets or liabilities, depending on whether hedging gains or losses are recognised.

Reserves on Defined benefit plans include the impact of changes in actuarial assumptions used for commitments, and the variance between actual returns and the discount rates on the plans' hedging assets.

Translation adjustments account for the conversion differences deriving from the translation of the financial statements of foreign subsidiaries into euros.

Notes to the consolidated financial statements

Eramet is a French public limited company 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 the provisions of its Articles of Association. As required by law, the Company is audited by two Statutory Auditors.

The Eramet Group's consolidated financial statements at 31 December 2023 were approved by the Eramet Board of Directors on 21 February 2024.

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

Contents

NOTE 1 Description of the Eramet Group's activities

Eramet is one of the world's leading producers of manganese and nickel, used to improve the properties of steels, mineral sands (titanium dioxide and zircon), parts and semi-finished products made of high-performance alloys and special steels used by industries such as aeronautics, power generation and tooling (operations divested during the financial year).

The Eramet Group is broken down into the following activities:

Continuing operations

The Manganese Activity extracts and processes manganese ore:

- Comilog operates the Moanda mine and industrial and metallurgical facilities in Gabon. Setrag transports ore by train from the mine to the port of Owendo/Libreville.
- The manganese ore extracted is either marketed to downstream industries or processed in the Group's metallurgical plants in Gabon, France, Norway and the United States. The Group produces the widest range of alloys on the market.

The Nickel Activity extracts and processes nickel ore:

- Société Le Nickel-SLN operates five mines and one ferronickel producing metallurgical plant in New Caledonia.
- The Eramet Group owns 38.7% of Pt Weda Bay Nickel, a company that operates a major nickel deposit in Indonesia, which came on stream in 2020.

The Mineral Sands Activity extracts and develops mineral sands, mainly zircon and titanium dioxide slag:

- Eramet Titanium & Iron (ETI) (formerly TTI), which operated a metallurgical conversion plant in Norway, was disposed of on 21 September 2023.
- Grande Côte (GCO) mines a deposit of mineral sands in Senegal: titaniferous ore (ilmenite, rutile, leucoxene) and zircon.

The Lithium Activity

The Lithium Activity was set up to mine and process the lithium deposit in Argentina through the company Eramine Sudamerica. This project is run in partnership with Tsingshan. The construction of the Centenario lithium plant (phase 1) continued in 2023, with an expected start-up some time in 2024. Pre-feasibility studies for a Phase 2 also continued in 2023.

Divested operations

- The High Performance Alloys Division develops, designs and transforms alloys: Aubert & Duval and Erasteel make special steels and superalloys, in particular for the aeronautics and power generation sectors. These markets require high added-value metallurgical expertise. This Division encompasses the following:
- the Die-Forged Parts and Long Forged and Rolled Parts Business Units, which include Aubert & Duval's activities;
- The High-Speed Steels and Recycling Business Unit encompasses Erasteel's activities.

These two activities, accounted for under IFRS 5, were sold on 28 April and 30 June 2023 respectively (see Note 4.2).

A global group with a presence in 20 countries, Eramet relies on high-quality mining reserves, particularly in Gabon, New Caledonia, Indonesia and Argentina, world-class research and development, high-performance industrial facilities and high-level expertise.

The Group is also developing strategic metal production projects and virtuous recycling solutions in order to establish a presence on the energy transition market.

The Group employed 9,167 people at 31 December 2023.

NOTE 2 Key events in the reporting period

2.1 Operational and financial difficulties for SLN in New Caledonia and going concern

SLN continues to face significant difficulties, both in terms of operating permits and access to competitive energy, against the backdrop of a deteriorating price environment. The company posted a loss of -€249 million (group share) and net debt now stands at €681 million, including the French government loan of €260 million.

Given its financial position, which remains critical, and in order to meet its short-term payment requirements, SLN should shortly draw down the new loan granted by the French government at the beginning of the year (for a total amount of €60 million). At this stage, this amount will not allow the company to continue as a going concern for 12 months.

The conciliation procedure with the Noumea Commercial Court began in November 2023 and should end on 10 April 2024 at the latest.

A mission deemed the “Nickel Mission”, is currently being carried out by the French government to assess the state of the nickel industry in New Caledonia and to evaluate the necessary support measures needed to ensure the long-term future of the industry. The results of this study should be published during the first half of 2024.

The loans granted by Eramet (€325 million) and the French government (€260 million), totalling €585 million at 31 December 2023, fall due in May and June 2024. To date, no solution has been found for the repayment of these loans.

In addition, the environmental guarantees granted by Eramet to allow the mine and plant to operate expire at the end of the conciliation procedure.

At the date of approval of the Group’s financial statements, these factors meant that SLN could not be considered a going concern. As a result, a €218 million impairment provision for SLN’s assets has been recorded at 31 December 2023.

2.2 Disposal of Aubert & Duval and disposal of Erasteel

The disposal of the entire High Performance Alloys division (Aubert & Duval and Erasteel) has been finalised.

On 28 April, Eramet finalised the disposal of Aubert & Duval to a consortium consisting of Airbus, Safran and Tikehau Capital and, on 30 June 2023, it finalised the disposal to Syntagma Capital of 100% of shares in its subsidiary Erasteel.

The impact on net income of the removal of these two companies from the scope of consolidation was €6 million in 2023 (-€156 million in 2022).

2.3 Sale of Norwegian subsidiary Eramet Titanium & Iron (“ETI”)

Eramet sold its Norwegian subsidiary Eramet Titanium & Iron (“ETI”) to INEOS Enterprise for $245 million on 21 September 2023. This sale enables Eramet to strengthen its balance sheet and will contribute to the financing of its projects in metals required for the energy transition. The agreement between Eramet and INEOS Enterprises also includes a long-term supply contract for ilmenite produced by Grande Côte Opérations (“GCO”), the Group’s subsidiary which operates the mineral sands mine in Senegal.

2.4 Mining production and transport in Gabon

The mine expansion programme as well as operational improvements are continuing at Comilog in Gabon. However, the suspension of rail transport following the landslide at the end of December 2022 led to a suspension of operations for the entire month of January. Additionally, a derailment in April 2023 also had an impact on mining and rail activity. These incidents, which have now been resolved, limited production to 7.4 Mt, virtually stable compared with 2022, thanks to record production in the second half of 2023.

2.5 Lithium project in Argentina

In Argentina, the construction of the Centenario lithium plant (phase 1), launched in 2022, is continuing, with a completion rate of more than 87% at the end of January 2024. Full capacity of 24 kt LCE (Lithium Carbonate Equivalent) of battery-grade lithium (at 100%) is expected to be reached by mid-2025, with a production start-up in mid-2024.

The total investment for phase 1 is estimated at $800 million, of which Tsingshan will finance around $480 million. In 2023, investment amounted to around $270 million, for a cumulative total of around $600 million since the start-up of construction.

On the other hand, in November, Eramet’s Board of Directors approved the investment decision for the first tranche of Phase 2 ($800 million), which represents an additional 30 kt LCE per year. This approval remains subject to planning permission being granted.

2.6 Battery recycling in France

In partnership with Suez, Eramet is continuing to develop a battery recycling project, which will strengthen the Group's position on the electric battery value chain thanks to its upstream and downstream presence. Feasibility studies for the upstream portion are currently being finalised. The pilot plant, designed to validate the downstream process, was inaugurated at Eramet's Research and Innovation Centre at the end of the year.

2.7 Sonic Bay project in Indonesia

In partnership with BASF, Eramet continued its studies on the Sonic Bay hydrometallurgical project (HPAL18) in 2023. Discussions on project execution and the financing strategy are also continuing.

2.8 Acquisition of exploration and mining concessions in Chile

In Chile, following the acquisition in November of concessions covering a cluster of lithium salars in the Atacama region for €90 million, recognised as a non-current financial asset, the Group is working to develop future partnerships with companies authorised by the Chilean government to hold lithium exploration and mining rights.

Eramet also recently signed an initial farm-in exploration agreement to secure access to further exploration and mining concessions in regions covering lithium salars. This agreement could add further potential growth opportunities to the Group's pipeline.

2.9 Financing

Extension of the term loan

In January 2023, Eramet renewed and extended the term loan for an amount of €480 million with a pool of banks. This amount was extended to €515 million in April 2023. The new floating-rate loan matures in January 2027 and can be amortised as of January 2025. €357 million of the loan was drawn down and the available balance, i.e. €145 million, was drawn down at the end of January 2024. The amount drawn down at the end of January was therefore €502 million.

Bond issue

Eramet completed its first issue of sustainability-linked bonds in early May 2023, for an amount of €500 million, with a maturity of five years and an annual coupon of 7%. The bond issue is linked to two sustainable performance objectives, measured at 31 December 2025 compared to those for 2019:

- a 35% reduction in the Group's annual greenhouse gas emission intensity (Scope 1 and Scope 2), and;
- a 67% increase in the share (in terms of emissions) of its suppliers and customers who have decarbonisation targets that are in line with the "well-below 2°C" scenario of the Paris Agreement.

At the same time, in June 2023, Eramet bought back all its outstanding bonds maturing in February 2024 (for a total of €429.7 million).

Other borrowings

A commercial advance of $400 million under the lithium carbonate co-marketing agreement signed with Glencore in July 2023, of which $80 million was drawn down at the end of the year.

Financial rating

Following an in-depth assessment, the Group received its first financial ratings from two rating agencies in April 2023. Moody's and Fitch rated Eramet's long-term credit notes Ba2 and BB+ respectively, with stable outlook. In August 2023, Fitch changed the outlook to "negative".

NOTE 3 Climate challenges

3.1 Decarbonisation

Around 90% of Eramet's greenhouse gas emissions (Scope 1 & 2) are related to its pyrometallurgical processing of manganese and nickel ore.

Eramet has set a 40% reduction target for its emissions by 2035, when compared to 2019. An action plan has been drawn up to achieve this target and is mainly focused on pyrometallurgical activities.

The main projects are as follows:

- The sourcing or production of low carbon electricity, with the renewable energy procurement study for the Marietta site (United States)
- Energy efficiency measures, with notably the production of electricity using exhaust gases from the production of manganese alloys
- The replacement of fossil-based carbon-reducers with biocarbons from biomass (manganese alloys)
- The introduction (feasibility study underway) of a CO2 capture, liquefaction, transport and storage system at the Sauda site (Norway)

With regards to mining activities, which account for around 10% of the Group's greenhouse gas emissions, other decarbonisation initiatives are also underway or being studied, with notably the production of photovoltaic-generated electricity at our sites in Senegal and Argentina.

These projects are incorporated into Eramet's long-term planning, and are taken into account when assessing pyrometallurgical assets (particularly through the inclusion in CapEx of an internal carbon price of €100 per tonne).

3.2 Climate change impacts

In 2023, Eramet updated its water stress risk analysis for all of its sites using the Aqueduct 4.0 Water Risk Atlas. This tool, provided by the World Resources Institute (WRI), maps and analyses current and future water-related risks, based on climate change and socio-economic scenarios and the location of activities. The Water Risk Atlas, which was updated in 2023, uses a global hydrological model called PCR-GLOBWB 2 to generate new data sets on the supply and use of sub-basin water. Water Stress is the ratio between total water demand and available renewable surface water and underground water resources.

The analysis factors in the current situation and projected trends to 2030 and 2050 under three socio-economic and climate scenarios using CMIP6 climate forcings based on three future scenarios (business-as-usual SSP 3 RCP 7.0, optimistic SSP 1 RCP 2.6 and worst case SSP 5 RCP 8.5).

The result of these scenarios is low risk in all Group sites except:

- The Trappes research centre site and the Comilog Dunkerque plant in France, which currently presents a low to medium risk of water stress. The situation shifts towards a medium to high risk for the optimistic scenario by 2050.
- From 2023, the GCO site in Senegal will be at high risk of water stress (using 40 to 80% of the water available in the catchment area). This risk increases as of 2030, with a very high level of risk for the optimistic scenario as of 2030 and as of 2050 for the other scenarios (use of > 80% of the water available in the catchment area). Water footprint reduction measures are actively implemented at this site, with a recycling target of 60% by 2026.

NOTE 4 Basis of preparation of the consolidated financial statements

4.1 General principles and declaration of compliance

Pursuant to European Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of the Eramet Group for the financial year ended 31 December 2023 have been prepared in euros rounded to the nearest million, unless instructed otherwise, in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2023.

The accounting principles applied for the preparation of the annual consolidated financial statements are in line with IFRS and the related interpretations, as adopted by the European Union at 31 December 2023.

The accounting principles and methods applied for the consolidated financial statements at 31 December 2023 are identical to those used for the consolidated financial statements at 31 December 2022, while also taking into account the IFRS standards and IFRIC interpretations, the application of which has been mandatory since 1 January 2023.

The Group therefore applies the following standards and amendments since 1 January 2023, which have no material impact on the consolidated financial statements:

- ·amendments to IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative information;
- ·amendments to IAS 1 and to Practice Statement 2 – Disclosure of Accounting Policies;
- ·amendments to IAS 8 – Definition of Accounting Estimates;
- ·amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

International tax reform: Pillar Two

In December 2022, the European Union published Directive 2022/2523 to implement the OECD tax reform. This directive will apply in France from 1 January 2024.

In this context, the IASB has published an amendment to IAS 12 "International Tax Reform – Pillar Two Model Rules" applicable for financial years beginning on or after 1 January 2023, which introduces a mandatory temporary exception from the requirement to recognise deferred tax assets or liabilities relating to this minimum tax.

The Group falls within the scope of the Pillar Two Model Rules (also known as the "Global Anti-Base Erosion Model Rules" or "GloBE Rules").

The Group proceeded to assess its potential exposure to the rules. This assessment is based on the most recent information available concerning the financial performance of the entities that make up the Group. Based on the assessment performed, the Group does not expect to pay any additional tax for the 2024 financial year. Consequently, the exposure to additional taxation under the GloBE Rules is estimated to be immaterial.

Treatment of hyperinflation in Argentina

The Group applies IAS 29 "Financial Reporting in Hyperinflationary Economies" to its activity in Argentina through its subsidiary Eramine. In accordance with IAS 29, the non-monetary assets and liabilities from the closing balance sheet and the income statement for the period must be restated and revalued based on the general price index at the reporting date. The impacts of restating the investments made in Argentina were the following: a +€117 million gain in financial income and a -€361 million loss in shareholders' equity. At 31 December 2023, as permitted by the decision of the IFRS Interpretations Committee (IFRIC) in March 2020, Eramet opted to present all impacts related to the "restatement" or "translation" effects as other comprehensive income.

4.2 Application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

IFRS 5 reminder

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction instead of through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. The assets and liabilities concerned are reclassified as assets held for sale and liabilities associated with assets held for sale and may not be offset. The assets thus reclassified are booked at the lower of the net fair value of sale costs and their net carrying value, i.e. their cost less cumulative depreciation and amortisation and impairment, and they are no longer depreciated/amortised.

An operation is considered a discontinued operation when it represents a separate major line of business for the Group and 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 separate line in the income statement for the periods presented, including the net income after tax of discontinued operations until the date of sale and the profit or loss after tax resulting from the sale or the valuation at fair value less costs to sell of the assets and liabilities constituting the discontinued operations. Similarly, the cash flows generated by the discontinued operations are presented on a separate line in the statement of consolidated cash flows for the reporting periods.

Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", since 31 December 2021, the Aubert & Duval and Erasteel CGUs have been presented in Eramet's consolidated financial statements as operations to be divested, as follows:

- their contribution, until their actual sale, to each line of Eramet's consolidated income statement (before non-controlling interests) is pooled under "Net income from discontinued operations"; these restatements are applied to all the periods presented in order to make the information consistent;
- their contribution, until their actual sale, to each line of Eramet's consolidated statement of cash flows is grouped within the lines "Cash flows of discontinued operations" for the three main aggregates of statements of cash flows (operating, investing and financing activities); these restatements are applied to all the periods presented in order to make the information consistent;
- their contribution to each line of Eramet's consolidated balance sheet at 31 December 2022 is grouped within the lines "Assets held for sale" and "Liabilities associated with assets held for sale". As Aubert & Duval and Erasteel were sold during the 2023 financial year, their assets and liabilities no longer appeared on the balance sheet as at 31 December 2023.

Details of the items classed under "Net income from discontinued operations", "Cash flows of discontinued operations", "Assets held for sale" and "Liabilities associated with assets held for sale" are set out in the following tables.

Net income from divested operations in 2023

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville CGU	Restatements and eliminations	Total discontinued operations
Turnover	217	129	-	-	346
Current operating income	(19)	6	-	7	(6)
Operating income	(13)	8	-	(6)	(10)
Net income from discontinued operations	8	2	-	(4)	6

Net income from discontinued operations in 2022

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville CGU	Restatements and eliminations	Total discontinued operations
Turnover	553	273	11	-	837
Current operating income	(50)	23	(2)	37	8
Operating income	(71)	(111)	13	37	(132)
Net income from discontinued operations	(90)	(121)	13	42	(156)

Cash flow from operations divested in 2023

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville CGU	Restatements and eliminations	Total discontinued operations
Net cash flow from discontinued operating activities	(87)	15	-	2	(69)
Net investment cash flow relating to discontinued operations	54	(3)	-	(83)	(33)
Net financing cash flow relating to discontinued operations	23	(35)	-	(22)	(34)
Impact of fluctuations in exchange rates of discontinued operations	-	-	-	-	-
Net cash flow from discontinued operations carried out with continuing operations(1)	116	(12)	-	-	104

(1) The amounts relate mainly to investment cash flows from discontinued operations of continuing operations

Cash flows from discontinued operations 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	(139)	(6)	5	15	(125)
Net investment cash flow relating to discontinued operations	171	(9)	79	(330)	(89)
Net financing cash flow relating to discontinued operations	(22)	28	1	(9)	(2)
Impact of fluctuations in exchange rates of discontinued operations	-	-	-	-	-
Net cash flow from discontinued operations carried out with continuing operations	225	7	13	(9)	236

Assets held for sale and associated liabilities at 31 December 2022

(in millions of euros)	Aubert & Duval CGU	Erasteel CGU	Sandouville 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 5 Operating performance of the Group's Activities – Segment reporting

The Eramet Group consists of the Nickel, Manganese, Mineral Sands and Lithium Activities. The High Performance Alloys Division includes the activities of Aubert & Duval and Erasteel (sold during the 2023 financial year). Each Activity offers different products and services and relies on distinct technologies and sales strategies. Their operating and financial performance is therefore monitored separately. Their contribution to the main financial indicators of the Group is given below.

ACCOUNTING METHOD

Financial information on the Activities is prepared in accordance with the accounting principles adopted for the Group's reporting.

Transactions between different Activities are carried out under market conditions.

The scope and principles of the financial management data set out in the Group's reporting are the same as those of its reported financial data.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Executive Committee, the chief operating decision-maker, regularly assesses the performance of each Activity against the following indicators:

- **Turnover;**
- **Adjusted turnover** corresponds to turnover, including Eramet's share in the revenues of material joint ventures accounted for by the equity method in the Group's financial statements, restated for the offtake of all or part of the activity if applicable;
- **EBITDA**, which is current operating income restated for depreciation, amortisation and provisions and including net changes in impairment of current assets (stock, trade and other receivables);
- **Adjusted EBITDA,** which is EBITDA including Eramet's share in the EBITDA of material joint ventures accounted for by the equity method in the Group's financial statements;
- **current operating income**, including EBITDA, depreciation and amortisation and provisions for liabilities and charges. Current operating income excludes material transactions that are considered to be unusual in nature, in particular events relating to restructuring, impairment losses and disposals of assets;
- **cash flows generated by operating activities** including EBITDA, other operational cash flows not impacting EBITDA and the change in working capital requirement (WCR);
- **Capital expenditure,** including acquisitions of intangible assets and property, plant and equipment.

The Executive Committee also monitors consolidated indicators such as:

- **net income, Group share**, defined as the net profit after tax attributable to Eramet shareholders, after accounting for the percentage of non-controlling interests in each Group subsidiary;
- **Net financial debt** is gross financial debt (long and short-term borrowings) less current financial assets and cash and cash equivalents. These items include the valuation of debt-hedging derivatives;
- **gearing,** defined as the ratio of net financial debt to shareholders' equity (Group and non-controlling interests).

The holding companies that provide the Group's central services (cash management, currency risk management, Group reinsurance management) do not constitute an Activity. *Their* aggregates are shown in a column with the eliminations of inter-Activity transactions (holding and eliminations).

5.1 Reconciling EBITDA of reported financial indicators

(in millions of euros)	FY 2023	FY 2022
Turnover	**3,251**	**5,014**
Other income	89	88
Raw materials and purchases consumed	(1,101)	(1,496)
External expenses	(1,255)	(1,406)
Personnel cost	(602)	(608)
Taxes	(18)	(16)
Net change in impairment of current assets	(17)	(23)
EBITDA	347	1,553
Operating amortisation expense	(240)	(271)
Net change in operating provisions and impairment allowances (excluding current assets)	20	(2)
Current operating income	**127**	**1,280**
Other operating income and expenses	(320)	(255)
Operating income	**(193)**	**1,025**
Net debt cost	(85)	(115)
Other financial income and expenses	83	26
Financial income	**(2)**	**(89)**
Share of income from joint ventures and associates	295	258
Income taxes	(88)	(264)
NET INCOME FROM CONTINUING OPERATIONS	**12**	**930**
Net income from discontinued operations[1]	6	(156)
Net income for the period	*18*	*774*
• attributable to non-controlling interests	(91)	34
• attributable to the Group	109	740

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

5.2 Performance indicators by Activity

(in millions of euros)	Mining Activities: Manganese	Mining Activities: Nickel	Mining Activities: Mineral sands	Mining Activities: Lithium	Holding and eliminations and other	Total continuing operations	High-Performance Alloys	Sandouville	Eliminations	Total Continuing and discontinued operations
FY 2023										
Turnover	1,978	994	275	-	4	**3,251**	346	-	-	**3,597**
EBITDA	499	(120)	105	(17)	(121)	**347**	(9)	-	7	**346**
Current operating income	361	(146)	62	(17)	(133)	**127**	(13)	-	7	**121**
Net cash flow generated by operating activities	328	(19)	81	62	(211)	**241**	(71)	-	2	**172**
Industrial investments (intangible assets and property plant & equipment)	378	20	65	226	16	**706**	26	-	-	**732**
FY 2022										
Turnover	3,151	1,392	465	-	6	**5,014**	826	11	-	**5,851**
EBITDA	1,402	86	184	(12)	(107)	**1,553**	(24)	(2)	37	**1,564**
Current operating income	1,255	14	140	(13)	(116)	**1,280**	(27)	(2)	37	**1,288**
Net cash flow generated by operating activities	1,124	-	157	(23)	(142)	**1,116**	(146)	5	16	**991**
Industrial investments (intangible assets and property plant & equipment)	273	85	52	109	11	**530**	63	-	-	**593**

5.3 Adjusted turnover, adjusted EBITDA

(in millions of euros)	FY 2023	FY 2022
TURNOVER	3,251	5,014
Share of turnover from joint ventures and associates:		
PT Weda Bay (38.7%)	573	371
Adjusted TURNOVER	**3,824**	**5,385**

(in millions of euros)	FY 2023	FY 2022
EBITDA	347	1,553
Share of EBITDA from joint ventures and associates:		
PT Weda Bay (38.7%)	425	344
Adjusted EBITDA	**772**	**1,897**

5.4 Sales, industrial investments and non-current assets by geographical area

(in millions of euros)	France	Europe	North America	China	Other Asia	Oceania	Africa	South America	Total
SALES (SALES DESTINATION)									
FY 2023	43	663	403	1,011	944	71	75	41	**3,251**
FY 2022	313	1,215	294	1,057	1,261	76	128	670	**5,014**
INDUSTRIAL INVESTMENTS (INTANGIBLE ASSETS AND PROPERTY PLANT & EQUIPMENT)									
FY 2023	35	69	29	-	-	19	327	227	**706**
FY 2022	9	50	13	1	-	84	263	110	**530**
NON-CURRENT ASSETS (EXCLUDING DEFERRED TAX)									
31 December 2023	297	310	70	-	315	76	1,804	367	**3,240**
31 December 2022	130	399	51	3	298	286	1,630	336	**3,133**

5.5 Consolidated performance indicators

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

5.5.1 Income statement

(in millions of euros)	FY 2023	FY 2022
Turnover	**3,251**	**5,014**
EBITDA	347	1,553
Amortisation and depreciation of non-current assets	(240)	(271)
Provisions for liabilities and charges	20	(2)
Current operating income	**127**	**1,280**
(Impairment of assets)/reversals	(218)	(221)
Other operating income and expenses	(102)	(34)
Operating income	**(193)**	**1,025**
Financial income	(2)	(89)
Share of income from associates	295	258
Income taxes	(88)	(264)
Net income from continuing operations	**12**	**930**
Net income from operations to be divested(1)	6	(156)
NET INCOME FOR THE PERIOD	**18**	**774**
• attributable to non-controlling interests	(91)	34
• attributable to the Group	109	740
Basic earnings per share *(in euros)*	3.80	25.81

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

5.5.2 Statement of changes in net debt

(in millions of euros)	FY 2023	FY 2022
Operating activities		
EBITDA	347	1,553
Cash impact of items in EBITDA	(179)	(326)
Cash flow from operations	168	1,227
Change in WCR	73	(111)
Net cash flow generated by continuing operations (A)	**241**	**1,116**
INVESTING ACTIVITIES		
Capital expenditure	(706)	(530)
Other investment flows	222	238
Net cash flows from investing activities of continuing operations (B)	**(484)**	**(292)**
Net cash flows from equity transactions of continuing operations	**124**	**80**
Impact of fluctuations in exchange rates and other	(8)	(49)
Acquisition of IFRS 16 rights of use	(10)	(26)
CHANGE IN NET FINANCIAL DEBT OF CONTINUING OPERATIONS BEFORE TAKING INTO ACCOUNT FLOWS WITH DISCONTINUED OPERATIONS	**(137)**	**829**
Net cash flow from continuing operations carried out with discontinued operations[1] [2]	(133)	(236)
Change in net financial debt of continuing operations	**(270)**	**593**
CHANGE IN NET FINANCIAL DEBT OF DISCONTINUED OPERATIONS BEFORE TAKING INTO ACCOUNT FLOWS WITH CONTINUING OPERATIONS	**(102)**	**(213)**
Net cash flow from discontinued operations carried out with continuing operations[1] [2]	133	236
Change in net financial debt of discontinued operations	**31**	**23**
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	**(239)**	**616**
Opening (net financial debt) of continuing operations	(344)	(936)
Opening (net financial debt) of discontinued operations	(31)	(54)
Closing (net financial debt) of continuing operations	(614)	(344)
(Net financial debt) of discontinued operations	-	(31)
FREECASH FLOW (A) + (B)	**(243)**	**824**

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

(2) *In 2023, the amounts relate mainly to cash flows from operations divested from continuing operations.*

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

(in millions of euros)	31 December 2023	31 December 2022
Cash and cash equivalents	**1,084**	**1,123**
Other current financial assets	522	537
Financial instruments (Fair value of debt)	7	-
Loans	(2,144)	(1,913)
Lease liabilities (IFRS 16)	(83)	(91)
NET FINANCIAL DEBT – REPORTING	**(614)**	**(344)**

5.5.3 Economic balance sheet

(in millions of euros)	31 December 2023	31 December 2022
Non-current assets	**3,231**	**3,122**
Inventories	619	724
Customers	221	369
Suppliers	(445)	(424)
Simplified WCR	**(445)**	**669**
Other items of WCR	(41)	(201)
Total WCR	**354**	**468**
Derivatives	15	62
Assets held for sale(1)	**-**	**714**
TOTAL ASSETS	**3,600**	**4,366**

(in millions of euros)	31 December 2023	31 December 2022
Shareholders' equity – Group share	1,600	1,781
Non-controlling interests	394	464
Shareholders' equity	**1,994**	**2,245**
Cash and cash equivalents and other current financial assets	(1,613)	(1,660)
Loans	2,227	2,004
Net financial debt	**614**	**344**
Net financial debt/shareholders' equity (gearing)	31%	15%
Employee-related liabilities and provisions	**810**	**814**
Net deferred tax	**182**	**226**
Derivatives	**-**	**-**
Liabilities associated with assets held for sale(1)	**-**	**737**
TOTAL LIABILITIES	**3,600**	**4,366**

(1) *Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the assets and liabilities of the Aubert & Duval and Erasteel CGUs are shown in the consolidated balance sheet at 31 December 2022 as "assets held for sale". At 31 December 2023, as the Aubert & Duval and Erasteel CGUs were disposed of during the first half of 2023, the assets and liabilities of these CGUs no longer appear on the balance sheet.*

NOTE 6 Current operating income (COI)

Current operating income reflects the performance of the Eramet Group's ordinary business activities as presented and defined in Note 5.

6.1 Turnover

ACCOUNTING METHOD

Turnover mainly consists of sales of ores (nickel and manganese) and manufactured products (special steels, alloys, superalloys etc.) to third parties, as well as related performance obligations such as transport or insurance services depending on contractual Incoterms.

Revenue from the sale of these products and services is recorded when control over the product sold and the service rendered has been transferred to the customer.

Turnover related to performance obligations for transport and insurance is determined based on the contractual price of these obligations and is recognised as the work progresses.

Consolidated turnover for 2023 was €3,251 million, compared with €5,014 million in 2022, a decrease of 35.2% (-€1,763 million).

Note 5 gives the breakdown by Activity.

6.2 Other income, raw materials and purchases consumed, external expenses and taxes

ACCOUNTING METHOD

Costs and expenses mainly comprise costs incurred in industrial, mining and metallurgical facilities.

"Other income" includes items related to current operating income, such as translation adjustments on turnover and insurance proceeds.

"Raw materials" and purchases consumed include the consumption of raw materials, energy costs and logistics and transport costs on purchase. It also accounts for the impacts of the change in and measurement of raw material inventories, work-in-progress and finished products.

"External expenses" include transport expenses on sales, maintenance and other external expenses. This item also includes non-IFRS 16 lease costs.

"Taxes" comprise levies on the business that are not classed as corporation tax.

Currency transactions are recognised at the monthly exchange rate for the month of the transaction effective date. Gains and losses arising from the conversion of operating receivables and payables are recognised in Current operating income.

In the case of hedged transactions, the translation adjustments arising from the difference between the monthly exchange rate used to recognise sales and receipts or purchases and payments and the hedging rate for the settlement of transactions are also recognised in Current operating income.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The transaction date is the date on which it is executed.

For practical reasons, the currency transaction date used is the month in which the transaction is booked.

The rate applied to recognise currency transactions in a given month corresponds to the average daily rate applicable in the previous month.

6.3 Operating depreciation and amortisation and net change in operating provisions and impairment allowances

ACCOUNTING METHOD

OPERATING AMORTISATION AND DEPRECIATION

Non-current assets can be depreciated when their expected use is limited in time or based on production units.

Where the duration or the pace of utilisation of an asset cannot be determined reliably, the straight-line method is applied.

The selected depreciation method is applied across all similar assets with the same conditions of use.

Depreciation begins at the date on which the asset is put into service.

Any significant change in the planned use of the asset, in terms of duration or pace, for example, will result in the depreciation being revised for the current and subsequent years. Likewise, in the case where impairment loss provisions are set aside or reversed following the comparison between the recoverable amount of a non-current asset and its carrying amount (Note 11 "Investments"), the depreciation basis is modified prospectively, i.e. the depreciation and amortisation is adjusted based on the new duration or the new pace of use for the current and future reporting periods.

The depreciation for the reporting period is recognised under a separate heading, Operating amortisation and depreciation, between EBITDA and current operating income.

Assets for lease rights of use on the balance sheet (IFRS 16) are amortised over the identified period of the right of use. In the income statement, lease impairments are posted to Current operating income on the "Operating amortisation and depreciation" line.

Rights of use for 3-6-9 commercial leases are amortised over the estimated terms of these leases.

PROVISIONS FOR LIABILITIES AND CHARGES

See Note 14.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Eramet Group uses two depreciation methods: the straight-line method and the units of production method.

STRAIGHT-LINE DEPRECIATION METHOD

The Group's mining production remained relatively stable and a straight-line depreciation was chosen.

The depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life at 31 December 2023:

- buildings between 10 and 50 years;
- industrial and mining facilities – between 5 and 50 years;
- other property, plant and equipment between 2 and 10 years.

Assets invested in the Group's concessions (Setrag, Comilog and Grande Côte) are depreciated over the shorter of their useful life or the remaining period of the concession.

Computer software is amortised over a variable period not exceeding five years.

UNITS OF PRODUCTION METHOD

The economic benefits generated by the use of certain industrial assets are determined in relation to the level of production, in particular in the start-up phase of new production units. These assets are depreciated using the units of production method.

The depreciation calculation accounts for the quantities produced during the reporting period, expressed as a percentage of the total quantities of product to be extracted or produced in the current and future reporting periods.

If the production is not deemed to fluctuate significantly from one year to the next, as with the assets whose material lifespan is shorter than the life of the plant or the mine to which they relate, the assets are depreciated using the straight-line method mentioned above over the life of the plant or the mine.

REVISION OF DEPRECIATION PERIODS

The residual values and useful life of non-current assets are revised and adjusted at the end of each reporting period, as appropriate. Change is seen as a change in estimates and impacts only the current and subsequent reporting periods.

The Eramet Group measures its existing assets and the depreciation and amortisation period when reviewing mining plans (Nickel Activity, Manganese Activity, Mineral Sands Activity and Lithium Activity) and plant operation plans at the end of each reporting period. When it is established that the life of the allocated assets no longer matches the remaining period of expected returns, their depreciation period is modified prospectively. Uncertainties are inherent in the estimation of reserve and resource quantities, especially as regards assumptions about future prices, the geology of the mines, the mining methods used, and associated costs incurred to develop and mine the reserves and resources. Changes in these assumptions could lead to major adjustments in the estimation of reserves and resources, which may be the basis for impairment or modification in depreciation expense in future periods. In the event of an impairment loss, an impairment test is carried out and conclusions are drawn, as applicable.

(in millions of euros)	FY 2023	FY 2022
Intangible assets	(27)	(25)
Property, plant and equipment	(213)	(246)
Total	**(240)**	**(271)**
Net impairment of trade receivables	(1)	(5)
Net allowances for stock depreciation	(13)	(18)
Net provisions for liabilities and charges	20	(3)
TOTAL	**(235)**	**(297)**

NOTE 7 Net income, Group share and non-controlling interest

Net income, Group share is the net income for the period after tax, attributable to Eramet shareholders, after accounting for the non-controlling interest in each of the Group companies.

Apart from the Current operating income, the Net income for the period includes the following items:

- Other operating income and expenses (see below);
- Financial income (Note 8);
- Share of income from joint ventures and associates (Note 11);
- Income tax (Note 12).

7.1 Other operating income and expenses

ACCOUNTING METHOD

Other operating income and expenses includes only very limited, unusual, abnormal and infrequent income and expenses for significant amounts that the Eramet Group presents separately in its income statement in order to facilitate the understanding of current operating performance. In particular, it includes the following items:

- restructuring costs;
- costs incurred for development projects whose technical feasibility and profitability have not yet been demonstrated;
- defined benefits plan settlements and amendments;
- disputes and unusual risks;
- capital gains and losses on disposals of assets;
- impairment losses on goodwill and non-current assets.

7.1.1 Breakdown by category

(in millions of euros)	FY 2023	FY 2022
Impairment of assets and impairment losses	(218)	(221)
Other operating income and expenses excluding impairment	(101)	(34)
OTHER OPERATING INCOME AND EXPENSES	**(319)**	**(255)**

(in millions of euros)	FY 2023	FY 2022
Relieve project	(6)	(1)
Lithium project	(21)	(11)
SonicBay project	(15)	-
Other projects	(2)	(5)
Development projects	**(44)**	**(17)**
Restructuring and redundancy plans	(5)	(2)
Gains and losses on disposals	-	-
Other items	(52)	(15)
Other income and expenses	**(57)**	**(17)**
TOTAL – OTHER OPERATING INCOME AND EXPENSES EXCLUDING IMPAIRMENT	**(101)**	**(34)**

In 2023, expenditure on the Lithium project in Argentina essentially comprised the expenses for the period relating to phase 2 of the project (see Note 2.5 “Lithium project in Argentina”).

7.1.2 Impairment of assets and impairment losses

(in millions of euros)	FY 2023	FY 2022
Losses on impairment tests – Assets	(218)	(221)
Impairment reversals	-	-
TOTAL – IMPAIRMENT OF ASSETS AND IMPAIRMENT LOSSES	**(218)**	**(221)**

(in millions of euros)	FY 2023	FY 2022
Nickel Activity	(218)	(221)
Lithium Activity	-	-
TOTAL – IMPAIRMENT OF ASSETS AND IMPAIRMENT LOSSES	**(218)**	**(221)**

In 2023, the impairment of the Nickel Activity related to SLN (see Note 2.1 “Operational and financial difficulties for SLN in New Caledonia and going concern”, and Note 11 “Investments”).

In 2022, the €221 million impairment loss also related to SLN.

7.2 Net income per share – Group share

ACCOUNTING METHOD

Net earnings per share can be obtained by dividing the Group share of net income by the average number of shares outstanding during the reporting period. This average number of shares outstanding excludes treasury shares.

Diluted earnings per share are calculated by taking into account net income, Group share and the number of shares adjusted for potentially dilutive effects, mainly represented by employee share subscription.

	FY 2023			FY 2022		
	Net income, Group share *(in millions of euros)*	Average number of shares	Profit (loss) per share[1]	Net income, Group share *(in millions of euros)*	Average number of shares	Profit (loss) per share[1]
Basic earnings per share of continuing operations	103	28,591,485	3.59	896	28,674,721	31.23
Basic earnings per share of operations to be divested	6	28,591,485	0.20	(156)	28,674,721	(5.42)
Basic earnings per share	109	28,591,485	3.80	740	28,674,721	25.81
Diluted earnings per share of continuing operations[1]	**103**	**28,941,883**	**3.54**	**896**	**29,037,022**	**30.84**
Diluted earnings per share of discontinued operations[1]	6	28,941,883	0.13	(156)	29,037,022	(5.42)
DILUTED EARNINGS PER SHARE[1]	**109**	**28,941,883**	**3.75**	**740**	**29,037,022**	**25.49**

(1) *Where basic earnings per share are negative, the diluted earnings per share are deemed equal to them, in which case the instruments are considered to be antidilutive.*

7.3 Non-controlling interest share in earnings – minority interests

(in millions of euros)	% of non-controlling interests	Share of Results FY 2023	Share of Shareholders' equity 31 December 2023	Share of Results FY 2022	Share of Shareholders' equity 31 December 2022
At beginning of period		**-**	**464**	**-**	**323**
Profit (loss) for the period		-	(91)	-	34
Change in revaluation reserve for financial instruments		-	(1)	-	3
Translation adjustments		-	(538)	-	(58)
Sub-total Other comprehensive income		-	(629)	-	(21)
Distributions of dividends		-	(87)	-	(32)
Setrag capital increase		-	-	-	7
Eramine Sudamerica capital increase		-	288	-	118
Other movements		-	358	-	69
AT PERIOD CLOSE		**(91)**	**394**	**34**	**464**
Société Le Nickel-SLN	44.00%	(196)	(464)	(115)	(268)
Comilog S.A.	36.29%	97	600	141	597
Grande Côte Operations	10.00%	3	17	14	14
Eramine Sudamerica	49.90%	30	261	(5)	122
Interforge	4.30%	(0)	-	-	(1)

See Statement of changes in equity.

NOTE 8 Net financial debt and shareholder's equity

8.1 Net financial debt

Net financial debt is gross financial debt (long and short-term borrowings) less current financial assets and cash and cash equivalents. These items include the valuation of hedging derivatives related to borrowings.

ACCOUNTING METHOD

Borrowings are initially recognised on the basis of the amount received, less financing costs incurred. Borrowings are subsequently measured at amortised cost. Any variance between the amounts received and the redemption value of the borrowing is recognised in the income statement under Net financial income (Borrowing costs) over the term of the borrowing, using the effective interest rate (EIR) method.

When the renegotiation of a loan does not substantially modify the debt in accordance with IFRS 9 criteria, it is maintained on the balance sheet and revalued at the overall effective interest rate on the basis of the new contractual flows. The impact of this revaluation is recognised in the income statement.

Lease-purchases and financial leases are treated like purchases and are recognised as financial debts. Other lease contracts under IFRS 16 are recognised as lease liabilities.

They are posted to the balance sheet upon lease commencement for the present value of the future fixed payments.

The discount rates used by the Group are the incremental borrowing rates per currency per portfolio of asset leases, grouped according to the lease term, the underlying financed asset (asset category) and the economic environment. Rates are determined by country and by duration.

The average rate of IFRS 16 net debt was 10.1% at 31 December 2023 (from 10.6% at 31 December 2022).

(in millions of euros)	31 December 2023	31 December 2022
Loans	**(2,144)**	**(1,913)**
• Borrowings on financial markets	(904)	(846)
• Borrowings from credit institutions	(695)	(614)
• Bank overdrafts and creditor banks	(97)	(195)
• Finance lease liabilities	(17)	(25)
• Other borrowings and financial debts	(431)	(233)
Lease liabilities	**(83)**	**(91)**
Derivatives - Fair value of debt	7	
Other current financial assets	**522**	**537**
Cash and cash equivalents	**1,084**	**1,123**
• Cash equivalents	433	837
• Cash	651	286
NET FINANCIAL DEBT	**(614)**	**(344)**
Net financial debt – due in more than one year	(1,606)	(1,468)
Net financial debt – due in less than one year	992	1,124

8.2 Loans

8.2.1 Borrowings and lease commitments by type

(in millions of euros)	31 December 2023	31 December 2022
Loans	**2,144**	**1,913**
• Borrowings on financial markets	904	846
• Borrowings from credit institutions	695	614
• Bank overdrafts and creditor banks	97	195
• Finance lease liabilities	17	25
• Other borrowings and financial debts	431	233
Lease liabilities	**83**	**91**
TOTAL	**2,227**	**2,004**
Long-term portion	1,606	1,468
Short-term portion	621	536

8.2.2 Borrowings on financial markets and bank loans

(in millions of euros)	Nominal amount *(currency unit million)*	Interest rate	Maturity	31 December 2023	31 December 2022
Bond issue – Eramet S.A.	€500 million	4.196%	2024	-	457
Bond issue – Eramet S.A.	€300 million	5.875%	2025	310	309
Bond issue – Eramet S.A. (1)	€500 million	7.000%	2028	522	-
Euro private placement – Eramet S.A. (2)	€50 million	5.290%	2026	21	29
Euro private placement – Eramet S.A. (2)	€50 million	5.100%	2026	51	51
BORROWINGS ON FINANCIAL MARKETS				**904**	**846**
Borrowing Base – Eramet S.A. (3)	€65 million	1-month Euribor +1.5%	2025	-	45
European Investment Bank – Eramet S.A.	€80 million	1.736%	2025	18	27
European Investment Bank – Eramet S.A.	€30 million	2.720%	2029	-	21
European Investment Bank – Eramet S.A.	€60 million	1.580%	2030	53	61
European Investment Bank – Eramet S.A.	$67 million	3.550%	2030	55	64
IFC/Proparco – Setrag	€85 million	Euribor +4%/5%	2031	162	109
Syndicated credit facility(4)	€935 million	Euribor +1.15%	2027	-	-
Term Loan (Multicurrency Term Loan Facility Agreement)(5)	€350 million	6-month Euribor 2.00%	2024	-	263
Term Loan (Multicurrency Term Loan Facility Agreement)(5)	€502 million	3-month Euribor +3.00%	2027	358	-
CAT Finance – Comilog	-			16	23
CAT Finance – Setrag	-			26	-
Other borrowings from credit institutions	-			7	1
BORROWINGS FROM CREDIT INSTITUTIONS				**695**	**614**

(1) 2 May 2023 bond issue

(2) With investor put options that may be exercised after the seventh year, i.e. in 2021.

(3) Renewed in June 2022. Three-year maturity

(4) The credit facility was renewed in 2022 in the amount of €935 million.

(5) Renegotiated in January 2023 with maturity in 2027. The credit facility was drawn down in 2020

Certain borrowings need to comply with financial ratios or covenants (Note 9.4.6).

8.2.3 Change during the period (borrowings and lease liabilities)

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**1,913**	**2,033**
New borrowings	1,419	167
Loan repayments	(1,118)	(382)
Change in bank overdrafts	(69)	98
Change in accrued interest not yet due	17	(3)
Changes to consolidation scope	(28)	-
Translation adjustments and other movements	10	-
AT END OF PERIOD – BORROWINGS	**2,144**	**1,913**

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**91**	**79**
Change in lease liabilities (IFRS 16)	(6)	9
Changes to consolidation scope	(0)	-
Translation adjustments and other movements	(2)	2
AT PERIOD CLOSE–LEASE COMMITMENTS	**83**	**91**

New borrowings correspond mainly to the renegotiation of the Term Loan for €370 million, the bond issue for €500 million, the Glencore loan for €72 million, the subscription of commercial paper for €60 million, the increase in the IFC/Proparco loan to Setrag for €62 million and the increase in shareholder loans: SLN/French government for €60 million, Setrag/Meridiam for €30 million.

Loan repayments correspond mainly to the repayment of the bond issue for €458 million, the repayment of the first Term Loan for €263 million and the second for €13 million, the repayment of the BEIs for €48 million and the repayment of the Borrowing Base for €45 million.

8.2.4 Borrowings and lease liabilities by currency

(in millions of euros)	31 December 2023	31 December 2022
Euro	1,918	1,790
US dollar	173	145
CFA franc	53	23
Norwegian krone	3	2
Other currencies	80	44
TOTAL	**2,227**	**2,004**

8.2.5 Confirmed credit facilities

(in millions of euros)	31 December 2023	31 December 2022
Unused confirmed credit facilities(1)	**1,383**	**935**
Revolving Credit Facility (RCF)	935	935
Term Loan	145	
Lithium prepayment – Glencore	290	
Comilog Dunkerque	13	

(1) Bank covenants relating to these credit facilities are fully respected. These covenants relate to the ratio of the Group's net financial debt to shareholders' equity.

8.2.6 Borrowings and lease liabilities by interest rate

(in millions of euros)	31 December 2023	31 December 2022
Interest-free	11	33
Fixed interest rates	1,580	1,728
• below 5%	387	1,161
• between 5% and 10%	1,177	554
• above 10%	16	13
Variable interest rates	637	243
• below 5%	569	135
• between 5% and 10%	67	108
• above 10%	-	-
TOTAL	**2,227**	**2,004**

8.2.7 Borrowings and lease liabilities by maturity

Borrowing maturity (excluding lease commitments, including lease purchase commitments)

(in millions of euros)	31 December 2023	31 December 2022
Less than one year	603	520
One to five years	1,409	1,300
More than five years	132	93
TOTAL	**2,144**	**1,913**

Finance lease liabilities and lease liabilities by maturity

	31 December 2023		31 December 2022	
(in millions of euros)	Nominal value	Present value	Nominal value	Present value
LEASE-PURCHASE COMMITMENTS				
Less than one year	8	8	9	9
One to five years	9	9	16	16
More than five years	-	-	-	-
Total before interest expense	**17**	**17**	**25**	**25**
Future Interest expense	-	-	-	-
LEASE COMMITMENTS				
Less than one year	26	18	25	16
One to five years	65	48	75	53
More than five years	36	17	44	22
Total before interest expense	**127**	**83**	**144**	**91**
Future Interest expense	-	44	-	53
TOTAL	**144**	**144**	**169**	**169**

8.3 Cash and cash equivalents

ACCOUNTING METHOD

Cash includes cash in hand and demand deposits, excluding bank overdrafts which appear under borrowings. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash commitments.

Marketable securities are recognised at their fair value in the balance sheet. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuations in value. Changes in fair value are recognised in net income for the period.

8.3.1 Breakdown by category

(in millions of euros)	31 December 2023	31 December 2022
Cash	651	286
Cash equivalents	433	837
TOTAL	**1,084**	**1,123**

8.3.2 Breakdown by currency

(in millions of euros)	31 December 2023	31 December 2022
Euro	553	709
US dollar	375	308
Yuan Ren-Min-Bi (China)	1	1
Norwegian krone	26	18
Other currencies	128	87
TOTAL	**1,084**	**1,123**

8.3.3 Breakdown by interest rate type

(in millions of euros)	31 December 2023	31 December 2022
Interest-free	781	297
Fixed interest rates	154	-
Variable interest rates	312	826
TOTAL	**1,248**	**1,123**

Interest-free items mainly consist of non-interest-bearing sight deposits. Cash includes cash and cash equivalents.

Cash equivalents mostly comprise investments managed by Metal Securities.

(in millions of euros)	31 December 2023	31 December 2022
Money market fund shares/units	273	765
Negotiable Debt Securities (NDS)	160	72
Cash equivalents	**433**	**837**
Cash	651	286
CASH AND CASH EQUIVALENTS	**1,084**	**1,123**

The change from one period to the next is analysed through the statement of cash flows prepared using the indirect method.

8.4 Statement of cash flows

8.4.1 Non-cash income and expenses

(in millions of euros)	FY 2023	FY 2022
Depreciation, amortisation, impairment and provisions	324	489
Accretion expenses	8	14
Financial instruments	(19)	30
Deferred tax	(3)	18
Deconsolidation effect on the income statement	96	3
Effect on hyperinflation adjustments on the income statement	(27)	20
Unrealised translation differences	72	(19)
Share of income from joint ventures and associates	(295)	(258)
NON-CASH INCOME AND EXPENSES	**156**	**297**

8.5 Current financial assets

ACCOUNTING METHOD

These assets consist mainly of short- or medium-term bonds of listed European companies whose objective is to receive contractual flows.

These bonds are measured at their fair value on initial recognition. The fair value used for listed bonds is the stock-market value, and for unlisted bonds it is based on estimates using specific financial criteria that reflect the specific situation of each bond (similar transactions or discounted value of future cash flows).

Other investments classified as financial assets are largely negotiable debt securities and are valued at fair value through profit or loss.

Changes in the fair value of these assets are recognised in the income statement.

The net change of -€15 million in current financial assets between 2023 and 2022 (€134 million between 2021 and 2022) is shown in net cash flow used in investing activities.

8.6 Financial income

(in millions of euros)	FY 2023	FY 2022
Net debt cost	(85)	(115)
Other financial income and expenses	83	26
FINANCIAL INCOME	**(2)**	**(89)**

8.6.1 Net debt cost

ACCOUNTING METHOD

Net debt costs include expenses relating to gross debt, interest expense on “lease liabilities” (IFRS 16) and financial revenue in connection with bonds and investment securities.

Borrowing costs relate to interest payable on the debt and other costs incurred in connection with the borrowing of funds. Borrowing costs directly linked to the acquisition, building or production of an asset that requires more than 12 months to be put into service are deducted from the financing expense to which they relate. All the other borrowing costs are expensed in the period in which they are incurred.

(in millions of euros)	FY 2023	FY 2022
Interest income	41	8
Interest expense	(134)	(101)
Amortised cost on borrowings	(10)	(5)
Net income on marketable securities	11	1
Change in fair value of investment securities	1	(2)
Net translation differences	6	(16)
NET DEBT COST	**(85)**	**(115)**

8.6.2 Other financial income and expenses

ACCOUNTING METHOD

Other financial income and expenses include all the components of net financial income except for income and expenses relating to the net debt cost.

(in millions of euros)	FY 2023	FY 2022
Investment and dividend income	1	1
Employee benefits – net interest	(6)	(3)
Profit (loss) on disposal of equity investments	0	(25)
Accretion expenses	(9)	(7)
Financial instruments ineligible as hedges – currency	2	(8)
Securitisation financial expense	(11)	(4)
Impairment of securities and current accounts	(8)	19
Net translation differences	278	53
Impact of hyperinflationary economies	(172)	(16)
Other	9	16
OTHER FINANCIAL INCOME AND EXPENSES	**83**	**26**

Accretion expenses relate to provisions for mining site restoration and the decommissioning of industrial facilities, as detailed in Note 14 “Provisions”.

The financial instruments that do not qualify as hedges correspond to the portion of hedging instruments recognised in profit or loss.

8.7 Shareholders’ equity

8.7.1 Changes to the share capital

The share capital of €87,702,893 (as at 31 December 2022) comprises 28,755,047 fully paid-up shares (as at 31 December 2022) with a par value of €3.05 each.

	31 December 2023				31 December 2022			
	Capital		Voting rights		Capital		Voting rights	
Registered shares	%	number of shares	%	number of shares	%	number of shares	%	number of shares
Sorame and Compagnie d’Études Industrielles du Rouvray (CEIR)	37.08	10,661,562	43.44	21,323,124	37.08	10,661,562	43.46	20,501,705
FSI Equation (a subsidiary of Bpifrance) and the French State (Caisse des Dépôts et Consignations)	27.13	7,801,093	31.79	15,602,186	27.13	7,801,093	30.97	14,611,510
S.T.C.P.I.	4.03	1,159,994	4.73	2,319,988	4.03	1,159,994	4.73	2,230,581
Eramet S.A.	0.91	262,200	0.00	-	0.73	209,377	-	-
Eramet S.A. share fund	0.66	190,403	0.62	303,061	0.62	179,060	0.62	291,718
Other	30.19	8,679,795	19.43	9,536,734	30.41	8,743,961	20.22	9,538,069
TOTAL NUMBER OF SHARES	**100.00**	**28,755,047**	**100.00**	**49,085,093**	**100.00**	**28,755,047**	**100.00**	**47,173,583**
of which registered shares	72.88	20,956,206	84.29	41,374,742	72.40	20,818,491	83.33	39,309,022
of which bearer shares	27.12	7,798,841	15.71	7,710,351	27.60	7,936,556	16.67	7,864,561

Pursuant to a Shareholders' Agreement concluded on 16 March 2012, which entered into force on 16 May 2012, tacitly renewed by six-month period as of 1 January 2021 (as per the amendment on 30 November 2020, which was notified to the Autorité des marchés financiers (AMF) under No. 220C5283), which was the subject of a decision and information of the Autorité des marchés financiers under No. 212C0647 when it was concluded and decision and information No. 216C1753 relating to the change within the group acting in concert at the time of the acquisition by the Agence des participations de l'État (APE) of the entire share capital of FSI Equation, the Company is majority controlled by a group of shareholders having declared to be acting in concert, including:

- a subgroup between Sorame and CEIR, companies controlled by the Duval family, under a concurrent Shareholders' Agreement dated 19 July 1999, which came into force on 21 July 1999 and was the subject of an amendment on 13 July 2009;
- the Agence des Participations de l'État (APE), through its subsidiary FSI Equation.

The provisions of the shareholders' agreement mentioned above, and those of the subgroup agreement, are contained in key extracts from the AMF decision and notice texts numbered 220C5283, 216C1753, 212C0486 and 209C1013 (amended on 13 July 2009).

Since 1 January 2002, registered shares that meet the necessary conditions benefit from double voting rights.

An amendment to the Shareholders' Agreement concluded on 23 April 2021, which was the subject of a decision and information of the AMF under No. 221C0886, stipulates that as long as the positions of Chair and CEO of Eramet are held by the same person, the parties undertake to jointly propose and/or support the Board of Directors' appointment of a chosen lead director, by mutual agreement, from among the independent directors put forwards by Sorame and CEIR. The parties also agree to do their utmost to ensure that the candidate that they wish to nominate as lead director is named by Eramet Board of Directors, and that these commitments will be valid for as long as the Shareholders' Agreement is in force and at the latest until the Shareholders' Meeting to be held in 2025 is called to approve the financial statements for the financial year 2024.

8.7.2 Treasury shares

The table below summarises the treasury share transactions:

	Total number of shares	Market making[1]	Grants to employees	Total
Position at 1 January 2022		**50,159**	**133,254**	**183,413**
As a percentage of capital	28,755,047	0.17%	0.46%	0.64%
Buyback mandate		-	90,000	90,000
Final allocation of bonus shares		-	(82,448)	(82,448)
Purchases/sales		21,836	-	21,836
Position at 31 December 2022		**71,995**	**140,806**	**212,801**
As a percentage of capital	28,755,047	0.25%	0.49%	0.74%
Buyback mandate		-	150,000	150,000
Final allocation of bonus shares		-	(113,722)	(113,722)
Purchases/sales		13,121	-	13,121
POSITION AT 31 DECEMBER 2023		**85,116**	**177,084**	**262,200**
As a percentage of capital	28,755,047	0.30%	0.62%	0.91%

(1) Liquidity agreement signed with Exane BNP Paribas.

Eramet treasury shares are classified under "Other reserves" and recognised at purchase cost for an amount of €26.0 million at 31 December 2023 (€22.6 million at 31 December 2022). These transaction amounts were allocated to shareholders' equity.

NOTE 9 Financial instruments and risk management

This note gives an overview of the financial instruments of the Eramet Group, the associated risks, its risk management objectives, sensitivity and monitoring of the financial risk management strategy.

ACCOUNTING METHOD

FINANCIAL INSTRUMENTS

Derivative assets and liabilities, current financial assets, and cash and cash equivalents are initially recognised in the balance sheet at their fair value (transaction price) adjusted for transaction costs. At each period closing, the change in fair value is recognised in income (Other financial income and expenses) unless a designated and documented cash flow hedge exists. In that case, the change is recognised in Other comprehensive income and shown in equity (change in the revaluation reserve of hedging instruments). Variations of time value are accounted in other comprehensive income.

DERIVATIVES

The Eramet Group uses derivatives to hedge certain risks. To manage its currency risk, the Eramet Group uses foreign currency forwards/futures, foreign currency swaps and foreign currency options. Foreign currency forwards/futures are recognised as hedges where the Eramet Group has defined and documented the hedging relationship and demonstrated its effectiveness. Interest rate risk is managed using interest-rate swaps or options. Lastly, the Eramet Group also uses derivatives when hedging raw material purchases and sales (electricity).

Derivatives are measured at their fair value upon initial recognition. Subsequently, the fair value of derivatives is remeasured at each reporting date, in equity if a hedging relationship has been designated and documented, or in the income statement where no hedging relationship exists. The fair value of foreign currency forwards/futures is estimated on the basis of market conditions. The fair value of interest rate derivatives is that which the Eramet Group would receive (or pay) to transfer current contracts at the reporting date. The fair value of commodity derivatives is estimated on the basis of market conditions. Derivatives are shown in the balance sheet under current assets or liabilities.

HEDGING TRANSACTIONS

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, changes in the fair value of hedges, independently of the hedged transactions, are recognised as profit or loss for the period under Current operating income or Other financial income and expenses, depending on the nature of the hedge.

The Eramet Group identifies the hedging item and hedged item when the hedge is set up and formally documents the hedging relationship by identifying the hedging strategy, the hedged risk and the hedge effectiveness measurement method:

- fair value hedge: the hedged item is remeasured in respect of the hedged risk and the hedging instrument is measured and recognised at fair value. The changes in both items are recognised simultaneously in Current operating income;
- cash flow hedge: the hedged item is not remeasured. Only the hedging instrument is remeasured at fair value. To offset the remeasurement, the effective portion of the change in fair value that can be ascribed to the hedged risk is recognised net of tax in shareholders' equity. The Group qualifies the ineffective portion (i.e. the time value of options and the swap points of forward transactions) as the cost of hedging, and recognises it as shareholders' equity. The cumulative amounts in shareholders' equity are recognised in income for the period when income is affected by the hedged item;
- hedging of net investment in foreign subsidiaries: derivatives intended to hedge net foreign currency investment in foreign subsidiaries are treated as net foreign currency investment hedges. The gains or losses from such hedges, and the changes in fair value (apart from the time value) are recognised in equity as currency translation differences and transferred to income when the subsidiary is sold;
- recognition of derivatives that do not fulfil hedge accounting conditions: the Eramet Group uses these derivatives only to hedge future cash flows, and changes in fair value are immediately recognised in "Other financial income and expenses".

FAIR VALUE MEASUREMENT

The Eramet Group measures its financial instruments at fair value at each reporting date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When measuring fair value, it is assumed that the transaction to sell the asset or transfer the liability is carried out:

- on the main market for that asset or liability;
- if there is no main market, on the best market for that asset or liability.

The fair value measurement of a non-financial asset considers the capacity of a market participant to generate economic benefits by making full use of the asset or by selling it to another market participant who will make full use of the asset.

The fair values of financial instruments are ranked according to a three-level hierarchy:

- Level 1: Listed prices (unadjusted) of the same assets and liabilities on an active market;
- Level 2: Listed price of a similar instrument on an active market, or another measurement technique based on observable parameters;
- Level 3: Measurement technique incorporating non-observable parameters.

The criteria for classifying and recognising financial assets and liabilities and any transfer from one level to another in the fair value hierarchy where applicable are given below.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The uncertainties and estimates as well as the judgements used are considered for the valuation of forward/futures contracts, the application of hedge accounting and the valuation of derivatives measured at fair value.

To continue to apply hedge accounting to raw material purchases and sales (electricity), the Eramet Group determines that the hedging instrument is efficient so as to offset the currency risk on its raw material purchases and sales and ensures that the documentation complies with the requirements. The process for testing the efficiency of the hedge calls for the use of judgements and estimates.

FAIR VALUE MEASUREMENT

Fair value represents an estimate at a given date and can change from one period to another due to market conditions and other factors.

The Eramet Group gives priority to the assumptions that the market participants would use to determine the price of the asset or the liability, considering that the market participants act in their own best economic interests. The Eramet Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data is available to determine the fair value, maximising the use of pertinent observable inputs while minimising the use of non-observable inputs.

9.1 Financial instruments shown in the balance sheet

	31 December 2023	Breakdown by type of instrument				
(in millions of euros)	Balance sheet	Fair value through profit or loss	Fair value through shareholders' equity	Loans and receivables at cost amortised	Liabilities at amortised cost	Derivatives
Non-consolidated equity investments	95	95	-	-	-	-
Other non-current financial assets	82	-	-	82	-	-
Other non-current assets	8	-	-	8	-	-
Trade receivables	221	-	-	221	-	-
Other current assets	480	-	-	480	-	-
Derivatives	35	-	-	-	-	35
Current financial assets	522	522	-	-	-	-
Cash and cash equivalents	1,084	1,084	-	-	-	-
ASSETS	**2,528**	**1,701**	**-**	**792**	**-**	**35**
Non-current borrowings – due in more than one year (incl. lease commitments)	1,606	-	-	-	1,606	-
Other non-current liabilities	0	-	-	-	0	-
Current borrowings – due in less than one year (incl. lease commitments)	621	-	-	-	621	-
Trade payables	445	-	-	445	-	-
Other current liabilities	456	-	-	456	-	-
Derivatives	10	-	-	-	-	10
LIABILITIES	**3,137**	**-**	**-**	**900**	**2,227**	**10**

	31 December 2022	Breakdown by type of instrument				
(in millions of euros)	Balance sheet	Fair value through profit or loss	Fair value through shareholders' equity	Loans and receivables at cost amortised	Liabilities at amortised cost	Derivatives
Non-consolidated equity investments	6	6	-	-	-	-
Other current/non-current financial assets	35	-	-	35	-	-
Other non-current assets	11	-	-	11	-	-
Trade receivables	369	-	-	369	-	-
Other current assets	434	-	-	434	-	-
Derivatives	75	-	-	-	-	75
Current financial assets	537	537	-	-	-	-
Cash and cash equivalents	1,123	1,123	-	-	-	-
ASSETS	**2,590**	**1,666**	**-**	**849**	**-**	**75**
Non-current borrowings – due in more than one year (incl. lease commitments)	1,468	-	-	-	1,468	-
Other non-current liabilities	8	-	-	-	8	-
Current borrowings – due in less than one year (incl. lease commitments)	536	-	-	-	536	-
Trade payables	424	-	-	424	-	-
Other current liabilities	496	-	-	496	-	-
Derivatives	11	-	-	-	-	11
LIABILITIES	**2,943**	**-**	**-**	**920**	**2,012**	**11**

The classification of financial assets and liabilities has been revised to comply with IFRS 9 classifications. Equity investments and other current financial assets are recognised in the balance sheet at fair value. Other non-current financial assets are measured at amortised cost calculated using the effective interest rate (EIR).

Borrowings are recognised at amortised cost measured at the effective interest rate (EIR).

The fair value of trade receivables and trade payables is equal to the value shown in the balance sheet, since for the most part they fall due in less than one year.

(in millions of euros)	Nature of hedging instrument	Notional amount of hedging instruments	Carrying amount of hedging instrument	
			Assets	Liabilities
FAIR VALUE HEDGE (FVH)				
Interest rate risk	**Interest rate swap**	**500**	**7**	**-**
Currency risk				
Balance sheet hedges (customers/suppliers/banks 2023)	Forward and currency option	253	4	-
Commodity risk				
Cash Flow Hedge **(CFH)**				
Interest rate risk				
Trading	Interest rate swap	19	1	-
Eramet swap hedging	Interest-rate option	500	0	1
Setrag EUR borrowing	Interest rate swap	49	2	-
Currency risk				
Trading	Currency options	228	-	3
Group future revenue foreign exchange hedge	Forward and currency option	272	6	5
Commodity risk				
Electricity supply	Future on electricity	206	16	1

The fair value of financial instruments broken down by fair value hierarchy is as follows:

(in millions of euros)	31 December 2023				31 December 2022		
	Value on balance sheet	Breakdown by fair value category			Value on balance sheet	Breakdown by fair value category	
		Level 1	Level 2	Level 3[(1)]		Level 1	Level 2
Current financial assets	522	522	-	-	537	537	-
Cash and cash equivalents	1,084	1,084	-	-	1,123	1,123	-
Derivatives	35	-	36	(1)	75		75
ASSETS	**1,641**	**1,606**	**36**	**-**	**1,735**	**1,660**	**75**
Derivatives	10	-	10	-	11	-	11
LIABILITIES	**10**	**-**	**10**	**(1)**	**11**	**-**	**11**

(1) The amount shown under Level 3 corresponds to the fair value of Eramet Norway's electricity price hedging contract maturing in 2024.

9.2 Effects of financial instruments on the income statement

(in millions of euros)	FY 2023 Effects in profit (loss)	Income and (expense) financial	Cost amortised	Fair value	Conversion monetary	Profit (loss) on disposal	Impairment net
Equity investments	(1)	-	-	-	-	-	(1)
Other current/non-current financial assets	268	(3)	-	-	278	-	(7)
Derivatives	1	-	-	1	-	-	-
(Net debt)/Net cash	(84)	(82)	(10)	1	7	-	-
TOTAL	**184**	**(85)**	**(10)**	**2**	**285**	**-**	**(8)**

(in millions of euros)	FY 2022 Effects in profit (loss)	Income and (expense) financial	Cost amortised	Fair value	Conversion monetary	Profit (loss) on disposal	Impairment net
Equity investments	(25)	-	-	-	-	(25)	-
Other current/non-current financial assets	72	-	-	-	53	-	19
Derivatives	(8)	-	-	(8)	-	-	-
(Net debt)/Net cash	(115)	(92)	(5)	(2)	(16)	-	-
TOTAL	**(76)**	**(92)**	**(5)**	**(10)**	**37**	**(25)**	**19**

The financial revenue from equity investments consists of dividends of non-consolidated companies. The gains or losses on currency and commodity hedging instruments are for the most part recognised in Current operating income. The portion that does not qualify as hedges is recognised in "Other financial income and expenses".

9.3 Details of financial instruments shown in the statement of financial position

	31 December 2023		31 December 2022	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
At beginning of period	**75**	**11**	**38**	**74**
Change in hedging instruments for the period – shareholders' equity[1]	(43)	1	50	(16)
Change in hedging instruments for the period – financial income[2]	4	3	3	(3)
Net change in hedging instruments[3]	-	(4)	5	(3)
Other movements	(1)	(1)	(21)	(41)
AT PERIOD CLOSE	**35**	**10**	**75**	**11**
Net position in hedging instruments[3]	5	2	4	1
Financial instruments – currency hedging	6	8	15	10
Financial instruments – interest-rate hedges	10	-	8	-
Financial instruments – commodity hedges	14	-	48	-

(1) The impact corresponds to the effective portion of the change in fair value of currency, interest-rate and commodity hedging derivatives.

(2) The impact corresponds to the non-effective portion of the change in fair value of currency, interest-rate and commodity hedging derivatives.

(3) Foreign-currency receivables and debts are translated at the closing rate, and the difference between the closing rate and the hedging rate is recognised under Financial instrument assets and liabilities.

9.4 Risk management

The Eramet Group uses derivatives to control its exposure to currency, interest rate and commodity risks. The Executive Committee has delegated the management of the main risks to the Eramet Group Finance Department. This management is carried out directly by Eramet or via Metal Currencies, which was set up specifically to manage the Eramet Group's currency risk.

The Eramet Group's policy is to reduce its exposure to interest rate and foreign exchange fluctuations. Positions are traded either on organised markets, or over the counter with leading banking counterparties.

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, unrealised gains and losses on financing hedging transactions that are ineligible under hedging standards are recognised in Net income for the period.

All transactions outstanding at the reporting date are recognised in the Statement of financial position, without an offsetting entry.

9.4.1 Currency risk

When the exposure stemming from borrowings taken out by Eramet Group companies in currencies other than their functional currencies is not offset by income in those foreign currencies, the Eramet Group may have recourse to hedging instruments. In addition, the Eramet Group uses financial instruments to limit its exposure to currency risk on its sales and on certain dollar-denominated costs.

The Eramet Group is exposed to two types of currency risk, namely:

- transactional risk where a Group company has revenue in a currency other than its functional currency that is not offset by purchases in that currency;
- balance sheet risk related to changes in the net assets of subsidiaries valued in currencies other than the euro.

The Eramet Group centralises the subsidiaries' transactional risk. Each Eramet Group company reports its exposure in currencies other than its functional currency to Group Treasury. This management is part of a multi-year policy with procedures approved by the Executive Committee along with monthly reporting to its members. The Eramet Group manages the currency risk to the balance sheet for each case individually.

9.4.2 Transactional risks

As part of transactional risk management, currency hedging primarily involves the US dollar but also the Norwegian krone. These hedges are designed to protect the Eramet Group's present and future positions on trade transactions, more than 50% of which are invoiced in foreign currencies, whereas production costs are for the most part denominated in euros or in currencies indexed to the euro. The transactions are carried out via the company Metal Currencies.

The subsidiaries in question determine the amount of their net exposure based on multiyear budgets and forecasts. The associated risks are then hedged within a maximum horizon of 36 months, without exception. The Eramet Group uses various instruments to hedge against currency risk: futures/forward contracts and options.

The breakdown of the hedging portfolio by currency is shown below:

As at 31 December 2023	2023 sales			2024 sales			2025 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
COMMERCIAL HEDGES									
EUR/USD	241	USD	1.055	-	-	-	-	-	-
EUR/NOK	(421)	NOK	12.000	(865)	NOK	10.730	(1,345)	NOK	12.000
OTHER HEDGES – TOTAL AMOUNT NOT DETAILED BY YEAR									
EUR/USD	211	USD	1.110	-		-	-		-
EUR/NOK	(430)	NOK	11.070	-		-	-		-

As at 31 December 2022	2022 sales			2023 sales			2024 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
COMMERCIAL HEDGES									
EUR/USD	282	USD	1	415	USD	1	-	USD	-
EUR/NOK	(487)	NOK	10	(633)	NOK	11	(500)	NOK	11
OTHER HEDGES – TOTAL AMOUNT NOT DETAILED BY YEAR									
EUR/USD	124	USD	1.01	-		-	-		-
EUR/NOK	(355)	NOK	10.71	-		-	-		-

9.4.3 Balance sheet risks

The Eramet Group manages currency risks to the balance sheet, primarily related to the US dollar, by issuing financial debt denominated in the same currency as the net assets in question, or via currency swaps.

At 31 December 2023, the fair value of currency hedging represented a net liability of +€2 million (31 December 2022: net asset of €9.6 million).

For hedges of 2023 USD revenue, an increase or decrease of 10% in the EUR/USD exchange rate would have a pre-tax impact on the hedging instruments recognised in financial income at 31 December 2023 of around +€12.6 million should exchange rates rise and around -€15.4 million should exchange rates fall.

The notional amount of currency hedging contracts breaks down as follows:

	31 December 2023				31 December 2022			
(foreign currency unit million)	Forward sales	Forward purchase	Call options	Put options	Forward sales	Forward purchase	Call options	Put options
CURRENCY AGAINST EUR								
• USD	408	44	-	-	487	-	323	210
• JPY	-	-	-	-	-	-	-	-
• GBP	-	-	-	-	-	-	-	-
• NOK	-	1,771	860	1,290	-	910	710	1,065

The pre-tax impact on shareholders' equity and profits of financial instruments hedging currency risks is shown below:

	31 December 2023		31 December 2022	
(in millions of euros)	Transactional risks	Balance sheet risks	Transactional risks	Balance sheet risks
At beginning of period	**6**	**(292)**	**(7)**	**(140)**
Change in unexpired hedging portion(1)	(8)	-	15	-
Change in ineffective portion via income(2)	(3)	-	2	-
Change in effective portion via income(3)	5	-	(4)	-
Translation adjustments and other movements	-	(193)	-	(152)
AT PERIOD CLOSE	**(0)**	**(486)**	**6**	**(292)**
Changes recognised in shareholders' equity:				
• hedging reserve	(8)	-	11	-
• translation reserve	-	(193)	-	(152)
Total	**(8)**	**(193)**	**11**	**(152)**
Changes recognised via income:				
current operating income	2	-	4	-
financial income	-	-	2	-
Total	**2**	**-**	**6**	**-**

(1) The impact corresponds to the effective portion of the change in fair value of currency hedging derivatives.

(2) The impact corresponds to the non-effective portion of the change in fair value of currency hedging derivatives.

(3) Foreign-currency receivables and debts are translated at the closing rate, and the difference between the closing rate and the hedging rate is recognised under Financial instrument assets and liabilities.

9.4.4 Interest rate risk

Depending on market conditions and forecast changes in net financial debt, the Eramet Group's Finance Department monitors the allocation between fixed and floating rate debt and cash investments and decides on whether to set up rate hedges. The financial instruments used are interest rate swaps, caps and floors. The Group's Treasury Department is responsible for setting up hedges.

The cash surpluses managed by Metal Securities are invested in:

- instruments linked to the ESTR (Euro Short-Term Rate) or the EURIBOR (Euro Interbank Offered Rate), or equivalent rates in other currencies (e.g. SOFR/Fed Funds rate for the US dollar);
- bond-type fixed-rate instruments.

These instruments are included in "Other current financial assets" and are hedged using interest rate futures (fixed rates against floating rates). Other cash surpluses managed by Metal Securities are primarily invested in instruments linked to the ESTER (European Short Term Rate).

9.4.5 Commodity risk

The Eramet Group is exposed to commodity price volatility, affecting both its turnover as a nickel and manganese producer and its production costs, as a consumer of energy (fuel oil and electricity) and commodities (nickel and aluminium).

The Eramet Group holds derivative instruments for the purposes of reducing its exposure. To this end, the Eramet Group mainly uses forwards, tunnel options and call options.

The main Group entities involved are:

- Eramet and Société Le Nickel-SLN for nickel sales;
- Société Le Nickel-SLN for fuel oil;
- Eramet Norway A/S for electricity.

The exposures to manganese and coke price volatility are not hedged since there is no organised market for these commodities.

Hedging is carried out according to the strategic plan and depending on commodities. Only part of the forecast consumption or production is hedged (e.g. for fuel oil, a maximum of 80% of the budget is hedged). The Eramet Group uses various instruments to hedge and limit its exposure, namely forwards/futures and options.

However, Eramet Norway has established long-term electricity supply contracts with various suppliers through forward purchase contracts that are not considered hedging derivatives under IFRS (because they are intended for "own use").

9.4.6 Liquidity risk

The Eramet Group must ensure that it maintains a sufficient level of liquidity to meet its contractual obligations, including servicing its bank and bond debt.

In this context, the Eramet Group anticipates the regular renewal of its existing borrowings (credit facilities, bonds, IFRS 16 leases etc.) and establishes new modes of financing according to the opportunities available.

Furthermore, operational funding (investments and working capital requirements) is provided directly to some of the Eramet Group's subsidiaries as required.

Eramet also aims to diversify its sources of funding, particularly between the bond and banking markets.

Eramet centralises virtually all the cash requirements and surpluses of its controlled companies, through Metal Securities, which is responsible for managing investment of cash surpluses.

The Eramet Group's financial liquidity, defined as the sum of cash and cash equivalents, current financial assets and confirmed credit facilities, stood at €2,989 million at 31 December 2023 (31 December 2022: €2,596 million (restated)), of which €1,084 million is classified as cash and cash equivalents (31 December 2022: €1,123 million).

The cash surpluses are, for the most part, transferred to Metal Securities, the Group company in charge of centralising and investing the Eramet Group's cash surpluses.

Revolving credit facility

The *Revolving Credit Facility* (RCF) was renegotiated in June 2022 for an amount of €935 million with a maturity of five years, accompanied by two successive *upfront* one-year extension options (June 2023 and June 2024) potentially leading to a maturity in June 2029. The amount available under this revolving credit facility is €935 million. It was extended for the first time in June 2023.

The Eramet Group is liable to repay its borrowings, primarily comprising financial market borrowings and bank borrowings, and its other liabilities and derivatives, for which the repayment schedule is given below:

	Balance sheet	Future payment schedule			
(in millions of euros)	31 December 2023	Less than one year	One to five years	More than five years	Total
Borrowings on financial markets	904	111	798	-	909
Borrowings from credit institutions	695	63	535	99	697
Bank overdrafts and creditor banks	97	97	-	-	97
Finance lease liabilities	17	8	9	-	17
Other borrowings and financial debts	431	326	76	35	437
IFRS 16 lease liabilities	83	18	48	17	83
Total borrowings	**2,227**	**623**	**1,466**	**151**	**2,240**
Derivatives	10	10	-	-	10
Trade and other payables	900	900	-	-	900
Total other financial liabilities	**910**	**910**	**-**	**-**	**910**

The schedule of future receipts on financial assets is set out below:

	Balance sheet	Future receipts at fair value schedule			
(in millions of euros)	31 December 2023	Less than one year	One to five years	More than five years	Total
Cash and cash equivalents	1,084	1,084	-	-	1,084
Total cash and cash equivalents	**1,084**	**1,084**	**-**	**-**	**1,084**
Other non-current financial assets	177	34	9	134	177
Current financial assets	522	522	-	-	522
Derivatives	35	35	-	-	35
Trade and other receivables	710	702	8	-	710
Total other financial assets	**1,445**	**1,293**	**17**	**134**	**1,445**

Where appropriate, financial debts are covered by banking covenants at Group level or locally; the main covenants are described below:

Company	Type of credit facility		Contractual ratios	Nominal amount *(currency unit million)*
Eramet S.A.	Revolving credit facility (RCF)	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€935 million
	UMR Bond	Net debt excluding IFRS 16 lease liabilities/shareholders' equity	< 1	€50 million
	Term Loan	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€502 million
	European Investment Bank	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€171 million
	Lithium prepayment (from 2024)	Lithium to be delivered in the coming quarter/ Principal + Interest for the coming quarter	> 1.25	$400 million
Comilog S.A.	CAT Finance Comilog and Setrag (guarantee)	Net debt/EBITDA on a rolling 12-month basis	< 3	MEUR 10
		Net cash flow / Debt servicing	> 1.30	
		Net debt / Shareholder's equity	< 2	-
	IFC/Proparco – Setrag guarantee	Net debt / Shareholder's equity	< 1.15	€162 million
		Net debt/EBITDA on a rolling 12-month basis	< 4	-
		Debt service coverage	> 1.3	-
		OHADA: Shareholders' equity	<= Share capital	
Setrag	CAT Finance	Net debt / Shareholder's equity including subordinated debt	< 3	€26 million
		OHADA: Shareholders' equity	<= Share capital	-
	IFC/Proparco	Net debt / Shareholder's equity including subordinated debt	< 3 (75:25)	€162 million
		OHADA: Shareholders' equity	<= Share capital	-
		Debt service account	1 maturity	

Eramet's covenants are determined on the basis of the published consolidated accounts.

Comilog's covenants are determined on the basis of Comilog's individual and consolidated financial statements.

At 31 December 2023, there were no circumstances of accelerated maturity. Moreover, at 31 December 2023, no cases of cross-default likely to impact funding at the level of Eramet were recorded.

9.4.7 Credit or counterparty risk

The Eramet Group may be exposed to credit risk in the event of counterparty default: in relation to its customers and its financial partners, because of its cash surpluses invested by Metal Securities, the Group company established specifically for this purpose. The Eramet Group has several means to limit this risk: gathering information ahead of entering into transactions (from rating agencies, published financial statements etc.), credit insurance and the establishment of letters of credit and documentary credits. Cash surpluses are mainly invested in investment grade instruments or with investment grade counterparties.

The age of the Group's trade receivables and overdue receivables is shown below:

	31 December 2023			31 December 2022		
(in millions of euros)	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
On time or not due	45	(4)	41	280	(9)	271
Delays:						
• less than one month	120	-	120	71	-	71
• one to three months	53	(1)	52	8	-	8
• three to six months	2	(0)	2	8	-	8
• six to nine months	3	(2)	0	2	(1)	1
• nine to twelve months	1	(1)	0	5	(1)	3
• over one year	8	(2)	6	9	(3)	6
TOTAL TRADE RECEIVABLES	**232**	**(10)**	**221**	**383**	**(14)**	**369**

No material unpaid or impaired receivables have been renegotiated.

9.4.8 Equity and bond risk

Eramet and its subsidiaries do not speculate on the stock markets; the investments held relate to unlisted controlled companies entirely in line with the Group's activities.

In accordance with the Group's investment policy, which defines and limits the counterparty risk, the Eramet Group has purchased bonds subject to credit risk, which are recognised in "Other current financial assets" and intended to be held to maturity.

NOTE 10 Working capital requirement

(in millions of euros)	31 December 2022	Change in WCR Statement of changes	Change in trade payables on non-current assets	Translation adjustments and other movements	31 December 2023
Inventories	724	(26)	-	(79)	619
Customers	369	(153)	-	5	221
Suppliers	(424)	(19)	-	(2)	(445)
Simplified WCR	**669**	**(197)**	**-**	**(76)**	**395**
Other items of WCR[1]	(201)	124	215	(179)	(41)
TOTAL WCR	**468**	**(73)**	**215**	**(255)**	**354**

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

10.1 Inventories

Inventories consist mainly of the products of the Nickel, Manganese and Mineral Sands Activities at different stages of the production process, and are recorded at the lower of cost and net liquidation value.

ACCOUNTING METHOD

Inventories are measured using the Weighted Average Unit Cost (WAUC) method for the industrial operations of the High Performance Alloys Division and on a First-In-First-Out (FIFO) basis for the industrial and mining operations of the Nickel, Manganese and Mineral Sands Activities.

Inventories are carried at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal activity are eliminated from inventory measurement at the end of the reporting period.

Impairment losses for raw materials are recognised when the net realisable value falls below the cost of entry into storage. Consumables are fully depreciated where the quantities are in storage over a much longer period than their estimated use. The impairment of spare parts that do not qualify for capitalisation is calculated on the basis of their use during the year. Spare parts inventory in excess of one year's use is fully depreciated. For work-in-process, intermediate and finished products in inventory for over a year, the forward-looking approach is applied on the basis of the order book and market validation of achievements within one year; the quantities beyond one year of consumption are fully depreciated, except in specific cases.

Fixed production costs relating to recognised or planned sub-normal activity are not incorporated in inventory measurement and are recognised as ordinary operating expenses for the period in which they are incurred. Sub-normal activity is taken into account when the actual production volume is considerably lower than the normal production volume (or normative capacity).

JUDGEMENTS AND ESTIMATES

Judgement is exercised to determine the net realisable value, as well as to allocate the fixed and variable production overheads attributable directly to inventories.

(in millions of euros)	31 December 2023	31 December 2022
At beginning of period	**724**	**577**
Change in gross inventories	52	167
(Impairment)/net reversals for the period	(17)	(17)
Increase/(Decrease) in net inventories – cash flows	35	150
Translation adjustments and other movements	(140)	(3)
AT PERIOD CLOSE	**619**	**724**
Raw materials	230	328
Merchandise and finished products	198	198
Work-in-progress and semi-finished goods	45	60
Consumables and spare parts	144	138
CO_2 quotas	2	-
Breakdown of impairment losses:		
• At beginning of period	(118)	(99)
• (Impairment)/Net Reversals for the period	(17)	(17)
• Translation adjustments and other movements	(56)	(2)
• At period close	(190)	(118)

Impairment provisions mainly relate to raw materials, merchandise and finished products.

10.2 Trade and other receivables

Trade and other receivables are amounts that the Eramet Group expects to collect from third parties.

ACCOUNTING METHOD

Receivables are booked at transaction value at initial recognition and are subsequently measured at each reporting date at amortised cost. Foreign currency receivables and payables are re-measured at the prevailing foreign exchange rate at period end. The resulting translation adjustments are recognised in current operating income or in net financial income (other financial income and expenses) depending on the type of receivable or debt.

The Group's portfolio of trade receivables is measured to take into account the expected loss rate at maturity in this portfolio. This rate is determined by qualifying the customer portfolio according to its risk exposure, with secured receivables limiting the expected level of risk of loss, and by assessing the probability of default and the impact of the expected loss on the portfolio, based on historical losses on receivables, the age of the receivable and an assessment of the risks involved.

Individual impairment losses are recognised for receivables where they are more than likely not to be recovered and it is possible to reasonably measure the amount of the impairment based on historical losses on receivables, the age of the receivable and an assessment of the risks involved. This impairment, offset in Current operating income, is deducted from the gross value of the receivable.

Receivables disposed of under a securitisation contract are removed from the balance sheet when the Eramet Group has transferred the contractual rights to collect the cash amount and where almost all the risks and rewards attached to these receivables have been transferred to the transferee. Where risks remain but do not prejudice the removal of the receivables from the balance sheet, they are recognised under Other operating receivables together with the related security deposits (Note 9).

Disposals with recourse against the Eramet Group in the event of payment default by the client means that these transferred receivables must be retained in the balance sheet.

JUDGEMENTS AND ESTIMATES

Determining the expected level of loss on the collection of receivables requires judgement. The impairment loss is calculated consistently based on historical losses on receivables, the age of the receivable and an assessment of the risks involved for each receivable category.

	31 December 2023			31 December 2022
(in millions of euros)	Gross amount	Impairment	Net amount	Net amount
At beginning of period	**842**	**(28)**	**814**	**665**
Change in gross amount	(152)	-	(152)	(1)
Reversals (impairments) in the period	-	(35)	(35)	161
Changes in working capital requirement – cash flows	-	-	(187)	160
Translation adjustments and other movements	66	17	83	(11)
AT PERIOD CLOSE	**756**	**(46)**	**710**	**814**
Trade receivables	**232**	**(10)**	**221**	**369**
Tax and payroll receivables	140	(10)	130	211
Security deposit – securitisation agreement	-	-	-	7
Other operating receivables	376	(25)	351	216
Other current assets	**516**	**(35)**	**480**	**434**
Other receivables	8	(0)	8	11
Other non-current assets	**8**	**(0)**	**8**	**11**
TOTAL	**756**	**(46)**	**710**	**814**

The bulk of trade and other receivables are due in less than one year.

Tax and payroll receivables include a VAT credit amount to the Gabonese government of €30.2 million at 31 December 2023 (€85.7 million at 31 December 2022). Under a memorandum of understanding signed with the Gabonese government on 5 July 2022, €120.7 million of taxes (corporate tax and proportional mining royalties) were offset, limiting the increase in VAT credits for the year.

Securitisation of customer receivables

The Eramet Group uses factoring or securitisation as a source of funding for its receivables. Under these agreements, certain subsidiaries in France and the United States have committed to banking institutions to transfer their trade receivables totalling €257 million at 31 December 2023 (€169 million at 31 December 2022). The analysis of the transfer of risks and rewards resulted in full deconsolidation.

A security deposit may be required to cover the commitments given by the transferor subsidiaries to the financing company and will be returned upon the settlement of the transaction. It consists of reserves to hedge against dilution risk. This deposit amounted to €0 million at 31 December 2023 (31 December 2022: €7 million).

(in millions of euros)	31 December 2023	31 December 2022
Trade receivables – Invoices assigned	(257)	(169)
Trade receivables – Invoices not deconsolidated	-	-
Other operating receivables – Security deposit	-	7

10.3 Trade and other payables

Trade and other payables mainly comprise amounts owed to suppliers and tax authorities that have already been billed or are already due.

(in millions of euros)	31 December 2023	31 December 2022
At beginning of period	**928**	**803**
Changes in working capital requirement	32	89
Change in payables on non-current assets	53	12
Translation adjustments and other movements	(113)	24
AT PERIOD CLOSE	**900**	**928**
Trade payables	**445**	**424**
Tax and payroll payables	277	361
Payables on non-current assets	54	35
Deferred income	1	1
Other operating payables	123	100
Other current liabilities	**456**	**496**
Other non-current liabilities	0	8
Other non-current liabilities	**0**	**8**
TOTAL	**900**	**928**

Most of the trade and other payables are due in less than one year.

The debts recognised under non-current liabilities include Setrag S.A.'s 25-year debt to the Gabonese Republic for the transfer of the concession.

NOTE 11 Investments

The Eramet Group groups its investments into two categories:

- industrial investments relating to assets in connection with extraction or production equipment: intangible assets and property, plant and equipment;
- financial investments that mainly relate to interest held in joint ventures and non-consolidated companies, as well as other non-current financial assets.

11.1 Acquisition of non-current assets

(in millions of euros)	FY 2023	FY 2022
Capital expenditure on property, plant & equipment for the period	596	491
Capital expenditure on intangible assets for the period	110	39
Total industrial capital expenditure	**706**	**530**
Change in payables for the acquisition of non-current assets[1]	215	58
TOTAL ACQUISITION OF NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**920**	**588**

(1) Of which change in payables for the acquisition of non-current assets (other payables)
Of which change in supplier advances on non-current assets (other receivables)

11.2 Property, plant and equipment and rights of use for leases on assets classified as Property, plant and equipment

ACCOUNTING METHOD

Property, plant and equipment are stated in the balance sheet at their carrying amount, which is the acquisition or manufacturing cost less depreciation and impairment of losses incurred.

Land is not depreciated.

Spare parts deemed to be items of property, plant and equipment are capitalised and depreciated on the basis of their actual use.

Tooling specifically manufactured for certain customers is capitalised and depreciated over its likely useful life.

Major repairs are deemed to be components of items of property, plant and equipment.

Borrowing costs that are directly linked to the acquisition or production of an asset, in accordance with IAS 23, are incorporated into that asset's cost.

At the start-up of operations, a provision is made to take into account the obligations to restore the mining site, offset by an environmental and decommissioned asset. Decommissioned assets recognised against provisions are written down over the planned operating life of the mining reserves and resources intended for the plant or for export and are measured with respect to the estimated long-term nature of current licences. Revisions to these restoration cost estimates correct the value of this asset and provision by prospectively allocating the result over the period of operation, including the current year.

IFRS 16-eligible leases on assets classified as "property, plant and equipment" are recognised on the balance sheet at lease commencement for the present value of the future fixed payments (on the asset line concerned by IFRS 16 lease-purchase and/or finance contracts and on a "lease rights of use" line for operating leases). Leases where the underlying assets have a low value and/or are for a short term (12 months or less) are accounted for as a lease expense according to the exemptions permitted by the standard.

The Trans-Gabon railway concession was recognised as follows: property owned by the Eramet Group is recognised as a balance sheet asset and depreciated over the shorter of its useful life or the remaining period of the concession. Returnable assets representing the assets contributed to the concession by the Gabonese Republic that must be returned in the same state upon expiry of the agreement are not recognised in the balance sheet. Assets acquired by the Eramet Group following the signing of the concession agreement that must be turned over to the Gabonese Republic at the end of the concession are recognised as property, plant and equipment and depreciated over the term of the concession. A provision is made to cover the net value of the property, plant and equipment at the end of the concession based on investment assumptions.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Judgement is exercised to determine all the expenses (i.e. labour, overheads) directly associated with the acquisition, construction, improvement or development of a non-current asset, including the costs of bringing it to the location and in the state that is required for its use as planned by Management.

Expenses for non-current assets are no longer capitalised once the non-current asset is practically completed and is capable of functioning as intended. In order to determine whether these conditions are met, a review must be carried out of the practices applied in the same industries, predetermined by the Management's judgement with reference to the factors affecting the expected production capacity.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Where a non-current asset is composed of individual components which call for different methods or depreciation rates, judgement is exercised to determine how best to split the asset. Distinguishing between inspections and major revisions for repair and maintenance, and determining the appropriate period for amortising these costs, are a matter of judgement.

11.2.1 Property, plant and equipment by category

	31 December 2023				31 December 2022
(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount	Net amount
Land and buildings[1]	942	(717)	(105)	121	208
Industrial and mining facilities[2]	3,153	(1,983)	(271)	898	880
Other property, plant and equipment[3]	1,217	(703)	(16)	498	366
Work-in-progress, down-payments	764	-	(45)	720	768
TOTAL	**6,077**	**(3,404)**	**(437)**	**2,236**	**2,222**
(1) Including:					
IFRS 16 lease assets	*1*	*-*	*-*	*1*	*1*
(2) Including:					
IFRS 16 lease assets	*27*	*(27)*	*-*	*-*	*-*
Decommissioned assets – site restoration	*224*	*(139)*	*(20)*	*66*	*116*
(3) Including:					
IFRS 16 lease assets	*77*	*(60)*	*-*	*17*	*24*

11.2.2 Lease rights of use (type of property, plant and equipment)

	31 December 2023				31 December 2022
(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount	Net amount
Rights of use relating to land and buildings	28	(17)	(0)	11	15
Rights of use relating to industrial and mining facilities	10	(4)	-	6	7
Rights of use relating to other property, plant and equipment	100	(47)	-	53	54
TOTAL	**138**	**(68)**	**(0)**	**70**	**76**

11.2.3 Change for the financial year

(in millions of euros)	FY 2023	FY 2022
At beginning of period	2,222	2,254
Investments for the period	597	461
Disposals for the period	(3)	(7)
Depreciation and amortisation for the period	(194)	(228)
Impairment losses for the period	(194)	(234)
Reversals in the period	43	9
Change in the gross amount of decommissioned assets	(31)	(101)
Change in lease non-current assets	(86)	26
Changes to consolidation scope	(86)	-
Hyperinflation	579	177
Translation adjustments and other movements	(697)	(135)
At period close	**2,236**	**2,222**
• Gross amount	6,077	5,837
• Depreciation & amortisation	(3,404)	(3,284)
• Impairment losses	(437)	(331)

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**76**	**69**
Change in rights of use	13	25
Depreciation and amortisation for the period	(19)	(18)
Impairment losses for the period	-	-
Translation adjustments and other movements	(0)	-
AT PERIOD CLOSE	**70**	**76**
• Gross amount	138	132
• Depreciation & amortisation	(68)	(56)
• Impairment losses	(0)	-

11.3 Intangible assets

ACCOUNTING METHOD

Intangible assets are stated in the balance sheet at their carrying amount, which is the acquisition cost less amortisation and any impairment of losses incurred.

IFRS 16-eligible leases on assets classified as "intangible" are recognised on the balance sheet at lease commencement for the present value of the future fixed payments (on the asset line concerned by IFRS 16 lease-purchase and/or finance contracts and on a "lease rights of use" line for operating leases). Leases where the underlying assets have a low value and/or are for a short term (12 months or less) are accounted for as a lease expense according to the exemptions permitted by the standard.

GOODWILL

Goodwill is the difference between the acquisition price of an entity and the Eramet Group's and minority interests' share in the fair value of the identifiable asset or liability (including possible liabilities) of the acquired entity at the acquisition date. It is recognised at cost, less accumulated impairment losses.

Goodwill in associates and joint ventures is recognised under investments in joint ventures and associates (Note 11).

MINING RESERVES

Amounts capitalised with respect to mineral deposits relate to partial asset contributions or permits acquired since 1974. Depending on the specific operating characteristics, mining reserves are amortised on the basis of the ratio of annual production to the estimated reserves or the length of the concession.

GEOLOGY, PROSPECTING AND RESEARCH EXPENSES

Geology, prospecting and research expenses incurred prior to operation are recognised as intangible assets, in compliance with IFRS 6 "Exploration for and Evaluation of Mineral Resources".

The royalties paid for mining prospecting and exploration are also recognised under intangible assets.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Judgement must be used to determine whether the expenditure on intangibles can be recognised as an intangible asset.

If its useful life is limited in time, the intangible asset is amortised on a straight-line basis over the estimated useful life.

The goodwill is allocated to the cash-generating unit that it is recognised in, for the purposes of impairment testing.

At 31 December 2023, as at 31 December 2022, the Group had no rights of use to an "intangible" asset under leases or lease-purchase arrangements (IFRS 16).

11.3.1 Intangible assets by category

	31 December 2023				31 December 2022
(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount	Net amount
Goodwill	189	-	(3)	186	208
Gabon mining reserves	61	(52)	-	9	15
Senegal mining reserves	100	(13)	-	87	87
New Caledonia mining reserves	47	(38)	-	9	9
Other geology, prospecting and research expenses	155	(49)	(1)	105	112
Software	92	(82)	(1)	9	10
Other intangible assets	32	(31)	(11)	(10)	6
Work-in-progress, down-payments	74	-	(34)	40	39
TOTAL	**750**	**(265)**	**(50)**	**434**	**486**

Net goodwill stood at €186 million at 31 December 2023 (€208 million at 31 December 2022). It mainly resulted from:

- the acquisition of the Norwegian company Eralloys Holding A/S in 2008 for €150 million, allocated to the Eramet Norway CGU and now associated with the Manganese Alloys CGU;
- the acquisition of Mineral Deposit Limited on 1 July 2018, resulting in goodwill of €58 million, allocated to the Mineral Sands CGU, €22 million of which was allocated to Eramet Titanium & Iron (ETI).
- Following the sale of this subsidiary in September 2023, goodwill was reduced by €22 million.

11.3.2 Change for the financial year

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**486**	**477**
Investments for the period	110	39
Disposals for the period	-	-
Depreciation and amortisation for the period	(27)	(25)
Impairment losses for the period	(14)	(16)
Changes to consolidation scope	(21)	-
Hyperinflation	7	4
Translation adjustments and other movements	(106)	7
AT PERIOD CLOSE	**434**	**486**
• Gross amount	750	773
• Depreciation & amortisation	(265)	(249)
• Impairment losses	(50)	(38)

11.4 Impairment of assets and impairment losses

ACCOUNTING METHOD

Impairment tests are performed regularly: systematically at least once a year at the annual reporting date for goodwill and intangible assets with indefinite lives, and where there are indications of impairment. For intangible assets and items of property, plant and equipment with finite useful lives, impairment tests are carried out whenever there is an indication of impairment.

Impairment testing consists in comparing the carrying amount of assets with their recoverable amount, which is defined as the higher of value in use (or recoverable amount through use) and fair value (or recoverable amount through sale), less selling costs.

Impairment losses are calculated as the difference between the recoverable and net book value and are recognised in the income for the period under Other operating income and expenses (Note 7).

Impairment losses recognised in goodwill are not reversible. For the other assets, previously recognised impairment losses are measured at each reporting date to identify whether the losses have decreased or no longer exist. An impairment loss is reversed only if the carrying amount of the asset does not exceed its net book value, as it would have been determined had no impairment been recognised.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Cash-generating units (CGU) are homogeneous groups of assets whose continuous use generates independent cash flows.

The Eramet Group has defined its CGUs with reference to the various production sites of the Nickel, Manganese Ore, Manganese Alloys, Mineral Sands and Lithium Activities and the High Performance Alloys Division.

Impairment tests are performed for each CGU. All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

At 31 December 2023, the Eramet Group is divided into six CGUs as follows:

- one CGU in the Nickel Processing Plant Activity;
- one CGU in the Nickel Ore Activity;
- one CGU in the Manganese Ore Activity;
- one CGU in the Manganese Alloys Activity;
- one CGU in the Mineral Sands Activity;
- one CGU in the Lithium Activity.

At 31 December 2022, the Group had one CGU in the Nickel Activity. In 2023, this Activity was restructured into two separate Activities – Mines and Plants. The Group also had two CGUs in operations to be divested in the High Performance Alloys Division, up until the date on which these activities were sold – in April for Aubert & Duval and in June for Erasteel.

Eramet Group's General Management determines the existence of events calling for impairment testing based on several criteria. Impairment loss indicators correspond mainly to changes and fluctuations in:

- raw material prices and the selling price of finished products;
- economic and regulatory environment and market conditions;
- interest rates;
- technological level;
- asset performance and obsolescence.

An impairment test is carried out on the CGUs concerned when these indicators show a negative development.

To determine the value in use, the Eramet Group uses the method of discounted future cash flows generated from the use of the assets. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multiyear plans prepared by the Management of the CGUs concerned. These plans are created on the basis of five-year projections, in keeping with mining and industrial cycles, plus a final value corresponding to the capitalisation to infinity of normative cash flows. Plans for certain CGUs are prepared for longer periods corresponding to the operating period of the sites without assigning a terminal value. The Group incorporates the investments it intends to make with regard to climate issues into its business plans.

The growth rates used are the same as those used in budgets. The growth rates to infinity used for the terminal values are generally between 1% and 2%, depending on the CGU.

The discount rate applied to calculate the value in use is the weighted average cost of capital (WACC), namely:

- 11.5% for mining activities (excluding lithium) (11.5% in 2022);
- 10.0% for alloy activities (9.5% in 2022);
- 16.5% for the lithium activity (13.5% in 2022).

The Eramet Group may measure the recoverable amount using other methods that it deems relevant in the context of the CGUs concerned. These methods may include estimated transaction values.

Whatever the method used, the assumptions used are Management's best estimates. The Eramet Group regularly reviews its estimates and assessments to take account of past experience and other factors that are deemed relevant with regard to economic conditions.

The change in impairment of assets and other impairment losses is broken down as follows:

(in millions of euros)	31 December 2022	2023 impairment losses and reversals	Translation and other movements	31 December 2023
Nickel Activity (excl. Sandouville)	(250)	(128)	18	(360)
Manganese Activity	(84)	5	1	(78)
Lithium Activity	(2)	-	-	(2)
Holding and others	(32)	-	(19)	(51)
Total continuing operations	**(368)**	**(123)**	**-**	**(491)**
High Performance Alloys Division	(569)	569	-	-
Total divested operations	**(569)**	**569**	**-**	**-**
TOTAL	**(937)**	**446**	**-**	**(491)**
Goodwill	(3)	-	0	(3)
Intangibles	(35)	(13)	(0)	(48)
Property, plant and equipment	(331)	(110)	-	(440)
IFRS 16 rights of use	-	-	-	-
Assets held for sale	(569)	569	-	-

11.4.1 Sensitivity

Sensitivity is determined with reference to changes in future cash flows and discount rates.

The Eramet Group's cash projections for its mining and metallurgical businesses are highly dependent on the sale price assumptions, especially for ores (nickel, manganese, zircon etc.), on euro-dollar parity, on raw materials (electricity, coal, coke etc.) and on global demand for products sold by the Group.

CGUs of continuing operations

SLN CGT – Nickel Activity

The value in use is extremely sensitive to the prices of nickel and inputs (electricity and coal in particular, as well as the US dollar), which are key assumptions in the impairment testing of this CGU.

The sale prices used are determined by reference to the average industry consensus, as well as to NPI (nickel pig iron) prices. These selected prices are thus integrated into the multi-year business plan, which allows the cash flow projections of the CGU to be determined. However, there is strong interdependence between the different variables, namely the value of the dollar, the price of Brent crude oil and the prices of nickel and electricity, which generally do not impact the test in the same way.

The electricity price used is based on the use of the CAT (Centrale Accostée Temporaire [floating power plant]) and on the discussions held with the government of New Caledonia in the context of the agreement relating to the future path of Société Le Nickel-SLN.

In 2023, changes in selling prices, the dollar and inputs had no impact on impairment, as SLN's assets have been fully written down (see Note 2.1 "Operational and financial difficulties for SLN in New Caledonia and going concern").

Manganese Ore CGU and Manganese Alloys CGU – Manganese Activity

Manganese ore is not a listed commodity. The price is adjusted according to supply and demand, particularly concerning alloy production forecasts and the marginal capacity of the South African producer.

To determine the forecast price of manganese ore, the Eramet Group uses an internal model that takes into account the marginal cost of South African production, available logistical means (trains or trucks) and ZAR/USD parity.

The price forecasts thus determined are integrated into the business plans of the Manganese Ore and Manganese Alloys CGUs. These price forecasts can be compared with studies published by the CRU (Commodities Research Unit), an independent body that carries out studies on certain metals, including manganese.

Regarding the Mineral Ore CGU, a 0.5% increase in the discount rate, a 0.5% decrease in long-term growth rate or a fall of 1% in the EBITDA margin of the final year would not result in the recognition of an impairment loss.

Regarding the Manganese Alloys CGU, assuming that prices continue to deteriorate in an already low-price environment, the Group may need to recognise an impairment loss.

Mineral Sands CGU

More than half of the CGU's revenues come from the sale of titanium raw materials, about one third from the marketing of zircon, and more marginally from ferrous materials.

Titanium raw materials, in the form of titanium slag or titanium dioxide, are intended for the pigment market, while zircon is produced for the ceramics market.

None of these products are listed. In both cases, the price forecasts used in the business plan are determined by reference to the analyses of sector specialists (TZMI), using the lower range of their forecast.

Regarding the Mineral Sands CGU, a 0.5% increase in the discount rate, a 0.5% decrease in long-term growth rate or a fall of 1% in the EBITDA margin of the final year would not result in the recognition of an impairment loss.

Lithium CGU

As indicated in Note 2.5, the Lithium CGU relates only to the project under construction in Argentina.

11.4.2 Residual values by CGU group

The residual values of invested capital are detailed as follows by CGU group:

(in millions of euros)	31 December 2023	31 December 2022
Nickel ACTIVITY		
Net intangible assets and property, plant & equipment(1)	54	259
Working capital requirement	(16)	125
Total	**38**	**384**
Manganese ACTIVITY		
Net intangible assets and property, plant & equipment(1)	1,710	1,492
Working capital requirement	366	351
Total	**2,076**	**1,843**
MINERAL SANDS Activity		
Net intangible assets and property, plant & equipment(1)	557	652
Working capital requirement	(40)	6
Total	**517**	**658**
LITHIUM Activity		
Net intangible assets and property, plant & equipment(1)	367	336
Working capital requirement	133	75
Total	**500**	**411**
HOLDING AND OTHERS		
Net intangible assets and property, plant & equipment(1)	308	57
Working capital requirement	(89)	(15)
Total	**219**	**42**
CONTINUING OPERATIONS		
Net intangible assets and property, plant & equipment(1)	2,996	2,796
Working capital requirement	**354**	**542**
TOTAL CONTINUING OPERATIONS	**3,350**	**3,338**
HIGH PERFORMANCE ALLOYS DIVISION		
Net intangible assets and property, plant & equipment(1)	-	4
Working capital requirement	-	276
Total	**-**	**280**
OPERATIONS TO BE DIVESTED		
Net intangible assets and property, plant & equipment(1)	-	4
Working capital requirement	-	276
TOTAL OPERATIONS TO BE DIVESTED	**-**	**280**

(1) Including rights of use for leases.

Capital employed is defined as the sum of net property plant and equipment, intangible assets and working capital requirements. It is used to determine the accounting values of assets tested as part of asset impairment tests.

11.5 Investments in joint ventures and associates

ACCOUNTING METHOD

Joint ventures are companies over which Eramet has joint control, meaning that the decisions concerning the relevant activities require the unanimous consent of all controlling parties.

Associates are companies over which the Eramet Group has significant influence.

Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. Their carrying amount includes the goodwill determined at their acquisition less accumulated impairment.

The consolidated financial statements include Eramet's share in earnings and the equity movements of the companies accounted for using the equity method, after adjustments to bring the accounting rules of those companies in line with those of the Eramet Group.

The dividends received from joint ventures and associates are deducted from their balance sheet value. An impairment test is carried out when there are indicators that the recoverable amount may fall below its carrying amount (Note 10).

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Significant influence exists when Eramet has the powers to take part in financial and operating decisions of the Company but does not exercise control or joint control over these policies. Eramet has significant presumed influence if it holds 20% to 50% of the voting rights of a company.

Eramet Group's General Management determines the existence of events calling for impairment testing under the same conditions as those given in the Impairment of assets section.

11.5.1 Breakdown by entity

			Share of		Share of	
			Results	Shareholders' equity	Results	Shareholders' equity
(in millions of euros) Company	Country	% holding	FY 2023	31 December 2023	FY 2022	31 December 2022
Strand Minerals – Weda Bay	Indonesia	38.7%	295	315	258	297
TOTAL INVESTMENTS IN JOINT VENTURES AND ASSOCIATES			**295**	**315**	**258**	**297**

The €16 million increase in the value of the equity-accounted investments in Strand Minerals – Weda Bay is primarily related to the portion of income attributable to the Group of €295 million, less €267 million in dividends.

11.5.2 Key data for 100% of Weda Bay

(in millions of euros)	FY 2023	FY 2022
Turnover	1,955	1,656
EBITDA(1)	1,098	890
Current operating income	1,047	845
Net income	685	600

(1) Eramet share at 38.7%: €425 million in 2023 (€344 million in 2022)

(in millions of euros)	31 December 2023	31 December 2022
Non-current assets	297	231
Current assets	441	542
Non-current liabilities	29	51
Current liabilities	208	272

11.6 Other non-current financial assets

ACCOUNTING METHOD

Other non-current financial assets include other long-term financial assets and non-consolidated equity investments.

Other long-term financial assets relate to loans or current accounts extended to non-consolidated companies or companies under joint control. They are initially recognised at fair value plus acquisition costs and are measured on each reporting date at amortised cost using the effective interest rate (EIR) method, less any offsetting provisions for impairment losses recognised in financial income for the period.

Non-consolidated equity investments are recognised in the balance sheet at their acquisition cost or their value on the date of their deconsolidation, less any offsetting provisions for impairment losses recognised in income for the period, to reflect changes in the fair value of this asset category.

Estimates, assumptions and judgements

The Eramet Group has divided its non-consolidated subsidiaries into two categories:

- controlled companies that are not consolidated owing to their low cumulative impact on the Eramet Group's financial statements;
- non-controlled companies corresponding to holdings in companies over which the Eramet Group has no control or significant influence.

11.6.1 By category

(in millions of euros)	Gross amount	Impairment	Net amount at 31 December 2023	Net amount at 31 December 2022
Deposits and guarantees	33	0	34	28
Other financial assets	174	(126)	49	8
Other non-current financial assets	**208**	**(125)**	**82**	**36**
Non-consolidated equity investments	263	(168)	94	5
TOTAL OTHER FINANCIAL ASSETS	**471**	**(294)**	**177**	**41**

The change in non-consolidated equity investments between 2022 and 2023 corresponds to the investment in Chile for €90 million.

11.6.2 Change

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**41**	**188**
Net change in current financial assets (statement of cash flows)	114	(150)
Net change in financial assets of discontinued operations	-	-
Impairment losses for the period	(8)	(9)
Changes to consolidation scope	31	-
Translation adjustments and other movements	(1)	12
AT PERIOD CLOSE	**177**	**41**

11.6.3 By currency (excluding consolidated equity investments)

(in millions of euros)	FY 2023	FY 2022
Euro	42	11
US dollar	22	14
CFP franc	8	5
Other currencies	10	6
TOTAL	**82**	**36**

11.6.4 By interest rate type (excluding consolidated equity investments)

(in millions of euros)	FY 2023	FY 2022
Interest-free	17	20
Fixed interest rates	58	13
Variable interest rates	7	3
TOTAL	**82**	**36**

Interest-free items mainly relate to deposits and guarantees as well as certain loans to employees.

11.6.5 Non-consolidated equity investments

(in millions of euros) Company	Country	% holding	Net amount at 31 December 2023	Net amount at 31 December 2022
MAIN CONTROLLED COMPANIES:				
• Eramet Alloys GmbH	Germany	100%	-	3
• Eramet Alloys UK Ltd	United Kingdom	100%	-	2
• Sodépal	Gabon	100%	-	-
• GCM Liquidation Co. (formerly GCMC)	Gabon	100%	-	-
• Eramet Chile S.A.	Chile	100%	90	-
MAIN NON-CONTROLLED COMPANIES:				
Other companies			4	-
TOTAL			**94**	**5**

Controlled but non-consolidated companies are mainly sales entities, the services of which are fully assigned to the Eramet Group, and industrial companies (shaping, wire-drawing and drawing of metallurgical products).

Equity investments in controlled companies are not consolidated since they have no material impact on the Eramet Group's consolidated financial statements.

Eramet Chile S.A. was incorporated in early November 2023 and currently only holds mining concessions in Chile.

NOTE 12 Taxes

This note explains the income tax expense and related tax amounts shown in the income statement and balance sheet. The section on deferred tax provides information on expected future tax payments.

ACCOUNTING METHOD

Income tax includes both current and deferred tax. The income tax expense is recognised in the income statement, except where it relates to a business acquisition or items recognised directly in equity or in Other comprehensive income.

Current income tax includes taxes that the Eramet Group expects to pay on its taxable income for the reporting period at the prevailing tax rates or rates substantively enacted at the reporting date, as well as any adjustments for tax relating to prior reporting periods.

Deferred tax is recognised as temporary differences between the carrying amount of the assets and liabilities measured for the purposes of financial reporting and the tax basis of those assets and liabilities measured at the income tax rate and tax laws enacted or substantively enacted at the reporting date and effective in the period in which these temporary differences should be used.

Deferred tax assets, including those related to loss carry-forwards, which are determined by fiscal entity, are recognised whenever it can be shown that they are likely to be realised.

The deferred tax assets and liabilities are classified in the balance sheet as non-current items and are offset if the entity has a legally enforceable right of set-off as is the case with the French tax consolidation group.

Deferred tax liabilities on investments in subsidiaries, associates and joint ventures are recognised unless where the Eramet Group can determine the timetable for the reversal of the related temporary differences, and where it is likely that such differences will not reverse in the foreseeable future. Provisions are made for non-recoverable tax on dividends planned in the foreseeable future.

The Group does not report deferred taxes on first-time recognition of the right of use and the lease liability.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Eramet Group operates in several countries. Its income is therefore taxed at various income tax rates. Given the magnitude of the operations and the complexity of tax regulations, the Eramet Group must assess uncertainties and exercise judgement to estimate the tax amount that it will eventually pay. The tax amount finally paid depends on various factors that include negotiations with tax authorities and the outcome of tax audits.

The Eramet Group estimates deferred tax based on the temporary differences between the assets and liabilities shown in its consolidated financial statements and the tax bases of these assets and liabilities determined under the applicable tax laws. The deferred tax asset amount is generally recognised insofar as a probable taxable profit will be available in the future against which deductible temporary differences can be used. Consequently, the deferred tax asset that is recognised and considered as realisable can be reduced if the projected profit cannot be obtained.

To assess the likelihood that these assets will be realised, the Eramet Group reviews the following information in particular:

- projected future profitability;
- extraordinary losses not expected to recur in the future;
- past taxable profits; and
- tax strategies.

12.1 Income tax

(in millions of euros)	FY 2023	FY 2022
Current tax	(107)	(234)
Deferred tax	19	(30)
INCOME TAX INCOME (EXPENSE)	**(88)**	**(264)**

12.2 Effective tax rate

(in millions of euros)	FY 2023	FY 2022
Operating income	(193)	1,025
Financial income	(2)	(89)
Pre-tax profit (loss) of consolidated companies	**(195)**	**936**
Standard tax rate in France (in percent)	25.83%	25.83%
Theoretical tax income/(expense)	**50**	**(242)**
Impact on theoretical tax of:		
• permanent differences between accounting and taxable profit	(8)	91
• taxes on dividend distribution (withholding tax)	(8)	(16)
• impairment of assets	-	-
• standard rate differences in foreign countries	10	(12)
• changes in the tax rate	-	6
• tax credits	2	1
• unrecognised or limited deferred tax assets	(141)	(98)
• use or activation of deferred tax assets previously not recognised	4	41
• use of tax losses recognised in net income from discontinued operations	-	2
• miscellaneous items	3	(37)
ACTUAL TAX INCOME/(EXPENSE)	**(88)**	**(264)**
TAX RATE	**-45%**	**28%**

Unrecognised or limited deferred tax assets relate mainly to the tax loss carry-forwards of Société Le Nickel-SLN, tax loss carry-forwards in France and the limited deferred taxes on asset impairments over the period. At 31 December 2023, in view of the provisional tax results in France, €30 million in deferred tax assets of the tax consolidation group were recognised.

12.3 Main standard tax rates in foreign countries

	FY 2023	FY 2022
Argentina	25.0%	25.0%
China	25.0%	25.0%
United States	23.1%	23.1%
Gabon	35.0%	35.0%
Indonesia	17.0%	17.0%
Norway	22.0%	22.0%
New Caledonia	35.0%	35.0%
Senegal	25.0%	0.0%

12.4 Change in tax receivables and tax payables

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**(144)**	**(97)**
Current tax (income)	(107)	(234)
Tax paid	171	187
Translation adjustments and other movements	2	-
AT PERIOD CLOSE	**(78)**	**(144)**
• Current tax receivables	10	6
• Current tax payables	(88)	(150)

12.5 Deferred taxes in the balance sheet

12.5.1 Breakdown by category

(in millions of euros)	31 December 2023	31 December 2022
Tax loss carry-forwards[1]	38	32
Intangible assets and property, plant & equipment	19	22
Inventory measurement	10	24
Financial instruments	7	5
Employee-related liabilities	23	16
Other provisions for liabilities and charges	49	44
Other items	18	22
Deferred tax assets before netting	**164**	**165**
Deferred tax netting by tax entity	(100)	(121)
Deferred tax assets	**64**	**44**
Regulated provisions and special amortisation and depreciation	(216)	(231)
Intangible assets and property, plant & equipment	(65)	(90)
Inventory measurement	(11)	(11)
Financial instruments	(9)	(18)
Employee-related liabilities	-	-
Other provisions for liabilities and charges	(12)	(10)
Distribution of dividends	(6)	(13)
Other items	(27)	(18)
Deferred tax liabilities before netting	**(346)**	**(391)**
Deferred tax netting by tax entity	100	121
Deferred tax liabilities	**(246)**	**(270)**
NET DEFERRED TAX LIABILITIES	**(182)**	**(226)**
(1) Limited deferred tax assets for tax loss carry-forwards	*721*	*602*

12.5.2 Change in deferred taxes in the balance sheet

(in millions of euros)	Assets	Liabilities	Net FY 2023	Net FY 2022
At beginning of period	**44**	**(270)**	**(226)**	**(184)**
Deferred tax offset in shareholders' equity	-	-	-	(12)
Deferred tax on profit (loss)	38	7	46	(31)
Deferred tax netting by tax entity	(11)	11	-	-
Other movements	(6)	(4)	(9)	1
Translation adjustments	(1)	9	8	-
AT PERIOD CLOSE	**64**	**(246)**	**(181)**	**(226)**

NOTE 13 Employee charges and benefits

13.1 Workforce and personnel costs

13.1.1 Average workforce and workforce at end of period by Activity/Division

The average workforce and workforce at end of period include all fully consolidated companies at 31 December of each year.

	FY 2023	31 December 2023	FY 2022	31 December 2022
	Average workforce	Workforce at period end	Average workforce	Workforce at period end
Workers	1,509	1,494	1,556	1,554
Administrative, Technical and Supervisory staff	593	607	576	589
Management	211	224	179	197
Nickel Activity	**2,313**	**2,325**	**2,311**	**2,340**
Workers	2,322	2,342	2,254	2,292
Administrative, Technical and Supervisory staff	1,503	1,518	1,475	1,517
Management	785	792	742	768
Manganese Activity	**4,610**	**4,652**	**4,471**	**4,577**
Workers	255	244	441	449
Administrative, Technical and Supervisory staff	339	351	385	386
Management	231	244	223	241
Mineral Sands Activity	**825**	**839**	**1,049**	**1,076**
Workers	140	101	100	132
Administrative, Technical and Supervisory staff	154	235	71	94
Management	80	138	32	41
Lithium Activity	**374**	**474**	**203**	**267**
Workers				
Administrative, Technical and Supervisory staff	182	176	208	209
Management	508	527	457	482
Holding and others	**690**	**703**	**665**	**691**
Workers	4,226	4,181	4,351	4,427
Administrative, Technical and Supervisory staff	2,771	2,887	2,715	2,795
Management	1,815	1,925	1,633	1,729
TOTAL CONTINUING OPERATIONS	**8,812**	**8,993**	**8,699**	**8,951**
Workers	-	-	2,202	2,174
Administrative, Technical and Supervisory staff	-	-	1,579	1,616
Management	-	-	576	593
High Performance Alloys Division	**-**	**-**	**4,357**	**4,383**
Workers	4,226	4,181	6,553	6,601
Administrative, Technical and Supervisory staff	2,771	2,887	4,293	4,411
Management	1,815	1,925	2,210	2,322
TOTAL	**8,812**	**8,993**	**13,056**	**13,334**

The total workforce managed in the HR reporting system implemented by the Group, including non-consolidated companies, was 9,167 at 31 December 2023 (13,764 at 31 December 2022).

13.1.2 Personnel costs by category

(in millions of euros)	FY 2023	FY 2022
Wages and salaries	(401)	(410)
Social security contributions and other personnel costs	(166)	(160)
Profit sharing	(9)	(12)
Share-based payment	(11)	(8)
Personnel costs sub-total	**(587)**	**(590)**
Personnel costs – temporary staff	(15)	(18)
TOTAL PERSONNEL COSTS INCLUDING TEMPORARY STAFF	**(602)**	**(608)**
Personnel costs (including temporary staff) as % of turnover	19%	12%

13.2 Employee-related liabilities

The Eramet Group offers its employees many long-term benefits, such as retirement packages, pension plans, healthcare plans and long-service awards. The characteristics of these benefits vary in line with the governing laws and regulations in each country and the agreements in force in each company.

ACCOUNTING METHOD

Employee-related liabilities are either defined benefit plans or defined contribution plans. Defined benefit plans specify the amount that an employee will receive at the time of retirement whereas defined contribution plans specify how the contributions are calculated.

DEFINED CONTRIBUTION PLANS

For these plans, the Eramet Group makes payments to a fund manager and is released from its obligations for the current period and prior periods. As a result, these plans do not show any deficit or surplus and are not included in the balance sheet. The contributions are expensed when paid.

DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

A defined benefit plan is a post-employment benefit plan that is distinct from the defined contribution plan. The cost of the retirement benefits and other benefits accrued to employees is established actuarially for each plan using the projected unit credit cost method. They are assessed annually by independent actuaries. The obligations of the Eramet Group are recognised as balance sheet liabilities and correspond to the difference between the present value of the obligations in respect of defined benefits and the fair value of plan assets at the reporting date. Plan assets consist of assets held in pension funds or insurance policies.

The costs of services rendered are recognised in Current operating income in the period in which they are incurred. The costs of past services resulting from amendments and curtailments to the plan, as well as the gains and losses upon plan settlement are recognised in Other operating income and expenses. The interest expense for net obligations is included in Other financial income and expenses.

The actuarial gains (losses) (including the impact of foreign exchange) on plan assets and the obligation in respect of defined benefits are recognised directly in Other comprehensive income for the period in which they arise. They are recognised immediately in income in the case of long-term benefits.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The cost of employee benefits and the value of the obligations are calculated using assumptions such as discount rates, salary increases, retirement age, life expectancy, inflation and cost of healthcare. These assumptions are determined annually by the Eramet Group's Management.

The discount rates used are mostly calculated for each zone or country based on the average rates of private issuers observed in those zones or countries at each reporting date.

The rates vary from country to country:

- in the Eurozone and in the United States, the discount rates were determined on the basis corporate bonds;
- in Norway, the discount rate is determined based on secured bonds (such as mortgage-backed bonds);
- in New Caledonia, given that the corporate and government bond markets are illiquid, the rate used is determined with reference to the French sovereign bond rate adjusted for discounting and local inflation;
- in Gabon and Senegal, the discount rates used are based on the local governments bonds rates.

13.2.1 Main actuarial assumptions and related sensitivity

The actuarial assumptions used vary according to the economic and demographic conditions existing in the country in which the plan is in force. The main actuarial assumptions used for measuring these liabilities are as follows:

	31 December 2023		31 December 2022	
	Rate		Rate	
	Discount	Inflation	Discount	Inflation
Eurozone	3.60%	2.00%	3.00%	2.00%
United States	5.00%	2.25%	4.40%	2.50%
Norway	4.00%	3.50%	4.00%	3.50%
New Caledonia	3.60%	2.00%	3.00%	2.00%
Gabon	6.00%	3.00%	6.00%	3.00%
Senegal	5.90%	5.00%	6.00%	3.00%

13.2.2 Sensitivity

An increase or decrease of 0.5 percentage point in the discount rate or inflation rate, with other actuarial assumptions remaining constant, will have the following impact on period-end commitments:

	31 December 2023 Discount rate				31 December 2023 Inflation rate			
	Increase +0.5%		Decrease -0.5%		Increase +0.5%		Decrease -0.5%	
	(in millions of euros)	in %	*(in millions of euros)*	in %	*(in millions of euros)*	*in %*	*(in millions of euros)*	*in %*
France	(1)	-1%	1	0%	1	1%	(1)	-1%
United States	(1)	-1%	1	1%	-	0%	-	0%
Norway	-	0%	-	0%	-	0%	-	0%
New Caledonia	(1)	-1%	1	1%	-	0%	-	0%
Gabon	(1)	-1%	1	0%	-	0%	-	0%
Senegal	-	0%	-	0%	-	0%	-	0%
Other countries	-	0%	-	0%	-	0%	-	0%
TOTAL	**(4)**	**-3%**	**4**	**3%**	**1**	**1%**	**(1)**	**-1%**

13.2.3 Description of the main defined benefit plans and associated risks

The Eramet Group's main defined benefit plans are offered in France, United States, Gabon and New Caledonia. The main plan assets are therefore located in these countries. The main characteristics of the plans described below relate to these four countries.

Retirement packages are generally paid as a lump sum or annuities determined on the basis of the employee's length of service, final salary or average final remuneration. Pre-retirement and supplementary healthcare benefits and life insurance are also provided under the pension plan, along with long-service awards in the form of a lump sum that varies according to the number of years' service completed.

In the United States, most defined benefit plans are no longer accessible to new employees. They participate in defined contribution plans.

In New Caledonia, the obligations also include the payment of a loyalty bonus awarded after 10 years of service and then every 5 years, calculated as a percentage of the basic salary, as well as the granting of plane tickets whose number, value and frequency depends on the employee's professional category.

13.2.4 Risks associated with the plans

The Eramet Group is exposed to the standard risks inherent to defined benefit plans, such as higher-than-expected salary increases, increased inflation rates or lower-than-expected returns, as well as actuarial risks, especially investment risk, interest rate risk and longevity risk. The plans are also exposed to the risk of internal negotiation to reach a more favourable agreement, and the risk of increase in taxes or annuities for supplementary pension plans.

13.2.5 Governance policy

Under the laws governing defined benefit plans, it is the Eramet Group's duty to manage the plan assets and design investment policies that define, for each prefinanced plan, the investment objectives, the asset allocation target, risk mitigation strategies, and other components required by law for pension plans.

13.2.6 Investment policies and risk management initiatives

The investment policies are designed to obtain long-term return on investment which, combined with contributions, will enable the plans to have sufficient assets to be able to pay the promised benefits while keeping risk at an acceptable level.

The asset allocation target is determined on the basis of the expected market conditions and climate, the maturity profile of plan liabilities, the level of cover of the respective plans, and the risk tolerance of the plans' beneficiaries.

In France, the plans are funded by insurers through group life insurance contracts. The investments are made by the insurers in their respective euro funds. These funds, of which over 80% is invested in buy and hold rate products, have suffered from a deterioration in bond returns for some years now and are still exposed to default risk on returns in a protracted low interest rate period.

In the United States, the financial management of funds is entrusted to various asset managers who are among the key players in the business. Index-based management is used for the most part and active management for the remainder. Globally, 80% of the asset allocation is in US corporate bonds denominated in USD, with the objective of matching the liability duration. The remaining 20% is invested in funds in American equities, world equities and emerging market equities and bonds. The risks inherent to these financial assets are therefore curve risk, duration risk, credit risk and inflation risk for bonds, and market risk and capital risk for equities.

13.2.7 Overall cost of employee-related liabilities

The cost of employee-related liabilities is recognised in the Income Statement and in the Statement of comprehensive income below:

	Pension plans		Retirement package		Other benefits		Total employee-related liabilities	
(in millions of euros)	2023	2022	2023	2022	2023	2022	2023	2022
Service cost	-	-	5	4	3	2	8	6
Past service cost[1]	-	-	2	(2)	-	-	2	(2)
Net interest expense	-	-	3	2	1	1	4	3
Other adjustments	-	-	-	-	(1)	-	(1)	-
Cost recognised in income	**-**	**-**	**10**	**4**	**3**	**3**	**13**	**7**
Impact of revaluation on commitments	2	(5)	-	(1)	(1)	(3)	1	(9)
• experience	3	1	-	3	(1)	-	2	4
• demographic assumptions	-	-	-	-	-	-	-	-
• financial assumptions	(1)	(6)	-	(4)	-	(3)	(1)	(13)
Impact of revaluation on pension plan assets	(3)	7	-	(1)	-	-	(3)	6
Cost recognised in other comprehensive income	**(1)**	**2**	**-**	**(2)**	**(1)**	**(3)**	**(2)**	**(3)**
TOTAL COST RECOGNISED IN COMPREHENSIVE INCOME	**(1)**	**2**	**10**	**2**	**2**	**-**	**11**	**4**

(1) Pension plan changes and curtailments

13.2.8 Change in obligations and plan assets

The table below illustrates the change in obligation by plan type, distribution by beneficiary and based on whether or not pre-financing is used, as well as the change in the fair value of the plan assets and its differentiation by category (listed and unlisted assets).

	Pension plans				Retirement package				Other benefits				Total employee-related liabilities			
(in millions of euros)	2023		2022		2023		2022		2023		2022		2023		2022	
CHANGE IN OBLIGATION																
Obligation at beginning of period	**114**		**121**		**66**		**73**		**30**		**33**		**210**		**227**	
• Cost recognised in income	1		2		10		4		3		3		14		9	
• Impact of revaluation	1		(5)		-		(1)		(1)		(3)		-		(9)	
• Contributions and benefits paid	(2)		(5)		(9)		(10)		(4)		(3)		(15)		(18)	
• Change to consolidation scope and other[(1)]	(76)		-		-		-				-		(76)		-	
• Translation differences and other movements	(1)		1		-		-		-		-		(1)		1	
Obligation at period close (I)	**37**		**114**		**67**		**66**		**28**		**30**		**132**		**210**	
Obligation attributable to:																
• *working beneficiaries*	8		9		67		66		26		27		101		102	
• *beneficiaries entitled to deferred benefits*	-		-		-		-		-		-		-		-	
• *pensioners*	29		105		-		-		2		3		31		108	
	37		**114**		**67**		**66**		**28**		**30**		**132**		**210**	
Commitments																
• *prefinanced*	33	89%	113	99%	26	39%	28	42%	-0	0%	-	0%	59	45%	141	67%
• *not financed*	4	11%	1	1%	41	61%	38	58%	28	100%	30	100%	73	55%	69	33%
	37		**114**		**67**		**66**		**28**		**30**		**132**		**210**	
CHANGE IN PLAN ASSETS																
Fair value of plan assets at beginning of period	**104**		**109**		**16**		**15**		**-**		**-**		**120**		**124**	
• Interest income recognised in income	1		2		-		-		-		-		1		2	
• Impact of revaluation	2		(7)		-		1		-		-		2		(6)	
• Contributions paid	1		3		-		-		1		1		2		4	
• Benefits paid	(3)		(5)		(12)		-		(1)		(1)		(16)		(6)	
• Change to consolidation scope and other(1)	(76)		-		-		-		-		-		(76)		-	
• Translation differences and other movements	-		2		-		-		-		-		-		2	
Fair value of plan assets at period close (II)	**29**		**104**		**4**		**16**		**-**		**-**		**33**		**120**	
Plan assets																
• *listed on an active market*	28	97%	101	97%	4	100%	16	100%	-		-		32	97%	117	98%
• *unlisted*	1	3%	3	3%		0%	-		-		-		1	3%	3	2%
	29		**104**		**4**		**16**		**-**		**-**		**33**		**120**	
NET LIABILITIES IN THE BALANCE SHEET (I)–(II)	**8**		**10**		**63**		**50**		**28**		**30**		**99**		**90**	

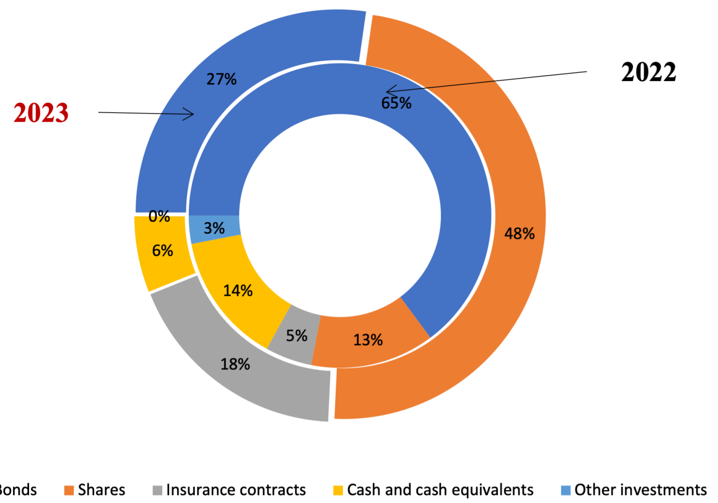
(1) the restatement, in 2023, of a fully funded, Article 39 pension plan with no impact on the provision

The table below shows the breakdown between the main countries, the obligations in connection with employee-related liabilities, plan assets, net liability and financial cover ratio.

	31 December 2023				31 December 2022			
	Current value of bonds	Fair value of assets plan	Net liabilities in the balance sheet	Financial cover ratio	Current value of bonds	Fair value of assets plan	Net liabilities in the balance sheet	Financial cover ratio
(in millions of euros)	**(a)**	**(b)**	**(a) + (b)**	**- (b)/(a)**	**(a)**	**(b)**	**(a) + (b)**	**- (b)/(a)**
France	23	(13)	10	56.5%	97	(87)	10	89.7%
United States	24	(17)	7	70.8%	27	(17)	10	63.0%
Norway	7	(2)	5	28.6%	8	(3)	5	37.5%
New Caledonia	38	(1)	37	2.6%	40	(13)	27	32.5%
Gabon	35	-	35	0.0%	37	-	37	-
Senegal	5	-	5	0.0%	1	-	1	-
TOTAL	**132**	**(33)**	**99**	**25.0%**	**210**	**(120)**	**90**	**57.1%**

The chart below illustrates how the funds are invested.

Distribution as a percentage of fund investments by asset class



13.2.9 Projected cash outflows

The global average term was 8 years at 31 December 2023 (31 December 2022: 11 years).

In 2024, contributions for employee-related liabilities are estimated to be € million (€1.4 million). Future benefits, whether paid by levies on investments or directly by the Eramet Group, are estimated at €10 million (€9,873 million).

13.3 Bonus share plan and share-based payments

ACCOUNTING METHOD

The Eramet Group has established various share award plans that are all equity-settled plans: “democratic” plans open to all employees that are not subject to performance criteria and “selective” plans open to certain employees and corporate officers subject to performance requirements.

The fair value of the services received in consideration for the granting of these options is definitively measured with reference to the fair value of the options on the grant date and the number of options that will have vested by the end of the vesting period.

The total fair value thereby determined is apportioned on a straight-line basis over the full vesting period for the plans, with the number of vested exercisable options assumed at the beginning of the vesting period being reviewed at every reporting date.

This fair value is recognised in Current operating income as administrative and selling expenses, offset by shareholders’ equity.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Judgement must be exercised to determine the fair value of share award plans at the award date.

The fair value of "democratic" plans is estimated using the Black-Scholes-Merton model.

"Selective" plans are subject to two performance conditions: one intrinsic condition based on the Eramet Group's financial performance and one external condition based on the Eramet stock performance. The fair value of these plans is measured using the Monte Carlo model.

The assumptions used to measure the plans are based on:

expected volatility determined on the basis of an observation of the stock's historical performance;

a risk-free zero coupon rate over the term of the plan;

a future distribution rate based on the average for the last five years.

The bonus shares awarded to all employees with tax residence in France or outside France fully vest and are transferable after a three-year period.

Share-based payments relate only to bonus share plans for the benefit of employees and settled in the form of shares. They represented an expense of €10 million for the 2023 financial year (€8 million for the 2022 reporting period).

Two new bonus share plans were granted in March 2023:

- a plan for all employees for an initial total of 89,270 shares;
- a plan for a category of employees and corporate officers including:
  - a portion of the shares are subject to three performance conditions. The first, tied to corporate social responsibility, covers 20% of the shares. The second relates to internal conditions with the EBITDA indicator and covers 50%, and an external condition, covering 30%, yields an initial total of 113,918 shares; and
  - part of the shares are not subject to performance conditions, for an initial total of 10,891 shares.

The criteria for share awards and the assessment of the accounting expense are the same as those described above.

The characteristics of the two new bonus share plans for 2023 are as follows:

		Number of shares	Exercise price *(in euros)*	Maturity *(years)*[1]	Risk-free rate	Average dividend rate	Fair value of the option *(in euros)*[2]
Plan open to all employees	France/Italy	7,180	free	3 + 0	2.64%	3%	75.12
	Worldwide	82,090	free	3 + 0	2.64%	3%	75.12
Plan open to certain employees and corporate officers	France/Italy	78,142	free	3 + 0	2.64%	3%	86.96/64.98
	Worldwide	46,667	free	3 + 0	2.64%	3%	86.96/64.98

Maturity = vesting period + lock-in period. Bonus share award plans whose share awards are subject to two performance conditions have two fair values: the first being the intrinsic condition and the second being the external condition.

The change in the number of bonus share awards in the 2022 and 2023 reporting periods was as follows:

(in number of bonus shares)	31 December 2023	31 December 2022
At beginning of period	**485,570**	**491,652**
New plans 2022/2023	214,079	113,450
Definitive allocations	(113,722)	(82,448)
Prescribed shares	(19,955)	(9,865)
Lapsed shares	(19,711)	(27,219)
AT PERIOD CLOSE	**546,261**	**485,570**
DISTRIBUTION BY YEAR OF ALLOCATION		
2023	-	134,723
2024	227,566	238,786
2025	106,006	112,061
2026	212,689	

NOTE 14 Provisions

A provision is a debt recorded in the balance sheet. It is an estimated value owing to uncertainty as to the time of payment and the amount to be paid. The main provisions set aside by the Eramet Group relate to site restoration and environmental and social risks (especially restructuring).

ACCOUNTING METHOD

The Eramet Group sets aside a provision, where its amount can be reliably estimated, to cover all liabilities arising from past events that are known at the reporting date and the settlement of which is likely to result in an outflow of resources to settle the liability.

PROVISIONS FOR SITE RESTORATION AND DECOMMISSIONING, PROVISIONS FOR ENVIRONMENTAL RISKS

The provisions for mining site restoration are recognised when mining sites are opened and as and when they show degradation and are then remeasured and accreted at each reporting date. Where there is a legal or contractual obligation to restore mining or industrial sites, a restoration provision is made, offset by an environmental and decommissioned asset. The provision is based on site-by-site estimates of the cost of this work. The asset is amortised over the life of the operation of the mine or the industrial site. Restoration costs are discounted over the period remaining until the expected end of operation of the mine or site, and the effects attributable to the passage of time (accretion expenses) are recognised in Net income for the period under Other financial income and expenses (see Note 7). Provisions are made for all other environmental contingencies on the basis of estimated future costs without, however, making any allowance for insurance indemnities receivable. For industrial sites where there are no plans to discontinue operations, no provision is made for site restoration.

Depending on the governing laws in each country, an environmental bond issued by a banking or financial institution to the benefit of local authorities may need to be set up for the rehabilitation of mining and industrial sites.

RESTRUCTURING AND REDUNDANCY PLANS

Provisions are made for restructuring and redundancy costs where such measures have been planned in detail and announced before the reporting date or whose implementation has begun.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

PROVISIONS FOR SITE RESTORATION AND DECOMMISSIONING

The Group's industrial sites comply with the environmental regulations in force in each country where they are located. The Eramet Group must meet regulatory and constructive obligations with regard to the restoration of certain mining sites at the end of operation. Provisions for site restoration and decommissioning of industrial sites are estimated on the basis of forecast cash flows by maturity and discounted using an inflation rate and a discount rate determined in accordance with local economic conditions.

These provisions are recognised in relation to the immediate deterioration of an asset to be restored or decommissioned and changes in assumptions will therefore correct this value with a prospective effect.

The Eramet Group measures its provision for site restoration and decommissioning at each reporting date or as new information becomes available. The final costs of site restoration and decommissioning are, by their very nature, uncertain. These uncertainties may lead to actual expenditure in the future whose amount may differ from the current provision amount. Therefore, major adjustments may be made to the provisions set aside, which may impact future income.

The provisions made are based on good practice in the sector and are calculated as follows:

- **For mining**, calculation of a cost per hectare for site restoration (replanting, landscaping, soil management etc.) based on the cleared areas. The costs are based on estimated internal costs or the cost of providers, depending on the nature and complexity of the areas to be restored.
- **For the decommissioning of facilities**, cost estimation based on external estimates or experience from decommissioning/ remediation work performed on other Group sites.
- These costs are inflated and accreted based on the estimated useful lives. The estimated rates, including the discount rate, are fixed according to the same terms as those used for the assessment of employee-related liabilities (see Note 12).

The provision for site restoration represents the best estimate of the discounted value of future costs to be incurred.

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**724**	**796**
Allocations (reversals) for the period	11	(37)
• allocations for the period	58	50
• used (reversals) for the period	(48)	(87)
• unused (reversals) for the period	-	-
Accretion expenses	9	7
Decommissioned assets	(49)	(101)
Changes to consolidation scope	-	-
Reclassification under IFRS 5	-	-
Translation adjustments and other movements	16	59
AT PERIOD CLOSE	**711**	**724**
• Long-term portion	579	562
• Short-term portion	132	162
Environmental contingencies and site restoration	488	525
Personnel	13	6
Other liabilities and charges	210	193

14.1 Site restoration, decommissioning and environmental risks

(in millions of euros)	31 December 2023	31 December 2022
Site restoration[1]	427	468
Environmental risks	61	57
Total	**488**	**525**
(1) Of which provisions offsetting a decommissioned asset	14	115
• Long-term portion	488	525
• Short-term portion	0	-

14.1.1 Site restoration and decommissioning

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**468**	**568**
Allocations (reversals) for the period	0	(5)
• allocations for the period	7	4
• used (reversals) for the period	(7)	(9)
• unused (reversals) for the period	-	-
Accretion expenses	9	7
Decommissioned assets	(49)	(101)
Translation adjustments and other movements	(1)	(1)
AT PERIOD CLOSE	**427**	**468**
Société Le Nickel-SLN (New Caledonia) – Nickel Activity	350	381
Comilog (Gabon) – Manganese Activity	40	45
Eramet Marietta (United States) – Manganese Activity	18	25
Comilog France – Manganese Activity	11	12
Other companies	8	5

14.1.2 Regulatory framework of provisions for site restoration and decommissioning

New Caledonia

For mining, the 2009 mining code establishes the general framework. The provisions are allocated to each of the mine sites in their prefectural operating licence.

For industrial operations governed by ICPE (Installation Classified for the Protection of the Environment), the regulatory framework is based on Article 3 of the decision of the Southern Province of 25 September 2008, whose implementation involves the application of certain metropolitan circulars relating to site safety.

The provisions for wash facilities (industrial facilities on mine sites) are for their part included in the ICPE prefectural orders for each of the sites concerned.

Gabon

The existing provisions used as a reference for Gabon have not been set out in detail (no implementing circular). However, rehabilitation projects are based on the decree establishing the conditions for application of Law No. 005/2000 of 12 October 2000 (mining code), as amended and supplemented by Order 2002 on the Mining Code in the Gabonese Republic.

The provision under Article 78 was also accounted for, in line with Article 21.5 of the Comilog Mining Convention.

United States

Provision is made for two key components:

- restoration of wastewater basins, a regulatory requirement contained in the local permit ("Permit to Install");
- work performed as part of the Voluntary Action Plan negotiated with the US Environmental Protection Agency (EPA) in 2010 in connection with the Ohio waste laws as part of the cessation of activities at the North site (asbestos removal and decommissioning of the corresponding facilities).

Senegal

The new mining Code in force in Senegal since 8 November 2016 specifies that the dismantling and restoration obligations are not applicable to GCO. However, a provision has been set aside to meet the obligations inherent in the Group's new environmental responsibility policy. It only covers the obligations to dismantle the facilities. Rehabilitation of sites for which mining constraints have been lifted are being provisioned gradually.

The discount and inflation rates used to determine the site restoration and decommissioning provisions are detailed below:

	31 December 2023		31 December 2022	
	Discount rate	Inflation rate	Discount rate	Inflation rate
United States	5.00%	2.25%	4.40%	2.50%
New Caledonia	3.60%	2.00%	3.00%	2.00%
Gabon	6.00%	3.00%	6.00%	3.00%

An increase or decrease of 0.25% in the discount rate would result in an increase or decrease of around €26.5 million in provisions at 31 December 2023 (31 December 2022: €30 million), mainly affecting Société Le Nickel-SLN in New Caledonia.

Estimated expenditure is allocated as follows:

	31 December 2023	31 December 2022
2024-2028 / 2023-2027	4%	5%
2029-2033 / 2028-2032	0%	0%
2034 and beyond/2033 and beyond	96%	95%

14.2 Personnel

(in millions of euros)	31 December 2023	31 December 2022
Other labour liabilities and charges	13	6
TOTAL	**13**	**6**

14.3 Other liabilities and charges

(in millions of euros)	FY 2023	FY 2022
At beginning of period	**193**	**166**
Allocations (reversals) for the period	30	29
• allocations for the period	39	36
• used (reversals) for the period	(9)	(7)
Translation adjustments and other movements	(13)	(2)
AT PERIOD CLOSE	**210**	**193**
Tax risks	3	3
Other provisions for liabilities and charges	207	190

NOTE 15 Related-party transactions

ACCOUNTING METHOD

Transactions with related parties comprise the following:

- ordinary transactions with non-consolidated companies and associates;
- gross compensation and benefits to Directors and members of the Executive Committee.

15.1 Ordinary transactions with non-consolidated companies and associates

15.1.1 Income statement

(in millions of euros)	FY 2023	FY 2022
TURNOVER		
• Non-consolidated controlled subsidiaries	1	5
• Associates and joint ventures	-	6
EXPENSES INCLUDED IN CURRENT OPERATING INCOME		
• Non-consolidated controlled subsidiaries	(21)	(13)
• Associates and joint ventures	(177)	(274)
NET DEBT COST		
• Non-consolidated controlled subsidiaries	1	-
• Associates and joint ventures	1	2

The above figures include continuing operations and operations to be divested.

Costs relate primarily to ore purchases by entities of the Weda Bay tier amounting to €169 million (€258 million in 2022) (equity-accounted company).

15.1.2 Balance sheet

(in millions of euros)	31 December 2023	31 December 2022
TRADE AND OTHER RECEIVABLES		
• Non-consolidated controlled subsidiaries	-	2
• Associates and joint ventures	16	35
TRADE AND OTHER PAYABLES		
• Non-consolidated controlled subsidiaries	3	8
• Associates and joint ventures	31	41
NET FINANCIAL ASSETS (FINANCIAL DEBTS)		
• Non-consolidated controlled subsidiaries	(1)	2
• Associates and joint ventures	-	-

The above figures include assets and liabilities classed as assets and liabilities held for sale.

15.2 Gross compensation and benefits to Directors and members of the Executive Committee

(in thousands of euros)	FY 2023	FY 2022
SHORT-TERM BENEFITS		
• Fixed compensation	2,985	3,084
• Variable compensation	2,298	2,379
• Directors' fees	776	791
OTHER BENEFITS		
• Post-employment benefits	1,011	1,390
• Retirement package	-	-
• Compensation paid in shares	2,358	1,349
TOTAL	**9,428**	**8,993**

NOTE 16 Off-balance sheet commitments, other commitments, contingent liabilities and other disclosures

The Eramet Group reached agreements with third parties to cover the good performance of its obligations. These obligations are dependent upon subsequent events that may result in the Eramet Group's making or receiving a payment. They are not recognised in the balance sheet if they are not likely to increase the obligations already reported in the balance sheet.

16.1 Off-balance sheet commitments

(in millions of euros)	31 December 2023	31 December 2022
Commitments made:	**56**	**100**
• Operating activities	56	66
• Financing activities	-	34
Commitments received	**46**	**45**
• Operating activities	46	45
• Financing activities	-	-

These commitments mostly relate to:

- operating activities: client and environmental bank guarantees, other endorsements and bank guarantees (customs, leases), letters of credit;
- financing activities: guarantees, pledges, collateral and mortgages for external financing of equity method and non-consolidated companies.

SLN: retention of mining rights

On 5 February 2019, the Congress of New Caledonia adopted provisions amending Article LP 131-12-5 of the New Caledonian Mining Code, which requires operators to survey their entire mining reserves on penalty of forfeiture.

SLN conducted geophysical surveys of its entire mining reserves, as required under the new provisions of the Mining Code.

It now has a period that expires in December 2024 for its mining claims located in the South Province and in April 2025 for its mining cla

ims in the North Province to provide research-based corroborating evidence of the existence of a resource essential for SLN's process and thus avoid forfeiting its mining concessions.

16.2 Other commitments

Trans-Gabonese railway concession – Setrag

Under the terms of the 2005 agreement, signed for an initial period of 30 years, Setrag, the concession holder, is required to meet operating capacity targets (volume of goods and number of passengers). The concession holder is free to set prices. Its main shareholder, Comilog, is committed to ensuring that the necessary funding is made available to cover the capital expenditure required to achieve the operating capacity targets.

On 16 October 2015, Setrag and the Gabonese Republic signed a first amendment to the concession agreement for the Management and Operation of the Trans-Gabonese Railway. The aim of the amendment is to sustainably restore the technical capacity of the railway and the economic viability of the concession holder.

This amendment thus provides for a remedial investment plan estimated at €316 million over eight years, of which €93 million will be provided by the Gabonese state and €223 million by Setrag. The financing required to implement this plan was put in place in 2016. Work to renovate the railway began in 2017 and has since been ramped up. In addition, work to restore the railway platform ("unstable areas"), overseen by the Gabonese government, began in 2018. On 25 June 2021, a second amendment to the concession agreement was signed, which revalued the amount of the remedial investment plan at €509 million, comprising €158 million borne by the Gabonese State and €351 million borne by Setrag. This work continued in 2022.

On 8 September 2021, a third amendment to the concession agreement was signed, authorising Meridiam's acquisition of a 40% interest in Setrag's capital and the sale of 9% of the capital to the State, which took place at the beginning of 2022. The third amendment to the concession agreement also confirmed a 10-year extension of the concession until 2045.

Work continued in 2023 and is scheduled for completion in 2028.

Manganese ore supply agreement between Eramet and Vibrantz Technologies

On 19 December 2023, Eramet and Vibrantz Technologies signed a 10-year sales agreement under which Eramet will supply Vibrantz with manganese ore, an essential raw material used in Vibrantz's portfolio of technologies for lithium-ion batteries and other applications. Eramet's manganese ore will come from the mine in Gabon.

16.3 Contingent liabilities

Contingent liabilities arise from:

- past events which, by their nature, can be solved only if one or more unpredictable future events occur or do not occur;
- a current obligation resulting from past events but not recognised because:
  - it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be measured with sufficient reliability.

To measure their potential impact, the Eramet Group exercises judgement to a great extent and may rely on estimated outcomes of future events.

Contingent liabilities are not recognised in the financial statements unless they result from a business combination. Any material contingent liabilities are described in the notes to the financial statements.

Tax risk

Comilog is currently undergoing a tax audit in Gabon covering the period from 2019 to 2022. Only 2019 has been audited and the audits for the remaining years (2020 to 2022) will continue in 2024. At this stage of the procedure, it is not possible to comment on the outcome of the audit. Discussions will be held with the tax authorities.

Commitments made during sales

In connection with significant sales that took place in particular during the 2023 financial year, Eramet granted a number of customary guarantees or specific indemnities. Depending on the estimates and opinions on each item, which could lead to an outflow of resources in the short or medium term, a provision for liabilities has been recognised in the financial statements. The residual amount is considered a contingent liability.

16.4 Other information

SLN: Energy, operating licences and financial guarantees

SLN had negotiated the partial adjustment of the cost of energy purchased from Enercal (a local electricity supplier) in line with LME fluctuations. In 2023, SLN and Enercal reached an agreement to end this mechanism from January 2023. The Doniambo power plant (Plant B), which was licensed to operate until 2025, ceased operations in 2023. SLN arranged for the arrival of a power barge: the CAT (Centrale Accostée Temporaire – temporary floating power plant). On 6 January 2023, the CAT was commissioned for a three-year regulatory period of operation. Beyond these three years, the solution for the Caledonian network, through implementation of the STENC (Schéma de Transition Energétique de la NC [New Caledonia Energy Transition Scheme]), must be implemented. The operating principles of this solution were validated in the Framework Agreement of 24 May 2022 signed with the government, the South Province and the Caledonian metallurgists. This agreement outlines the trajectory for decarbonising the electricity mix. The technical content of this mix will include photovoltaics with storage and supplementary gas systems.

The operation of the mining centres and the Doniambo plant requires financial guarantees to be obtained in accordance with the Mining Code and the Environment Code. These guarantees are granted in the provinces of New Caledonia for a period of up to five years. They were granted by SLN or by Eramet directly (€88 million). They were renewed until 9 April 2024. Regarding waste and by-product management, the permit for the storage of desulphurisation slag in Doniambo has been extended until 2027. As for ore exports, on 16 April 2019, SLN received authorisation to export 3 Mwmt in 2020 and a maximum of 4 Mwmt from 2021 onwards of medium-grade ore (1.8% nickel content), for a period of 10 years. These authorisations were increased to 6 Mwmt in February 2022.

16.5 Information on current procedures

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings either pending or threatened that could have, or have had in the past twelve months, a material impact on the Company's financial position or profitability.

NOTE 17 Fees of the Statutory Auditors

	Grant Thornton		KPMG		Other		Total	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
STATUTORY AUDIT, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Eramet S.A.	312	248	383	306	-	-	694	554
Fully consolidated companies	615	842	585	1,007	23	44	1,223	1,893
Sub-total	**927**	**1,090**	**968**	**1,313**	**23**	**44**	**1,917**	**2,447**
	92%	96%	78%	88%	100%	100%	85%	92%
OTHER WORK AND SERVICES DIRECTLY RELATING TO THE STATUTORY AUDIT								
Eramet S.A.	70	41	216	63	-	-	286	104
Fully consolidated companies	6	6	48	76	-	-	54	82
Sub-total	**76**	**47**	**264**	**139**	**-**	**-**	**340**	**186**
	8%	4%	21%	9%	0%	0%	15%	7%
OTHER SERVICES PROVIDED BY THE STATUTORY AUDITOR FIRMS TO THE FULLY CONSOLIDATED COMPANIES								
Legal, tax and employee-related	-	-		25	-	-	-	25
Other	-	-	2	9	-	-	2	9
Sub-total	**-**	**-**	**2**	**34**	**-**	**-**	**2**	**34**
	0%	0%	0%	2%	0%	0%	0%	1%
TOTAL	**1,003**	**1,137**	**1,234**	**1,486**	**23**	**44**	**2,260**	**2,667**

NOTE 18 Events after the reporting date

To the best of the company's knowledge, no event occurred after the reporting date.

NOTE 19 Consolidation principles and scope

19.1 Consolidation principles

The consolidated financial statements of the Eramet Group comprise the financial statements of Eramet and those of its fully consolidated and equity-accounted subsidiaries.

The subsidiaries are fully consolidated if Eramet holds exclusive direct or indirect control. Eramet has exclusive control over a subsidiary when it is exposed to variable returns from its involvement with that subsidiary and has the ability to affect those returns through its power over the subsidiary. Eramet reassesses its control over a subsidiary if facts and circumstances indicate a change to any audit elements.

The subsidiaries are accounted for using the equity method if Eramet exercises joint control or has significant influence (Note 11.5). The equity method of accounting consists of replacing the carrying amount of the holding in a joint venture or an associate by the acquisition cost of these shares adjusted for Eramet's share in the equity at the reporting date.

19.2 Translation of foreign currency-denominated transactions and financial statements

Foreign currency transactions are translated at the applicable exchange rate at the time of the transaction. Foreign currency debts and receivables are measured at the closing rate. Translation adjustments resulting from this conversion are recognised in income for the period, except those involving loans and borrowings between the Eramet Group companies, considered an integral part of the net investment in a foreign subsidiary. These are recognised directly in shareholders' equity under Translation adjustments, linked to the foreign subsidiary.

The financial statements of foreign entities with functional currencies other than the euro were translated using the official exchange rates at 31 December 2023 for balance sheet items, except for shareholders' equity, for which historical rates were applied. For cases where the hyperinflation criteria do not apply, items from the Income statement and Statement of cash flows are translated at the average rate over the period. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and profit (loss) for the period are allocated to reserves. Translation adjustments are carried as a change to shareholders' equity and broken down between Group and non-controlling interests. Where a foreign subsidiary ceases to be consolidated, the cumulative amount of translation differences is recognised in profit or loss for the period.

The main currencies used to prepare the consolidated financial statements for the 2022 and 2023 reporting periods are as follows (conversion into euro):

	FY 2023		FY 2022	
Currency/conversion rate for €1	closing	average	closing	average
US dollar	1.105	1.08106	1.0666	1.05438
Norwegian krone	11.2405	11.413	10.5138	10.0924
Yuan Renminbi	7.8509	7.65339	7.3582	7.0762
Argentine peso	894.5372	313.23231	188.50234	136.14654
CFA franc (pegged)	655.957	655.957	655.957	655.957
CFP franc (pegged)	119.33174	119.33174	119.33174	119.33174

19.3 Scope of consolidation

(in number of companies)	31 December 2023	31 December 2022
Fully consolidated companies	28	40
Equity method companies	3	3
NUMBER OF CONSOLIDATED COMPANIES	**31**	**43**

FY 2023

At 31 December 2023, the following movements were noted in the scope of consolidation compared to 31 December 2022:

- disposal of Aubert & Duval on 28 April 2023;
- disposal of Erasteel on 30 June 2023;
- disposal of Eramet Titanium & Iron (ETI) on 21 September 2023;
- transfer of all assets and liabilities (merger) of Eramet Marketing Services to Eramet S.A. as at 1 January 2023;

FY 2022

There were no changes in the scope of consolidation at 31 December 2022 compared to 31 December 2021, with the exception of the following movements:

- entry into the scope of consolidation of the newly established companies PT Eramet Halmahera Nickel and PT Eramet Indonesia Mining;
- disposal of Eramet Sandouville on 4 February 2022;
- deconsolidation of TiZir Mauritius Ltd;
- transfer of all assets and liabilities (merger) of Eramet Comilog Manganese to Eramet Holding Manganese.

19.4 List of companies within the scope of consolidation as at 31 December 2023

Company	Country	Head office	Consolidation method	Percentage (%) control	Percentage (%) interest
Eramet	**France**	**Paris**	**Consolidating entity**	-	-
SUBSIDIARIES OF CONTINUING OPERATIONS					
Nickel					
Le Nickel-SLN	New Caledonia	Noumea	Fully consolidated	56	56
Strand Minerals Pte Ltd	Singapore	Singapore	Equity method	43	43
PT Weda Nickel Ltd	Indonesia	Jakarta	Equity method	38.7	38.7
PT Eramet Halmahera Nickel	Indonesia	Jakarta	Equity method	100	100
PT Eramet Indonesia Mining	Indonesia	Jakarta	Fully consolidated	100	100
Eramet Holding Nickel	France	Paris	Fully consolidated	100	100
Manganese					
Eramet Holding Manganèse	France	Paris	Fully consolidated	100	100
Eramet Marietta Inc.	United States	Marietta	Fully consolidated	100	100
Eramet Norway A/S	Norway	Porsgrunn	Fully consolidated	100	100
Comilog S.A.	Gabon	Moanda	Fully consolidated	63.71	63.71
Setrag S.A.	Gabon	Libreville	Fully consolidated	100	32.49
Comilog Holding	France	Paris	Fully consolidated	100	63.71
Port Minéralier d'Owendo S.A.	Gabon	Libreville	Fully consolidated	97.24	61.95
Comilog France	France	Paris	Fully consolidated	100	63.71
Comilog Dunkerque	France	Paris	Fully consolidated	100	63.71
Mineral sands					
Eramet Mineral Sands	France	Paris	Fully consolidated	100	100
Eralloys Holding A/S	Norway	Baerum	Fully consolidated	100	100
Mineral Deposit Ltd	Australia	Melbourne	Fully consolidated	100	100
Mineral Deposit Ltd Mining	Australia	Melbourne	Fully consolidated	100	100
TiZir Ltd	United Kingdom	London	Fully consolidated	100	100
Eramet Titanium & Iron	Norway	Tyssedal	Deconsolidated	N/A	N/A
Grande Côte Operations S.A.	Senegal	Dakar	Fully consolidated	90	90
Lithium					
Eramet Lithium (formerly Eramine)	France	Paris	Fully consolidated	100	100
Bolera Minera S.A.	Argentina	Buenos Aires	Fully consolidated	82.43	82.43
Eramine Sudamerica S.A.	Argentina	Buenos Aires	Fully consolidated	50.1	50.1
Holding and others					
ERAS S.A.	Luxembourg	Luxembourg	Fully consolidated	100	100
Metal Securities	France	Paris	Fully consolidated	100	100
Metal Currencies	France	Paris	Fully consolidated	100	100
Eramet Services	France	Paris	Fully consolidated	100	100
Eramet Ideas (previously Eramet Research)	France	Trappes	Fully consolidated	100	100
Eramet Marketing Services	France	Paris	Deconsolidated	N/A	N/A
Eramet Holding Alliages	France	Paris	Fully consolidated	100	100

Company	Country	Head office	Consolidation method	Percentage (%) control	Percentage (%) interest
SUBSIDIARIES OF DIVESTED OPERATIONS					
Alloys					
Erasteel S.A.S.	France	Paris	Deconsolidated	N/A	N/A
Erasteel Champagnole	France	Champagnole	Deconsolidated	N/A	N/A
Erasteel Kloster AB	Sweden	Söderfors	Deconsolidated	N/A	N/A
Erasteel Inc.	United States	New Jersey	Deconsolidated	N/A	N/A
Erasteel Innovative Materials Co. Ltd	China	Tianjin	Deconsolidated	N/A	N/A
Aubert & Duval	France	Paris	Deconsolidated	N/A	N/A
Interforge	France	Clermont-Ferrand	Deconsolidated	N/A	N/A
EcoTitanium	France	Paris	Deconsolidated	N/A	N/A
UKAD	France	Paris	Deconsolidated	N/A	N/A

Glossary

EBITDA

Earnings before financial income and expenses and other operating income and expenses, income tax, provisions for liabilities and charges, and depreciation of property, plant and equipment and amortisation of intangible assets.

Adjusted CA

Revenue including Eramet's share in the revenues of material joint ventures accounted for by the equity method in the Group's financial statements, restated for the offtake of all or part of the activity.

Adjusted EBITDA

EBITDA including Eramet's share in the EBITDA of material joint ventures accounted for by the equity method in the Group's financial statements.

Current operating income (COI)

Includes EBITDA (as defined above), depreciation of property, plant and equipment, amortisation of intangible assets and provisions for liabilities and charges. Current operating income excludes material transactions that are considered unusual in nature, in particular events related to restructuring and impairment losses, shown in operating income and expenses.

Net income, Group share

Net income for the period after tax, attributable to Eramet shareholders, after accounting for the non-controlling interest in each of the Eramet Group companies.

OCI (Other Comprehensive Income)

Transactions for which the change in value of an asset or liability is recognised directly in equity without passing through the income statement. This is the case, for example, for unrealised gains or losses on hedging instruments, actuarial gains and losses relating to employee-related liabilities, and certain translation adjustments.

Capital expenditure

Includes the acquisition of property, plant and equipment and intangible assets.

Group reporting

Financial information prepared for the Executive Committee, the chief operating decision-maker (CODM). This information is reconciled with published data and is used to measure the performance of the Eramet Group, its Divisions and Activities (segment information – see Note 4). It is also used for the Eramet Group's financial reporting.

Net financial debt

Represents the gross financial debt (long and short-term borrowings) less cash and cash equivalents and current financial assets. These items include the valuation of debt-hedging derivatives.

Gearing

Ratio of net financial debt to total equity (Group non-controlling interest).

Financial liquidity

Includes cash and cash equivalents, current financial assets and the available amount in the credit facilities made available to Eramet Group companies.