2024 Interim Financial Report


COMILOG

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STATEMENT BY THE PERSONS RESPONSIBLE FOR THE ERAMET INTERIMFINANCIAL REPORT AS AT 30 JUNE 2024

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

PARIS, 25 JULY 2024

NICOLAS CARRÉ	CHRISTEL BORIES
CHIEF FINANCIAL OFFICER, IN CHARGE OF PROCUREMENT & IT	CHAIR AND CHIEF EXECUTIVE OFFICER

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INTERIM BUSINESS REPORT AS AT 30 JUNE 2024

2.1 Foreword

It is advisable to read this report on the Company's financial position and operating performance in conjunction with the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements for the period ended 30 June 2024 and the other financial information in the 2023 Universal Registration Document filed with the French Financial Markets Authority (AMF) on 10 April 2023. The Company's condensed interim consolidated financial statements were drawn up in accordance with IAS 34 "Interim Financial Reporting". The information in this report also contains forecasts based on estimates of Eramet's future business activities, which may differ materially from actual future results.

2.2 Overview

Eramet, a global mining and metallurgical group, is a key player in the extraction and beneficiation of metals (manganese, nickel, mineral sands). The Group supports the energy transition by developing activities with high growth potential, such as lithium mining and refining, and recycling. Eramet is positioned as the preferred partner of our customers in the steel, stainless steel, aeronautics, pigment, energy and new generation battery industries. Based on operational excellence, the quality of its investments and the know-how of its employees, the Group deploys a virtuous and value-creating industrial, managerial and societal model. As a corporate citizen and societal contributor, Eramet works to achieve a sustainable and responsible industry. Eramet has close to 9,150 employees in approximately 20 countries.

2.3 Group results for the first half of the year 2024

The Group's adjusted turnover (including the proportional contribution of PT Weda Bay Nickel, "PT WBN") amounted to €1,674 million in H1 2024, down 12% (-10% at constant scope and exchange rates, with a marginal currency effect). This decrease mainly reflects a negative price effect (-16%) in a continued difficult market environment, notably for nickel. The positive volume effect remained limited over the first half (+5%): growth in sales of manganese and mineral sands was largely offset by the decline in nickel product sales, particularly at SLN.

Group EBITDA totalled €102 million.

Adjusted EBITDA (including the proportional contribution of PT WBN) amounted to €247 million, a decline of -27% vs. H1 2023, mainly reflecting:

- The negative impact of external factors of €310 million, particularly factoring in an unfavourable price effect (-€304 million, of which -€173 million for nickel and - €110 million for manganese) and the negative impact of the absence of low-grade saprolite sales'permit at Weda Bay (-€93 million), partly offset by a decrease in input costs (+€58 million), premiums on the ore price index in Indonesia (+€24 million), and a favourable currency effect (+€15 million);
- A positive intrinsic performance of €216 million, mainly linked, on one hand, to higher sales volumes of high-grade saprolite and limote at Weda Bay (+€86 million), and on the other hand, to manganese ore (+€82 million), combined with actions to reduce fixed costs and productivity gains (+€87 million, of which +€56 million related to higher ore grade at GCO and Weda Bay).

Net income, Group share for H1 2024 was -€41 million, including the share of income in PT WBN (€98 million) as well as losses related to SLN (-€72 million).

Capex accounted for €305m, including the share of the Lithium project financed by Tsingshan. Investments supported by the Group amounted to €234 million and include €150 million in growth capex, mainly in Gabon (€67 million) and Argentina (€71 million); current capex totalled €85 million.

Free Cash-Flow ("FCF") totalled -€521 million including the dividends received from Weda Bay, limited to €35 million, due to the low level of external ore sales over the first-half. It amounted to -€291 million, net of Tsingshan's capital contributions to the Centenario project (€85 million) and the French State's financial support to SLN (€145 million).

In line with the agreement signed in April, all of SLN's existing loans (held by the French State and Eramet) were converted into an instrument akin to equity (undated fixed rate subordinated bonds, "TSDI"). This conversion enables to neutralise the entity's debt to the French State on the Group's consolidated financial statements. The latter stood at €260 million on 31 December 2023. The same treatment applied to the new financing granted by the French State to SLN during the first half, for an amount of €140 million, in order to provide the New Caledonian entity with financial support. At June 30, 2024, including accrued interest converted, the French State held around €405 million of "TSDI" issued by SLN, which no longer have any impact on the Group's consolidated debt.

As a result, the Group's net debt was €711 million on 30 June 2024 (vs. €614 million on 31 December 2023), following dividends paid to Eramet shareholders (-€43 million) and Comilog minority shareholders (-€30 million) in respect of the 2023 financial year.

The adjusted leverage ratio was 1.0x. The Group's capital allocation policy continues to focus primarily on deleveraging, to maintain leverage[1] below 1x on average through the cycle, while allocating capex to growth projects and rewarding its shareholders.

As of 30 June 2024, Eramet's liquidity, including undrawn credit lines, remains high at €2.8bn.

(1) Net debt to adjusted EBITDA

2.3.1 Income statement

(in millions of euros)	H1 2024	H1 2023	Financial year 2023
Revenue	1,452	1,604	3,251
EBITDA	102	93	347
Current operating income	(23)	(10)	127
Operating income	(45)	(44)	(193)
Net income from continuing operations	**(94)**	**52**	**12**
Net income from operations held for sale	-	14	6
Net income for the period	**(94)**	**66**	**18**
Net income, Group share	(41)	98	109
Basic earnings per share (in euros)	**(1.44)**	**3.44**	**3.80**

2.3.1.1 Comments by Business Unit: revenue and current operating income

Manganese

EBITDA for the Manganese activity came out to €225 million over the period, up 17% year-on-year.

In Gabon, manganese ore produced and transported volumes increased by 33% and 12% to 3.5 Mt and 3.2 Mt, compared to H1 2023 which was impacted by non-recurring logistical incidents.

- EBITDA for the manganese ore activity was up to €186 million (+21%), mainly reflecting the increase in volumes sold externally (+21%). Despite the strong increase in the high-grade manganese ore price index over Q2 (c.+50% vs. Q1 2024), due to the prolonged halt in ore exports from an Australian competitor, the index remained almost stable over the half-year (+3%), owing to the low level in Q1.
- EBITDA for the manganese alloys activity was up very slightly to €39 million (+3%), with a decline in selling prices for refined alloys which was offset by the decrease in input costs as well as an increase in volumes sold (+4%). The increase in the manganese ore purchase price is not yet reflected in the cost incurred.

Market trends & prices

In H1 2024, global production of carbon steel, the main end-product for manganese, was stable yearon-year at 971 Mt.

China, which accounts for more than 50% of global steel production, posted a limited decline of 2% thanks to an increase in exports in response to the persistent crisis in the real estate sector. Conversely, India and Türkiye strongly increased their half-year production, respectively achieving growth of 7% and 20%. In Europe, production remained stable with demand still subdued. Production in North America was down 2% in a sluggish construction market.

Manganese ore consumption was stable for the period, at 10.4 Mt. As expected, first-half production significantly declined (-11%) to 9.3 Mt. In the wake of Cyclone Megan in March and the prolonged halt in activity for a leading player, production in Australia fell 54% versus H1 2023. Production in Gabon remained stable, while volumes exported from South Africa increased by 9% over the period, driven by low-grade ore production factoring in a favourable price environment. Marginal producer countries, including Côte d'Ivoire and Ghana, also reported an increase in their production, boosted by rising prices.

In this context, the supply/demand balance for H1 2024 was in considerable deficit and Chinese port ore inventories, which declined during Q2, stood at 5.0 Mt at end-June (vs. 5.8 Mt at end-March), equating to 9 weeks' consumption.

The price index (CRU) for manganese ore (CIF China 44%) averaged $5.4/dmtu over the semester, up 3% from the same period a year earlier thanks to a strong rebound in Q2 (c.+50% vs. Q1).

The price index (CRU) for refined alloys in Europe (MC Ferromanganese) declined by 9% year-onyear, while the price index for standard alloys (Silicomanganese) increased 6%. However, indices were up on H2 2023 (+10% and +27% respectively), supported by supply tensions factoring in the sea transport crisis observed in Q1 2024 in the Red Sea, and last quarter's rise in manganese ore prices.

Activities

In Gabon, the Moanda mine achieved production of 3.5 Mt in ore, up 33% on H1 2023, which was penalised by logistical incidents (landslide at end-2022, breach of civil engineering structure in early April 2023). Transported ore volumes increased to a lesser extent (+12%), reaching 3.2 Mt over the period, factoring in the unfavourable seasonality (particularly strong rainfall in Q2) and maintenance works on the railroad line completed during the half year to be able to sustain and increase the transport capacity of the Transgabonese railway, starting in H2.

Ore volumes sold externally totalled 2.9 Mt over the period, increasing by 21%.

The FOB cash cost[1] of manganese ore activity was $2.3/dmtu, down 15% on H1 2023, mainly reflecting growth in volumes sold.

(1) Cash cost calculated excluding sea transport and marketing costs

Sea transport costs per tonne increased by 9% to $1.0/dmtu vs. H1 2023, due to rising freight tariffs.

Alloys production totalled 324 kt in H1 2024 (+4% vs. H1 2023) in order to benefit from more favourable market conditions. Sales amounted to 322 kt (also +4%) with a similar mix to H1 2023 favouring manganese alloys (54%).

The half-year manganese alloys margin remained stable year-on-year, despite declining refined alloys selling prices. The latter was offset by a decline in input costs, notably metallurgical coke and manganese ore (whose price increase is not yet reflected in the cost of goods sold given an approximate 4-month lag between the purchase and consumption dates), on top of an increase in volumes sold.

Outlook

Global carbon steel production is expected to slightly improve in 2024. India, where Eramet has a strong business footprint, is expected to continue posting significant growth in its production thanks to strong demand from the infrastructures and automotive sectors. Türkiye and the countries of South-East Asia (ASEAN) should also increase their production, while China is expected to post a slightly lower production over the year.

However, global demand for manganese ore could decline slightly over the year, impacted by high manganese alloy inventories. Supply is still expected to decline.

Considering the halt to manganese ore exports from an Australian competitor, the current market consensus expects a strong increase (more than 50%) in the average manganese ore price index (CIF China 44%) compared to 2023 which should total around $7.3/dmtu for 2024. In early July, the spot price was close to $9/dmtu.

Global demand for manganese alloys should remain relatively stable while supply could increase again. In Europe, the increased manganese alloys production, driven by the strong decline in electricity prices, should enable the decrease in Ukrainian production to be offset. In India, the additional new capacity is expected to drive a strong increase in production.

As a result, manganese alloys selling prices should increase to reflect rising ore prices but margins are expected to remain under pressure.

In Gabon, annual transported ore volumes are now forecast between 7.0 Mt and 7.5 Mt, factoring in transport levels reached in H1. Manganese ore production will be adjusted to transportation to limit inventories at the mine. The amount of investments expected over the year to sustain growth in ore production and transportation in Gabon was estimated at around €150m.

Manganese alloys production is expected to reach around 700 kt over the year and may be adjusted to market conditions.

Nickel

Adjusted EBITDA for the Nickel activities totalled €52 million (-70%) for the half-year, including the proportional contribution of PT Weda Bay Nickel ("PT WBN").

Produced nickel ore volumes at Weda Bay amounted to 21.1 Mwmt (for 100%), up 40% from the same period a year earlier.

- PT WBN's share of EBITDA (excluding the off-take contract) was €145 million over the semester, down 41%: this change reflects the strong decline in ore prices as well as the absence of low-grade ore external sales' permit. The decrease in volumes was partly offset by productivity gains,
- EBITDA for SLN[1] declined by -€92 million, strongly impacted by the unstable societal situation in New Caledonia which did not enable mining operations to take place for most of Q2, resulting in a sharp slowdown in production at the Doniambo plant.

Market trends & prices

Global stainless-steel production, which is the main end-market for nickel, was up by 8% to 29.9 Mt in H1 2024.

Production in China, which accounts for more than 60% of global production, saw growth of 11% versus H1 2023, driven by record exports in Q2 2024. Production in the rest of the world was up by 2% with a strong increase in Indonesia (+25%).

Global demand for primary nickel increased by 7% from H1 2023, to 1.6 Mt, mainly benefitting from a recovery in demand for stainless-steel (+11%), despite limited growth in demand from the batteries sector (+2%).

Parallel to this, global primary nickel production was up 5% over the period, in line with demand, at 1.6 Mt. This growth was supported by NPI[2] supply in Indonesia (+18%), as well as the ramp-up in new projects, notably HPAL[3] (+18%) also in Indonesia. Conversely, NPI production in China as well as traditional ferronickel production, declined (-13% and -6% respectively).

The half-year balance of the nickel market (class I and II[4]) remained in slight surplus (17 kt), significantly below the supply/demand position in H1 2023 (56 kt). Visible nickel inventories at the LME and SHFE[5] continued increasing, to reach 118 kt-Ni at end-June.

In H1 2024, the LME price average (price of class I nickel) stood at $17,506/t, down sharply from H1 2023 (-28%). However, Q2 was up 11% on Q1, notably driven by announcements to reduce production sourced from Russia and New Caledonia.

(1) SLN and others
(2) Nickel Pig Iron ("NPI")
(3) High Pressure Acid Leach
(4) Class I: produced with a nickel content above or equal to 99%; Class II: produced with a nickel content below 99%
(5) LME: London Metal Exchange; SHFE: Shanghai Futures Exchange

The average for the NPI price index[1] as sold at Weda Bay was $11,858/t, significantly down versus H1 2023 (-23%) and also down compared to H2 2023 (-10%).

The spot price of ferronickel as produced by SLN (also class II nickel) was set at a level above prices for NPI, posting a smaller decline of 8% versus H1 2023 and remaining stable compared to H2 2023.

In Indonesia, the official domestic price index for high-grade nickel ore ("HPM Nickel") averaged $38/wmt[2] in the first half, down 34% versus H1 2023. The HPM Nickel ore price index followed nickel price trends at the LME, with the price formula indexed to the London-based exchange, with a lag of approximately one month. Considering current delays in the issuing of permits by the government, as well as unfavourable weather conditions over the period, there are currently tensions in the country's domestic ore supply, resulting in premiums on the price floor defined by Indonesia's government (HPM).

Nickel ore prices (1.8% CIF China), as exported by SLN, averaged $70/wmt over the semester, down 24% from the same period last year.

Activities

In Indonesia, the Weda Bay mine produced 21.1 Mwmt of nickel ore (+40% vs. H1 2023), including 16.7 Mwmt in saprolite (around 12.3 Mwmt high-grade and 4.4 Mwmt low-grade) and 4.4 Mwmt in limonite. The optimisation, on the one hand of the mining plan with an improved grade of marketable ore, and on the other, of inventory management, enabled significant productivity gains.

Internal ore consumption of PT WBN's NPI plant amounted to 1.3 Mwmt and external ore sales (at the other plants on the industrial site) totalled 12.1 Mwmt, including 10.7 Mwmt in high-grade saprolite and 1.3 Mwmt in limonite. No sale of low-grade saprolite took place in H1 (8.2 Mwmt in H1 2023), given that permits were not granted for this ore category.

Production at the NPI plant reached 14.0 kt-Ni in H1 2024 (on a 100% basis), down 11%, due to the slowed production of one furnace in Q1 and its maintenance scheduled for Q2 2024. As part of the off-take contract (trading activity), the Group sold 5.8 kt-Ni in H1 2024, down 17%.

PT WBN's contribution to Group FCF was limited to €35m in dividends, in connection with the lowest level of external nickel ore sales over the period.

In New Caledonia, mining production amounted to 1.4 Mwmt in H1 2024, down 51% from the same period a year earlier, factoring in extremely difficult operating conditions. The societal situation and particularly the civil disturbance in May, led to a halt in mine production throughout the territory for safety reasons and following damage to buildings and infrastructure, notably at SLN's Thio and Kouaoua sites.

As a result, SLN's nickel ore exports in the first half were limited to 0.4 Mwmt (-58% vs. H1 2023).

Ferronickel production also declined to 17.4 kt-Ni (-14% vs. H1 2023), with the latter reduced to a minimal level, enabling activity at Doniambo to be sustained, given the difficulties in transporting nickel ore and other inputs to the plant. Volumes sold were also down to 17.4 kt-Ni (-14% vs. H1 2023).

Cash cost of ferronickel production averaged $9.1/lb for the first half (vs. $8.7/lb in H1 2023). The decrease in ferronickel volumes and nickel ore exports in addition to an unfavourable price effect were largely offset by better control of costs as well as declining energy prices.

Outlook

Demand for primary nickel is expected to slightly increase in the second half, driven by stainlesssteel consumption as well as a recovery in batteries consumption.

Global primary nickel supply should increase more quickly than demand in the second half, due to less tension in Indonesia's nickel ore market as well as continued production growth from new projects (MHP and matte) across the country. Given Indonesia's current mining supply, PT WBN's ore selling prices should continue to benefit from a premium on the HPM index.

The nickel market's surplus is expected to continue in 2024, albeit to a lesser extent than in 2023.

In Indonesia, given that the permit for low-grade saprolite sales was not granted, the external sales target is revised between 40 and 42 Mwmt of nickel ore for the year, of which around two thirds in high-grade saprolite (for NPI plants) and a third in limonite (for HPAL plants), with an average grade slightly below that of 2023. The signature of the AMDAL[3] decree by the Indonesian government in July should enable the permit for the sales of high grade saprolite and limonite to be granted for the next three years, including 2024.

In New Caledonia, SLN continues to face major challenges, which are exacerbated by events ongoing since May, with its financial situation now extremely critical. Activity in most of the mines the company operates was suspended from mid-April and the Doniambo plant is running on minimal technical power, under very difficult circumstances, in order to preserve the integrity of the industrial facilities in line with the procedures in force.

(1) SMM NPI 8-12% index

(2) For nickel ore with 1.8% nickel content and 35% moisture content. Indonesian prices are set according to domestic market conditions, but with a monthly price floor based on the LME, in compliance with a government regulation published in April 2020

(3) AMDAL : « Analisis Mengenai Dampak Lingkungan » (Environmental Impact Analysis)

Following an agreement signed in April with Eramet, in July, the French State subscribed new undated fixed rate subordinated bonds ("TSDI"), as issued by SLN for an amount of €80 million, with zero impact on the Group's net debt. This financial support should enable the New Caledonia entity to continue its business in the months ahead.

Eramet reiterates its decision not to provide any further financing to SLN, while continuing to support its operations.

Mineral Sands

EBITDA for the Mineral Sands activities totalled €50 million in H1 2024, up 25% on H1 2023 (at comparable scope, excluding ETI) reflecting the increase in selling volumes, mainly linked to a better grade of the sands being mined, in a context of declining prices.

Market trends & prices

Global demand for zircon showed signs of stabilising in Q2 2024, despite continued lower levels compared to 2023, and driven by replenished inventories among ceramists over the period. The European market remained fragile, against the backdrop of a sluggish construction sector. Zircon production continued to decline slightly, with producers adjusting their volumes to address subdued demand. The market remained in slight surplus, with overall inventories not significantly decreasing.

In H1 2024, zircon prices stood at $1,915/t FOB, down 9% from H1 2023.

In H1 2024, global demand for TIO2[1] pigments, the main end-market for titanium-based products[2] , benefitted from the expected European Union (EU) customs tariffs on pigment imports from China, resulting in strong demand for despite weak fundamentals. As a result, production in China continued to rise, driven by exports to the EU.

In H1 2024, the price for ilmenite as produced by Grande Côte Operations ("GCO") was $300/t FOB, down 8% from H1 2023.

Activities

In Senegal, mineral sands products production at GCO increased by 33%, to 407 kt, versus favourable comparatives given the passage of the GCO dredge through a complex and low-grade zone in H1 2023. This progress reflects both an increase in the average heavy metal grade of the sands being mined over the period, as well as the improved equipment availability over the semester.

Ilmenite volumes produced stood at 254 kt, up 23%, and in line with the trend for mineral sands production. Ilmenite external sales reached 241 kt, including volumes linked to the long-term supply contract signed with ETI[3], which is now considered an external customer. At comparable scope (including ETI sales), ilmenite sales increased by 24% versus H1 2023.

Zircon volumes produced increased by 33% to 32 kt versus H1 2023, with sales volumes up 26% to 29 kt.

Outlook

Demand for zircon could increase slightly in 2024, driven by the impact of restocking in H1. However, the market should remain in surplus due to the arrival of new production capacity in Australia, therefore sustaining the pressure on prices in H2.

Demand for ilmenite is expected to be resilient over the year, factoring in the low inventories of TiO2 pigment producers in early 2024. In China, demand should increase, despite strong uncertainty regarding pigment production trends following the announcement of provisional anti-dumping measures by the EU, which are partly offset by the surge in titanium metal production. The ilmenite market, however, is expected to break even, factoring in the additional capacities in China, leading to lower average price levels over the year.

In Senegal, mineral sands production in 2024 is still expected to increase to more than 800 kt-HMC.

BU Lithium

On 3 July, Eramet inaugurated its first direct lithium extraction plant in Centenario, Argentina, becoming the first-ever European company to develop the capacity produce battery-grade lithium carbonate at industrial scale.

Market trends & prices

Lithium carbonate prices (battery-grade, CIF Asia) were down 73% in this first half compared to H1 2023, averaging $13,908/t-LCE (-48% vs. H2 2023). This decline is owing to the substantial inventories on the market as well as slower than expected sales for electric vehicles in Europe and the United States. Conversely, supply continued to increase with the launch of expansions to existing projects and the start of new projects; the market was therefore in surplus.

Activities

Production at Centenario is scheduled to start in November 2024 with a ramp-up expected to be achieved by mid-2025. At full capacity, the first Centenario plant will produce 24,000 t-LCE per year (100% basis) of battery-grade lithium carbonate ("LCE"), equivalent to the requirements for 600,000 electric vehicles/year.

The total amount of investment for the first Centenario plant is forecast to be around $870 million, with $515 million financed by Tsingshan. At full capacity, the cash cost (estimated between $4,500 and $5,000/t-LCE) should be positioned in the first quartile of the industry cash cost curve, with annual EBITDA estimated between $210 million and $315 million, based on a long-term price scenario between $15,000 and $20,000/t-LCE.

(1) 90% of titanium-based end-products
(2) Titanium dioxide slag, ilmenite, leucoxene and rutile
(3) Contract signed as part of the sale of the Norwegian subsidiary to INEOS at end-September 2023

In November 2023, Eramet's Board of Directors provisionally approved the investment decision on a second lithium production plant at Centenario, representing an additional 30,000 t-LCE per year (100% basis). This approval remains subject to obtaining construction permits as well as to implementing the new investment fiscal regime for large-scale projects[1] in Argentina, as this regime could enhance the economics and financing conditions of Centenario's second plant.

The amount of growth capex financed by Eramet totalled €71 million in H1 2024, including €61 million for the first plant.

Outlook

Growth in demand for lithium should be around 25% in 2024, with more favourable seasonality in H2. However, it remains softer than expected due to substantial inventories in the battery supply chain as well as a slowdown in electric vehicle adoption from car manufacturers in North America and Europe.

In parallel, lithium supply is expected to grow more than demand, driven by expansions and new mines set to start production this year. The market consensus (battery-grade CIF Asia lithium carbonate), currently averages around $14,400/t-LCE in 2024.

With production scheduled to start in November 2024, production volumes of lithium carbonate (battery-grade) are expected around 1 kt-LCE (100% basis) in H2 2024.

Growth capex aimed at developing the Lithium project in Argentina and financed by Eramet is revised downwards to around €150 million over the year, including around €130 million for the first plant and €20 million for the second plant, factoring in a postponement to the start of construction of the second plant until 2025, with corresponding capex postponed.

Strategic projects for the energy transition

Nickel (class I) and cobalt refining in Indonesia

After conducting an in-depth assessment, in June, Eramet and BASF decided against investing in their joint project to develop and build a nickel-cobalt-refining plant at Weda Bay, Indonesia. As part of its strategic roadmap, Eramet is still continuing to investigate opportunities to participate in the nickel electric vehicle battery value chain in Indonesia.

Battery recycling

In partnership with Suez, the Group is continuing the feasibility studies (economic and technical) for the battery recycling project in France. Eramet continues to assess the merits and timing of when to proceed with a battery recycling project, given the considerable changes in Europe's Electric Vehicle battery value chain observed over recent months.

Growth opportunities for lithium in Chile

Following the end-2023 acquisition of mining concessions covering a cluster of lithium salars in the Atacama region, the Group is working to develop future partnerships with State companies owning lithium exploration and mining rights. During the first half, Eramet also signed two farm-in agreements to conduct exploration activities in Chile.

2.3.1.2 Net income, Group share

Net income, Group share amounts to - €41 million for the first half of 2024, down €140 million d'euros versus the €98 million profit in the same period in 2023, mainly due to the negative impact of external factors, including an unfavorable price effect (Nickel and Manganese), partially offset by lower input costs, and despite a positive intrinsic performance, mainly due to higher manganese ore sales volumes, combined with actions to reduce fixed costs and productivity gains.

It includes the following items:

- financial loss of -€86 million in the first half of 2024, a decreased loss compared to the same period in 2023 (-€63 million) ;
- income taxes which totalled - €61 million in the first half 2024, compared to -€15 million for the same period in 2023, due to higher current taxes for profitable companies (Comilog). In 2023, an exceptional reversal of deferred taxes had reduced the tax expense ;
- non-controlling interests of - €53 million in the first half of 2024, compared to -€32 million in the first half of 2023, mainly reflecting the deterioration in SLN's results (44% minority interests) and the decline in Comilog's profits (36% minority interests).

(1) *Regimen de Incentivo Para Grandes Inversiones, "RIGI" (Incentivising fiscal regime for large-scale investment projects)*

2.3.2 Statement of changes in net financial debt

(in millions of euros)	H1 2024	H1 2023	Exercice 2023
Net cash flow from operating activities	(194)	48	241
Industrial investments	(289)	(291)	(706)
Other investment cash flows	(38)	123	222
Dividends and other financing flows (1)	418	(94)	124
Incidence des variations de cours des devises	8	(16)	(8)
Acquisition of IFRS 16 rights of use	(1)	(6)	(10)
(Increase)/Decrease in net financial debt before cash flows from operations sold/held for sale	**(97)**	**(237)**	**(137)**
Flows generated by operations sold/held for sale	-	(133)	(133)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT OF CONTINUING OPERATIONS	**(97)**	**(370)**	**(270)**
Net financial debt of des operations held for sale before flows from continuing operations	-	(101)	(102)
Flows generated by continuing operations	-	133	133
(Increase)/Decrease in net financial debt of operations sold or held for sale	-	31	31
Opening (net financial debt) of continuing operations	**(614)**	**(344)**	**(344)**
Closing (net financial debt) of continuing operations	**(711)**	**(712)**	**(614)**
Closing (net financial debt) of operations held for sale	-	-	-

(1) including €406 millions of TSDI (SLN)

The net financial debt as of 30 June 2024 amounts to 711 millions d'euros, compared to €614 million as at 31 December 2023.

Net cash flow from operating activities amounts to -€194 million for the first half of 2024, down -242 millions compared to the first half of 2023, due to lower material prices, the strong negative impact of SLN, and changes in working capital requirements.

Industrial investments amount to €289 million for the first half of 2024 compared to €291 million in the first half of 2023.

Gearing in accordance with the bank covenants, corresponding to the ratio between net financial debt according to the bank covenants and Group equity is 29 % as of 30 June 2024 versus 31 % as of 31 December 2023. Net financial debt under the bank covenants is the net financial debt minus the "Operating leases" debt under IFRS 16, and, until 2023, the debt of SLN to the French state.

2.3.3 Total equity group share

Equity attributable to owners of the parent stands at € 1 593 millions at the end of June 2024 compared to 1 600 millions at the end of December 2023.

This slight increase is due to the change in translation differences for €75 million, offset by the distribution of dividends in the first half for -€43 million.

2.3.4 Roce

The Group's ROCE (Return on Capital Employed) as of 30 June 2024 stands at 4% (4% as of June 2023).

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

2.4 Risk management

The Group uses derivatives to control its risk exposure. Management of the principal risks, delegated by the Executive Committee, is centralised at Eramet's finance department. This management is performed directly by Eramet or via special purpose companies, such as Metal Currencies, specifically created to manage the Group's currency risks. Since 2024, the Group has no longer hedged the transactional currency risk (sales and costs) on the EUR USD pair, but continues to hedge the currency risk on the EUR NOK pair. Lastly, in 2023 the Group initiated a policy of hedging interest-rate risk on its debt via simple derivatives (swap and cap-type derivatives).

The presentation of these risks and the Group's assessment of them are detailed in the 2023 Universal Registration Document in Note 9 "Financial instruments and risk management" to the consolidated financial statements, and in Chapter 4 "Risk factors and control environment".

Cash surpluses of subsidiaries are pooled at Group level through a wholly owned subsidiary (Metal Securities). In the first half of 2024, the yield is €STR capitalized flat, i.e. approximately 2.66%. Cash is being managed prudently in 2024, as in previous years. The Group has not identified any other risk factors arising in the first half of 2024 or affecting the upcoming second half.

2.5 Financial statements of Eramet S.A.

(in millions euros)	H1 2024	H1 2023	Financial Year 2023
Revenue	1,412	1,514	1,193
Operating income	(66)	(75)	(78)
Financial profit (loss)	(1)	734	135
Extraordinary income	-	(525)	(1)
Net income	(71)	134	143

Revenue in the first half of 2024 stands at €1,412 millions, en down €102 million (-6,8 %) compared with the first half of 2023. This decrease is mainly due to the decline in SLN's nickel sales, largely offset by growth in manganese and mineral sands sales.

The operating result was a loss of -€66 million in the first half of 2024, compared with a loss of -€75 million in the first half of 2023.

The financial result for the first half of 2024 was -€1 million. It mainly consists of dividends received totalling €58 million and of interests expenses on financial debt for €54 million.

Net income amounted to -€71 million in the first half of 2024 compared with €134 million in the first half of 2023.

2.6 Outlook

Economic conditions remain subdued at the start of the second half. In China, Q2 growth of 4.7%, which was below forecasts, shows that the 5% growth target for 2024 will be harder to achieve than expected.

Sea freight prices should stabilise slightly above H1 to higher levels than in 2023, pending developments in the situation in the Red Sea. The price of reductants should increase in H2 2024 compared to H1, albeit lower than in 2023.

The range for volume growth targets over the year, which recognises the more favourable seasonality in H2 is as follows :

- Between 7.0 and 7.5 Mt of manganese ore transported in Gabon,
- Between 40 and 42 Mwmt4 of marketable nickel ore at Weda Bay, of which two thirds are highgrade saprolite and a third is limonite,
- Around 1 kt-LCE of lithium carbonate produced at Centenario.

The average price consensus[(1)] and exchange rate[(2)] for 2024 is currently:

- $7.3/dmtu for manganese ore (CIF China 44%) with a favourable price environment in H2,
- $17,100/t for LME nickel,
- $14,400/t-LCE for lithium carbonate (battery-grade, CIF Asia),
- The €/$ exchange rate expected at 1.08.

Invoiced selling prices for manganese alloys should average above 2023 levels over the year, in order to reflect the ore price increase while margins are expected to remain under pressure.

The price of ferronickel is expected to remain slightly above the SMM NPI 8-12% index. Domestic prices for nickel ore sold in Indonesia are indexed to the LME and change accordingly, and should continue to benefit from premiums on the HPM index in H2.

The amount of investments financed by the Group in 2024 is revised downwards between €550 million and €600 million, of which:

- Current capex: around €200 million (vs. close to €250 million), notably factoring in a decline in SLN's capex,
- Growth capex: between €350 and €400 million, notably aimed at sustaining growth in production and transport for ore in Gabon (around € 150 million), as well as to develop the Lithium project in Argentina (around €150 million, a decrease of € 100 million, factoring in the postponed construction start of the second plant to 2025).

(1) Eramet analysis based on a panel of the main sell-side and market analysts
(2) Bloomberg forecast consensus as of 15/07/2024 for the year 2024

3

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2024

3.1 Income statement

(in millions of euros)	Notes	First half 2024	First half 2023	Financial year 2023
Revenue	3	1,452	1,604	3,251
Other income		39	26	89
Raw materials and purchases consumed		(534)	(595)	(1,101)
External expenses		(542)	(605)	(1,255)
Personnel cost		(303)	(310)	(602)
Taxes		(8)	(9)	(18)
Operating depreciation expense		(120)	(114)	(240)
Net change in operating provisions and write-downs		(7)	(7)	3
Current operating income	**3**	**(23)**	**(10)**	**127**
Other operating income and expenses	4	(22)	(34)	(320)
Operating income		**(45)**	**(44)**	**(193)**
Cost of net debt		(68)	(60)	(85)
Other financial income and expenses		(18)	(3)	83
Financial profit (loss)		**(86)**	**(63)**	**(2)**
Share of income from joint ventures and associates		98	174	295
Income taxes		(61)	(15)	(88)
Net income from continuing operations		**(94)**	**52**	**12**
Net income from discontinued operations[1]		-	14	6
Net income for the period		**(94)**	**66**	**18**
Attributable to non-controlling interests	4	(53)	(32)	(91)
• *of which, attributable to non-controlling interests from continuing operations*		*(53)*	*(32)*	*(91)*
• *of which, attributable to non-controlling interests from operations to be divested*		-	*(0)*	-
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**(41)**	**98**	**109**
• *of which attributable to equity holders of the parent company from continuing operations*		*(41)*	*84*	*103*
• *of which attributable to equity holders of the parent company from operations to be divested*		-	*14*	*6*
Basic earnings per share (in euros) from continuing operations		*(1.44)*	*2.96*	*3.59*
Basic earnings per share (in euros) from operations to be divested		-	*0.48*	*0.20*
Basic earnings per share (in euros)		(1.44)	3.44	3.80
Diluted earnings per share (in euros) from continuing operations		*(1.44)*	*2.93*	*3.54*
Diluted earnings per share (in euros) from operations to be divested		-	*0.47*	*0.19*
Diluted earnings per share (in euros)[2]		(1.44)	3.40	3.75

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

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

3.2 Statement of comprehensive income

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Net income for the period	**(94)**	**66**	**18**
Exchange differences for subsidiaries' financial statements in foreign currency	153	(242)	(374)
Change in fair value reserve for financial assets measured at fair value through shareholders' equity	-	-	-
Change in revaluation reserve for hedging financial instruments	(8)	(29)	(41)
Income taxes	-	-	8
Items that will be subsequently reclassified to profit or loss	**145**	**(272)**	**(406)**
Revaluation of net defined benefit plan liabilities[1]	-	4	2
Income taxes	-	-	-
Items that will not be subsequently reclassified to profit or loss	**-**	**4**	**2**
Other comprehensive income	**145**	**(268)**	**(404)**
• Attributable to non-controlling interests	70	(74)	(180)
• Attributable to equity holders of the parent company	75	(193)	(223)
TOTAL COMPREHENSIVE INCOME	**51**	**(202)**	**(386)**
• Attributable to non-controlling interests	17	(107)	(272)
• Attributable to equity holders of the parent company	34	(95)	(114)

(1) no rate change between 31 December 2023 and 30 June 2024.

3.3 Statement of cash flows

(in millions of euros)	Notes	First half 2024	First half 2023	Financial year 2023
OPERATING ACTIVITIES				
Net income for the period		(94)	66	18
Reintegration of the net income from operations to be divested		-	(14)	(6)
Non-cash income and expenses		46	(30)	156
Cash flow from operations		(48)	22	168
Net change in working capital requirement (WCR)	6	(146)	26	73
Net cash flow generated by continuing operating activities[1]		**(194)**	**48**	**241**
Net cash flow generated by discontinued operating activities[3]		-	(69)	(69)
Net cash flow generated by operating activities[1]		**(194)**	**(21)**	**172**
INVESTING ACTIVITIES				
Payments for non-current assets[2]	7	(305)	(356)	(920)
Net change in other non-current financial assets		(44)	(33)	(114)
Proceeds from non-current asset disposals		0	4	6
Net change in current financial assets	5	66	2	8
Capital increase of joint ventures		(0)	-	-
Dividends received from equity accounted companies		35	152	267
Impact of changes in scope[5]		(13)	35	229
Net cash flow from investing activities related to continuing operations		**(260)**	**(196)**	**(524)**
Net cash flow from investing activities related to discontinued operations[3]		-	(33)	(33)
Net cash flow from investing activities		**(260)**	**(229)**	**(557)**
FINANCING ACTIVITIES				
Capital increase subscribed by non-controlling interests		167	93	321
Dividends paid to non-controlling interests		(30)	(87)	(87)
Payment of dividends		(43)	(100)	(100)
Buyback of treasury shares		(1)	-	(10)
Issuance of new borrowings	5	726	1,059	1,419
Repayment of borrowings	5	(281)	(793)	(1,118)
Repayment of lease debts[2]	5	(9)	(10)	(17)
Changes in bank overdrafts		(3)	(135)	(69)
Other changes		(38)	(30)	(36)
Net cash flow from financing activities related to continuing operations		**488**	**(3)**	**303**
Net cash flow from financing activities related to discontinued operations[3]		-	(34)	(34)
Net cash flow from financing activities		**488**	**(37)**	**269**
Impact of fluctuations in exchange rates on continuing operations		13	(27)	45
Impact of fluctuations in exchange rates on discontinued operations[3]		-	-	-
Net cash flow from continuing operations generated from discontinued operations[4]		-	(104)	(104)
Net cash flow from discontinued operations generated from continuing operations[4]		-	104	104
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS		**46**	**(282)**	**(39)**
Increase/(Decrease) in cash and cash equivalents from discontinued operations		-	(32)	(33)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**46**	**(314)**	**(71)**
Cash and cash equivalents at opening		1,084	1,123	1,123
Cash and cash equivalents at closing		1,130	843	1,084
Cash and cash equivalents from assets held for sale(3)		-	-	-
(1) Of which, included in operating activities:				
Interest received		32	14	41
Interest paid (including expense under IFRS 16)		(94)	(65)	(144)
Tax paid		(69)	(136)	(172)

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

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

(4) In 2023, the amounts were essentially related to financing flows from divested operations by continuing operations

(5) including €406m from the impact of the TSDI (SLN) in 2024

3.4 Balance sheet

ASSETS

(in millions of euros)	Notes	30 June 2024	31 December 2023
Intangible assets and goodwill	7	444	434
Property, plant & equipment	7	2,545	2,236
Rights of use relating to lease contracts	7	67	70
Investments in joint ventures and associates	7	386	315
Other non-current financial assets		212	177
Deferred tax assets		67	64
Other non-current assets		5	8
Non-current assets		**3,726**	**3,304**
Inventories	6	616	619
Trade receivables	6	270	221
Other current assets		569	480
Current tax receivables		11	10
Derivatives assets		13	35
Current financial assets	5	463	522
Cash and cash equivalents	5	1,130	1,084
Current assets		**3,072**	**2,972**
TOTAL ASSETS		**6,798**	**6,276**

LIABILITIES

(in millions of euros)	Notes	30 June 2024	31 December 2023
Share capital		88	88
Share premiums		466	466
Fair value reserve for financial assets measured at fair value through shareholders' equity		7	7
Revaluation reserve for hedging instruments		2	10
Revaluation reserve for defined benefit plan liabilities		(82)	(82)
Currency differences		(403)	(486)
Other reserves		1,515	1,597
Attributable to equity holders of the parent company		1,593	1,600
Attributable to non-controlling interests	4	865	394
Shareholders' equity		**2,458**	**1,994**
Employee-related liabilities		102	99
Provisions – more than one year	9	581	579
Deferred tax liabilities		250	246
Borrowings – more than one year	5	1,863	1,541
Lease obligations due in more than one year	5	62	65
Other non-current liabilities		3	-
Non-current liabilities		**2,861**	**2,530**
Provisions – less than one year	9	114	132
Borrowings – less than one year	5	360	603
Lease obligations due in less than one year	5	19	18
Trade payables	6	320	445
Other current liabilities		579	456
Current tax liabilities		76	88
Derivative liabilities		11	10
Current liabilities		**1,479**	**1,752**
TOTAL LIABILITIES		**6,798**	**6,276**

3.5 Statement of changes in equity

(in millions of euros)	Number of shares	Share capital	Share premiums	Fair value reserve for financial assets measured at fair value through shareholders' equity	Revaluation reserve for hedging instruments	Revaluation reserve for defined benefit plan liabilities	Currency differences	Other reserves	Attributable to equity holders of the parent company	Attributable to non-controlling interests	Shareholders' equity
Shareholders' equity as at 1 January 2023	**28,755,047**	**88**	**466**	**7**	**42**	**(84)**	**(292)**	**1,554**	**1,781**	**464**	**2,245**
Net income for the first half 2023								98	98	(32)	66
Other comprehensive income				-	(29)	4	(168)	-	(193)	(74)	(268)
Total comprehensive income	-	-	-	-	(29)	4	(168)	98	(95)	(107)	(202)
Distribution of dividends								(100)	(100)	(87)	(187)
Share-based payments								5	5	-	5
Buyback of treasury shares								-	-	-	-
Transactions with non-controlling interests								12	12	82	94
Other movements(1)								103	103	77	179
Total transactions with shareholders	-	-	-	-	-	-	-	19	19	72	91
Shareholders' equity as of 30 June 2023	**28,755,047**	**88**	**466**	**7**	**13**	**(80)**	**(460)**	**1,672**	**1,705**	**429**	**2,134**
Net income for H2 2023	-	-	-	-	-	-	-	11	11	(59)	(48)
Other comprehensive income	-	-	-	-	(3)	(2)	(25)	-	(30)	(106)	(135)
Total comprehensive income	-	-	-	-	(3)	(2)	(25)	11	(19)	(164)	(183)
Share-based payments								6	6	-	6
Buyback of treasury shares								(10)	(10)	-	(10)
Transactions with non-controlling interests								21	21	206	227
Other movements(1)								(103)	(103)	(77)	(179)
Total transactions with shareholders	-	-	-	-	-	-	-	(85)	(85)	129	44
Shareholders' equity as of 31 December 2023	**28,755,047**	**88**	**466**	**7**	**10**	**(82)**	**(486)**	**1,597**	**1,600**	**394**	**1,994**
Net income for the first half 2024								(41)	(41)	(53)	(94)
Other comprehensive income				-	(8)	-	83	-	75	70	145
Total comprehensive income		-	-	-	(8)	-	83	(41)	34	17	51
Distribution of dividends								(43)	(43)	(39)	(82)
Share-based payments								5	5	-	5
Buyback of treasury shares								(1)	(1)	-	(1)
Transactions with non-controlling interests(2)								-	-	87	87
Other movements(1)								(1)	(1)	406	405
Total transactions with shareholders	-	-	-	-	-	-	-	(41)	(41)	453	413
SHAREHOLDERS' EQUITY AS OF 30 JUNE 2024	**28,755,047**	**88**	**466**	**7**	**2**	**(82)**	**(403)**	**1,515**	**1,593**	**865**	**2,458**

(1) In 2024, the other movements under non-controlling interests include the impact of SLN's TSDI for €406 million

(2) Transactions with non-controlling interests include the impact of capital increases carried out by the partner Tsingshan at Eramine

(3) Translation adjustments include an impact of 120 million euros (60 million for the Group share, 60 million for non-controlling interests) resulting from the change of functional currency in Argentina (USD instead of ARS).

3.6 Notes to the financial statements

Contents

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

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

The condensed interim consolidated financial statements for the Eramet Group for the first half of 2024 were approved by the Board of Directors of Eramet on 25 July 2024.

NOTE 1 Highlights of the first half of 2024

Continued operational and financial difficulties at SLN in New Caledonia in a very unstable social situation

In New Caledonia, SLN continues to face major challenges, exacerbated by the events of May and its financial position is currently extremely critical. The activity of the majority of mining sites has since been suspended and the Doniambo plant is running at minimal technical capacity under very difficult conditions.

Sales of low-grade nickel ore stood at 1.403 Mwmt, down 51% from the first half of 2023 (2.887 Mwmt). Ferronickel production and sales are also down compared to the first half of 2023 and stand at 17.4 ktNi. The prices invoiced for export ore and ferronickel are down 28%. SLN's EBITDA was significantly negative at the end of June 2024 at -€98 million. As a result, SLN generated negative *free cash flow* of -€130 million in the first half of the year.

Given the critical cash position since the end of the financial year 2023, during the first half of 2024 the French government set up additional funding of €140 million, as Eramet had reiterated its decision not to provide new funding to SLN while continuing its operational support.

Following an agreement signed with Eramet, in April 2024, the French government and Eramet subscribed to subordinated bonds at a fixed rate with indefinite duration ("TSDI"), issued by SLN, for a total amount of €738 million (€406 million for the government and €332 million for Eramet).

In July 2024 the government subscribed to an additional TSDI issue for €80 million, bringing the government's total amount to €486 million (including interest). Eramet's share remains unchanged.

This financial support should allow the New Caledonian entity to continue its activity in the upcoming months.

The guarantees temporarily granted by Eramet on behalf of its subsidiary for the operation of the Doniambo plant have been extended to April 2025 for an amount of €53 million. Guarantees concerning mining sites have been put in place until the end of the operating permit directly by SLN amounting to €36 million.

TSDI classification

The subordinated bonds at a fixed rate with indefinite duration (TSDI) issued by SLN and subscribed by the French government constitute an instrument classified as equity and were recorded on the minority interest line in the Group's consolidated financial statements in the amount of €406 million as at 30 June 2024.

Lithium in Argentina

On 3 July, Eramet inaugurated its first direct lithium extraction plant in Centenario, Argentina, thereby becoming the leading European enterprise to produce battery-quality lithium carbonate on the industrial scale.

The start of production is planned for November 2024 with the end of the ramp-up planned for the middle of 2025. At full capacity, the first Centenario plant will produce 24,000 t/year (on a 100% basis) of battery-quality lithium carbonate (LCE), equal to the needs of 600,000 electric vehicles a year.

The total investment for the first Centenario plant will amount to approximately $870 million.

In November 2023, Eramet's Board of Directors conditionally approved the investment decision for a second lithium production plant in Centenario, representing an additional 30,000 t-LCE per year (on a 100% basis). This approval remains subject to obtaining a building permit as well as implementing a new investment tax regime for large projects, this regime being intended to improve the economic and financial conditions for the second Centenario plant.

Nickel (class 1) and cobalt refining in Indonesia

In 2020, Eramet and BASF signed an agreement to assess the potential for common development and construction of a nickel and cobalt refining plant in Weda Bay, Indonesia.

After a thorough assessment, especially related to the strategy for executing the project, both partners decided in June not to invest in this joint project.

Battery recycling

In partnership with Suez, Eramet is continuing feasibility studies relating to the battery recycling project in France. If it materialises, this project will strengthen Eramet's position in the electric battery value chain, with an upstream and downstream presence, since the collection and dismantling of end-of-life batteries and their beneficiation in the form of metal salts (nickel, cobalt and lithium) makes it possible to reuse them for producing new batteries. Eramet continues to assess the interest and opportune time to launch this battery recycling project, given major advances in the electric vehicle battery value chain in Europe over the past few months.

Geothermal lithium production in France

In partnership with Électricité de Strasbourg (ÉS), Eramet is continuing to assess the feasibility of extracting lithium from geothermal brines in Alsace, at the heart of the European electric battery market. If it materialises, this project will ally geothermal performance (carbon-free heat and electricity production by pumping hot brines at depth) and one of the most advanced direct lithium extraction (DLE) processes in the world, developed and patented by Eramet and currently being rolled out in Centenario, Argentina.

Lithium in Chile

Following its acquisition in late 2023 of concessions covering all the lithium salt flats in the Atacama region, the Group is working to develop future partnerships with state-owned companies authorised by the Chilean government to hold lithium exploration and exploitation rights, into which it can introduce its proprietary DLE technology.

During the half year, Eramet also signed two interest agreements to carry out exploration activities in Chile.

Financing

Bond issue

In May, Eramet issued its second series of sustainability-linked bonds for €500 million. These bonds have a duration of 5.5 years and, with an coupon rate of 6.5%, are linked to two sustainable performance goals. These goals will be evaluated at 31 December 2026 relative to the 2019 performance:

- 37% reduction in the Group's annual greenhouse-gas emissions (scopes 1 and 2); and
- increase to 67% of the share (in terms of emissions) of its suppliers and customers, with decarbonisation targets consistent with the Paris Agreement's "well-below 2°C" scenario.

At the same time, Eramet bought back the bond maturing in May 2025 (for an amount of €300 million – €180 million in June and €120 million at the start of July), and extended by one year the maturity of the term loan (which amounts to €500 million at the end of June).

The average maturity now stands at about four years (versus nearly three years at 31 December 2023).

Financial rating

In 2023, two rating agencies, Moody's and Fitch gave Eramet long-term credit ratings of Ba2 and BB+, respectively, with a stable outlook. In the second quarter of 2024, Moody's and Fitch revised the Group's long-term credit ratings to Ba2 and BB, respectively, with a stable outlook.

NOTE 2 Climate Note

Decarbonisation

Approximately 90% of Eramet's greenhouse gas emissions (Scopes 1 & 2) are related to its pyrometallurgy activities of manganese and nickel ore processing.

Eramet has set the goal of reducing its emissions by 40% by 2035 relative to 2019. An action plan was designed to achieve this goal; it especially focuses on pyrometallurgy activities.

The main projects are the following:

- Sourcing or production of carbon-free electricity, with study of purchasing renewable electricity for the Marietta site (US)
- Energy-efficiency actions, especially producing electricity from exhaust gases in the production of manganese alloys.
- Replacing fossil carbo-reducers with biocarbons from biomass (manganese alloys)
- Roll-out (feasibility study in progress) of a CO2 capture, liquefaction, transport and storage system on the Sauda site (Norway)

Regarding mining activities, which produce approximately 10% of the Group's greenhouse gas emissions, other decarbonisation initiatives are also underway or being studied, especially photovoltaic electricity production on our sites in Senegal and Argentina.

These projects are included in Eramet's long-term planning and are taken into account in the assessment of pyrometallurgy assets (including the consideration of an internal carbon price in CAPEX, at €100/t).

Climate change impacts

In 2023, Eramet updated the water stress risk analysis for all of its sites using Aqueduct 4.0 Water Risk Atlas. This tool, provided by World Resources Institute's (WRI) maps and analyses current and future water risk, according to climate change and socioeconomic scenarios and the location of the activities. The Water Risk Atlas, updated in 2023, uses a global hydrology model called PCR-GLOBWB 2 to generate new data sets on the supply and use of water in sub-basins. Water Stress measures the ratio between the total water demand and the available renewable reserves of surface and ground water.

The analysis integrates the current situation and projected developments at 2030 and 2050 for three socioeconomic and climate scenarios (business-as-usual SSP 3 RCP 7.0, optimistic SSP 1 RCP 2.6 and pessimistic SSP 5 RCP 8.5).

The result of this analysis shows a low risk for all the Group sites except:

- The French sites (Trappes research centre and Comilog Dunkirk), which currently present a low to medium level of risk but with an expected increase by 2050 to a medium to high risk for scenario SSP1 RCP 2.6.
- The GCO site in Senegal presents a high water stress risk as of 2023. This risk increases from 2030 or 2050, depending on the scenarios considered, to a very high risk level.

To round off this analysis, this year the Group initiated a study aimed at getting an updated picture of the physical risks it may face as a result of climate change, including all climate risks (floods, heat waves, droughts, storms etc.) according to different scenarios. This study is underway and expected to be completed by the end of the year.

NOTE 3 Operating performance of the Divisions/BU and the Group – segment reporting information

Reconciliation of the EBITDA of published financial indicators

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Revenue	1,452	1,604	3,251
Other income	39	26	89
Raw materials and purchases consumed	(534)	(595)	(1,101)
External expenses	(542)	(605)	(1,255)
Personnel cost	(303)	(310)	(602)
Taxes	(8)	(9)	(18)
Change net of write-downs of working capital	(2)	(18)	(17)
EBITDA	102	93	347
Operating depreciation expense	(120)	(114)	(240)
Net change in operating provisions and write-downs (ex. working capital)	(5)	11	20
Current operating income	**(23)**	**(10)**	**127**
Other operating income and expenses	(22)	(34)	(320)
Operating income	**(45)**	**(44)**	**(193)**
Net debt cost	(68)	(60)	(85)
Other financial income and expenses	(18)	(3)	83
Financial profit (loss)	**(86)**	**(63)**	**(2)**
Share of income from joint ventures and associates	98	174	295
Income taxes	(61)	(15)	(88)
Net income from continuing operations	**(94)**	**52**	**12**
Net income from discontinued operations(1)	-	14	6
Net income for the period	**(94)**	**66**	**18**
Attributable to non-controlling interests	(53)	(32)	(91)
GROUP SHARE	**(41)**	**98**	**109**

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

Performance indicators

(in millions of euros)	Operations Department: Manganese	Operations Department: Nickel	Operations Department: Mineral Sands	Operations Department: Lithium	Operations Department: Holding, eliminations, restatements and other entities	Total from continuing operations	Erasteel and Aubert & Duval	Eliminations and restatements	Total continuing operations and operations to be divested
FIRST HALF 2024									
Revenue	996	313	141	-	2	1,452	-	-	1,452
EBITDA	225	(93)	50	(11)	(70)	102	(0)	-	102
Current operating income	137	(106)	33	(11)	(76)	(23)	-	-	(23)
Net cash flow from operating activities	136	(144)	31	(44)	(173)	(194)	-	-	(194)
Industrial investments (intangible assets and property, plant & equipment)	126	9	15	134	5	289	-	-	289
FIRST HALF 2023									
Revenue	946	518	136	-	4	1,604	346	-	1,950
EBITDA	193	(72)	49	(9)	(68)	93	(8)	7	92
Operating income	138	(92)	26	(9)	(73)	(10)	(13)	7	(16)
Net cash flow from operating activities	127	(29)	64	(5)	(109)	48	(71)	2	(21)
Industrial investments (intangible assets and property, plant & equipment)	151	8	50	74	8	291	24	-	315
FINANCIAL YEAR 2023									
Revenue	1,978	994	275	-	4	3,251	346	-	3,597
EBITDA	499	(120)	105	(17)	(121)	347	(9)	7	346
Operating income	361	(146)	62	(17)	(133)	127	(13)	7	121
Net cash flow from 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

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

Adjusted turnover and EBITDA

Adjusted revenue

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Revenue	**1,452**	**1,604**	**3,251**
Share of revenue from joint ventures and associates			
• PT Weda Bay (38.7%)	223	297	573
ADJUSTED REVENUE	**1,674**	**1,901**	**3,824**

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

Adjusted EBITDA

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
EBITDA	**102**	**93**	**347**
Share of EBITDA from joint ventures and associates:			
• PT Weda Bay (38.7%)	145	246	425
ADJUSTED EBITDA	**247**	**339**	**772**

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

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

(in millions of euros)	France	Europe	North America	China	Other Asia	Oceania	Africa	South America	**Total**
REVENUE (DESTINATION OF SALES)									
FIRST HALF 2024	**19**	**388**	**70**	**345**	**408**	**17**	**51**	**154**	**1,452**
First half 2023	30	338	225	442	464	43	34	28	1,604
Financial year 2023	43	663	403	1,011	944	71	75	41	3,251
INDUSTRIAL INVESTMENTS (INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT)									
FIRST HALF 2024	**19**	**14**	**2**	**-**	**1**	**9**	**110**	**134**	**289**
First half 2023	14	43	21	-	1	7	131	74	291
Financial year 2023	35	69	29	-	-	19	327	227	706
Non-current assets (excluding deferred taxes)									
30 JUNE 2024	**307**	**315**	**71**	**-**	**387**	**105**	**1,824**	**651**	**3,659**
Financial year 2023	297	310	70	-	315	76	1,804	367	3,240

Consolidated performance indicators

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

Income statement

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Revenue	1,452	1,604	3,251
EBITDA	102	93	347
Depreciation of fixed assets	(120)	(114)	(240)
Provisions for contingencies and losses	(5)	11	20
Current operating income	**(23)**	**(10)**	**127**
Impairment of assets	(9)	(7)	(218)
Other operating income and expenses	(13)	(27)	(102)
Operating income	**(45)**	**(44)**	**(193)**
Financial profit (loss)	(86)	(63)	(2)
Share of income from associates	98	174	295
Income taxes	(61)	(15)	(88)
Net income from continuing operations	**(94)**	**52**	**12**
Net income from discontinued operations(1)	-	14	6
Net income for the period	**(94)**	**66**	**18**
Attributable to non-controlling interests	(53)	(32)	(91)
GROUP SHARE	**(41)**	**98**	**109**
Basic earnings per share (in euros)	(1.44)	3.44	3.80

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

Statement of net financial debt flows

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Operating activities			
EBITDA	102	93	347
Cash impact of items below EBITDA	(150)	(71)	(179)
Cash flow from operations	(48)	22	168
Change in WCR	(146)	26	73
Net cash flow from continuing operations (A)	**(194)**	**48**	**241**
Investing activities			
Industrial investments	(289)	(291)	(706)
Other investment cash flows	(38)	123	222
Net cash used in investing activities of continuing operations (B)	**(327)**	**(168)**	**(484)**
Net cash used in financing activities of continuing operations	**418**	**(94)**	**124**
Impact of fluctuations in exchange rates and others	8	(16)	(8)
Acquisition of IFRS 16 rights of use	(1)	(6)	(10)
Change in the net financial debt of continuing operations before flows from discontinued operations	**(97)**	**(236)**	**(137)**
Net cash flow from continuing operations generated from discontinued operations(1)(2)	-	(133)	(133)
CHANGE IN NET FINANCIAL DEBT OF CONTINUING OPERATIONS	**(97)**	**(369)**	**(270)**
Change in net financial debt of discontinued operations before flow from continuing operations	**-**	**(101)**	**(102)**
Net cash flow from discontinued operations generated from continuing operations[(1)(2)]	-	133	133
Change in net financial debt of discontinued operations	**-**	**31**	**31**
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	**(97)**	**(337)**	**(239)**
Opening (net financial debt) of continuing operations	(614)	(344)	(344)
Opening (net financial debt) of discontinued operations	-	(31)	(31)
Closing (net financial debt) of continuing operations	(711)	(712)	(614)
(Net financial debt) of discontinued operations	-	-	-
Free cash flow (A) + (B)	**(521)**	**(120)**	**(243)**

(1) In 2023, pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the CGUs Erasteel and Aubert & Duval were presented as divested operations.

(2) In 2023, the amounts were essentially related to financing flows from discontinued operations by the continuing operations

(3) including €406m from the impact of the TSDI (SLN) in 2024

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

(in millions of euros)	30 June 2024	30 June 2023	31 December 2023
Cash and cash equivalents	**1,130**	**843**	**1,084**
Current financial assets	463	544	522
Financial instruments (Debt at fair value)	(3)	-	7
Borrowings	(2,220)	(2,008)	(2,144)
Lease obligation debt (IFRS 16)	(81)	(91)	(83)
NET FINANCIAL DEBT – REPORTING	**(711)**	**(712)**	**(614)**

ECONOMIC PRESENTATION OF THE BALANCE SHEET

(in millions of euros)	30 June 2024	31 December 2023
Non-current assets	3,655	3,231
Inventories	616	619
Trade receivables	270	221
Trade payables	(320)	(445)
Simplified Working Capital	**566**	**395**
Other Working Capital items	(73)	(41)
Total Working Capital Requirement (WCR)	**493**	**354**
Derivatives	**2**	**15**
TOTAL ASSETS	**4,150**	**3,600**

(in millions of euros)	30 June 2024	31 December 2023
Shareholders' equity – Group share	1,593	1,600
Minority interests	865	394
Shareholders' equity	**2,458**	**1,994**
Cash and cash equivalents and other current financial assets	(1,593)	(1,613)
Borrowings	2,304	2,227
Net financial debt	**711**	**614**
Ratio of net financial debt to shareholders' equity (gearing)	29%	31%
Provisions and employee-related liabilities	**798**	**810**
Net deferred tax	**183**	**182**
TOTAL LIABILITIES	**4,150**	**3,600**

NOTE 4 Other operating income and minority interests

Other operating income and expenses

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Asset depreciation and impairment losses	(9)	(7)	(218)
Other operating income and expenses, excluding depreciation	(13)	(26)	(101)
OTHER OPERATING INCOME AND EXPENSES	**(22)**	**(34)**	**(319)**

Asset depreciation and impairment losses

As of 31 December 2023, the €218 million impairment loss concerned SLN's impairment losses.

Attributable to non-controlling interests – minority interests

		Share of		Share of		Share of
		net income	shareholders' equity	net income	shareholders' equity	net income
(in millions of euros)	% non-controlling interests	First half 2024	30 June 2024	Financial year 2023	31 December 2023	First half 2023
At closing		**(53)**	**865**	**(91)**	**394**	**(32)**
Setrag	67.51%	(12)	(32)	(25)	(20)	(14)
Société Le Nickel-SLN [1]	44.00%	(56)	(115)	(196)	(464)	(48)
Comilog S.A.	36.29%	20	581	97	600	40
Eramine Sudamérica	49.90%	(6)	411	30	261	(11)
Grande Côte Opérations	10.00%	2	20	3	17	1

(1) The share of SLN minority shareholders' equity includes the French government's TSDI subscription of €406 million

NOTE 5 Net financial debt and shareholders' equity

Net financial debt

(in millions of euros)	30 June 2024	31 December 2023
Borrowings	**(2,223)**	**(2,144)**
Borrowings from financial markets(1)	(1,186)	(904)
Borrowings from credit institutions	(817)	(695)
Bank overdrafts and creditor banks	(94)	(97)
Finance leases	(15)	(17)
Other borrowings and financial liabilities	(111)	(431)
Lease obligation debt	**(81)**	**(83)**
Derivatives - Debt at fair value	-	7
Other current financial assets	**463**	**522**
Cash and cash equivalents	**1,130**	**1,084**
Cash equivalents	540	433
Cash	590	651
NET FINANCIAL DEBT	**(711)**	**(614)**
Net financial debt – more than one year	(1,925)	(1,606)
Net financial debt – less than one year	1,214	992

(1) including -€3 million in debt at fair value

Some borrowings are subject to financial ratios or covenants at Group level or locally. As of 30 June 2024, the covenants are met.

Change in borrowings

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
At opening	**2,144**	**1,913**	**1,913**
Issuance of new borrowings	726	1,059	1,419
Repayment of borrowings	(281)	(793)	(1,118)
Changes in bank overdrafts	(3)	(135)	(69)
Changes in accrued interest not due	(37)	(20)	17
Changes in scope	0	0	(28)
Currency differences and other movements	(327)	(16)	10
AT CLOSING – BORROWINGS	**2,223**	**2,008**	**2,144**

Change in lease obligation debt

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
At opening	**83**	**91**	**91**
Change in lease obligation debt (IFRS 16)	(3)	(0)	(6)
Changes in scope	0	1	-
Currency differences and other movements	1	(1)	(2)
AT CLOSING – LEASE OBLIGATIONS	**81**	**91**	**83**

Shareholders' equity

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

NOTE 6 Working capital requirement

(in millions of euros)	31 December 2023	Change in WCR Statement of cash flows	Change in trade payables non-current assets	Currency differences and other movements	30 June 2024
Inventories	619	(3)	-	(0)	616
Trade receivables	221	1	-	48	270
Trade payables	(445)	179	-	(54)	(320)
Simplified Working Capital	**395**	**177**	**-**	**(6)**	**566**
Other Working Capital items[1]	(41)	(30)	16	(18)	(73)
TOTAL WORKING CAPITAL REQUIREMENT (WCR)	**354**	**147**	**16**	**(24)**	**493**

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

NOTE 7 Investments

Payments for non-current assets

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Investments in property, plant and equipment during the period[1]	280	268	596
Investments in intangible assets during the period	9	23	110
Total industrial investments	**289**	**291**	**706**
Change in debt for the acquisition of non-current assets[1]	16	65	215
TOTAL PAYMENTS FOR NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**305**	**356**	**920**

(1) Of which, investments related to leased assets in H1 2024: €2.5m (€0m in H1 2022)

Change in property, plant, and equipment

(in millions of euros)	30 June 2024	30 June 2023	31 December 2023
At opening	**2,236**	**2,222**	**2,222**
Investments during the period	278	268	597
Disposals during the period	(29)	(4)	(3)
Depreciation and amortisation during the period	(81)	(91)	(194)
Impairment loss for the period	(31)	(29)	(194)
Reversal of impairment loss for the period	21	22	43
Change in gross value of dismantling assets	(0)	(3)	(31)
Change in non-current assets under finance leases (IFRS 16)	3	(0)	-
Changes in scope	144	4	(86)
Hyperinflation	-	157	579
Currency differences and other movements	6	(179)	(697)
AT CLOSING	**2,545**	**2,366**	**2,236**
• Gross value	6,477	6,031	6,077
• Depreciation and amortisation	(3,508)	(3,349)	(3,404)
• Impairment loss	(424)	(316)	(437)

Rights of use relating to lease contracts

(in millions of euros)	30 June 2024	30 June 2023	31 December 2023
At opening	**70**	**76**	**76**
Change in user rights	4	9	13
Depreciation and amortisation during the period	(9)	(10)	(19)
Currency differences and other movements	2	1	-
AT CLOSING	**67**	**76**	**70**
• Gross value	143	136	138
• Depreciation and amortisation	(76)	(60)	(68)

Intangible assets and goodwill

(in millions of euros)	30 June 2024	30 June 2023	31 December 2023
At opening	**434**	**486**	**486**
Investments during the period	9	23	110
Depreciation and amortisation during the period	(12)	(13)	(27)
Impairment loss for the period	(0)	-	(14)
Hyperinflation	-	2	7
Currency differences and other movements	10	(6)	(106)
AT CLOSING	**444**	**492**	**434**
• Gross value	763	791	750
• Depreciation and amortisation	(267)	(261)	(265)
• Impairment loss	(52)	(38)	(50)

Interests in joint ventures and associates

			Share of		Share of		Share of
(in millions of euros)			net income	shareholders ' equity	net income	shareholders ' equity	net income
Companies	Country	% held	First half 2024	30 June 2024	Financial year 2023	31 December 2023	First half 2023
Strand Minerals – Weda Bay	Indonesia	38.7%	98	386	295	315	174
TOTAL INTERESTS IN JOINT VENTURES AND ASSOCIATES			**98**	**386**	**295**	**315**	**174**

NOTE 8 Taxes

Income tax

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Current taxes	(59)	(59)	(107)
Deferred taxes	(2)	44	19
TAX INCOME/(EXPENSE)	**(61)**	**(15)**	**(88)**

Effective tax rate

(in millions of euros)	First half 2024	First half 2023	Financial year 2023
Operating income	(45)	(44)	(193)
Financial profit (loss)	(86)	(63)	(2)
Pre-tax profit (loss) of consolidated companies	**(131)**	**(107)**	**(195)**
Standard tax rate in France *(in percent)*	25,83%	25,83%	25,83%
Theoretical tax income/(expense)	**34**	**28**	**50**
Effects on theoretical tax:			
• permanent differences between accounting profit and taxable profit	(22)	4	(8)
• taxes on dividend distribution (withholdings)	(4)	(5)	(8)
• standard current income tax differences in foreign countries	4	8	10
• changes in tax rates	-	-	-
• tax credits	1	1	2
• unrecognised or limited deferred tax assets	(81)	(50)	(141)
• use or activation of deferred tax assets not previously recognised	10	2	4
• use of tax losses classified as income from operations to be disposed	-	-	-
• miscellaneous items	(4)	(2)	3
REAL TAX INCOME/(EXPENSE)	**(61)**	**(15)**	**(88)**
TAX RATES	**-47%**	**-14%**	**-45%**

The -47% tax rate is primarily the result of the limitation of deferred tax assets, notably those of SLN, limiting the tax effect on net income for the period. In addition, the amount of deferred tax assets on tax deficits of the French tax consolidation group amounted to €30 million (unchanged from 31 December 2023).

NOTE 9 Provisions

(in millions of euros)	30 June 2024	31 December 2023
At opening	**711**	**724**
Allowances (reversals) during the period	(22)	11
• allowances during the period	13	58
• (reversals) used during the period	(36)	(48)
• (reversals) unused during the period	-	-
Accretion expenses	5	9
Dismantling assets	(0)	(49)
Currency differences and other movements	2	16
AT CLOSING	**695**	**711**
• More than one year	581	579
• Less than one year	114	132
Environmental contingencies and site restoration	494	488
Employees	14	13
Other contingencies and losses	187	210

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

Off-balance sheet commitments

(in millions of euros)	30 June 2024	31 December 2023
Commitments given	**58**	**56**
• Operating activities	58	56
• Financing activities	-	-
Commitments received	**46**	**46**
• Operating activities	46	46
• Financing activities	-	-

Other commitments, contingent liabilities and other information

The other commitments, contingent liabilities and other information presented in the 2023 Universal Registration Document in Note 15 "Off-balance sheet commitments, other commitments, contingent liabilities and other information" in the notes to the consolidated financial statements were as follows:

Other commitments

SLN conservation of mining rights

On 5 February 2019, the Congress of New Caledonia adopted provisions amending Article LP 131-12-5 of the 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 claims 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

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 set up 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 State, commenced 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. The 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 in early 2022. The third amendment of the concession also ratifies a 10-year extension of the concession until 2045. The work continued in 2023 and should be completed in 2028.

Other commitments given

Eramet has agreed to extend certain environmental guarantees amounting to €53 million on behalf of SLN until April 2025.

The other contingent liabilities did not change significantly.

Contingent liabilities

Tax risk

Comilog is currently the subject of a tax audit in Gabon covering the period from financial year 2019 to 2022. Only 2019 has been subject to verifications; the audits on the other financial years, 2020-2022, are being carried out in 2024. At the current stage of the process, it is not possible to comment on the outcome of the audit. Discussions are in progress with the tax authority.

Commitments given during disposals

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

Other information

SLN: Energy, operating authorisations and financial guarantees

SLN negotiated the partial adjustment of the cost of energy purchased from Enercal (local electricity provider) according to the LME. SLN and Enercal came to an agreement in 2023 to discontinue this mechanism as of January 2023. The Doniambo power plant (Plant B), whose operating authorisation extended until 2025, ceased its activity in 2023. SLN brought in a power plant on a barge: the Temporary Docked Power Plant (CAT). On 6 January 2023, the commercial commissioning of the plant was declared for a regulatory operating period of three years. After this three year period, the network solution via the implementation of the New Caledonia Energy Transition Scheme (STENC) should be in place. The principles of this solution were validated in the Master Agreement of 24 May 2022 signed with the government and the South Province and New Caledonian metallurgists. This agreement defines a decarbonisation trajectory for the electricity mix. The technical contents of this mix use photovoltaics with storage and gas backup means.

The operation of mining centres and the Doniambo plant requires financial guarantees to be obtained according to the requirements of the mining code and the environmental code. These guarantees are given to the provinces of New Caledonia for a period of up to five years. These guarantees are given by SLN or directly by Eramet (€89m). For waste and byproduct management, the authorisation for storage of desulphurisation slag at Doniambo has been extended until 2027. For ore exports, on 16 April 2019, SNL obtained the authorisation to export 3 Mwmt in 2020 and a maximum of 4 Mwmt of ore with mean Ni content of 1.8% as of 2021 and for a duration of 10 years. These authorisations were increased to 6 Mwmt in February 2022.

NOTE 11 Post-closing events

As indicated in Note 1, in July 2024 the government subscribed to an additional TSDI issue for €80 million, bringing the government's total amount to €486 million (including interest). Eramet's share remains unchanged.

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

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

General principles and declaration of compliance

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the condensed interim consolidated financial statements for the first half of 2024 are presented in millions of euros in accordance with IAS 34 "Interim Financial Reporting", and prepared in accordance with the IFRS framework as published by the IASB (International Accounting Standards Board) and the IFRS as adopted by the European Union as of 30 June 2024. Since they are condensed interim consolidated financial statements, these financial statements do not contain all the information and notes required for annual consolidated financial statements and should therefore be read in conjunction with the Eramet Group's annual consolidated financial statements for the year ended 31 December 2023. They do, however, include a selection of notes explaining significant events and transactions with a view to understanding the changes that have occurred in the financial position and performance of the Group since the last annual financial statements.

Changes to standards and interpretations

The accounting principles and methods applied for the condensed interim consolidated financial statements as of 30 June 2024 are identical to those used in the consolidated financial statements as of 31 December 2023, with the exception of IFRS standards, amendments and interpretations as adopted by the European Union and issued by the IASB, the application of which is mandatory for the financial years starting on or after 1 January 2024 (and which have not been applied early by the Group).

The Group has thus applied the standards and amendments to the following standards since 1 January 2024, which have no significant impact on the condensed interim consolidated financial statements:

- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current (including latest amendments published on 31 October 2022);
- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback (published by the IASB on 22 September 2022);
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (published by the IASB on 25 May 2023).

International Tax Reform: Pillar Two

In December 2022, the European Union published Directive 2022/2523 to implement the OECD tax reform. This directive applies in France as of 1 January 2024. In this context, the IASB 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 exemption from the recognition of deferred tax assets or liabilities linked to this minimum tax. The Group is within the scope of the Pillar Two Model Rules (also known as the "Global Anti-Base Erosion Rules" or "GloBE Rules"). The Group has assessed its potential exposure to the rules. On the basis of this assessment, the Group does not expect to pay an additional tax for financial year 2024. Consequently, the exposure to additional taxation under the GloBE Rules is estimated to be insignificant.

Divested operations

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Aubert & Duval and Erasteel entities, sold in 2023, are presented in the Group's consolidated financial statements as divested operations forfinancial year 2023.

Seasonality effect

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

Use of estimates and judgement

The judgements and estimates that are likely to result in a material change in the carrying value of assets and liabilities as of 30 June 2024 are the same as those for the previous year presented in the consolidated financial statements for 2023 and in the 2023 Universal Registration Document.

Consolidation scope

At 30 June 2024, the scope of consolidation has not changed relative to 31 December 2023 except for the change in the consolidation method of PT Eramet Halmahera Nickel, fully consolidated in 2024 (and which was previously accounted for using the equity method), due to the abandonment of the Sonic Bay project in Indonesia.

Change of functional currency of Argentinian entities

As indicated in Note 1 Highlights, the start-up of activities in Argentina is planned for the third quarter of 2024. In this context, insofar as the main sales operations will be carried out in dollars, the functional currency of these Argentinian entities has been changed. These entities are now consolidated in USD.

Specific features in the preparation of condensed interim consolidated financial statements

Employee benefits

The post-employment benefit expense for the half-year is half of the net expense estimated for financial year 2024, based on the actuarial assumptions and data used as of 31 December 2023, and adjusted where necessary for non-recurring events (plan amendments, curtailments, settlements). As of 30 June, the actuarial gains and losses estimated on the basis of a sensitivity analysis of the discount rates are recorded and recognised in shareholders' equity (defined-benefit plans) or in the income statement (other long-term benefits), as soon as they are considered significant.

Income tax

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

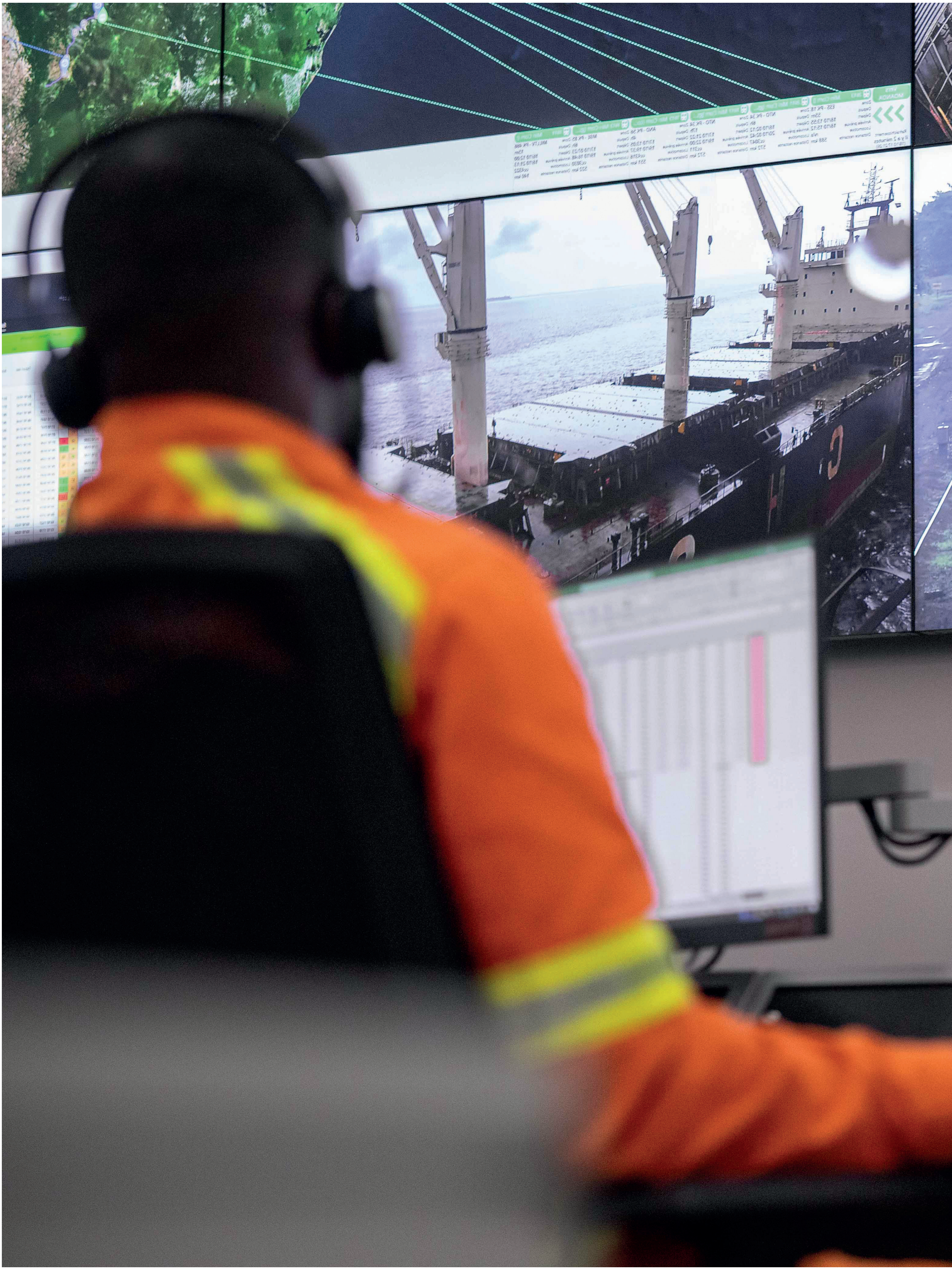
Asset depreciation and impairment losses

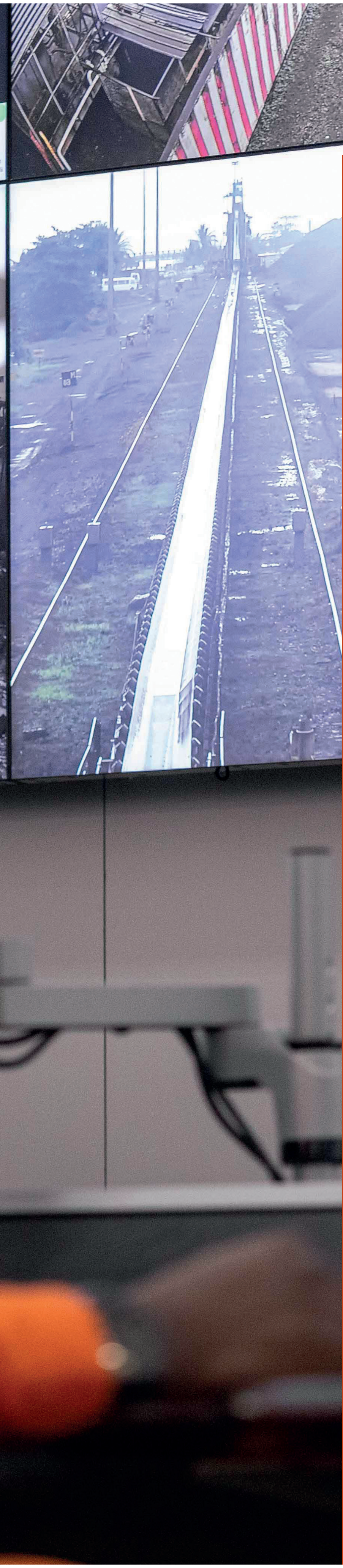
Impairment testing of goodwill and intangible assets with an indefinite useful life is always carried out in the second half of the year.

As a result, as of the close of the first half, impairment tests for the assets were carried out only if there were indications of an impairment loss.

Cash-generating units (CGUs)

As of 30 June 2024, the Group is divided into six CGUs: two CGUs in the Nickel Business Unit (Nickel Ore and Nickel Processing Plant); one Manganese Ore CGU; one Manganese Alloys CGU; one Mineral Sands CGU; and one Lithium CGU.





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STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

For the period from January 1st, 2024 to June 30th, 2024

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Eramet S.A., for the period from January 1st, 2024 to June 30th, 2024,
- the verification of the information presented in the half-yearly management report.

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

I. Conclusion on the financial statements

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

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

II. Specific verification

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

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

Paris La Défense and Neuilly-sur-Seine, 25 July 2024

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