Management Report

The Board of Directors is pleased to present its report, which constitutes the management report (Management Report) as defined by Luxembourg Law, together with the audited consolidated financial statements and annual accounts as of December 31, 2022 and for the year then ended. As permitted by Luxembourg Law, the Board of Directors has elected to prepare a single Management Report covering both the Company and the Group.

Group Overview

Introduction

Aperam, including its subsidiaries (hereinafter referred to as “Aperam”, “the Company”, “We” or “the Group”) is a leading global stainless and specialty steel producer, and the world’s lowest CO_2 footprint[2] stainless steel producer thanks to its European production route based on fully recyclable stainless steel scrap, and the use of charcoal from its own sustainable cultivated forests in Brazil.

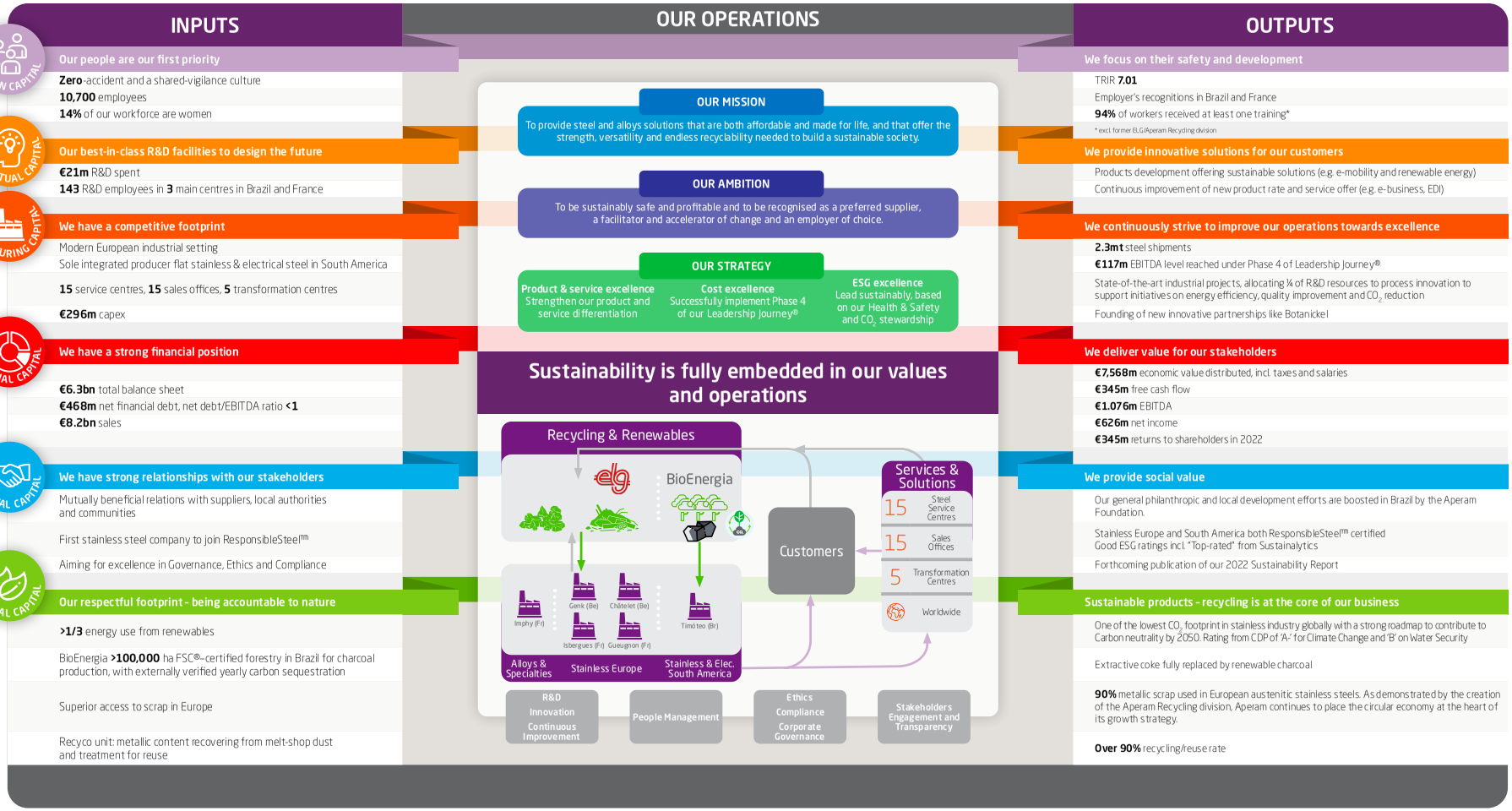
On December 27, 2021, Aperam became the legal owner of ELG, a global leader in stainless steel and superalloys recycling. ELG is fully consolidated into the Aperam Group as from the acquisition date under a new operating segment ‘Recycling and Renewables’.

Aperam has an annual production capacity of 2.5 million tonnes and is a leading stainless and specialty steel producer in South America and the second largest producer in Europe. We are also a leading producer of high value added specialty products, including grain oriented (GO) and non-grain oriented (NGO) electrical steels and specialty alloys. Our production capacity is spread across six production facilities located in Brazil, Belgium and France. As of the end of December 2022, we have a workforce of about 10,700 employees. Our distribution network is comprised of 15 Steel Service Centres (SSCs), 5 transformation facilities and 15 sales offices. We also are home to world’s largest production of bio-charcoal from our own forests and are one of the world’s leading suppliers of stainless and specialty alloy scraps operating 50 recycling locations across the world. Our products are sold to customers all over the world operating in the aerospace, automotive, catering, construction, household appliances, electrical engineering, industrial processes, medical, and oil & gas industries.

Aperam posted sales of €8.2 billion and €5.1 billion and EBITDA of €1,076 million and €1,186 million for the years ending December 31, 2022 and 2021 respectively. Shipments amounted to 2.31 million tonnes and 1.82 million tonnes for the years ending December 31, 2022 and 2021 respectively.

[2] Scope 1 and 2

Our Business Model: how we create value



Our history

On December 7, 2010, the Board of Directors of Aperam and the Board of Directors of ArcelorMittal approved a proposal to its shareholders to spin-off ArcelorMittal's stainless and specialty steels businesses. The objective of establishing an independent company was to enable the stainless and specialty steels businesses to benefit from better market visibility by pursuing a growth strategy focused on emerging markets and specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal. The main shareholder ("Significant Shareholder") holds 40.91% of the voting rights. Please refer to the share capital section of this Management Report for the definition of the term "Significant shareholder". On December 27, 2021, Aperam announced the completion of the acquisition of ELG, a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys.

Our operational organisation and facilities[3]

In 2022, we managed our business according to four primary operating segments:

- Stainless & Electrical Steel. We are a leading global producer of stainless steel by production capacity. We produce a wide range of stainless and electrical steels (both Grain Oriented and Non-Grain Oriented) and continuously expand our product offerings by developing new and higher grades of stainless steel and electrical steel. The Stainless & Electrical Steel segment includes Aperam's Stainless Precision business.

This segment accounted for 38.4% of external sales and 73.5% of EBITDA for the year ending December 31, 2022, and 48.0% of external sales and 73.5% of EBITDA for the year ending December 31, 2021.

- Services & Solutions. Our Services & Solutions segment, which includes our tubes business, performs three core activities: (i) the management of exclusive direct sales of stainless steel products from our production facilities, primarily those located in Europe; (ii) distribution of our products and, to a much lesser extent, external suppliers' products; and (iii) transformation services, which include the provision of value added and customised steel solutions through further processing to meet specific customer requirements.

This segment accounted for 32.9% of external sales and 8.6% of EBITDA for the year ending December 31, 2022, and 41.8% of external sales and 17.5% of EBITDA for the year ending December 31, 2021.

- Alloys & Specialties. Our Alloys & Specialties segment is the fourth largest producer of specialty alloys in the world. We specialise in the design, production and transformation of various specialty alloys and certain specific stainless steels. Our products take the form of bars, semis, cold-rolled strips, wire and wire rods, and plates and are offered in a wide range of grades.

This segment accounted for 8.1% of external sales and 4.9% of EBITDA for the year ending December 31, 2022, and 10.1% of external sales and 4.9% of EBITDA for the year ending December 31, 2021.

- Recycling & Renewables. Our new segment includes all recycling and renewable energy activities: (i) ELG now called Aperam Recycling which is global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys and titanium; (ii) Recyco which is our electric arc furnace recycling facility retrieving dust and sludge with the aim of recycling stainless steel raw materials and reducing waste; and (iii) and Aperam BioEnergia, which produces wood and charcoal (biomass) from cultivated eucalyptus forests in Brazil. We use the

[3] Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

charcoal (biomass) produced by Aperam BioEnergia as a substitute for coke at our Timóteo production facility.

This segment accounted for 20.6% of external sales and 8.0% of EBITDA for the year ending December 31, 2022, and 0.1% of external sales and 11.9% of EBITDA for the year ending December 31, 2021.

Additionally, we have EBITDA that is reported within our "Others and Eliminations" segment. This segment includes corporate costs and elimination between our primary operating segments. EBITDA for “Others and Eliminations” accounted for 5.0% of EBITDA for the year ending December 31, 2022, and (7.8)% of EBITDA for the year ending December 31, 2021.

Our key production sites

Genk (Belgium)

Châtelet (Belgium)

Gueugnon (France)

Isbergues (France)

Imphy (France)

Timóteo (Brazil)

Stainless & Electrical Steel

Europe

Our European facilities produce the full range of our stainless steel products. In 2022, steel shipments from Stainless & Electrical Steel Europe facilities represented 1,018 thousand tonnes (compared to 1,170 thousand tonnes in 2021).

We have two melt shops in Belgium, located in Genk and Châtelet. The Genk facility includes two electric arc furnaces, argon-oxygen decarburization equipment, ladle refining metallurgy, a slab continuous caster and slab grinders. It also includes a cold rolling mill facility. The Châtelet location is an integrated facility

with a meltshop and a hot rolling mill. The Châtelet melt shop includes an electric arc furnace, argon-oxygen decarburization equipment, ladle furnaces refining metallurgy, a slab continuous caster and slab grinders.

Our cold rolling facilities in Europe consist of four cold rolling mill plants, located in Belgium (Genk) and France (Gueugnon, Isbergues and Pont-de-Roide). Our plants include annealing and pickling lines (with shot blasting and pickling equipment), cold rolling mills, bright annealing lines (in Gueugnon and Genk), skin-pass and finishing operations equipment. The Isbergues plant also includes a Direct Rolling, Annealing and Pickling ("DRAP") line.

South America

We are the only producer of flat stainless and electrical steel in South America. Our integrated production facility in Timóteo, Brazil, produces a wide range of stainless, electrical steel and special carbon products, which account for approximately 35% of the Stainless & Electrical Steel operating segment's total shipments. Steel shipments from Stainless & Electrical Steel Brazil facilities represented 626 thousand tonnes in 2021 and 593 thousand tonnes in 2022.

The Timóteo integrated production facility includes two blast furnaces, one melting shop area (including two electrical furnaces, two converters and two continuous casting machines), one hot rolling mill (including one walking beam and one pusher furnace with one rougher mill and one steckel mill), a stainless cold rolling shop (including one hot annealing and pickling line, two cold annealing and pickling lines, one cold preparation line, three cold rolling mills and four batch annealing furnaces) and an electrical steel cold rolling shop (including one hot annealing and pickling line, two tandem annealing lines, one decarburising line, one thermo-flattening and carlite coating line, one cold rolling mill and 20 batch annealing furnaces). Aperam South America also has a unique capability to produce stainless and specialty steel by using charcoal from our sustainably cultivated forests in Brazil with low dependence on external sources for coke and energy.

The year of 2022 was unique for Aperam South America, specially for two achievements:

- a historic landmark of our safety, where it completes one calendar year without Lost Time Injuries (LTI). This important milestone is the result of the commitment, dedication and effort of our employees and their tireless work to ensure a safe and healthy environment;

- the confirmation of our contribution to the circular economy in the world. More than neutralizing its emissions, by absorbing more CO2 than it emits, Aperam South America has been acknowledged as carbon neutral from the cultivation of renewable eucalyptus forests, which is a great differential; it is the first company in the world, in the special flat steel segment, to achieve carbon neutrality in scopes 1 and 2.

“This is the second year in a row of relevant investments, which shows the belief of our company and our group in each one of us. We made an entire inventory of greenhouse gas emissions from the Industry and the BioEnergia unit and analyzed the removals, which our forests remove from gasses from the atmosphere. With this it was possible to obtain the result in which emissions are totally neutralized by our removals", pointed out the CEO of Aperam South America and BioEnergia, Frederico Ayres Lima.

Aperam continues its commitment to the most demanding international standards and has made this effort a long-term and global one with several certification processes achieved and done. The most relevant for the Minimum Safeguards of the Taxonomy regulation is certainly the ResponsibleSteel™ membership and certification campaign which has been extended to Aperam South America currently going through the audit process with the final certification decision achieved beginning 2023.

Aperam Stainless & Electrical - Timóteo plant

Services & Solutions

We predominantly sell and distribute our products through our Services & Solutions segment, which also includes our tubes business. The segment provides value added and customised steel solutions through further processing in very short lead time and high service level to meet specific customer requirements. Our distribution network comprises 15 steel service centres, 5 transformation facilities and 15 sales offices with a global presence. Steel shipments from the Services and Solutions division represented 642 thousand tonnes in 2022 and 726 thousand tonnes in 2021.

Alloys & Specialties

The Alloys & Specialties integrated production facility is located in Imphy, France, and includes a meltshop, a wire rod facility and a strip cold rolling facility. The meltshop is designed to produce specialty grades and includes one electric arc furnace, two induction furnaces with two vacuum oxygen decarburisation ladles and a ladle furnace, one vacuum induction melting furnace, two vacuum arc remelting furnaces, and one electroslag remelting furnace. The meltshop is also equipped with ingot casting facilities and a continuous billet caster.

Our wire rod mill specialises in the production of specialty alloys and has the ability to process a wide range of grades, including stainless steel. It is comprised of a blooming mill, billet grinding, a hot rolling mill, which has a capacity of 35 thousand tonnes, and finishing lines. Steel shipments from Alloys & Specialties facilities represented 27 thousand tonnes in 2022 and 30 thousand tonnes in 2021.

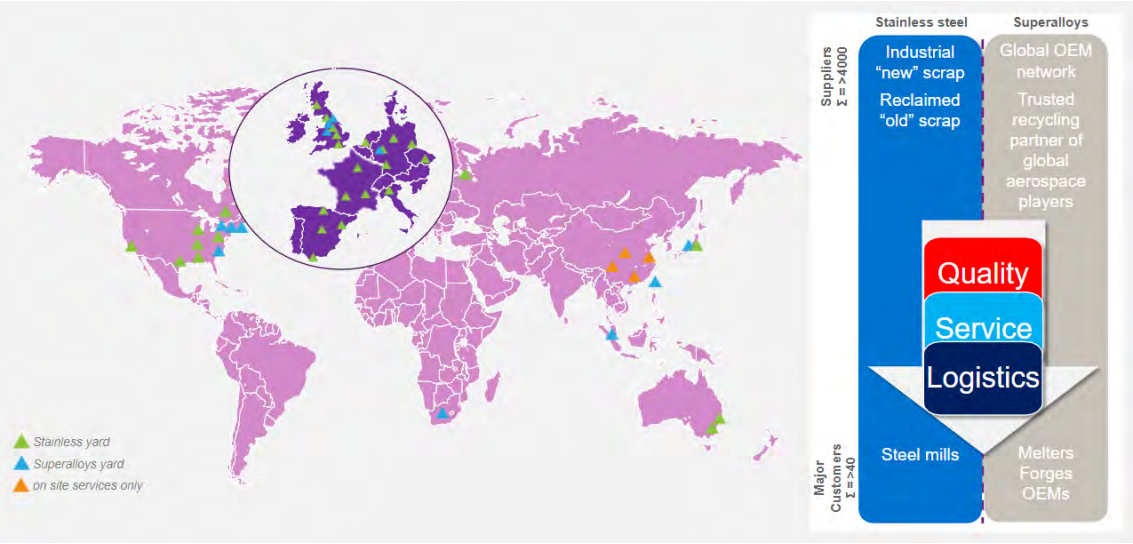
We also own downstream nickel alloy and specialty assets, including Aperam Alloys Rescal S.A.S., a wire drawing facility located in Epône, France; Aperam Alloys Amilly, an electrical components manufacturer located in Amilly, France; and Imhua Special Metals, a transformation subsidiary in Foshan, China. We also hold a majority stake in Innovative Clad Solutions, a production facility for industrial clads in Indore, (Madhya Pradesh) India. Aperam has incorporated in 2020 together with Tekna Plasma Europe, a leading actor in metallic powder manufacturing, a new joint-venture company named ImphyTek Powders SAS. It develops and markets Nickel and Specialty Alloy spherical powders for advanced additive manufacturing and metal injection moulding technologies.

Recycling & Renewables

Aperam Recycling & Renewables is our fourth segment established in 2022 which combines the three recycling and renewable energy generating entities Aperam Recycling, Recyco and BioEnergia.

Aperam Recycling

Aperam Recycling (former ELG) is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys and titanium. With 51 locations in North America, Europe, Asia, Australia and South Africa, Aperam has with Aperam Recycling one of the largest global networks of the Stainless Recycling industry.



Aperam Recycling's product lines include stainless steel, special metals and superalloys scrap. Aperam Recycling's customers, primarily stainless steel producers as well as manufacturers from the aviation industry, receive the material in exactly the composition and form that meet their requirements.

Aperam Recycling is an integral part of the stainless steel and superalloys value chain, forming the link between industrial customers, local scrap handlers and mills & melt shops that purchase globally. To achieve this, Aperam Recycling works with more than 4,000 trusted suppliers in order to source small- and medium-sized lots of material of manifold compositions and qualities. Aperam Recycling's value creation consists of transforming a heterogeneous collection of materials into a tailor-made, homogenous, and constant stream of valuable raw material to be used by its global customers. Especially in the stainless and superalloys segments, Aperam Recycling has developed sophisticated analytical methods, innovative techniques and services to meet the demanding quality standards of its customers.

Aperam Recycling continuously contribute to reduce the stream of metal waste: 1.4 million tonnes of recycled raw material were shipped in 2022 to be transformed into new products.

Recyco

Recyco, our electric arc furnace recycling facility located in France (Isbergues), is dedicated to recovering and treating the metallic content from melting shop dust and sludge. Re-using the furnace of a former melt shop, we treat these residues and extract the valuable metallic content to send it back for reuse.

Aperam BioEnergia

The charcoal produced at BioEnergia is used in our steel-making process as a natural and renewable substitute for fossil fuels (coke). This allows us to entirely eradicate the use of extractive coke and makes

our steel a leader in terms of CO2 footprint. Our forest is continuously cultivated and maintained and is actually carbon positive, which means it is acting as a carbon sink. This is why our BioEnergia unit is a source of pride for our teams, who are keen to promote our products with ‘green’ labels.

Our forest management is based on best practices and is recognized by the Forest Stewardship Council®’s (FSC®) certification, whose standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility.

Our carbonization process doesn’t use any extractive fuels and is realised with extraordinary energy efficiency, reusing the heat and gases generated by incineration to dry the wood. Thanks to this responsible and sustainable process, all the charcoal is produced efficiently and is sent to the furnaces of the Aperam Brazilian steel plant, located in the same state, in the city of Timóteo, some 350 kilometers away.

Aperam BioEnergia

Market analysis

Market environment

Our operational results are primarily affected by external factors that impact the stainless and specialty steel industry in general and, in particular, stainless and electrical steel pricing, demand for stainless and specialty steels, production capacity, trends in raw material, energy prices, and fluctuations in exchange rates. In addition to these external factors, our operational results are affected by certain factors specific to Aperam, including several initiatives we introduced in response to the challenging economic environment. These factors are described in greater detail below.

After Gross Domestic Product and Industrial Production sharply recovered in 2021 from COVID-19 shock in the previous year, 2022 saw a progressive deterioration of the macroeconomic environment induced by booming inflation and the consequences of the war in Ukraine. Activity in China was also subdued by the real estate crisis and a tough Zero-Covid policy which affected consumption, logistics and overall industrial activity.

In the EU, economic and industrial growth remained strong at the beginning of 2022, before gradually deteriorating, impacted by booming energy costs, inflation and rising interest rates. Dynamics vary across euro area with Germany, being more exposed to Russia limitation on gas supply, impacting its industrial activity. Although inflation started to slow down, it remains much higher than the central bank's target and interest rate may keep increasing in 2023. Energy prices could remain very volatile and the evolution of the conflict between Russia and Ukraine is uncertain.

For Brazil in 2022 GDP growth was mainly supported by services, as the restrictions imposed by covid-19 vanished since 2021. Household consumption is expected to be in 2022 at a higher level than in 2021. Industry in general will give a modest contribution in economic growth. Despite signs of gradual normalisation, the manufacturing industry is still facing production cost pressures and shortage of some raw materials as an effect of unbalanced global supply and logistic chains. For commodities prices, drop in iron ore international prices in 2022 limited export revenues. Jobs creation in the labour market got stronger in 2022. Concerning apparent consumption of flat steels in 2022, despite the drop over 2021, the figures of stainless are still in the highest historical levels. The electrical steel apparent consumption showed stability when compared to 2021, but at a high level when compared to the previous years. The grain oriented electrical steel consumption is strongly correlated with the electricity consumption and the projections for 2022 show some small increase from the past years.

China was affected in 2022 by a real estate crisis, which in previous years was a major engine for the economic growth, and a zero-Covid policy that disrupted logistics and production, affecting consumers' confidence and consumption. These factors led to a high volatility of stainless steel prices and pushed China to increase exports to offset the lower domestic consumption.

Stainless steel pricing

The stainless steel market is a global market. Stainless steel is suitable for transport over long distances, as logistics costs represent a small proportion of overall costs. As a result, prices for commoditised stainless steel products evolve similarly across regions. However, in general, stainless steel products are not completely fungible due to wide variations in shape, chemical composition, quality, specifications and application, availability of local raw material and purchase conditions - all of which impact sales prices. Accordingly, there remains a limited market for uniform pricing or exchange trading of certain stainless steel products.

Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys that are added to confer certain specific properties depending on the application. The cost of alloys

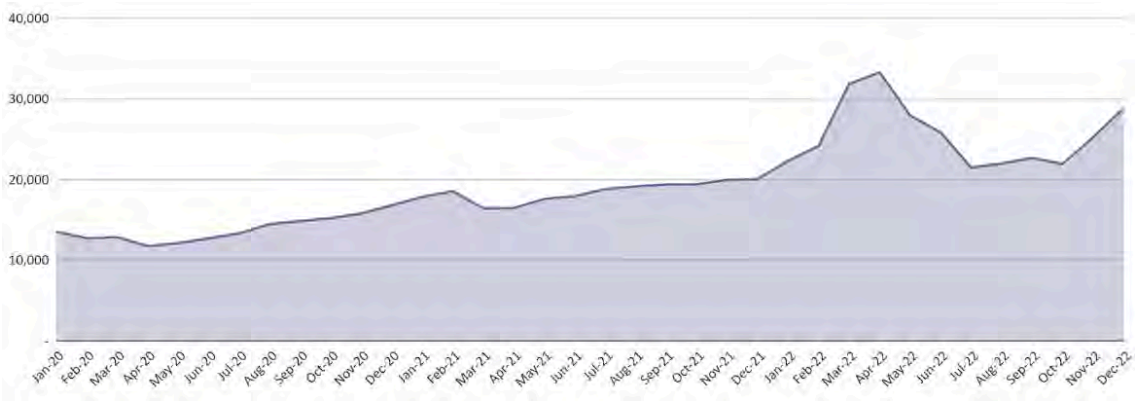
used in stainless steel products varies across products and can fluctuate significantly. Prices of stainless steel in Europe and the United States are concluded as either fixed prices or generally include two components :

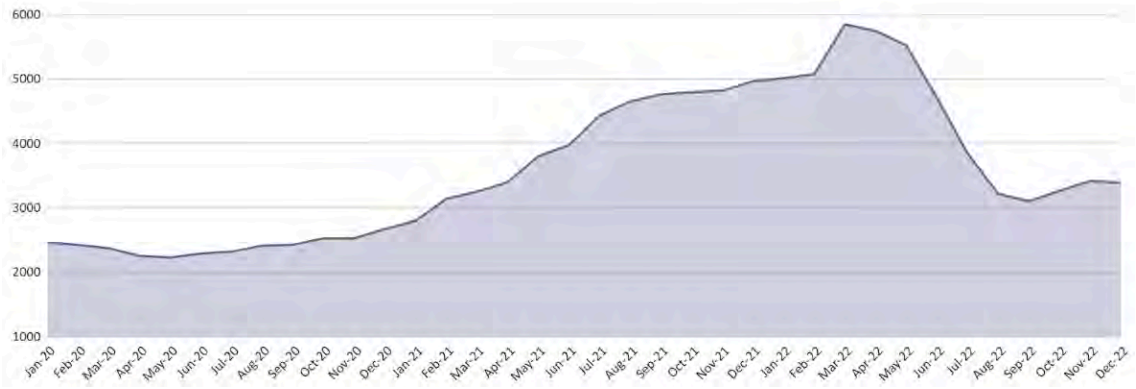
- the "base price", which is negotiated with customers and depends on market supply and demand; and
- the "alloy surcharge", which is a supplementary charge to the selling price of steel that offsets the purchase price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases onto customers. The concept of the "alloy surcharge", which is calculated using raw material purchase prices, among which some are quoted on certain accepted exchanges like the London Metals Exchange (LME), was introduced in Europe and the United States in response to significant volatility in the price of these materials.

Notwithstanding the application of the "alloy surcharge", the Group is still affected by changes in raw material prices. This is particularly true for nickel, which in the last decade experienced some sudden spikes, before coming back to a lower level. In general, when the price of nickel is falling, purchasers delay ordering stainless steel products in order to benefit from expected price decreases. This in turn has the effect of reducing demand in the short term. By contrast, when nickel prices are rising, purchasers tend to acquire larger quantities of stainless steel in order to avoid having to buy at higher prices.

Globally, stainless steel prices in 2022 can be split into two periods; prices increasing to very high level at the beginning of the year, supported by strong demand, long lead-time and booming nickel prices. From the end of Q2 2022, weakening of global demand and oversupply in China resulting from Covid lockdowns led to a collapse of prices. In Europe, healthy demand in the first part of 2022, plus higher raw material and energy costs, pushed prices at a multi year high. Prices collapsed thereafter due to weakening demand, high stocks and very competitive price from Asian imports.

The graphs below show the price of nickel on the London Metals Exchange and the European transaction price for Cold Rolled 304 stainless steel for the period running from January 1, 2020 to December 31, 2022:





Source:
Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm transaction domestic, delivered North Europe have been derived from Fastmarkets.

Raw material prices are described in more detail in the “Raw Materials and Energy” section below.

Electrical steel pricing

The prices of electrical steels for Grain Oriented (GO) and Non Grain Oriented steels (NGO) are affected by global demand and supply dynamics. In 2022, prices reflected the tight supply in Asia but also the logistics constraints as with most of the steel products mainly on H122. Non Grain Oriented prices were still affected by rising demand of Electric-Vehicles (EV) and partial migration of Non Grain Oriented producers mainly in Europe and Asia, shifting production for less productivity grades to supply EV motors demand. In Grain Oriented prices were also affected by an increasing demand for transformers worldwide, mainly in Asia for electrification.

Demand for stainless and electrical steel and specialty alloys products

Demand for stainless and electrical steel, which represents approximately 2.5% of the global steel market by volume, is affected to a significant degree by trends in the global economy and industrial production. Short-term demand is also affected by fluctuations in nickel prices, as discussed in greater detail in the "Stainless Steel Pricing" section above.

Global apparent consumption of stainless steel experienced a decline in 2022 compared to 2021 volumes, mainly driven by China which saw the first contraction of stainless steel consumption in more than a decade. In Europe, consumption remained high during the first half of the year and then demand collapsed due to high stocks and weakening consumption. China’s exports kept increasing in 2022, thanks to competitive export price to offset the decline of domestic consumption. Nevertheless, with China adding some slab capacities despite weaker demand the effective slab capacity utilization rate dropped below 80% in 2022 compared to 91% in 2021. In Brazil, the apparent consumption had a negative impact of the supply chain destocking. Compared to 2021, the drop reached -10 percentage points. Slow down of consumer goods segments as white goods, cutlery and domestic appliances due to inflation levels, but also a recovery of Services share on GDP supported the drop in real demand.

With respect to electrical steel, Asia is the most important source of demand but also supply, and as a consequence its prices are dependent in particular upon the Asian context. The removal of exports rebate in

China, as well as the difficulties in exports due to logistics constraints in Asia affected the international prices environment.

During 2022, Aerospace was a major Ni alloy demand driver in the specialty alloys markets. In parallel, increased construction rates for producers due to supply chain replenishment also resulted in a double digit growth (+16%). For Oil/Gas, recovery ran until the end of 2022. Although the LNG marine market was at a lower cycle, LNG demand will continue to grow and shipyards are expected to be full until end 2025, thus amplifying demand for Ni alloy. For Automotive, in spite of supply chain issues, the automotive market grew this year after several years of declines– except for combustion engine vehicles, which are relevant for Ni alloy demand. As for Power Generation, year to date orders for Land-Based Gas Turbines (LBGT) remained surprisingly weak. Other sub-segments (including the new hydrogen demand) can however partly compensate for the stagnant Ni alloy demand for LBGT. Electronic Alloys has grown in line with consumer goods development (a constant as consumer goods even kept growing in 2020 during the COVID-crisis), inflation could however negatively impact it in 2023.

Production and capacity

In 2022, global stainless steel production dropped, driven by a contraction of demand in China and, with smaller volume, in Europe.

Global cold rolled stainless steel production is estimated to have declined by 2% in 2022 and by 3.5% in Europe. China experienced a decline of 2% of cold rolled and 5% of slabs production. 2023 is expected to see a rebound globally, primarily driven by China which is expected to see a rebound of activity along the year now that Covid policy has been eased. Nevertheless, the magnitude of this rebound will also depend on the situation of the real-estate sector in China and demand in developed countries in a context of inflation, high and volatile energy costs and more restrictive monetary policy from central banks.

The global structural overcapacity is estimated to have strongly increased in 2022 due to new capacities added by China while demand declined. Cold rolled overcapacity in China is estimated to have doubled, from 2.3 to 3.8 million tonnes between 2021 and 2022. Both on the upstream and downstream, new capacities are under construction and have been announced by Chinese companies and should result in another increase of overcapacities in the coming years.

Overall, import pressure in Europe continues despite safeguard measures and anti-dumping duties, not only because of higher energy and production costs in Europe, but also because of new cold rolling lines which could circumvent this trade defense. The European Commission announced anti-dumping duties on cold-rolled stainless steel imports from Indonesia and India. The steel safeguard measures are implemented until June 30th, 2024.

Competition

Aperam is a leading flat stainless steel producer in South America, the second largest producer in Europe and one of the top ten flat stainless steel producers in the world. The largest stainless steel producers are Chinese companies who benefited from the exponential growth of their domestic market to expand capacities.

Developments regarding trade measures

Last years were marked by extensive developments in respect to trade measures, as described in greater detail below.

European Union

1. Safeguard measures on import of steel products

The EU has prolonged for three additional years the safeguard measure currently in place on imports of certain steel products. The prolongation applies from July 1, 2021. The initial safeguard measure was introduced in July 2018 to protect the Union steel market against trade diversion, following the US decision to impose, under its Section 232 legislation, duties on imports of steel into the US market. The US Section 232 measures are still in force.

On June 25, 2021, the European Commission published amending Commission Implementing Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products. These measures took effect on July 1, 2021, for a period of three years, expiring on July 30, 2024.
On December 17th, 2021, the Commission has opened the expected safeguard review on the TRQ functioning and impact of the EU-US S232 deal.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC1217(02)&from=EN

Here below, main changes impacting stainless steel flat products (category 8 and 9) included in the Commission proposal, approved by Member States on June 8, 2022 and published in the Commission Implementing Regulation (EU) 2022/978 of 23 June 2022 amending Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products

- Liberalization of the quotas, from 3% to 4%.
- Allocation and management of the quotas: no changes for stainless steel categories
- Crowding out of traditional trade flows: no more access to the available residual quota at the beginning of the fourth quarter for SSCR
- Update of the list of developing countries: China and India included in category 9 (SSCR), Turkey included category 8 (SSHR), Malaysia and Thailand excluded category 9 (SSCR).

Type of Products	Allocation by Country	Volume of tariff-rate quota (Kton) From 1.7.2022 to 30.9.2022	Volume of tariff-rate quota (Kton) From 1.10.2022 to 31.12.2022	Volume of tariff-rate quota (Kton) From 1.1.2023 to 31.3.2023	Volume of tariff-rate quota (Kton) From 1.4.2023 to 30.6.2023
Hot Rolled Stainless Steel Flat Products	Third Countries	105.6	105.6	103.3	104.4
Cold Rolled Stainless Steel Flat Products	South Korea	47.8	47.8	46.7	47.3
	Taiwan	44.3	44.3	43.3	43.8
	India	29.6	29.6	29.0	29.3
	South Africa	25.8	25.8	25.2	25.5
	USA	24.1	24.1	23.6	23.8
	Turkey	20.0	20.0	19.6	19.8
	Third Countries	63.6	63.6	62.3	63.0

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0978&from=EN

Anti-dumping measures on cold rolled stainless steel originating in China and Taiwan, India and Indonesia, and on hot rolled stainless steel originating in China, Taiwan and Indonesia continue during the imposition of safeguard measures.
Once the quota is filled, to avoid the imposition of double remedies, the highest level of safeguard or the anti-dumping and/or anti-subsidies duties are to be applied.

On December 2, 2022, the Commission has opened the expected safeguard review, to determine whether the safeguard measure should be terminated by June 30, 2023, which is one year earlier than its otherwise

current duration. In line with its commitment under the Prolongation Regulation, the review investigation will focus on collecting and analysing any relevant evidence and data to determine whether it would be justified to terminate the measure by June 30, 2023. To that end, the Commission deems it necessary to collect certain specific information via questionnaires (see Section 2 below).

In addition, considering that the Commission used data pertaining to the year 2021 in the last review in order to update the list of developing countries subject to the measure, the Commission may also use this review to update such a list in view of the data for 2022.

2. Expiry review of the anti-dumping measures applicable to imports of stainless steel cold-rolled flat products originating in the People's Republic of China and Taiwan

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	People's Republic of China	From 24.4% up to 25.3%	March 26, 2015(1)
Cold Rolled Stainless Steel Flat Products	Taiwan	6.8% except China Far 0%	March 26, 2015(1)

Note:
(1) Entry into force from the day following that of the publication of the provisional measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

On August 25, 2020, the European Commission published in the Official Journal the "Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of stainless steel cold-rolled flat products originating in the People's Republic of China and Taiwan".

The request for an expiry review was lodged by the European steel association EUROFER on May 27 of the same year.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2020_280_R_0006&from=EN

On July 2, 2021, the European Commission released the definitive disclosure announcing the intention to maintain the existing AD duties on imports of SSCR originating in China and Taiwan for additional 5 years.

On September 16, 2021, the European Commission extended definitive anti-dumping duties on imports of stainless steel cold-rolled (SSCR) flat products from China and Taiwan.

The extended duties will remain in place until September 15, 2026.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1483&qid=1631777843356

3. Anti-dumping proceeding concerning imports of certain hot rolled stainless steel sheets and coils

On October 6, 2020, the European Commission published definitive anti-dumping duties on imports of certain hot rolled stainless steel sheets and coils (SSHR) originating in Indonesia, the People's Republic of China and Taiwan (Regulation 2020/1408).

The Commission concluded that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Hot Rolled Stainless Steel Flat Products	People's Republic of China	From 9.2% up to 19.0%	October 7, 2020(1)
Hot Rolled Stainless Steel Flat Products	Taiwan	From 4.1% up to 7.5%	October 7, 2020
Hot Rolled Stainless Steel Flat Products	Indonesia	17.3%	October 7, 2020

Note:
(1) Entry into force from the day following that of the publication of the definitive measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1408&from=EN

4. Anti-dumping proceeding concerning imports of certain cold rolled stainless steel sheets and coils

On November 17, 2021, the European Commission published in the Official Journal the "Implementing Regulation (EU) 2021/2012 of 17 November 2021 imposing a definitive anti-dumping duty on imports of stainless steel cold-rolled flat products originating in India and Indonesia".

The Implementing Regulation (EU) 2021/2012 (article 1(2)) has been amended as follows, after the publication of the Implementing Regulation (EU) 2022/433 of 15 March 2022 (see below) imposing new anti-dumping duties.

Type of products	Countries	Definitive Anti-dumping duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	India	From 10.0% up to 35.3%	May 28, 2021(1)
Cold Rolled Stainless Steel Flat Products	Indonesia	From 9.3% up to 20.2%	May 28, 2021

Note:
(1) Entry into force from the day following that of the publication of the definitive measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2012&from=EN

5. Anti-subsidy proceeding concerning imports of certain cold rolled stainless steel sheets and coils

On March 16, 2022, the European Commission published in the Official Journal the "Implementing Regulation (EU) 2022/433 of 15 March 2022 imposing countervailing duties on imports of stainless steel cold-rolled flat products originating in India and Indonesia".

Type of products	Countries	Definitive Countervailing duty (%)	Effective from
Cold Rolled Stainless Steel Flat Products	India	From 4.3% up to 7.5%	March 17, 2022(1)
Cold Rolled Stainless Steel Flat Products	Indonesia	From 13.5% up to 21.4% except PT. Jindal Stainless Indonesia	March 17, 2022

Note:
(1) Entry into force from the day following that of the publication of the definitive measures in the Official Journal of the European Union. The measures have been implemented for a 5-year-period.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0433&qid=1647421657900&from=EN

6. World Trade Organization challenge against Indonesian restrictions on raw materials

On November 22, 2019, the European Union brought a dispute in the World Trade Organization (WTO) against Indonesian export restrictions for raw materials used in production of stainless steel.

These restrictions unfairly limit access of international producers to raw materials for steel production, notably nickel. The European Union is also challenging subsidies that encourage use of local content by Indonesian producers and give preference to domestic over imported goods, which goes against WTO rules.

On January 14, 2021, the European Union requested the establishment of a panel. At its meeting on January 25, 2021, the Dispute Settlement Body (DSB) deferred the establishment of a panel.

At its meeting on February 22, 2021, the Dispute Settlement Body established a panel. Brazil, Canada, China, India, Japan, Korea, the Russian Federation, Saudi Arabia, Singapore, Chinese Taipei, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, and the United States reserved their third-party rights.

On April 19, 2021, the European Union requested the Director-General to compose the panel.

On April 29, 2021, the Director-General composed the panel.

On November 1, 2021, the Chair of the panel informed the DSB that, in accordance with the timetable adopted thus far following consultations with the parties, the panel estimated that it would issue its final report to the parties in the last quarter of 2022.

For further details please refer to the following link:
https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds592_e.htm

On November 30, 2022, the Panel report on the Indonesian nickel ore export restriction was released.

With respect to the Domestic Processing Requirement (DPR), the Panel was of the view that because Article XI:1 also covers measures prohibiting or restricting “sale for export” it applied to domestic regulations such as the DPR that prevent or limit the ability to sell goods for export even if they apply internally within the exporting Member.

The Panel found that the export ban was a prohibition on the export of nickel ore.

The Panel concluded that as the DPR by its nature restricted the sale for export of nickel ore, it was fell within the scope of the obligation in Article XI:1 of the GATT 1994.

Following the circulation of the Panel report on the Indonesian nickel ore policy, Indonesia has notified an appeal against the report on December 12, 2022.

7. Anti-circumvention investigation on imports of stainless steel hot-rolled flat products (SSHR) originating in Turkey

On June 16, Eurofer lodged the request to COM for the initiation of an anti-circumvention investigation on imports of SSHR products originating in Turkey.

The measure circumvented via the imports from Turkey is Commission implementing Regulation (EU) 2020/1408 of 6 October 2020 imposing a definitive anti-dumping duty on imports of SSHR originating in Indonesia, the People's Republic of China and Taiwan.

On July 26, 2022 the Commission published in the Official Journal the Regulation through which it opens the anti-circumvention investigation on imports of SSHR from Turkey and registers imports from that country.

For further details please refer to the following link:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1310&from=EN

Brazil

Since 2013, Brazil's Trade Defence Department (Decom), an investigative body under the Brazilian Ministry of Development, Industry and Foreign Trade, opened anti-dumping investigations against imports from several countries for welded austenitic stainless pipes, flat stainless steel products and flat non-grain oriented products, imposing anti-dumping duties for a period of five years. In 2021, an anti-dumping investigation and an anti-subsidy investigation was also opened against Indonesia. On November 5, 2021, stainless steel import duties were reduced from 14% to 12.6%. On December 2, 2022 Brazilian Trade Defense authority published final determination on anti-subsidies duties for Stainless Flat Cold Rolled 304 grades from Indonesia, of 18,79% on top of CIF prices All the current measures are described below.

Type of products	Import duties status	Anti-dumping ("AD") status
Stainless Steel Flat Products CR 304 and 430, in thicknesses between 0.35mm and 4.75mm	Normal import duties are 12.6%	AD duties starting October 4, 2013 for 5 years from U.S.$236/tonne to U.S.$1,077/tonne for imports. Renewal investigation launched on October 3, 2018, during which time AD duties will remain in place. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany. Renewed AD duties against China and Taiwan starting October 4, 2019 valid for 5 years from U.S.$175/tonne to U.S.$629/tonne for China and U.S.$93/tonne to U.S.$705/tonne for Taiwan. Anti-Dumping investigation on Stainless Steel Flat CR 304 against Indonesia and South Africa launched on February 25, 2021. On November 4, 2021 the Brazilian Trade Defence authority closed the anti-dumping investigation. Anti-subsidy investigation on 304CR from Indonesia also launched on June 2, 2021. On December 2, 2022 Brazilian Trade Defense authority published final determination on anti-subsidies duties for Stainless Flat Cold Rolled 304 grades from Indonesia, of 18,79% on top of CIF prices, valid for 5 years.

Stainless Steel Welded Tubes in thickness between 0.4mm to 12.70mm	Normal import duties are 12.6%	AD duties starting July 29, 2013, for 5 years from U.S. $360/tonne up to U.S.$911/tonne. Countries involved are China and Taiwan. Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place AD duties starting June 13, 2018, for 5 years from U.S.$367/tonne up to U.S.$888/tonne. Countries involved are Malaysia, Thailand and Vietnam. Renewed AD duties against China starting July 24, 2019 valid for 5 years from U.S.$344/tonne to U.S. $405/tonne.
Electrical steel – Non Grain Oriented (NGO)	Normal import duties are 12.6%	AD duties starting July 17, 2013, for 5 years from U.S. $133/tonne to U.S.$567/tonne. Countries involved are China, South Korea and Taiwan. On August 15, 2014, Camex released partially NGO AD, giving 45kt of imports in the next 12 months without AD penalties. On November 4, 2015, Brazilian authorities decided to end the existing quota of imports without AD and fixed the AD duties from U.S.$90/tonne to U.S.$132.5/ tonne. Renewal investigation launched on July 16, 2018, during which time AD duties will remain in place. An investigation involving Germany was launched on May 9, 2018. AD duties starting July 15, 2019, for 5 years from U.S. $90/tonne to U.S.$166.3/tonne. Countries involved are China, South Korea, Taiwan and Germany.
Electrical steel – Grain Oriented	Normal import duties are 12.6%	

Raw materials and Energy

Raw materials

Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass) and iron ore). With the exception of charcoal, which is produced internally, we are exposed to price uncertainty with respect to each of these raw materials, which we typically purchase under short-term and long-term supply contracts, as well as on the spot market.

Prices for these raw materials are strongly correlated with demand for stainless steel and carbon steel and thus tend to fluctuate in response to changes in supply and demand. In addition, since most of the raw materials we use are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves, along with the development of projects working to replace depleted reserves.

The London Metal Exchange (LME) nickel price started 2022 at a level of U.S.$21,137 per tonne and continued the strong performance of 2021, helped by a continued positive market sentiment as the Covid pandemic was fading away. But early March the LME nickel price showed a sudden increase in both price and volatility, culminating in the collapse of the LME trading mechanism on March 7, 2022 when initially a price of over U.S.$100,000 per tonne was reached before the LME stopped the nickel trade and reversed all transactions on that day. The cash settlement price of March 7 was finally recorded at U.S.$42,995 per tonne, a price level not seen since May 2007. At the origin of the LME fiasco was apparently an attempt to cover a big short position taken by an Asian party. The LME Nickel trade was interrupted till March 23, when the cash settlement price was set at U.S.$30,800 per tonne. The LME suspended overnight trading and set a rule that trade would be stopped whenever an intraday price change would exceed 15%. This still happened some days in March and only on March 28, a more or less normal trade was established, albeit with much lower volumes compared to the period before the March 7 event. Many market participants lost faith in the LME trading system as many of them were confronted with very high margin calls. Investigations by the LME and its controlling bodies are still ongoing at time of this report. Following the LME debacle, The LME nickel price traded for a while around U.S.$35,000 per tonne but then started to decline as of late April to reach a low point for the year of U.S.$19,385 per tonne on July 15, 2022. The LME nickel price then started to trade in a range of U.S.$20,0000 to U.S.$25,000 per tonne till early November. Despite recession fears the LME nickel price started to rise again and ended the year at a level of U.S.$31,118 per tonne on December 31, after 2 months with low liquidity and very high intraday volatility. The LME nickel stocks continued their descent which started already in early 2021. On January 4, the total LME nickel stocks stood at 101,136 tonnes and reached a low of 49,470 tonnes on November 18, to slightly recover to 55,380 tonnes on December 30, 2022.

In the first quarter of 2022, the European ferrochrome benchmark was rolled over from the previous quarter at U.S.$1.80 per pound of chrome in the first quarter as the supply and demand moved into a more balanced situation. On rising power costs in South Africa, combined with still excellent demand in Europe and USA, the European ferrochrome benchmark reached an all time high of U.S.$2.16 per pound of chrome in the second quarter of 2023. But as global, and in particular Chinese, stainless steel production fell sharply in the second half of 2022, the European ferrochrome benchmark price dropped to U.S.$1.80 per pound of chrome in the third quarter and fell further to U.S.$1.49 per pound of chrome in the fourth quarter.

Supported by a negative supply demand balance in 2021 and early 2022, molybdenum prices continued to trade around U.S.$42 per kilogram from January to May 2022. As of June, molybdenum prices started to weaken as China turned into a net exporter in the first half of 2022 after having imported massive amounts of molybdenum in 2021. As demand weakened following reduced stainless steel production in the third quarter, a low of U.S.$31 per kilogram was reached in early August 2022. But as of then, good demand from military applications, oil & gas and new energy investments, combined with lower by-product output in copper mines of South America, supported a continuous price rally till the year end when the molybdenum price reached U.S. $66 per kilogram, the highest level since 2008.

Ferrous scrap prices showed a very volatile pattern in the first half of 2022 with a price of U.S.$450 per tonne at the start of January followed by a sharp increase in early March to U.S.$663.5 per tonne and staying at that level till mid April. This peak was the highest in more than 12 years and could be explained by a strong recovery of the construction, automotive and machinery sectors after the 2020 Covid pandemic. However as energy prices exploded after the Russian invasion of Ukraine, demand from the power intensive carbon steel industry collapsed as significant capacity was closed. As a result, the price dropped very fast, down to U.S. $315 per tonne by the end of June 2022. Despite a few upticks to U.S.$400 per tonne in July and September the ferrous scrap price could not really recover and ended the year at U.S.$394 per tonne.

Energy

Inflationary pressures on energy were already imminent in last year’s rapid economic recovery from the pandemic. This turned into a global energy crisis after Russia’s invasion of Ukraine and the resulting curtailments of natural gas supply to Europe exposing customers to high energy bills and supply shortages.

Volatility was additionally fuelled by the drought over summer in several countries and the ongoing outages and repairs with numerous delays at the majority of the French nuclear reactor fleet.

Spot prices for natural gas TTF peaked with a monthly average of 232 €/MWh in August 2022 and closed the year with an average of 121 €/MWh, increasing around 150% YoY. With natural gas still accounting for 25% of European electricity generation and CCGT power plants being the marginal cost producers, also electricity prices peaked in August (Belgium 448 and France 492 €/MWh). Annual averages were 245 and 276 €/MWh in Belgium and France, an increase of around 150% YoY and around 6-7 times higher than the historic average during the last decade.

With regard to natural gas, the Timóteo production facility in Brazil has a natural gas supply contract with a Brazilian supplier. In Europe, the Group has purchased most of its natural gas through a supply contract put in place with ArcelorMittal Energy S.C.A. in 2015.

For electricity in France, a supply contract was put in place with ArcelorMittal Energy S.C.A. at the beginning of 2016, whereas in Belgium such a contract has been in place since the beginning of 2015. In Brazil, electricity needs are mainly secured through long-term contracts with a couple of suppliers, with balancing requirements managed through short-term arrangements.

With regard to industrial gases, the Group procures its industrial gas requirements using short- or long-term contracts with various suppliers in different geographical regions.

As a stainless steel producing company, Aperam is a large consumer of electricity and natural gas and manages its energy needs through a mix of forward hedges, spot and fixed price contracts. Therefore the energy and natural gas inflation had an impact during the whole year 2022 and especially during market price peak in summer. In this environment, we also sought to balance higher costs with efficiency gains and accelerated procurement of electricity from renewables mainly from on-site installations. This shows how important our 30% energy reduction target to 2030 is and that investments in energy savings have potentially high returns.

Impact of exchange rate movements

At the end of 2021, the Euro amounted to 1.1326 U.S. dollar/Euro and 6.3210 Brazilian real/Euro. In 2022, the Euro depreciated by 5.8% against the U.S. dollar to reach 1.0666 U.S. dollar/Euro. In 2022, the Euro depreciated by 11.9% against the Brazilian real to reach 5.5694 Brazilian real/Euro.

Because a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the Euro (see presentation currency), Aperam is exposed to fluctuations in the values of these currencies relative to the Euro. These currency fluctuations, especially the fluctuation of the Euro relative to the U.S. dollar and Brazilian real, as well as fluctuations in the currencies of the other countries in which Aperam has significant operations and sales, can have a material impact on the results of operations. To minimise its currency exposure, the Group enters into hedging transactions to lock in a set exchange rate for specific transactions in non-local currencies, in accordance with its management policies.

Operational review and Liquidity

Operational review

Aperam reports its operations in four operating segments: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables.

The information in this section relates to the year ending December 31, 2022, and is compared to the year ending December 31, 2021.

Key indicators

The key performance indicators that we use to analyse operations are sales, shipments, average selling prices and operating results. Our analysis of liquidity and capital resources is based on operating cash flows.

Sales, shipments and average selling prices

The following table provides our sales, shipments and average selling prices by operating segment for the year ending December 31, 2022 as compared to the year ending December 31, 2021:

	Sales for the Year Ending December 31, (1)		Shipments for the Year Ending December 31, (1) (2) (3)		Average Selling Price for the Year Ending December 31, (1)		Changes in		
Operating segment	2022	2021 (5)	2022	2021	2022	2021	Sales (5)	Shipments	Average Selling Price
	(in millions of Euros)		(in thousands of tonnes)		(in Euros/tonne)		(%)		
Stainless & Electrical Steel (2) (4)	5,510	4,352	1,600	1,796	3,358	2,360	26.6	(10.9)	42.3
Services & Solutions	2,779	2,212	642	726	4,164	2,922	25.6	(11.6)	42.5
Alloys & Specialties	665	518	27	30	23,518	16,600	28.4	(10.0)	41.7
Recycling & Renewables (3)	2,428	117	1,358	—	1,788	—	n/a	n/a	n/a
Total (before intra-group eliminations)	11,382	7,199	3,627	2,552			58.1	42.1	
Others and elimination	(3,226)	(2,097)	(1,318)	(733)			53.8	79.8	
Total (after intra-group eliminations)	8,156	5,102	2.309	1,819			59.9	(99.9)	

Notes:
(1) Amounts are shown prior to intra-group elimination. For additional information, see Note 4 to the consolidated financial statements
(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 634 thousand tonnes and 733 thousand tonnes in the year ending December 31, 2022 and 2021, respectively.
(3) Recycling & Renewables shipments amounts are shown prior to intersegment shipments of 684 thousand tonnes in the year ending December 31, 2022.
(4) Includes shipments of special carbon steel from the Company's Timóteo production facility.

(5) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

In 2022, sales increased by 59.9% compared to 2021 primarily due to the contribution of ELG sales to the Recycling & Renewables segment as from January 1, 2022 and higher average selling prices.

Stainless & Electrical Steel

In 2022, sales in the Stainless & Electrical Steel segment (including intersegment sales) increased by 26.6% compared to 2021 despite lower shipments, more than compensated by increased average steel selling prices.

Steel shipments for this segment (including intersegment shipments) decreased by (10.9)% to 1,600 thousand tonnes for the year ending December 31, 2022, of which 582 thousand tonnes were attributable to our operations in South America and 1,018 thousand tonnes were attributable to our operations in Europe, including intersegment shipments. This was down from 1,796 thousand tonnes for the year ending December 31, 2021, of which 626 thousand tonnes were attributable to our operations in South America and 1,170 thousand tonnes were attributable to our operations in Europe, including intersegment shipments. The average steel selling price for the Stainless & Electrical Steel segment increased by 42.3% in 2022 compared to 2021.

Sales to external customers in the Stainless & Electrical Steel segment were €3,131 million for the year ending December 31, 2022, representing 38.4% of total sales, an increase of 27.6% as compared to sales to external customers of €2,453 million for the year ending December 31, 2021, or 48.1% of total sales.

Services & Solutions

In 2022, sales in the Services & Solutions segment (including intersegment sales) increased by 25.6% compared to 2021 primarily due to increased average steel selling prices by 42.5% for the segment, partly offset by (11.6)% lower steel shipments.

Sales to external customers in the Services & Solutions segment were €2,686 million for the year ending December 31, 2022, representing 32.9% of total sales, an increase of 25.8% as compared to sales of €2,135 million for the year ending December 31, 2021, or 41.8% of total sales.

Alloys & Specialties

In 2022, sales in the Alloys & Specialties segment (including intersegment sales) increased by 28.4% primarily due to higher average steel selling prices by 41.7%, partly compensated by lower steel shipments by (10.0)%.

Sales to external customers in the Alloys & Specialties segment were €661 million for the year ending December 31, 2022, representing 8.1% of total sales, an increase of 28.8% as compared to sales to external customers of €513 million for the year ending December 31, 2021, or 10.1% of total sales.

Recycling & Renewables

Sales in the Recycling & Renewables segment (including intersegment sales) include sales from Aperam BioEnergia, ASB Recycling and Recyco. As from January 1, 2022, sales also include the contribution of ELG Group.

In 2022, sales in the Recycling & Renewables segment (including intersegment sales) were €2,428 million, of which sales to external customers of €1,678 million, representing 20.6% of total sales.

Operating income

The following table provides our operating income and operating margin for the year ending December 31, 2022, as compared to the year ending December 31, 2021:

	Operating Income Year Ending December 31,		Operating Margin Year Ending December 31,	
	2022	2021 [2]	2022	2021 [2]
Operating Segment	**(in millions of Euros)**		**(%)**	
Stainless & Electrical Steel	689	774	12.5	17.8
Services & Solutions	79	196	2.8	8.9
Alloys & Specialties	44	50	6.6	9.7
Recycling & Renewables	27	117	1.1	100.0
Total[1]	**890**	**1,042**	**10.9**	**20.4**

Notes:
(1) Amounts shown include eliminations and other items of €51 million and €(95) million for the years ending December 31, 2022 and 2021 respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with intersegment eliminations and/or non-operational items that are not segmented.
(2) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, segmented figures for the year ending December 31, 2021 have been recast accordingly.

The Group's operating income for the year ending December 31, 2022, was €890 million, compared to an operating income of €1,042 million for the year ending December 31, 2021. Group operating income decreased by 14.6%. Excluding exceptional losses of €(53) million related to the reversal of the inventory step-up of €(48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for €(5) million in 2022 and exceptional gains of €126 million made of a bargain gain on ELG acquisition of €117 million and PIS/Cofins tax credits related to prior periods recognized in Brazil for €9 million in 2021, group operating income increased by 2.9% as the first time consolidation of ELG and higher realized prices compensated lower steel shipments, cost inflation and significant inventory valuation charges. Phase 4 of the Leadership Journey® - the Transformation Program - realized €82 million gains in 2022.

Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was €689 million for the year ending December 31, 2022, of which an operating income of €321 million was attributable to our operations in Europe and €368 million was attributable to our operations in South America. This is compared to operating income of €774 million for the year ending December 31, 2021, of which an operating income of €384 million was attributable to our operations in Europe and €390 million was attributable to our operations in South America. The decrease of the operating income by 11% was mainly driven by the combined effect of lower volumes and inventory valuation charges.

Services & Solutions

The operating income for the Services & Solutions segment was €79 million for the year ending December 31, 2022, compared to operating income of €196 million for the year ending December 31, 2021. The lower operating income was mainly attributable to lower shipments, inventory valuation charges and an unfavourable price/cost development.

Alloys & Specialties

The operating income for the Alloys & Specialties segment was €44 million for the year ending December 31, 2022, compared to operating income of €50 million for the year ending December 31, 2021. The decrease is mainly attributable to inventory valuation charges and lower shipments.

Recycling & Renewables

The operating income for the Recycling & Renewables segment was €27 million for the year ending December 31, 2022, including an exceptional loss of EUR (53) million related to the reversal of the inventory step-up of EUR (48) million recognized in the 2021 bargain purchase gain on ELG acquisition and a final bargain purchase gain adjustment on this acquisition for EUR (5) million. The operating income for the Recycling & Renewables segment was a €117 million for the year ending December 31, 2021, including an exceptional gain of €117 million made from a bargain gain on ELG acquisition.

Financing income / (costs)

Financing income / (costs) include interest income, interest expense, net foreign exchange and derivative results and other net financing costs. Financing costs, net were €(137) million for the year ending December 31, 2022, compared to financing income of €2 million for the year ending December 31, 2021.

Excluding the foreign exchange and derivative results described below, net interest expense and other financing costs for the year ending December 31, 2022 were €(15) million, compared to net interest expense and other financing costs below €1 million for the year ending December 31, 2021, including an exceptional interest income of €7 million in Brazil for PIS/Cofins tax credits related to prior periods.

Net interest expense and other financing costs also includes recurring financing costs of €(15) million for the year ending December 31, 2022, of which cash costs of financing of €(9) million, compared to recurring financing costs of €(9) million for the year ending December 31, 2021, of which cash costs of financing of €(7) million. Cash costs of financing are made of interests and other expenses related to the service of debt and other financing facilities.

Realised and unrealised foreign exchange and derivative gains/losses were a loss of €(122) million for the year ending December 31, 2022, mainly driven by unrealized results on nickel derivatives and realized results on foreign exchange derivatives compensated primarily via operating results on higher foreign exchange denominated sales , compared to realised and unrealised foreign exchange and derivative gains of €2 million for the year ending December 31, 2021. Foreign exchange results primarily relate to the accounting revaluation of non-Euro assets, liabilities, sales and earnings. Results on derivatives primarily relate to the financial instruments entered into in order to hedge our exposure to nickel prices but which do not qualify for hedge accounting treatment under IFRS 9.

Income Tax

We recorded an income tax expense of €(126) million for the year ending December 31, 2022, compared to an income tax expense of €(74) million for the year ending December 31, 2021. Our 2022 income tax expense was primarily due to positive operational results in several countries. Despite the fact that, similarly to 2021, the income tax expense was positively impacted by additional recognition of deferred tax assets on tax attributes in several jurisdictions, the income tax expense increased due to less favourable mix of the portion of profit before tax generated in lower versus higher tax rate jurisdictions for the year ending December 31, 2022 compared to the year ending December 31, 2021. The effective tax rate for the year ending December 31, 2022 was 17% compared to the effective tax rate of 7% for the year ending December 31, 2021.

Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of €625 million for the year ending December 31, 2022, compared to a profit of €968 million for the year ending December 31, 2021.

Alternative Performance Measures

This Annual Report includes Alternative Performance Measures (APM), which are non-GAAP financial measures. Aperam believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. The definitions of these APMs are the same since the creation of the Company. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies.

EBITDA

EBITDA is defined as operating income before depreciation, amortisation and impairment expenses. The following table presents a reconciliation of EBITDA to operating income:

(in millions of Euros)

Year ending December 31, 2022	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others / Eliminations[1]	Total
Operating income (loss)	689	79	44	27	51	**890**
Depreciation, amortisation and Impairment	(102)	(14)	(9)	(59)	(2)	**(186)**
EBITDA	**791**	**93**	**53**	**86**	**53**	**1,076**

(in millions of Euros)

Year ending December 31, 2021 [2] [3]	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others / Eliminations[1]	Total
Operating income (loss)	774	196	50	117	(95)	**1,042**
Depreciation, amortisation and Impairment	(98)	(12)	(8)	(24)	(2)	**(144)**
EBITDA	**872**	**208**	**58**	**141**	**(93)**	**1,186**

Notes:

(1) Others/Eliminations includes all operations other than those mentioned above, together with inter-segment elimination, and/or non-operational items that are not segmented.

(2) Due to the transfer of Aperam BioEnergia, ASB Recycling and Recyco from the segment "Stainless & Electrical Steel" to the segment "Recycling & Renewables" as from January 1, 2022, information for the year ending December 31, 2021 has been recast.

(3) The bargain gain of €117 million accounted for by the Company as of December 31, 2021 on the acquisition of ELG Group has been transferred from the segment "Others & Eliminations" to the segment "Recycling & Renewables".

Net Financial Debt and Gearing

Net Financial Debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments).

Gearing is defined as Net Financial Debt divided by equity.

The following table presents a reconciliation of Net Financial Debt and Gearing with amounts disclosed in the consolidated statement of financial position:

	December 31	
(in millions of Euros)	**2022**	**2021**
Long-term debt	667	719
Short-term debt	258	271
Cash and cash equivalents	(457)	(524)
Net Financial Debt	**468**	**466**
Equity	3,392	2,953
Gearing	**14%**	**16%**

Free cash flow before dividend and share buy-back

Free cash flow before dividend and share buy-back is defined as net cash provided by operating activities less net cash used in investing activities. In 2021, the free cash flow included also €(31) million paid for the acquisition of net assets of subsidiaries (net of cash acquired). The following table presents a reconciliation of Free cash flow before dividend and share buy-back with amounts disclosed in the consolidated statement of cash flows:

	Year ending December 31,	
(in millions of Euros)	**2022**	**2021**
Net cash provided by operating activities	642	550
Net cash used in investing activities	(297)	(183)
Free cash flow before dividend and share buy-back	**345**	**367**

Trend information

All of the statements in this "Trend information" section are subject to and qualified by the information set forth under the "Disclaimer - Forward-Looking Statements". See also "Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry".

Outlook

On February 10, 2023, the Company released its fourth quarter and full year 2022 results, which are available on the Company's website (www.aperam.com) under the "Investors" > "Reports and Presentations" > "Quarterly Reports" section. As part of its prospects, the Company announced that Q1 2023 Adjusted EBITDA is expected to increase slightly versus Q4 2022, and that net financial debt at the end of Q1 2023 is expected to be at comparable level as at end of Q4 2022.

Aperam S.A. as parent company

Aperam S.A., incorporated under the laws and domiciled in Luxembourg, is the parent company of the Aperam Group, a role it is expected to continue to play in the coming years.

The parent company was incorporated on September 9, 2010, to hold the assets that comprise ArcelorMittal's stainless and specialty steels businesses. As described in the parent company's articles of association, the corporate purpose of the company is the manufacturing, processing and marketing of stainless steel, stainless steel products and all other metallurgical products, as well as all products and materials used in their manufacture, processing and marketing, and all industrial and commercial activities connected directly or indirectly with those objects, including mining and research activities and the creation, acquisition, holding, exploitation and sale of patents, licenses, know-how and, more generally, intellectual and industrial property rights.

The parent company has its registered office at 24-26 Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B155.908. The parent company controls directly and indirectly 89 subsidiaries.

The parent company generated a net profit[4] of €1,580 million in 2022, mainly due to €1,542 million of income from participating interests derived from affiliated undertakings consisting in dividends and interim dividends of €942 million and capital gain on the transfer of the shares in affiliated undertakings of €600 million.

On December 31, 2022, the Company had 2,000,742 own shares for a total book value of €60 million.

[4] The net profit has been established according to generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Liquidity

Liquidity and capital resources

The Group's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

Because Aperam S.A. is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations.

In management's opinion, the Group's operations and credit facilities described below are sufficient to meet the Group's present requirements.

Our cash and cash equivalents amounted to €457 million and €524 million as of December 31, 2022 and December 31, 2021, respectively.

Our total gross debt, which includes long and short-term debt, was €925 million and €990 million as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, Aperam had €126 million out of the total gross debt of €925 million outstanding at the subsidiary level (including €97 million of finance leases).

Net financial debt, defined as long-term debt plus short-term debt less cash and cash equivalents (including short-term investments), was €468 million as of December 31, 2022, compared to €466 million at December 31, 2021.

Gearing, defined as net financial debt divided by total equity, was 14% as of December 31, 2022, compared to 16% as of December 31, 2021.

As of December 31, 2022, the Company had a total liquidity of €984 million, consisting of cash and cash equivalents (including short term investments) of €457 million, committed credit lines of €500 million (unsecured revolving credit facility of €500 million) at Aperam SA level and €27 million of committed credit lines from ELG Group.

As of December 31, 2021, the Company had a total liquidity of €932 million, consisting of cash and cash equivalents (including short term investments) of €524 million, committed credit lines of €300 million (revolving credit facility of €300 million) at Aperam SA level and €108 million of committed credit lines from ELG Group.

Financing

Unsecured revolving credit facility

On February 11, 2022, Aperam announced having entered into a 5+1+1 years sustainably linked senior unsecured revolving credit facility ("The Facility") of €500 million with a syndicate of 16 banks. Such Facility replaced the senior unsecured revolving credit facility of €300 million signed in June 2017. In addition, Aperam announced having entered into a 6 years sustainably linked amortizing fixed rate term facility of €300 million with a syndicate of 10 banks ("The Loan"). The Facility is for general corporate purposes and the Loan is dedicated to the refinancing of maturing debts of ELG. The pricing of financing contracts is linked to two strategic commitments of the company being firstly to become a best-in-class stainless steel manufacturer in terms of Health & Safety by constantly outperforming its industrial average in terms of Health & Safety metrics and to maintain its leadership in low carbon steel-making by setting an ambitious decarbonisation trajectory.

The Facility and the Loan contain a financial covenant being a maximum consolidated total debt of 90% of consolidated tangible net worth. On December 31, 2022, this financial covenant was fully met.

The Facility was fully undrawn and the Loan was fully drawn.

EIB financings

On June 27, 2016, Aperam and the European Investment Bank (EIB) announced the signing of a financing contract in the amount of €50 million, which will be dedicated to financing a research and development programme over the 2016-2019 period, as well as an upgrade of two plants located in cohesion regions in France & Belgium (Isbergues, Hauts-de-France and Châtelet, Hainaut respectively). This project was funded under the Investment Plan for Europe, also known as the "Juncker Plan". The financing contract, which is senior unsecured, was entirely drawn down on October 16, 2018, at a rate of 1.669%, with a final maturity date of October 16, 2028.

On February 25, 2019, the Company announced the signature of a financing contract where the EIB will make available to Aperam an amount of €100 million. The purpose of this contract is the financing of ongoing investments in the cold rolling and annealing & pickling lines at Aperam's Genk plant (Belgium), as well as the Company's ongoing modernisation programmes in the cohesion regions of Hauts-de-France (France) - Isbergues plant, and Hainaut (Belgium) - Châtelet plant. The financing contract, which is senior unsecured, was entirely drawn down on March 15, 2019, at a rate of 1.307%, with a final maturity date of March 15, 2029.

On September 30, 2020, Aperam strengthened its liquidity profile with the signature of a top-up financing contract where the EIB will make available to Aperam an amount of €75 million, in addition to the outstanding loan of €100 million, in relation to the financing of advanced stainless steel manufacturing technologies. This top up facility of €75 million was fully drawn on October 8, 2021, at a rate of 0.88%, with a final maturity date of October 25, 2031.

Schuldscheindarlehen

On September 24, 2019, Aperam successfully priced an inaugural €190 million multi-tranches Schuldscheindarlehen (debt instrument governed by the laws of the Federal Republic of Germany) with maturities at 4, 5, 6 and 7 years. On the back of a very positive investor perception and significantly oversubscribed orderbook, Aperam was able to upsize the deal volume from the initially announced volume of €100 million to ultimately €190 million. Fixed rate tranches for a total amount of €150 million bear an Interest rate between 1.10% to 1.50% when floating rate tranches for a total amount of €40 million bear an interest rate of EURIBOR 6M + 1.10% to 1.50%. The company was able to price all tranches at the tight end of the announced spread ranges. Aperam took advantage of the very constructive market to secure attractive conditions and successfully diversify its creditors base.

Commercial paper programme

On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of *"Code monétaire et financier"* of the French law, that the conditions as described in the financial documentation of its programme of NEU commercial paper for a maximum outstanding amount of €200 million, fulfil the requirements of law. On December 31, 2022, an amount of €114 million was drawn under the Aperam NEU CP programme.

True sales of receivables programme

The Company has established sales without recourse of trade accounts receivable programme with financial institutions, referred to as True Sales of Receivables ("TSR"). The maximum combined amount of the programmes that could be utilised were €520 million and €370 million as of December 31, 2022 and December 31, 2021, respectively. Through the TSR programme, certain operating subsidiaries of Aperam surrender control, risks and the benefits associated with the accounts receivable sold. Therefore, the amount

of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of the sale.

On February 11, 2022, Aperam has increased its sales without recourse of trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €420 million from €370 million earlier.

On April 27, 2022, Aperam has increased its sales without recourse of trade accounts receivable programme with financial institutions, referred to as TSR, to a maximum combined amount of the programmes that could be utilised to €520 million from €420 million earlier.

The total amount of receivables sold under the TSR programme and derecognised in accordance with IFRS 9 for the years ending December 31, 2022 and 2021 were €2.8 billion and €2.0 billion, respectively. Expenses incurred under the TSR programme (reflecting the discount granted to the acquirers of the accounts receivable) are recognised in the consolidated statement of operations as financing costs and amounted to €(7) million and €(4) million in 2022 and 2021, respectively.

Recent developments

On January 26, 2023, Aperam confirmed the extension of the maturity of the sustainably linked senior unsecured revolving credit facility of €500 million by one year.

Credit ratings

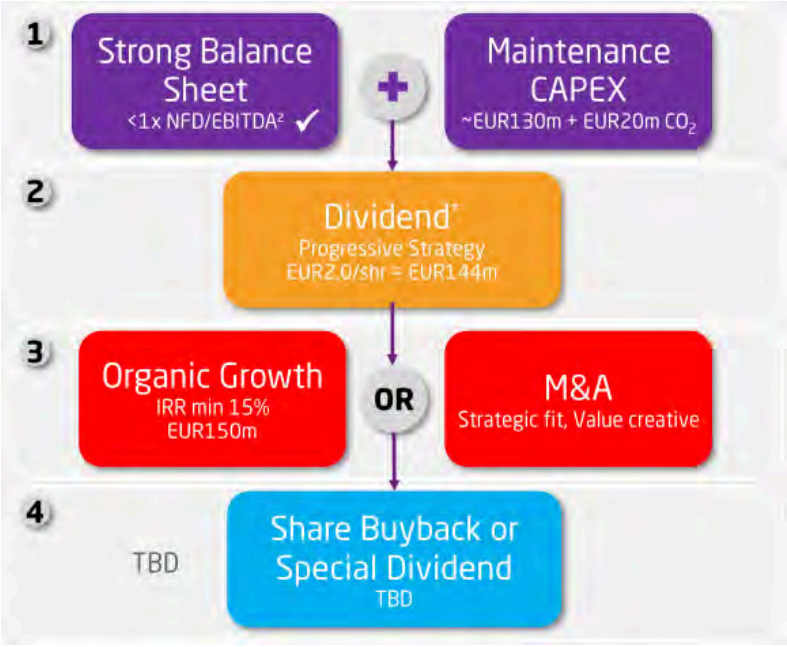
On June 13, 2019, Aperam announced that it has requested to be withdrawn from the credit rating services of S&P Global Ratings and Moody’s Investor Service, while reaffirming to maintain investment grade financial ratios. Given the Company’s low level of debt at that time and the nature of funding needs, credit rating services were no longer considered necessary.

On June 27, 2019, Moody's Investors Service withdrew the 'Baa3' long-term issuer rating with stable outlook of Aperam S.A.

On July 15, 2019, S&P Global Ratings withdrew its 'BBB-' long-term issuer credit rating with stable outlook of Aperam S.A.

Financial policy

Aperam's financial policy aims to maximize the long-term growth of the Company and the value accretion for its shareholders while maintaining a strong balance sheet.



Notes:
(*) Base dividend review in the (unlikely) event that NFD/EBITDA exceeds 1x.
(2) Through the cycle

Earnings distribution

Dividend

Technicalities

As from 2019, dividends are announced in Euro and paid in Euro for shares listed on the European Stock Exchanges (Euronext Amsterdam, Euronext Brussels, Euronext Paris and Luxembourg stock exchange). Dividends are paid in U.S. dollars for shares traded in the United States on the over-the-counter market in the form of New York registry shares and converted from Euro to U.S. dollars based on the European Central Bank exchange rate.

A Luxembourg withholding tax of 15% is applied on the gross dividend amounts.

In order to benefit from exemption of Luxembourg dividend withholding tax at source, an "Informative Memorandum" describing the procedure to obtain an exemption at source of the Luxembourg dividend withholding tax is available at the following link:
Procedure to apply for an exemption from Luxembourg withholding tax

In 2022

On February 11, 2022, Aperam announced its detailed dividend payment schedule for 2022. The Company proposed increasing its base dividend from €1.75 per share to €2.00 per share, subject to shareholders approval at the 2022 Annual General Meeting. On May 4, 2022, at the 2021 Annual General Meeting, the

shareholders approved a base dividend of €2.00 per share. The dividend was paid in four equal quarterly instalments of €0.5 (gross) per share.

In 2023

On February 10, 2023, Aperam announced its detailed dividend payment schedule for 2023. The Company proposes to maintain its base dividend at EUR 2.00/share, subject to shareholders approval at the 2023 Annual General Meeting of May 2, 2023. The dividend payments would occur in four equal quarterly instalments of EUR 0.5 (gross) per share in 2023 as described below in the detailed dividend schedule:

	1st Quarterly Payment (interim)	2nd Quarterly Payment	3rd Quarterly Payment	4th Quarterly Payment
Announcement date	23 February 2023	09 May 2023	14 August 2023	8 November 2023
Ex-Dividend	28 February 2023	12 May 2023	18 August 2023	13 November 2023
Record Date	01 March 2023	15 May 2023	21 August 2023	14 November 2023
Payment Date	23 March 2023	09 June 2023	14 September 2023	8 December 2023
FX Exchange rate	24 February 2023	10 May 2023	16 August 2023	9 November 2023

Share buy-back

Corporate authorisations

On May 4, 2022, the Annual General Meeting of Shareholders authorised the company to repurchase its own shares in accordance with applicable laws and regulations for a period of five years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of the five year period.

Key features of the 2022 Phase 1 share buy-back programme

On February 11, 2022, Aperam announced a share buy-back programme under the authorization given by the Annual General Meeting of Shareholders held on May 7, 2019 and, or under any renewal of such authorization at the May 4, 2022 annual general meeting of shareholders (hereinafter “Program”).

The key features of the Program are as follows:

- Purpose of the Program: cancellation of shares to reduce the share capital and meeting obligations arising from employee share programs.
- Maximum number of shares to be acquired under the Program: 2.45 million
- Maximum pecuniary amount allocated to the Program: €100 million
- Period of authorisation of the Program: February 14, 2022 to December 31, 2022

Aperam appointed an investment services provider to execute the repurchasing of shares in the open market during open and closed periods. The price per share, of the shares to be bought under the Program, shall not exceed 110% of the average of the final listing prices of the 30 trading days preceding the three trading days prior to each date of repurchase, in accordance to the resolution of the annual general meeting of shareholders held on 7 May 2019. Such shareholder resolution was renewed at the May 4, 2022 annual general meeting of shareholders.

Simultaneously, the Mittal family has declared its intention to enter into a share repurchase agreement with Aperam, to sell each trading day on which Aperam has purchased shares under the Program, an equivalent number of shares, at the proportion of the Mittal family’s stake of 40.96% of issued and outstanding shares of

Aperam, at the same price as the shares repurchased on the open market. The effect of the share repurchase agreement is to maintain Mittal family's voting rights in Aperam's issued share capital (net of Treasury Shares) at the current level, pursuant to the Program.

Disclosure of trading in own shares under the 2022 Phase 1 share buy-back program

In aggregate, 2,311,849 shares were bought under this Program from February 18, 2022 to April 12, 2022, representing an aggregate amount of €100,000,040 (based on settlement date).

- Period of repurchases: February 18, 2022 to April 12, 2022 (based on settlement date)
- Number of shares acquired: 2,311,849
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : 1,364,915
  - Out of which on Euronext off market platform from the Mittal family: 946,934
- Pecuniary amount of shares acquired: €100,000,040
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : €59,039,986
  - Out of which on Euronext off market platform from the Mittal family: €40,960,055

Key features of the 2022 Phase 2 share buy-back programme

On May 6, 2022, Aperam announced an additional share buyback programme under the authorization given by the Annual General Meeting of Shareholders held on May 4, 2022 (hereinafter "Program").

The key features of the Program are as follows:

- Purpose of the Program: cancellation of shares to reduce the share capital and meeting obligations arising from employee share programs.
- Maximum number of shares to be acquired under the Program: 3.5 million
- Maximum pecuniary amount allocated to the Program: €100 million
- Period of authorisation of the Program: May 9, 2022 to December 31, 2022

Aperam appointed an investment services provider to execute the repurchasing of shares in the open market during open and closed periods. The price per share, of the shares to be bought under the Program, shall not exceed 110% of the average of the final listing prices of the 30 trading days preceding the three trading days prior to each date of repurchase, in accordance to the resolution of the annual general meeting of shareholders held on 4 May 2022.

Simultaneously, the Mittal family has declared its intention to enter into a share repurchase agreement with Aperam, to sell each trading day on which Aperam has purchased shares under the Program, an equivalent number of shares, at the proportion of the Mittal family's stake of 40.96% of issued and outstanding shares of Aperam, at the same price as the shares repurchased on the open market. The effect of the share repurchase agreement is to maintain Mittal family's voting rights in Aperam's issued share capital (net of Treasury Shares) at the current level, pursuant to the Program.

Disclosure of trading in own shares under the 2022 Phase 2 share buy-back program

In aggregate, 3,499,999 shares were bought under this Program from August 2, 2022 to September 30, 2022, representing an aggregate amount of €94,175,542 (based on settlement date).

- Period of repurchases: August 2, 2022 to September 30, 2022 (based on settlement date)
- Number of shares acquired: 3,499,999
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : 2,066,400
  - Out of which on Euronext off market platform from the Mittal family: 1,433,599
- Pecuniary amount of shares acquired: €94,175,542
  - Out of which on Euronext Amsterdam and other regulated dealing platforms : €55,601,257
  - Out of which on Euronext off market platform from the Mittal family: €38,574,285

The weekly reports of transactions in trading in own shares in accordance with the Market Abuse Regulation

are available on the Company's website www.aperam.com , section "Investors" > "Equity Investors " > Share Buy-Back".

Disclosure of trading in own shares under Luxembourg Company law

- Number of own shares held on December 31, 2021: 2,091,287 or 2.61% of the subscribed capital, representing a nominal value of €103,768,865 and an accounting par value of €10,958,344.
- Number of own shares acquired under share buyback program during 2022: 5,811,848 or 7.27% of the subscribed capital, representing a nominal value of €194,175,582 and an accounting par value of €30,454,084.
- Number of shares granted during the 2022 financial year to deliver shares to qualifying employees under the Group's Long Term Incentive Plans after fulfilment of performance criteria as described in greater detail in the Compensation section of this report: 90,545 shares (130,759 shares, net of 40,214 shares retained for tax purposes), or 0.11% of the subscribed capital, representing a nominal value of €4,227,273 and an accounting par value of €474,456.
- Number of own shares held on December 31, 2022: 7,812,590 or 9.77% of the subscribed capital, representing a nominal value of €295,517,428 and an accounting par value of €40,937,972.
- Number of shares acquired under the 2021 share buy back program cancelled on February 7, 2023: 1,959,592 shares or 2.45% of the subscribed capital, representing a nominal value of €69,565,516 and an accounting par value of €10,268,262.

As of the date of this report, the number of treasury shares is 5,852,998. The total numbers of outstanding shares (net of treasury shares) as of 31 December 2022 stood at 72,183,690 shares.

Sources and uses of cash

The following table presents a summary of our cash flows for the year ending December 31, 2022, as compared to the year ending December 31, 2021:

	Summary of Cash Flows	
	December 31,	
	2022	2021
	(in millions of Euros)	
Net cash provided by operating activities	642	550
Net cash used in investing activities	(297)	(183)
Net cash used in financing activities	(419)	(197)

Net cash provided by operating activities

Net cash provided by operating activities amounted to €642 million for the year ending December 31, 2022, compared to €550 million for the year ending December 31, 2021. The €92 million increase of net cash provided by operating activities between 2021 and 2022 included a lower investment in operating working capital of €258 million in 2022 compared to €485 million in 2021 which more than compensated the lower operating income of €890 million in 2022 compared to €1,042 million in 2021. The investment in operating working capital was mainly driven by higher raw material prices.

Net cash used in investing activities

Net cash used in investing activities amounted to €(297) million for the year ending December 31, 2022, compared to €(183) million for the year ending December 31, 2021. The net cash used in investing activities for the year ending December 31, 2022 was mainly related to €296 million in capital expenditures, compared to €152 million for the year ending December 31, 2021. In addition we had in 2022 €1 million of other

investing activities and €31 million in 2021 corresponding to ELG acquisition for €29 million, net of cash acquired and ASB recycling for €2 million, net of cash acquired.

Net cash used in financing activities

Net cash used in financing activities was €(419) million for the year ending December 31, 2022, compared to net cash used in financing activities of €(197) million for the year ending December 31, 2021. Net cash used in financing activities for the year ending December 31, 2022 was primarily due to €194 million of purchase of treasury stock, €151 million of dividend payments and €60 million of net payments to banks. Net cash used in financing activities for the year ending December 31, 2022 was primarily due to €140 million of dividend payments and €105 million of purchase of treasury stock partially compensated by €57 million of net proceeds from banks.

Equity

Equity attributable to the equity holders of the parent increased to €3,385 million as of December 31, 2022, compared to €2,945 million on December 31, 2021. This is primarily due to net profit for the year of €625 million, foreign currency translation adjustments of €95 million, €31 million of change in recognized actuarial gains & losses and €17 million of change in unrealized results on derivative financial instruments, partially compensated by dividend declaration of €(150) million and share buy-back program €(194) million.

Capital Expenditure[5]

Capital expenditures for the years ending December 31, 2022 and 2021 were €296 million and €152 million respectively.

[5] Capital expenditure is defined as purchase of tangible assets, intangible assets and biological assets, net of change in amount payables on these acquisitions

A strong focus on self-help measures

From the very beginning, Aperam has always pursued a strategy designed to reinforce the robustness of our business using self-help measures. We accomplish this by leveraging our in-house internal improvement measures continuously and by relying on our own resources. This has proven to be a successful strategy, one that supports our performance by reducing our reliance on external factors/resources.

As our key strategic priorities have proven their efficiency in terms of operating and financial performance over the past years, we will remain focused on achieving Phase 4 of the Leadership Journey® through a combination of cost, growth and mix improvement measures.

The Leadership Journey® is an initiative aimed at achieving management gains, fixed and variable cost reductions, and increased productivity over the near and medium-term by enhancing the potential of our best performing assets. The Leadership Journey® is composed of a number of phases that can be broadly characterised as restructuring and cost cutting projects, upgrading best performing assets, transformation initiatives, and growth and mix improvements. Each phase is described below.

The completed Leadership Journey® initiatives by phase and total target gains

Phase 1: 2011-2013 Restructuring & cost cutting *Completed*	Phase 2: 2014-2017 Upgrading best performing assets *Completed*	Phase 3: 2018-2020 Transforming the Company *Completed*
Launched at the early stage of the programme in 2011, the restructuring initiatives focused on the closure of non-competitive capacities and the reduction of fixed costs through, in particular, process simplification and major cost cutting investments.	Since the beginning of 2014, major projects were launched to help Aperam overcome bottlenecks in its downstream operations, improve its cost competitiveness, and enhance its product portfolio.	Launched in 2017, this phase of the journey aimed to transform the business and address the next generation needs of our customers by creating a modern, fully-connected and technology-enabled organisation. This was extended in early 2019 to consider cost reductions, including general procurement and raw material savings.
Total gains reached under Phase 1 and Phase 2: U.S.$573 million		Total gains reached under Phase 3: €223 million

Phase 4 of the Leadership Journey®: Combining growth, mix and cost improvements

On November 4, 2020, Aperam announced Phase 4 of its Leadership Journey® with a cumulative target of €150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures. This new phase of the Leadership Journey®, comprises two stages. First, changes to our footprint will defend our cost leadership in Europe by bundling volumes and expertise at the most efficient lines. This forms a solid basis for stage 2 where the resulting increase in productivity will be used for the mix improvement and growth pillars. We plan a total cash out of €90 million for Phase 4 which comprises capex and any associated restructuring costs. As of December 31, 2022, Phase 4 of the Leadership Journey® reached €122 million of cumulated annualized gains.

Structural cost	– Cost leadership in Europe – Leadership Journey (Phase 4) – Genk downstream ramp up – Footprint specialization – SG&A improvement
Growth	– Top line strategy – Distribution growth – Alloys growth plan – Brazil growth
Differentiation	– ESG leadership – Strong balance sheet – Financial discipline – Value oriented M&A approach

Structural cost: Our new rolling lines in Genk - the lowest cost plant in Europe - will play a crucial part under this Phase and result in efficiency gains and considerable fixed cost reductions. In addition we target improvements in our SG&A costs as we start transforming us in a post-COVID-19 era.

Growth in Specialties :The footprint concentration and increasing the flexibility of our lines will also enable us to use specialized lines to further develop high value products. The new set-up is expected to accelerate our top line strategy. The growth components will to some degree materialize beyond 2023 and yield gains in addition to those included in the Phase 4 gains.

Our growth initiatives include:

- To grow our sales of high margin value added niche products and replace low contribution margin products, we will continue to focus on developing innovative products through our research and development initiatives, while also leveraging our marketing and advertising efforts for wider promotion. This includes accelerating the stainless steel consumption in the Brazilian market.

- Our industrial footprint in Europe and South America is perfectly complemented by our global service centres and sales networks, which are part of our Services & Solutions segment. In a volatile market environment, we believe that the development of the Services & Solutions segment and the provision of better customer services are key to achieving financial and operational excellence. Our value-added services include cutting, polishing, brushing, forming, welding, pickling, annealing and packaging. We believe that further developing the Services & Solutions segment will not only drive additional value creation, it will also allow us to serve our customers more effectively.

- The Alloys & Specialties segment focuses on the design, production and transformation of various specialty alloys and certain specific stainless steels. These products are intended for high-end applications or to address very specific customer requirements such as for e-mobility, renewable energies, new display devices (e.g. Oled screens), aerospace, automotive, electronics - to name only a few. We believe that the Alloys & Specialties segment has significant growth potential, especially in light of our R&D support and creative solutions we offer our customers. As an example, Aperam has launched in cooperation with Tekna, a leading actor in metallic powder manufacturing, a company named ImphyTek Powders to market Nickel and Specialty Alloy spherical powders for advanced additive manufacturing technologies.

Differentiation: Our recognized Environmental-Social-Governance leadership, strong balance sheet, financial discipline, and value oriented M&A approach will come as a support to our cost and growth initiatives.

Principal strengths and risks

Principal strengths

We believe that our key strengths include:

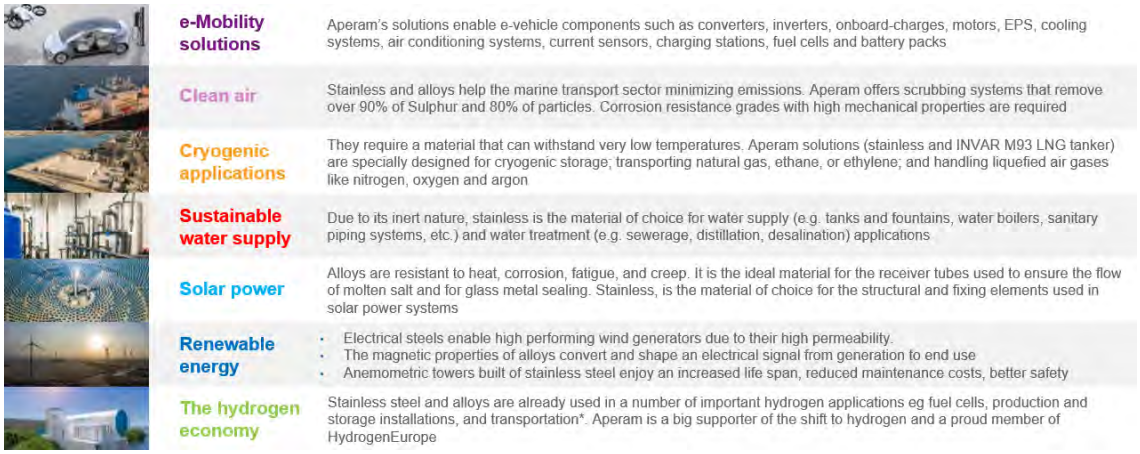
Sustainable by Design, Made for Life:

Aperam's commitment to sustainability is ingrained in our values and fully aligned with our mission to produce endlessly recyclable products in a responsible manner. Being the first stainless steel company to earn a ResponsibleSteel™ certification (for Aperam Stainless Europe in 2021) is reassurance to our stakeholders that we produce responsibly. With Aperam, our customers have selected a partner recognised as capable of delivering the highest standards of service, offering them responsibly produced solutions that are also 100% recyclable and low carbon – solutions that are much needed for the sustainable society we strive to live in.

We are determined to be a sector leader in environmental excellence, recording one of the best carbon footprint of our industry while also striving to adopt best practices in terms of ethics, governance, community engagement and corporate citizenship.

Please refer to section Corporate responsibility for more details.

Our stainless steels are high added value material playing a key role in the energy transition



Sustainability and Environment - Our Recycling & Renewables Division

Aperam benefits from the integration of former ELG as Aperam Recycling in our Recycling & Renewables Division on various levels, including lower costs, environmental improvement and growth. With more than 2,000 of our employees working in Aperam Recycling, the segment defends Aperam's cost leadership position with specific synergies identified. It also drives our environmental ambition by facilitating even higher uses of recycled materials, which lowers further our energy consumption and our Greenhouse Gas emissions. Aperam Recycling supports our growth potential and opens new areas for development within Aperam by closing the recycling loops, increasing the scrap volumes and by improving quality of our stainless steel and our Alloys and Specialties' superalloys. In Europe, Aperam also now benefits from a secure supply of our key strategic raw material, as we use more than 80% of scrap in our European operations.

In Brazil, we have a strong link to sustainable agriculture: our production process is 100% based on charcoal from our own sustainably cultivated eucalyptus forests, which is unique in the world and gives us one of the best carbon footprints globally. In Brazil, about 1,000 of our employees are employed in seedling, nursing and planting of eucalyptus trees. Our forest management is based on the best practices, recognized by the Forest Stewardship Council's (FSC®) certification, which standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility. As an example of our responsible forest management, we use the most ecological and advanced technologies to preserve our forests from diseases and fire. Beyond our environmental responsibility in Brazil, we are very proud to be recognised since our creation as one of the best companies to work for in the Brazilian steel industry. Thanks to our own Foundation, in Brazil, we are also very much engaged in the educational, cultural, environmental and social agendas of the communities where we operate.

Performance - A competitive footprint in Europe and Brazil

Aperam's modern production facilities enable the Company to meet its customers' needs for stainless and specialty steel with a high level of operational efficiency.

In Europe, the Group benefits from high-quality and cost-efficient plants, including the largest and most recent electric arc furnace meltshop (Châtelet, Belgium), the largest hot rolling mill (Châtelet, Belgium), one of the largest cold rolling mills (Genk, Belgium) and LC2I, the best-in-class integrated rolling-mill (Isbergues, France). In January 2018, we announced a new investment project of €130 million at our Genk (Belgium) plant. This consists of adding a new cold rolling and a new annealing and pickling line to further facilitate the transformation of our business. With these state-of-the-art modern lines, which use the latest technology, we can enlarge our product range to include the most demanding applications, improve lead-times and our flexibility to meet market demands, increase the efficiency and cost competitiveness of our assets, and

continuously enhance our health, safety and environmental impact. In May 2021, we announced the investment in revamping the hot rolling mill for long products at Imphy and re-start of the Argon Oxygen Decarburization (AOD) converter project in Genk that was put on hold in 2019. Both projects, together with the planned specialties centre in Gueugnon, will further contribute to the reorientation of our product portfolio towards specialties.

To adapt to market conditions, shortly after its creation, Aperam restructured its downstream operations from 29 to 17 tools in Europe. As a result, Aperam has reached an optimal loading of its most efficient assets and is well positioned in Europe's core markets. To benefit from the long-term growth potential of the stainless and specialty steel market and further improve its cost competitiveness in a highly competitive environment, Aperam aims to continue improving its operational excellence and investing in its industrial asset base with Leadership Journey® initiatives (described in detail under the section "A strong focus on self-help measures").

In South America, Aperam is the only integrated producer of flat stainless and electrical steel. Our integrated production facility is based in Timóteo (Brazil), and produces a wide range of stainless, electrical steel and special carbon products. This production setup is unique, as it allows to switch flexibly between products and markets to maximise profitability.

Based on low levels of historical and apparent consumption per capita and a developing market for stainless steel, management foresees a substantial potential for growth in South America. In Brazil, Aperam continues to benefit from the actions of the Leadership Journey® and Top Line strategy, while the long-term growth prospects in terms of stainless steel consumption have remained intact.

Key strengths of Aperam's European operations

<table>
<tr><th>Sourcing</th><th>Logistics</th><th>Production and innovation</th><th>Sustainability</th></tr>
<tr><td rowspan="4">The only integrated upstream operations in the heart of Europe, with the best access to scrap supply though our Recycling division</td><td>Best location to serve Europe's biggest consumption areas</td><td>Full range of innovative stainless steel products</td><td rowspan="4">Aperam's main input in Europe is recycled scrap (>80%)

Our Recycling Division with Aperam Recycling, BioEnergìa and Recyco offers Aperam a leader's position in sustainability

Our 4 main plants have been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard</td></tr>
<tr><td rowspan="3">Efficient logistics and working capital management</td><td>Flexibility and efficient capacity</td></tr>
<tr><td>A strategy to be a cost benchmark on key Aperam products</td></tr>
<tr><td>2 R&D centres</td></tr>
</table>

Key strengths of Aperam's Brazilian operations

<table>
<tr><th>Sourcing</th><th>Logistics</th><th>Production and Innovation</th><th>Sustainability</th></tr>
<tr><td rowspan="4">The only fully integrated stainless steel facility in South America, with access to iron ore and environmentally friendly charcoal produced from our own eucalyptus forests</td><td>Efficient logistics with integrated service centres</td><td>Full range of products, including flat stainless steel, electrical steel and special carbon</td><td rowspan="4">Our blast furnace in Brazil uses only charcoal as fuel - produced from our sustainably cultivated FSC(C) -certified forests

Our main plant has been certified in accordance with the strict ESG criteria of the ResponsibleSteel™ standard</td></tr>
<tr><td>Only stainless steel producer in South America with best-in-class deliveries to customers</td><td>A flexible production route that allows Aperam to maximise its product mix</td></tr>
<tr><td rowspan="2">Flexible geographic sales capabilities within South America, allowing Aperam to optimise its geographic exposure</td><td>An improving cost position compared to the industry benchmark and one that benefits from best practice benchmarking with European operations</td></tr>
<tr><td>1 R&D centre</td></tr>
</table>

Value add and proximity to Customer - Our Geography and Our Distribution Network

Aperam's research and development activities are closely aligned with our strategy and focus on product and process development. The Group's Research and Development team comprises 144 employees (FTE) spread across two main centres in Europe (Isbergues and Imphy, France) and one main centre in Timóteo, Brazil. These centres interact closely with the Group's operating segments and partner with industrial end-users and leading research organisations to remain at the forefront of product development. Our research and development capabilities have contributed to both the Group's position as an industry leader and its development of long standing and recognisable brands. Aperam concentrates a significant portion of its research and development budget on high margin, value-added niche products, such as specialty alloys, and on developing products with enhanced capabilities for new applications and end markets. As our customers look to lower their carbon footprint, Aperam is present with a wide range of products answering the strong demand for more sustainability. Some of our solutions are highlighted below.

The Company is the second largest producer in Europe, and the leading stainless and specialty steel producer in South America. Aperam is well-positioned in both developed and emerging markets. At the Group level, approximately 74% of Aperam's sales are derived from developed markets and 26% from emerging markets.

Aperam has a strong presence in the European stainless steel market. Not only are the Group's modern production facilities in Belgium and France strategically located close to scrap generating regions, they are also close to the Group's major customers. Aperam's European industrial operations have consistently maintained high performance standards through the optimisation of production volumes, inventory and costs.

The Group also has a highly integrated and technically advanced service centre and distribution network that is effective at maintaining direct contact with end-users through its strong sales and marketing capabilities.

Aperam's integrated stainless and specialty steel sales, distribution and service networks has a total of 15 Steel Service Centres, 5 transformation facilities and 15 sales offices, and is one of the largest in the world. This network, along with its best-in-class service, allows the Group to develop customer loyalty and a consistent and stable customer base, while also capturing additional value in downstream operations. The Group's distribution channels are strategically located in areas of high demand and close to many end-users. The Group's global distribution network enables it to tailor its products to address specific customer needs, thereby facilitating the maintenance of our market share and the capturing of growth opportunities. The Group's customer base is well diversified, consisting of a number of blue chip clients.

Our Premium Products - Alloys and Stainless Specialties

Aperam offers a wide range of products, including high margin value-added niche products to a diversified customer base in both emerging and developed markets. It is this diverse product offering, sold to a wide range of customers across numerous industries, that allows the Group to enjoy greater stability and to mitigate some of the risks and cyclicity inherent in certain markets.

The Group's products are mainly sold to end-users in the automotive, building and construction, catering and appliance, energy and chemicals, and transportation industries. Our electrical steel products are primarily sold to customers in the electric motors, generators and transformers industries. We are the fourth largest global producer of specialty alloys and the largest producer of alloys wire rods and strips, which are sold to customers in the aerospace, automotive, electronics, petrochemical, and oil & gas industries. As previously mentioned, Aperam is also engaged in the Nickel and Specialty Alloy spherical powders for advanced additive manufacturing and metal injection molding technologies though its JV ImphyTek Powders SAS.

Principal risks and uncertainties related to the Company and the stainless and specialty steel industry

The following major factors could cause actual results to materially differ from those discussed in the forward-looking statements included throughout this Annual Report:

Macro-economic & geopolitical risks indirectly impacting Aperam

Global economic cycle downturn

Aperam's business and results of operations are substantially affected by international, national and regional economic conditions, including geopolitical risks that could disrupt the economic activity in affected countries. A period of slow growth in emerging economies that are, or are expected to become, substantial consumers of stainless and specialty steels (such as China, Brazil, Russia and India, as well as other emerging Asian markets and the Middle East) would have a material adverse effect on the stainless and specialty steel industry.

Overcapacity

In addition to economic conditions, the stainless steel industry is affected by global production capacity and fluctuations in stainless steel imports and exports. Production capacity in the developing world, particularly China and Indonesia, has increased substantially, with China being the largest global stainless steel producer. Accordingly, the balance between China's domestic production and consumption is an important factor

impacting global stainless steel prices. Stainless steel exports from these countries, or conditions favourable to them (such as excess capacity in China / Indonesia and/or higher market prices for stainless steel in markets outside of China/Indonesia) can have a significant impact on stainless steel prices in other markets, including Europe and South America. Over the short- to medium-term, Aperam is exposed to the risk of stainless steel production increases in China and other markets (including Indonesia) outstripping increases in real demand, which may weigh on price recovery in the industry as a whole.

China slowdown

A reduction in China's economic growth rate, with a resulting reduction in stainless and specialty steel consumption, coupled with China's expansion of steel-making capacity, could continue to substantially weaken both domestic and global stainless and specialty steel demand and pricing.

The risks of nickel price fluctuation, raw material price uncertainty, material margin squeeze, over dependency of main suppliers and electricity

Aperam's profitability correlates, amongst other factors, with nickel prices. A significant decrease in the price of nickel would have a negative impact on apparent demand and base prices due to "wait and see" behaviour by customers. Furthermore, nickel is listed on the LME and thus subject to the fluctuation of the financial markets. Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass) and iron ore), which can lead to an over-dependence on its main suppliers. Aperam is also exposed to price uncertainty and material margin squeeze with respect to each of these raw materials, which it mainly purchases under short- and long-term contracts, but also on the spot market.

Fluctuations in currency exchange rates

Aperam operates and sells its products globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the Euro (Aperam's reporting currency). Accordingly, currency fluctuations triggered by inflationary movements or other factors, especially the fluctuation of the value of the Euro relative to the U.S. dollar and the Brazilian real, as well as fluctuations in the currencies of the other countries in which Aperam has significant operations and/or sales, could have a material impact on its results of operations.

Litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, health & safety)

A number of lawsuits, claims and proceedings have been and may be asserted against Aperam in relation to the conduct of its currently and formerly owned businesses, including those pertaining to product liability, patent infringement, commercial practices, employment, employee benefits, taxes, environmental aspects, health and safety, and occupational disease. In particular, Aperam is subject to a broad range of environmental laws and regulations in each of the jurisdiction in which it operates. Such laws and regulations focus in particular on air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic substances, slag treatment, soil pollution, waste disposal practices and the remediation of environmental contamination.

Due to the uncertainties of litigation, no assurance can be given that the Company will prevail on all claims made against it in the lawsuits that it currently faces or that additional claims will not be made against it in the future. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may have an outcome that is adverse to Aperam, Management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on Aperam's financial

condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on the Company's results of operations for that period.

Risks of lack of competitiveness of the workforce costs, of losing key competencies and inability of attracting new key competencies, and social conflicts

A lack of competitiveness in workforce costs might have a material adverse effect on Aperam's cost position. Aperam's key personnel have extensive knowledge on its business and, more generally, on the stainless and specialty steel sector as a whole. Its inability to retain key personnel and/or the experience of social conflicts could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Customer risks in respect to default and credit insurance companies refusing to insure the risks

Due to the challenging economic climate, Aperam might experience increased exposure to customer defaults or situations where credit insurance companies refuse to insure the recoverability risks of its receivables. Such a scenario could have a material effect on the Company's business, financial condition, results of operations or cash flows.

Cybersecurity risks

Aperam's operations depend on the secure and reliable performance of its digital systems. An increasing number of companies, including Aperam, are experiencing phishing attacks and other intrusion attempts for ransom money transfers, as well as attempts at compromising the digital systems operation. If such attempts would succeed, they could cause applications unavailability, data compromising, adverse publicity and, in the case of a successful attack to our production systems, interruptions to the Group's operations. Aperam could be subject to litigation, civil or criminal penalties, and adverse publicity - all of which could adversely affect its reputation, financial condition and results of operations.

Risk of production equipment breakdown, delays in investments ramp-ups, risk of disruption of operations and supply chain, and lack of energy availability

Stainless steel manufacturing processes are dependent on critical steelmaking equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers).The production process may incur downtime as a result of unanticipated failures or other events, such as fires, severe climate events, explosions or furnace breakdowns, shortage in gas supply in Europe.

Aperam's manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production, disruption of operations and supply chain as a result of such process failures, or other events such as natural disasters, epidemics, pandemics, extreme weather events, and environmental issues linked to climate change. Efficient project management is crucial to mitigate the risk of delays in investment ramp-ups to sustain Aperam future growth.

Climate-related Disclosures

As a key player in the field of a high-carbon emission sector, Aperam is fully aware of the challenges, risks and opportunities in relation to Climate change and the transition to a lower-carbon economy, in particular with respect to our financial implications.

Aperam has an ambitious climate change action plan with solid greenhouse gas emissions reduction targets as well as general sustainable practices, including water stewardship, recycling and relevant monitoring. In our action plan, impacts on Aperam's local stakeholders is a key performance indicator. Aperam fully integrates into its strategy the need for a more circular economy, as demonstrated with the creation of our new

segment Recycling & Renewables and the acquisition of the former ELG (a major player in the global stainless scrap recycling market) in December 2021.

We are aware of the mid- to long-term impacts expected from the energy transition, which is why we started to use an internal price of carbon for the assessment of our investments as early as 2016. This allowed Aperam to manage the possible repercussions in terms of emission trading system, price of commodities, access to credit, competition and market trends amongst others.

Aperam is convinced that climate change, and the transition to a more sustainable economy, will open new opportunities for our responsibly-manufactured products.

All these aspects are reported in full in our annual Group Sustainability Report as well as considered as part of the assumptions made in terms of financial impacts incorporated into our Annual Report's consolidated financial statements, specifically with regard to assets in scope of IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets and to impairment of non-financial assets under IAS 36 Impairment of Assets. No related material impairments are to be reported to this respect for the 2022 Financial Statements.