Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	990 888 140
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ERALLOYS HOLDING AS
Forretningsadresse:	Rolighetsvegen 11 3933 PORSGRUNN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ove Opedal
Dato for fastsettelse av årsregnskapet:	12.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.07.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	2		107 000
Sum inntekter			**107 000**
Kostnader			
Lønnskostnad	3	75 000	79 000
Annen driftskostnad	3	558 000	526 000
Sum kostnader		**633 000**	**605 000**
Driftsresultat		**-633 000**	**-499 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap			1 118 000
Inntekt på investering i annet foretak i samme konsern	4		
Renteinntekt fra foretak i samme konsern		24 083 000	23 319 000
Annen renteinntekt		52 000	157 000
Annen finansinntekt	9	16 071 000	18 000
Verdiøkning av andre finansielle anleggsmidler	4		
Sum finansinntekter		**40 206 000**	**24 613 000**
Nedskrivning av andre finansielle anleggsmidler	4		
Rentekostnad til foretak i samme konsern		30 970 000	26 916 000
Annen finanskostnad	10	117 000	3 988 000
Sum finanskostnader		**31 086 000**	**30 904 000**
Netto finans		**9 120 000**	**-6 291 000**
Ordinært resultat før skattekostnad		**8 487 000**	**-6 790 000**
Skattekostnad på ordinært resultat	8	1 867 000	-1 744 000
Ordinært resultat etter skattekostnad		**6 620 000**	**-5 046 000**
Årsresultat		**6 620 000**	**-5 046 000**
Årsresultat etter minoritetsinteresser		**6 620 000**	**-5 046 000**

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Totalresultat		**6 620 000**	**-5 046 000**
Overføringer og disponeringer			
Ordinært utbytte	6		
Konsernbidrag	6		5 344 000
Avsatt til annen egenkapital	6	6 620 000	
Overført fra annen egenkapital	6		-10 390 000
Sum overføringer og disponeringer		**6 620 000**	**-5 046 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	495 000	306 000
Sum immaterielle eiendeler		**495 000**	**306 000**
Finansielle anleggsmidler			
Investering i datterselskap	4, 7		
Investeringer i tilknyttet selskap	4	1 771 871 000	1 771 871 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	7	258 515 000	245 819 000
Investeringer i aksjer og andeler	4		
Sum finansielle anleggsmidler		**2 030 386 000**	**2 017 690 000**
Sum anleggsmidler		**2 030 881 000**	**2 017 996 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	7		
Andre kortsiktige fordringer	7	1 321 000	6 851 000
Sum fordringer		**1 321 000**	**6 851 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	11	141 031 000	132 841 000
Sum bankinnskudd, kontanter og lignende		**141 031 000**	**132 841 000**
Sum omløpsmidler		**142 352 000**	**139 692 000**
SUM EIENDELER		**2 173 234 000**	**2 157 688 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Balanse

Beløp i: NOK	Note	2020	2019
Aksjekapital	5, 6	12 800 000	12 800 000
Annen innskutt egenkapital	6	226 129 000	226 129 000
Sum innskutt egenkapital		**238 929 000**	**238 929 000**
Opptjent egenkapital			
Annen egenkapital	6	1 367 449 000	1 360 829 000
Sum opptjent egenkapital		**1 367 449 000**	**1 360 829 000**
Sum egenkapital	12	**1 606 378 000**	**1 599 758 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7		
Utsatt skatt	8		
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	7	563 941 000	551 711 000
Sum annen langsiktig gjeld		**563 941 000**	**551 711 000**
Sum langsiktig gjeld		**563 941 000**	**551 711 000**
Kortsiktig gjeld			
Betalbar skatt	8	2 056 000	
Skyldig offentlige avgifter			3 000
Utbytte	6		
Annen kortsiktig gjeld	7	857 000	6 216 000
Sum kortsiktig gjeld		**2 914 000**	**6 219 000**
Sum gjeld		**566 855 000**	**557 930 000**
SUM EGENKAPITAL OG GJELD		**2 173 234 000**	**2 157 688 000**

Årsregnskap 2020
Eralloys Holding AS

Org.nr.: 990 888 140

Styrets beretning

INNLEDNING

Eralloys Holding AS ble etablert 1. februar 2007 og deretter 15. september 2008 besluttet fusjonert med deler av Tinfos AS. Selskapets forretningsadresse er Porsgrunn. Selskapet er 100% eid av det franske selskapet Eramet SA.

Eralloys driver industriell eksportrettet virksomhet gjennom en eierandel på 50% i Tizir Limited. De øvrige 50% i Tizir Limited eies av Eramet SA gjennom datterselskapet Mineral Deposits Limited i Australia. Tizir Limited kontrolleres således 100% av Eramet SA. Tizir eier 100% i Tizir Titanium & Iron AS i Tyssedal, Norge and 90% i Grand Cote Operation i Senegal. Eralloys Holding AS solgte i 2019 datterselskapet DNN Industrier AS til Tizir Titan & Iron AS.

Covid-19
Coronaviruset ble identifisert i Kina i desember 2019 og spredde seg raskt til resten av verden. Verdens helseorganisasjon (WHO) erklærte 11. mars 2020 utbruddet som en pandemi med Europa som daværende episenter.

Covid-19-viruset påvirket ikke selskapet i vesentlig grad i 2020. Selskapet har gjennomført og oppdatert risikovurderinger for å beskytte ansatte mot infeksjonsrisiko og sikre stabil drift. Flere tiltak er iverksatt for å redusere risikoen for smitte.

Tronox avtalen
I mai 2020 kunngjorde TiZir at de hadde signert en avtale med Tronox Holdings plc vedørende salg av alle aksjene i TiZir Titanium & Iron AS. Avtalen oppnådde ikke de nødvendige tillatelsene fra det britiske konkurransetilsynet. Med bakgrunn i dette, besluttet Tronox i januar 2021 ensidig å trekke seg fra salgsprosessen.

Styret mener at informasjonen gitt i årsberetningen gir en rettvisende oversikt over selskapets eiendeler og gjeld, finansielle stilling og resultat.

RESULTAT

Eralloys Holding AS fikk et overskudd i 2020 på 6,6 millioner kroner, mot et underskudd på 5,0 millioner kroner i 2019. Resultatforbedringen er hovedsakelig relatert til valutagevinst på lån i utenlandsk valuta.

Styret bekrefter i samsvar med regnskapslovens § 3-3 at årsregnskapet er utarbeidet på grunnlag av forutsetningen om fortsatt drift.

HELSE, MILJØ OG SIKKERHET

Det er ikke registrert noe sykefravær i Eralloys Holding AS i 2020. Det ble ikke registrert skader med fravær i selskapet. Arbeidsmiljøet ved selskapets kontor er etter styrets oppfatning meget godt. Selskapets virksomhet medfører ikke skader på miljøet.

Board of Director's report

INTRODUCTION

Eralloys Holding AS was established on February 1st 2007, and then merged on September 15th 2008 with part of former Tinfos AS. The company's address is at Porsgrunn. The company is fully owned by the French company Eramet SA.

Eralloys operates export-oriented activities through a 50% holding in Tizir Limited. The remaining 50% in Tizir Limited is held by Eramet SA through its daughter company Mineral Deposits Limited in Australia. Eramet SA concequently controls 100% of Tizir Limited. Tizir controls 100% of Tizir Titanium & Iron AS in Tyssedal, Norway and 90% of Grand Cote Operations in Senegal. Eralloys Holding AS sold in 2019 its 100% in DNN Industrier AS to Tizir Titanium & Iron AS.

Covid-19
The Coronavirus was identified in China in December 2019 and rapidly spread across the world. The World Health Organization declared it a pandemic on the 11 of March 2020 with Europe as its current epicenter.

Covid-19 did not materially affect the company in 2020. The company have carried out and updated risk assessments to protect employees against infection risk and to ensure stable operations. Measures have been implemented to reduce the risk of infection.

Tronox agreement
In May 2020, TiZir announced it had signed an agreement with Tronox Holdings plc for the sale of all shares of TiZir Titanium & Iron AS. The agreement did not obtain the required regulatory authorizations by the British competition authorities. As such, Tronox decided in January 2021 to unilaterally withdraw from the sale process.

The board is of the opinion that the annual report gives a fair overview of the company assets, liabilities, financial situation and result.

RESULTS

Eralloys Holding AS showed a profit 6,6 MNOK in 2020 against a loss of 5,0 MNOK in 2019. The improved result is mainly due to currency gains on loans in foreign currency.

The Board confirms, in accordance with the Accounting Act § 3-3 that the financial statements are prepared under the assumption of continued operations.

HEALTH, ENVIRONMENT AND SAFETY

No sickness with absence has been recorded and there were no lost time injuries in Eralloys Holding AS for 2020. The Board views that the working environment at the company' office to be very good. The company's operations do not have any negative impact on the external environment

Styrets beretning

ORGANISASJON

Det var ingen fast ansatte i selskapet ved årets slutt. Styret består av 3 personer, alle menn.

EIERSTYRING OG SELSKAPSLEDELSE

Selskapet styres etter gjeldende lover, regler og retningslinjer gitt i "Norsk Anbefaling" for børsnoterte selskaper, dog med tilpasninger som følge av eierstruktur. Styret er av den oppfatning at selskapet i hovedsak har drevet i henhold til, eller nært opp til disse retningslinjene.

FINANSIELLE FORHOLD

Selskapets egenkapital utgjør 1.606 millioner kroner ved årets utløp. Verdiene på aksjene i Tizir Limited gjenspeiler opprinnelig kostpris.

FORSKNING OG UTVIKLING

Selskapet driver ikke forskning og utvikling.

FINANSIELL RISIKO

Markeds-valutarisiko
Selskapet har lån i USD fra konsernet. Selskapet er således isolert sett eksponert for endringer i valutakurser. Lånene i USD relaterer seg til investeringen i Tizir Limited hvor USD er den dominerende transaksjonsvaluta. Selskaper er ved disse lånene også eksponert mot endringer i rentenivået da lånene baserer seg på løpende markedsrente.

Kreditt og likviditetsrisiko
Selskapet har begrenset kredittrisiko. Styret anser selskapets likviditetstilgang gjennom konsernet som tilfredsstillende

INVESTERINGER

Det er ikke gjennomført investeringer i nye forretnings områder i 2020.

UTSIKTENE FOR 2021

Utviklingen i 2021 vil som tidligere år i stor grad avhenge av vekslingsforholdet mellom USD og NOK. En styrkning av den norske kronen vil ha positiv effekt på finansresultatet for 2021.

Det er ikke påregnet større utbytte fra investeringene i 2021.

Board of Director's report

ORGANISATION

The company had no permanet employees at year end. The Board consists of 3 persons, all men.

CORPORATE GOVERNANCE

The company is governed by the current laws, rules and guidelines stipulated in "Norwegian Recommendations" for listed companies, with the adjustments necessary as a result of the ownership structure. The Board is of the opinion that the company has been managed in accordance with these guidelines.

FINANCIAL MATTERS

The company`s equity at the end of the year totals MNOK 1,606. The value of the holding in Tizir Limited reflects the original investment cost.

RESEARCH AND DEVELOPMENT

The company is not involved in research and development.

FINANCIAL RISK

Market risk
The company has loans in USD through the Eramet group. The company is as such exposed to changes in currencies. The loans refer to the investment in Tizir Limited, where USD is the domination transaction currency. Through these loans the company is also exposed to interest rate fluctuations as the loans are based on floating marked rates.

Credit and liquidity risk
The company has limited credit risks. The Board considers that the company' liquidity access through the group is satisfactory.

INVESTMENTS

No investments were made in new business areas in 2020.

OUTLOOK FOR 2021

The development will in 2021 as previous years to a great degree depend on the NOK/USD exchange rate. A strengthening of the NOK will have a positive impact on the financial result for 2021.

No substantial dividends are expected from investments in 2021.

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Styrets beretning

DISPONERING AV OVERSKUDD

Regnskapet i selskapet viser et overskudd på 6,6 millioner kroner.

Styret forslår følgende disponering av årsoverskuddet:

Overført til annen egenkapital	6,606
Sum overføringer	6,606

Board of Director's report

ALLOCATION OF RESULT

The accounts for the company show a profit of MNOK 6.6.

The board proposes the following allocation of the profit:

Allocation to other equity	*6.606*
Total allocation	*6.606*

Porsgrunn / Paris, 31.12.2020 / 07.05.2021

I styret for Eralloys Holding AS /
the Board of Directors of Eralloys Holding AS

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Kleber SILVA
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Kleber Silva

Styreleder / Chairman of the board

DocuSigned by:
Charles NOUEL
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Charles Nouel

Styremedlem / Director

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Ove Opedal

Styremedlem / Director

Daglig leder / CEO

Resultatregnskap

Eralloys Holding AS

Beløp i 1.000 kroner

Driftsinntekter og driftskostnader	**Note**	**2020**	**2019**
Annen driftsinntekt	**2**	0	107
Sum driftsinntekter		**0**	**107**
Lønnskostnad	**3**	75	79
Annen driftskostnad	**3**	558	526
Sum driftskostnader		**633**	**605**
Driftsresultat		**-633**	**-499**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		0	1 118
Renteinntekt fra foretak i samme konsern		24 083	23 319
Annen renteinntekt		52	157
Annen finansinntekt	**9**	16 071	18
Rentekostnad til foretak i samme konsern		30 970	26 916
Annen finanskostnad	**10**	117	3 988
Resultat av finansposter		**9 120**	**-6 291**
Ordinært resultat før skattekostnad		8 487	-6 790
Skattekostnad på ordinært resultat	**8**	1 867	-1 744
Ordinært resultat		**6 620**	**-5 046**
Årsresultat		**6 620**	**-5 046**
Overføringer			
Avsatt konsernbidrag	**6**	0	5 344
Avsatt til annen egenkapital	**6**	6 620	0
Overført fra annen egenkapital	**6**	0	10 390
Sum overføringer		**6 620**	**-5 046**

Balanse

Eralloys Holding AS

Beløp i 1.000 kroner

Eiendeler	Note	2020	2019
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	495	306
Sum immaterielle eiendeler		**495**	**306**
Varige driftsmidler			
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	4	1 771 871	1 771 871
Lån til tilknyttet selskap og felles kontrollert virksomhet	7	258 515	245 819
Sum finansielle anleggsmidler		**2 030 386**	**2 017 690**
Sum anleggsmidler		**2 030 881**	**2 017 996**
Omløpsmidler			
Fordringer			
Andre kortsiktige fordringer	7	1 321	6 851
Sum fordringer		**1 321**	**6 851**
Bankinnskudd, kontanter o.l.	11	141 031	132 841
Sum omløpsmidler		**142 352**	**139 692**
Sum eiendeler		**2 173 234**	**2 157 688**

Balanse

Eralloys Holding AS

Beløp i 1.000 kroner

Egenkapital og gjeld	**Note**	**2020**	**2019**
Innskutt egenkapital			
Aksjekapital	**5, 6**	12 800	12 800
Annen innskutt egenkapital	**6**	226 129	226 129
Sum innskutt egenkapital		**238 929**	**238 929**
Opptjent egenkapital			
Annen egenkapital	**6**	1 367 449	1 360 829
Sum opptjent egenkapital		**1 367 449**	**1 360 829**
Sum egenkapital	**12**	**1 606 378**	**1 599 758**
Gjeld			
Avsetning for forpliktelser			
Øvrig langsiktig gjeld	**7**	563 941	551 711
Sum annen langsiktig gjeld		**563 941**	**551 711**
Kortsiktig gjeld			
Betalbar skatt	**8**	2 056	0
Skyldig offentlige avgifter		0	3
Annen kortsiktig gjeld	**7**	857	6 216
Sum kortsiktig gjeld		**2 914**	**6 219**
Sum gjeld		**566 855**	**557 930**
Sum egenkapital og gjeld		**2 173 234**	**2 157 688**

Porsgrunn, 07.05.2021
Styret i Eralloys Holding AS

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Kleber De Souza E Silva	Ove Opedal	Charles Hubert Nouel
Styreleder/Chairman	Daglig leder/CEO og styremedlem	styremedlem

Eralloys Holding AS

Noter til regnskapet 2020

Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven av 1998 og god regnskapsskikk i Norge.
Alle tall er presentert i hele tusen.

Hovedregel for vurdering og klassifisering av eiendeler og gjeld
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen et år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til gjenvinnbart beløp dersom dette er lavere enn bokført verdi, og verdifallet forventes ikke å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig.

Annen langsiktig gjeld og kortsiktig gjeld er vurdert til pålydende beløp.

Eiendeler og gjeld i utenlandsk valuta
Pengeposter i utenlandsk valuta er i balansen omregnet til balansedagens kurs.

Aksjer og andeler i tilknyttet selskap og datterselskap
Investeringer i datterselskaper vurderes etter kostmetoden. Investeringene blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående og det må anses nødvendig etter god regnskapsskikk. Mottatt utbytte og konsernbidrag fra datterselskapene er inntektsført som annen finansinntekt, i den grad det ikke anses som en tilbakebetaling av kostpris.
Tilsvarende gjelder for investeringer i tilknyttede selskaper.

Andre aksjer og andeler klassifisert som anleggsmidler
Aksjer og investeringer i ansvarlige selskaper og kommandittselskaper hvor selskapet ikke har betydelig innflytelse, er vurdert etter kostmetoden. Investeringene nedskrives til virkelig verdi ved verdifall som forventes ikke å være forbigående. Mottatt utbytte fra selskapene inntektsføres som annen finansinntekt.

Eierandeler i felleskontrollert virksomhet
Eierandeler i felleskontrollert virksomhet vurderes etter kostmetoden.

Fritak for utarbeidelse av konsernregnkap i underkonsern:
Eramet SA som er det utlimate morselskapet i Eramet konsernet, utarbeider konsoliderte regnskaper (utarbeidet på engelsk) hvor tallene for Eralloys Holding AS inngår.
Ledelsen i Eralloys Holding AS vil sørge for å sende kopi av det konsoliderte årsregnskapet for 2020 for Eramet SA, sammen med selskapsregnskapet til Eralloys Holding AS for 2020 til Regnskapsregisteret i Brønnøysund. Alle vilkår for unntak av krav til utarbeidelse av konsernregnskap i underkonsern fastsatt i Regnskapslovens § 3-7 anses således oppfylt. Selskapet utarbeider som følge av dette ikke konsernregnskap for underkonsernet Eralloys Holding AS.

Fordringer
Kundefordringer og andre fordringer er oppført til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

Bankinnskudd, kontanter og lignende
Bankinnskudd, kontanter og lignende inkluderer kontanter, bankinnskudd og andre betalingsmidler med forfallsdato som er kortere enn tre måneder fra anskaffelse.

Skatter
Skattekostnaden sammenstilles med regnskapsmessig resultat før skatt. Skatt knyttet til egenkapitaltransaksjoner er ført mot egenkapitalen. Skattekostnaden består av betalbar skatt (skatt på årets direkte skattepliktige inntekt) og endring i netto utsatt skatt. Utsatt skatt og utsatt skattefordel er presentert netto i balansen.

Note 2 Driftsinntekt

	2 020	2 019
Annen driftsinntekt	-	107
Leieinntekter	-	-
Sum	**-**	**107**

Note 3 Lønnskostnad, antall ansatte, godtgjørelser, lån til ansatte mm

Lønnskostnad	**2 020**	**2 019**
Lønn	68	68
Folketrygdavgift	7	11
Pensjonskostnader	-	-
Andre ytelser	-	-
Sum	75	79

Antall årsverk sysselsatt i regnskapsåret	0,1	0,1

Selskapet er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.

Ytelser til ledende personer	**Lønn**	**Pensjons-kostnader**	**Annen godtgjørelse**
Daglig leder	68	-	2
Styret	-	-	

Revisor
Godtgjørelse til KPMG AS og samarbeidende selskaper fordeler seg slik:

	2 020	2 019
Lovpålagt revisjon	204	113
Annen bistand	13	162
Skatterådgivning	4	6

Note 4 Investering i andre foretak

Anleggsmidler

	Eierandel	Balanseført verdi
TIZIR Ltd	50 %	1 771 871
Sum		**1 771 871**

Bokført verdi antas å være virkelig verdi pr 31.12.
I mai 2020 kunngjorde TiZir at de hadde signert en avtale med Tronox Holdings plc vedørende salg av
alle aksjene i TiZir Titanium & Iron AS. Avtalen oppnådde ikke de nødvendige tillatelsene fra det britiske konkurransetilsynet
Med bakgrunn i dette, besluttet Tronox i januar 2021 ensidig å trekke seg fra salgsprosessen.

Note 5 Aksjekapital og aksjonærinformasjon

Aksjekapitalen i selskapet pr 31.12. består av følgende aksjeklasser:

	Antall	Pålydende	Bokført
A-aksjer	4 000	3	12 800
Sum	**4 000**		**12 800**

Eierstruktur
De største aksjonærene i selskapet pr 31.12. var:

	A-aksjer	Sum	Eier-andel	Stemme-andel
Eramet SA	4 000	4 000	100 %	100 %
Totalt antall aksjer	**4 000**	**4 000**	**100 %**	**100 %**

Note 6 Egenkapital

Innskutt egenkapital	Aksje-kapital	Overkurs-fond	Annen innskutt egenkapital	Sum innskutt egenkapital
Innskutt egenkapital 01.01.	**12 800**	**-**	**226 129**	**238 929**
Konsernbidrag			**-**	**-**
Innskutt egenkapital 31.12.	**12 800**	**-**	**226 129**	**238 929**

Opptjent egenkapital	Annen egenkapital	Sum opptjent egenkapital
Opptjent egenkapital 01.01.	**1 360 829**	**1 360 829**
Årets endring i egenkapital:		
Innregning og aktuarielt tap (netto skatt)	-	-
Avgitt konsernbidrag		-
Årets overskudd	6 620	**6 620**
Opptjent egenkapital 31.12.	**1 367 449**	**1 367 449**

Note 7 Transaksjoner og mellomværende med nærstående parter

Mellomværende med nærstående parter:

Motpart	Forhold til motparten	Kundefordringer 2 020	Kundefordringer 2 019	Andre fordringer 2 020	Andre fordringer 2 019
Eramet Norway AS	søster	-	-	-	6 851
ECM	søster			1 321	
TIZIR Ldt	søster			258 515	245 819
DNN Industrier AS	datter			-	-
Sum		**-**	**-**	**259 836**	**252 670**

Motpart	Forhold til motparten	Leverandørgjeld 2 020	Leverandørgjeld 2 019	Annen kortsiktig gjeld 2 020	Annen kortsiktig gjeld 2 019
Eramet Norway AS	søster			-	5 344
ECM	søster			857	872
DNN Industrier AS	datter			-	-
Sum				**857**	**6 216**

Selskapet har i tillegg et langsiktig lån fra Eramet SA på tnok 563 941, dette lånet er renteberegnet.

Note 8 Skattekostnad

Årets skattekostnad fremkommer slik:	**2 020**	**2 019**
Betalbar skatt	2 056	-
For lite avsatt tidligere år	-	-
Endring skattesats	-	-
Endring i utsatt skatt	-189	-1 744
Skattekostnad	**1 867**	**-1 744**

Betalbar skatt i balansen fremkommer som følger:

	2 020	**2 019**
Årets betalbare skattekostnad	2 056	-
For lite avsatt tidligere år	-	-
Betalbar skatt i balansen	**2 056**	**-**

Avstemming fra nominell til faktisk skattesats:

	2 020	**2 019**
Årsresultat før skatt	8 487	-6 790
Forventet inntektsskatt etter nominell skattesats (22%/23%)	1 867	-1 494
Skatteeffekten av følgende poster:		
Skattefritt utbytte	-	-
Andre permanente forskjeller knyttet til investeringer (fritaksmetoden)	-	-250
Permanente forskjeller knyttet til verdipapirer	-	-
Andre ikke skattepliktige inntekter		
Årets underskudd uten utsatt skattefordel		
Endring i nedvurdering av utsatt skattefordel	-	-
Virkning av endringer i skatteregler og -satser		
For lite avsatt tidligere år	-	-
Skattekostnad	1 867	-1 744
Effektiv skattesats	**22,00 %**	**25,68 %**

Spesifikasjon av skatteeffekten av midlertidige forskjeller og underskudd til framføring:

	2 020		**2 019**	
	Fordel	**Forpliktelse**	**Fordel**	**Forpliktelse**
Driftsmidler		757		946
Omvurderingskont valut, urealisert agiogevinst		-		-
Pensjoner	-		-	
Underskudd til fremføring/ fremføring av rentefradrag	1 252		1 252	
Sum	**1 252**	**757**	**1 252**	**946**
Ikke balanseført utsatt skattefordel	-		-	
Netto utsatt fordel/forpl. i balansen	**495**		**306**	

Note 9 Annen finansinntekt

	2 020	**2 019**
Valutagevinst	16 071	
Mottatt aksjeutbytte	-	1
Konsernbidrag	-	-
Annen finansinntekt	-	17
Sum annen finansinntekt	**16 071**	**18**

Note 10 Annen finanskostnad

	2 020	**2 019**
Valutatap		3 988
Annen finanskostnad	117	-
Sum annen finanskostnad	**117**	**3 988**

Note 11 Bankinnskudd

Bankinnskudd, kontanter o.l. omfatter bundne skattetrekksmidler med tnok 0,5.

Note 12 Hendelser etter balansedagen

Covid-19

Covid-19-viruset påvirket ikke selskapet i vesentlig grad i 2020 . Selskapet har gjennomført og oppdatert risikovurderinger for å beskytte ansatte mot infeksjonsrisiko og sikre stabil drift. Flere tiltak er iverksatt for å redusere risikoen for smitte.

Eralloys Holding AS

Kontantstrømoppstilling

	2 020	2 019
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER:		
Årsresultat før skattekostnad	8 487	-6 790
Gevinst ved salg av anleggsmidler	0	-1 136
Endringer i anleggsmidler		
Reversering/nedskriving finansielle anleggsmidler	0	0
Endring i kundefordringer	0	100
Endring i leverandørgjeld	-1	-4
Endring i andre omløpsmidler og andre gjeldsposter	-1 320	-7
Periodens betalte skatt	0	0
Netto kontantstrømmer fra operasjonelle aktiviteter	**7 166**	**-7 837**
KONTANTSTRØMMER FRA INVESTERINGSAKTIVITETER:		
Salg av aksjer i datterselskap og annet selskap	0	11 136
Innbetalinger av andre fordringer	0	0
Utbetalinger ved lån til tilknyttet selskap og andre foretak	-12 696	-24 268
Netto kontantstrøm fra investeringsaktiviteter	**-12 696**	**-13 132**
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER:		
Utbetalinger ved nedbetaling av langsiktig gjeld	0	0
Innbetalinger ved opptak av ny langsiktig gjeld	12 230	32 573
Utbetaling ved nedbetaling av kortsiktig gjeld	-17	0
Innbetaling av konsernbidrag	1 507	14 999
Netto kontantstrøm fra finansieringsaktiviteter	**13 720**	**47 572**
Netto endring i bankinnskudd, kontanter og lignende	8 190	26 603
Beholdning av bankinnskudd, kontanter og lignende pr 01.01.	132 841	106 238
Beholdning av bankinnskudd, kontanter og lignende pr 31.12.	**141 031**	**132 841**

Board of Directors meeting on 16 February 2021

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Annual consolidated financial statements

eramet

Board of Directors meeting on 16 February 2021

Statutory auditors

Ernst & Young Audit
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1, place des Saisons
92400 Courbevoie – Paris-La Défense 1

KPMG Audit
Tour Eqho
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92066 Paris-La Défense Cedex

Eramet
A French *société anonyme* with capital of €81,239,815
Head office: 10, boulevard de Grenelle 75015 Paris
Registered in the Paris Trade and Companies Register
under the No. 632 045 381

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Income statement

(€ millions)	Notes	Financial year 2020	Financial year 2019 Restated
Sales	5	**3,553**	**3,671**
Other income	5	37	36
Raw materials and purchases consumed	5	(1,306)	(1,296)
External expenses	5	(1,110)	(996)
Personnel cost	5	(757)	(753)
Taxes	5	(19)	(23)
Operating amortisation expense	5	(281)	(284)
Net change in operating provisions and impairment allowances	5	(11)	(14)
Current operating income	5	**106**	**341**
Other operating income and expenses	6	(561)	(118)
Operating income	6	**(455)**	**223**
Net debt cost	7	(120)	(110)
Other financial income and expenses	7	(66)	(24)
Financial income	7	**(186)**	**(134)**
Share of income from joint ventures and associates	10	86	(7)
Income tax	11	(121)	(227)
Net income for the period		**(676)**	**(145)**
- attributable to non-controlling interests	6	(1)	39
- attributable to equity holders of the parent company	6	**(675)**	**(184)**
Basic earnings per share (€)		(25.46)	(6.93)
Diluted earnings per share (€)*		(25.46)	(6.93)

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

Statement of comprehensive income

(€ millions)	Notes	Financial year 2020	Financial year 2019
Net income for the period		**(676)**	**(145)**
Translation differences for subsidiaries' financial statements in foreign currency		(36)	(24)
Change in the fair value reserve for bonds	8	6	15
Change in revaluation reserve for hedging instruments	8	19	6
Income tax		-	4
Items recyclable to profit or loss		**(11)**	**1**
Revaluation of net defined benefit plan liabilities	13	1	(26)
Income tax		(3)	2
Items not recyclable to profit or loss		**(2)**	**(24)**
Other comprehensive income		**(13)**	**(23)**
- attributable to non-controlling interests		1	2
- attributable to equity holders of the parent company		**(14)**	**(25)**
Total comprehensive income		**(689)**	**(168)**
- attributable to non-controlling interests		(0)	41
- attributable to equity holders of the parent company		**(689)**	**(209)**

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

Statement of cash flows

(€ millions)	Notes	Financial year 2020	Financial year 2019
Operating activities			
Net income for the period		(676)	(145)
Non-cash income and expenses	9	691	355
Cash flow from operations		**15**	**210**
Net change in working capital requirement (WCR)	9	294	(124)
Net cash flow from operating activities (1)		**309**	**86**
Investing activities			
Acquisition of non-current assets (2)	10	(360)	(423)
Net change in other financial assets	10	14	(22)
Disposal of non-current assets	10	1	(1)
Net change in current financial assets	7	(30)	153
Joint ventures capital increase		-	-
Share capital increase – controlled companies		-	-
Impact of changes in consolidation scope		-	(1)
Net cash used in investing activities		**(375)**	**(294)**
Financing activities			
Issue of equity instruments (ODIRNAN)	7	-	-
Dividends paid to non-controlling interests	7	(8)	(86)
Payment of dividends and ODIRNAN	7	(4)	(20)
Buyback of equity shares	7	(4)	(10)
Issue of new debt	7	1,459	457
Loan repayments	7	(465)	(412)
Change in lease commitments (2)	7	(17)	(9)
Change in bank overdrafts	7	(9)	6
Other changes		17	2
Net cash used in financing activities		**969**	**(72)**
Impact of changes in exchange rate	7	2	(12)
Increase (decrease) in cash and cash equivalents		**905**	**(292)**
Opening cash and cash equivalents	7	**556**	**848**
Closing cash and cash equivalents	7	**1,461**	**556**

(1) Including under operating activities		
Interest income	10	12
Interest paid (including IFRS 16 charge)	(118)	(124)
Tax paid	(72)	(262)

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

Balance sheet

(€ millions)	Notes	31/12/2020	31/12/2019
Intangible assets and goodwill	10	480	461
Property, plant and equipment	10	2,127	2,462
Lease rights of use	10	80	92
Investments in joint ventures and associates	10	99	22
Other non-current financial assets	10	216	257
Deferred tax assets	11	2	8
Other non-current assets	9	2	5
Non-current assets		**3,006**	**3,307**
Inventories	9	906	1,098
Customers	9	348	362
Other current assets	9	294	254
Current tax receivables	11	14	14
Derivatives – assets	8	58	25
Current financial assets	7	395	365
Cash and cash equivalents	7	1,461	556
Current assets		**3,476**	**2,674**
TOTAL ASSETS		**6,482**	**5,981**

(€ millions)	Notes	31/12/2020	31/12/2019
Capital	7	81	81
Share premiums	7	377	377
Revaluation reserve for available-for-sale assets	7	11	5
Revaluation reserve for hedging instruments	7	5	(13)
Revaluation reserve for defined benefit plan liabilities	7	(90)	(88)
Translation adjustments	7	(128)	(92)
Other reserves	7	508	1,128
Attributable to equity holders of the parent company		**764**	**1,398**
Attributable to non-controlling interests	6	233	241
Shareholders' equity		**997**	**1,639**
Employee-related liabilities	12	200	215
Provisions – long-term portion (more than one year)	13	649	639
Deferred tax liabilities	11	221	223
Non-current borrowings – due in more than one year	7	2,830	1,558
Lease commitment – more than one year	7	76	84
Other non-current liabilities	9	-	1
Non-current liabilities		**3,976**	**2,720**
Current provisions – due in less than one year	13	87	23
Current borrowings – due in less than one year	7	268	570
Lease commitment – less than one year	7	15	13
Suppliers	9	541	458
Other current liabilities	9	467	457
current tax payables	11	92	49
Derivatives – liabilities	8	39	52
Current liabilities		**1,509**	**1,622**
TOTAL LIABILITIES		**6,482**	**5,981**

Statement of changes in equity

(€ millions)	Number of shares	Capital	Share premiums	Reserves/ fair value financial assets	Reserves/ hedging instruments rate	Reserves/ defined benefit schemes	Translation adjustments	Other reserves	Share attributable to equity holders of the parent	Share attributable to non-controlling interests	Capital equity
Shareholders' equity at 1 January 2019	**26,635,884**	**81**	**377**	**(10)**	**(19)**	**(63)**	**(67)**	**1,307**	**1,606**	**303**	**1,909**
Net income for the period 2019								**(184)**	**(184)**	**39**	**(145)**
Other comprehensive income				15	6	(25)	(25)	4	(25)	2	(23)
Total comprehensive income 2019		-	-	**15**	**6**	**(25)**	**(25)**	**(180)**	**(209)**	**41**	**(168)**
Share capital increase	116	-							-	-	-
Distribution of dividends								(16)	(16)	(86)	(102)
Interest on equity instruments (ODIRNAN)								(4)	(4)	-	(4)
Share-based payment								9	9	-	9
Buyback of equity shares								(10)	(10)	-	(10)
Other movements								22	22	(17)	5
Total transactions with shareholders 2019			-	-	-	-	-	**1**	**1**	**(103)**	**(102)**
Shareholders' equity at 31 December 2019	**26,636,000**	**81**	**377**	**5**	**(13)**	**(88)**	**(92)**	**1,128**	**1,398**	**241**	**1,639**
Shareholders' equity at 1 January 2020	**26,636,000**	**81**	**377**	**5**	**(13)**	**(88)**	**(92)**	**1,128**	**1,398**	**241**	**1,639**
Net income for the period 2020								**(675)**	**(675)**	**(1)**	**(676)**
Other comprehensive income				6	18	(2)	(36)		(14)	1	(13)
Total comprehensive income 2020		-	-	**6**	**18**	**(2)**	**(36)**	**(675)**	**(689)**	**(0)**	**(689)**
Share capital increase	5	0						-	0	-	0
Distribution of dividends									-	(8)	(8)
Interest on equity instruments (ODIRNAN)								(4)	(4)	-	(4)
Share-based payment								6	6	-	6
Buyback of equity shares								(2)	(2)	-	(2)
Other movements								55	55	-	55
Total transactions with shareholders 2020		**0**	-	-	-	-	-	**55**	**55**	**(8)**	**47**
Shareholders' equity at 31 December 2020	**26,636,005**	**81**	**377**	**11**	**5**	**(90)**	**(128)**	**508**	**764**	**233**	**997**

Main components of changes in equity

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

Fair-value reserves on financial assets include changes in the fair value of bonds classified as "Other current financial assets".

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

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

Translation adjustments account for the conversion differences deriving from the translation of the financial statements of foreign subsidiaries into euros. They also include the fair value changes of the net investment hedges of foreign subsidiaries.

Eramet is a French public limited company with a Board of Directors, governed by the provisions of Articles L.225-17 and R.225-1 et seq. of the French Commercial Code and the provisions of its Articles of Association. As required by law, the Company is audited by two Statutory Auditors.

The Eramet Group's consolidated financial statements at 31 December 2020 were approved by the Eramet Board of Directors on 16 February 2021.

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

Note 1 – Description of the Eramet Group's business

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

The Eramet Group is divided into business units grouped into two Divisions corresponding to the group's activities.

The Mining and Metals Division encompasses the following:
The Manganese Business Unit extracts and processes manganese ore

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

The Nickel Business Unit extracts and processes nickel ore

- **Société Le Nickel-SLN** operates five mines and one ferronickel producing metallurgical plant in New Caledonia.
- **Eramet Sandouville** is a refinery that produces pure nickel, nickel chloride, nickel carbonate and cobalt chloride.
- Eramet Group owns 43% of **Pt Weda Bay Nickel,** a company that operates a major nickel deposit in Indonesia, which came on stream in 2020.

The Mineral Sands Business Unit, through the company TiZir, extracts and develops mineral sands, mainly zircon and titanium dioxide slag

- TiZir owns a mine in Senegal through Grande Côte Operations (GCO) and the TiZir Titanium & Iron (TTI) metallurgical conversion plant in Norway.
- Grande Côte Operations (GCO) mines a deposit of mineral sands: titaniferous ore (ilmenite, rutile, leucoxene) and zircon.
- The ilmenite is then transformed into titanium dioxide slag and high-purity pig iron at the TTI plant.

The Lithium Business Unit was set up to mine and process the lithium deposit in Argentina through the company Eramine Sudamerica. During its meeting on 7 April 2020, the Board decided to mothball this project.

The High Performance Alloys Division develops, designs and transforms alloys

Aubert & Duval and **Erasteel** make special steels and superalloys, in particular for the aeronautics and power generation sectors. These markets require high added-value metallurgical expertise.

This Division encompasses the following:
The **Die-Forged Parts** and **Rolled and Forged Products** Business Units include Aubert & Duval's activities.

The **High-Speed Steels and Recycling** Business Unit encompasses Erasteel's activities.

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

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

The Group employs 13,129 people in 20 countries.

Note 2 – Key events in the reporting period

2.1. How Covid-19 has impacted on business in 2020 and recognition of material asset impairments

Eramet has been working hard to protect its employees and its operations since the earliest stages of the Covid-19 pandemic. We have set up stringent health protocols at all our sites and make sure the rules are followed to the letter to protect our employees, in accordance with local government guidelines as the pandemic progresses.

The Group also introduced a solidarity plan and allocated an exceptional budget of €1.5 million (€1.2 million of which had been earmarked by the end of 2020) to fund measures on the ground to help contain the spread of Covid-19 and mitigate its consequences in the countries in which it operates. The community investment programmes run by our subsidiaries in Gabon (COMILOG and SETRAG) and Senegal (GCO) also joined the drive to halt the spread of coronavirus. In all, the total Group spend on Covid-19 is in excess of €10 million.

Eramet introduced short time working measures in 2020 and received €24 million in government support measures. To date, the Group has not requested extended payment terms for social security contributions and has not applied for any state-backed loans.

Covid-19 hit the Group's main markets hard in 2020 and plunged the aeronautics industry into crisis. The pandemic has sent global economies into recession and pushed down prices for commodities — especially manganese and led to a deep crisis in the aeronautics sector. The dramatic downturn in the sector has affected Aubert & Duval's plants: business contracted sharply from the second quarter triggering adjustments in A&D's order books as a result.

We have updated the medium- and long-term plans to reflect these developments resulting in a very significant reduction in this UGT's value in use. An impairment of €197 million was recognised as at 30 June 2020.

Turning to Erasteel, the tough conditions in the automotive market have put pressure on production and sales in 2020. Erasteel recalibrated its production facility to meet the needs of its customers. It also embarked on a programme to simplify its organisation which resulted in the closure of some sites outside France. Here again, the value in use was considerably reduced in the updated medium-term plan and a €34 million impairment charge was booked as at 30 June 2020.

Deteriorating market conditions in 2020 and the sharp decline in the electronics market in Asia severely disrupted Eramet Sandouville. A site turnaround plan is being rolled out and despite maintaining production and sales, an impairment loss of €54 million has been recognised from 30 June 2020 in the updated medium-term forecast.

2.2. Lithium project in Argentina mothballed

On 31 December 2019, Eramet announced it was putting the development of lithium in Argentina on hold, since the conditions to launch the project had not been met. With unprecedented coronavirus-induced uncertainty stalking the global economy and pulling down the commodities markets – including lithium, Eramet's Board of Directors decided on 7 April 2020 not to begin building the lithium production plant in Argentina.

This move resulted in recognising a €144 million charge: €113 million for asset impairment and €31 million in expenses for the period including costs for mothballing.

But this lithium deposit is still an excellent asset with strong future potential for the Group. The competitive process positions it in the 1st quartile of the lithium industry's cash cost with very significant extractable resources of some 10 Mt LCE.[1]

2.3 Production of manganese metal halted at the Moanda Metallurgical Complex (CMM)

Output at EMM, the manganese metal unit in the Moanda Metallurgical Complex in Gabon, was halted at the start of 2020 as long-term manganese metal prices meant it could not operate profitably. The decision was taken to close the unit in September 2020, leading to €83 million in impairment of property, plant and equipment and spare parts being booked as a result.

2.4. Société Le Nickel-SLN (SLN): Continuation of the recovery plan and new business model

In New Caledonia, mining production at SLN rose a sharp 16% in 2020 to 5.4 Mth vs. 2019, as the rescue plan ramped up. Exports of nickel ore soared 55% to 2.5 Mth, with an annual rate of 4 Mth based on the month of November. SLN achieved these major advances despite the unrest and blockades in December, which severely disrupted ore production and exports, while also affecting the grade and chemical properties of the ore available to power the Doniambo furnaces. The growth in nickel ore export volumes combined with the rise in ore prices brought down SLN's cash cost by 10% to $5.35/lb on average in 2020. The reduction in production costs shows that the rescue plan, which aims to put SLN on a sustainable footing in the long term, is proving very effective under normal operating conditions. To recap, SLN's rescue plan is built on three pillars: implementing a new business model based on ferronickel production by the plant and low-grade ore exports; improving productivity and reducing energy prices. SLN is currently authorised to export 4 Mth of ore per year. For the rescue plan to succeed, this volume needs to increase to 6 Mth.

At the start of 2021, as unrest and blockades continued at its mines, SLN has been forced to adjust mining and metallurgy operations day-to-day, a move which not only affects the loading of ore vessels but also poses severe problems for the progress of the rescue plan. The company has applied to the president of the Nouméa Mixed Commercial Court to initiate a conciliation procedure with the aim of bringing together all stakeholders as soon as possible and allowing the continued smooth implementation of the rescue plan.

At end December 2020, SLN had €73 million undrawn of the €525 million in loans from Eramet and the French government (granted in December 2015). Under current market conditions and provided the local situation improves, this €525 million financing package (€452 million used at 31 December 2020) will enable SLN to meet its commitments for the next 12 months.

[1] LCE: Lithium Carbonate Equivalent

2.5. Review of the quality process within the High Performance Alloys Division

Steps to ensure the compliance of quality processes continued with all customers concerned. Joint expert appraisals and comprehensive work in close collaboration with customers were carried out throughout 2020. Complaints were received and are being analysed in discussion with the relevant customers. The balance of the provision was €44 million at 31 December 2020 (€58 million at 31 December 2019). There were no legal developments at Aubert & Duval in connection with the compliance of its quality processes.

2.6. Financing

In February 2018, the Group extended the maturity of the €981 million revolver facility to 2023. In February 2019, maturity was extended to January 2024. The entire revolver facility had been drawn down in March 2020.

December 2019 saw the Group arrange a term loan (TL) to finance its general requirements. It matures in two years and Eramet has the option to extend it to January 2024. The amount of this loan is €350 million, which had been fully drawn down in Q1 2020.

Eramet took out a long-term loan totalling €120 million from the European Investment Bank in 2018. The full amount of this loan had been drawn down in January 2020.

Eramet SA secured agreement to suspend calculation of some covenants as of June 2020 in what are known as 'covenant holidays' for June and December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

Note 3 – Basis of preparation of the consolidated financial statements

3.1. General principles and declaration of compliance

Pursuant to European Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of the Eramet Group for the financial year ended 31 December 2020 have been prepared in euros rounded to the nearest million, unless instructed otherwise, in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2020.

The accounting principles applied for the preparation of the annual consolidated financial statements are in line with IFRS and the related interpretations, as adopted by the European Union at 31 December 2020 and available on the website: http://ec.europa.eu/finance/accounting/ias/index_fr.htm.

The accounting principles and methods applied for the consolidated financial statements at 31 December 2020 are identical to those used for the consolidated financial statements at 31 December 2019, with the exception of the changes to the presentation of the income statement (see Note 3.2).

3.2 Change of method: presentation of the income statement

In 2020, Eramet revamped how operating costs are monitored to improve analysis of the main items that impact on profitability and strengthen consistency between the Group's sites. It also introduced a new budgeting tool to help simplify and speed up forecasting. As in previous years and since the introduction of IFRS, the Group has sought to ensure a uniform approach for both the management accounts and the published consolidated financial statements. To be consistent with this new cost management, the Group now presents operating costs by type in the income statement. The presentation of the comparison income statement for the financial year 2019 has been amended as a result.

The EBITDA aggregate, which is essential for monitoring the business, is covered in Note 4 and defined in the glossary. There is no change to the other aggregates used in the income statement and balance sheet.

(€ millions)	Financial year 2019 restated
Sales	**3,671**
Other income	36
Raw materials and purchases consumed	(1,296)
External expenses	(996)
Personnel cost	(753)
Taxes	(23)
Operating amortisation expense	(284)
Net change in operating provisions and impairment allowances	(14)
Current operating income	**341**
Other operating income and expenses	(118)
Operating income	**223**
Net debt cost	(110)
Other financial income and expenses	(24)
Financial income	**(134)**
Share of income from joint ventures and associates	(7)
Income tax	(227)
Net income for the period	**(145)**
- attributable to non-controlling interests	39
- attributable to equity holders of the parent company	**(184)**
Basic earnings per share (€)	(6.93)
Diluted earnings per share (€)*	(6.93)

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

(€ millions)	Financial year 2019 Reported
Sales	**3,671**
Other income and expenses	12
Cost of sales	(2,832)
Administrative and selling expenses	(196)
Research and development expenditure	(25)
EBITDA	630
Amortisation and depreciation of non-current assets and provision for liabilities and cha	(289)
Current operating income	**341**
Other operating income and expenses	(118)
Operating income	**223**
Financial income	(134)
Share of income from joint ventures and associates	(7)
Income tax	(227)
Net income for the period	**(145)**
- attributable to non-controlling interests	39
- attributable to equity holders of the parent company	**(184)**
Basic earnings per share (€)	(6.93)
Diluted earnings per share (€)*	(6.93)

Note 4 – Operational performance of Divisions/BUs and the Group– segment reporting

The Eramet Group is composed of Divisions divided into Business Units (BUs) to manage the group's activities. The Mining and Metals Division includes the Nickel, Manganese, Mineral Sands and Lithium (as at 1 January 2019) BUs. The High Performance Alloys Division includes the activities of Aubert & Duval and Erasteel. Each BU offers different products and services and relies on distinct technologies and sales strategies. Their operational and financial performance is therefore monitored separately. Their contribution to the main financial indicators of the Group is given below.

Accounting method	Estimates, assumptions and judgements
Financial information on the Divisions and Business Units is prepared in accordance with the accounting principles adopted for the Group's reporting. Transactions between Divisions and Business Units are carried out under market conditions. Group financial reporting data are monitored in the same way as its reported data (scope and principles).	The Executive Committee, the chief operating decision-maker, regularly assesses the performance of each Division and Business Unit against the following indicators: - **Sales;** - **EBITDA**, which is current operating income restated for depreciation, amortisation and provisions and including net changes in impairment of current assets (stock, trade and other receivables). - **Current operating income**, including EBITDA, depreciation and amortisation and provisions for liabilities and charges. Current operating income excludes material transactions that are considered to be unusual in nature, in particular events relating to restructuring, impairment losses and disposals of assets. - **Cash flows generated by operating activities,** including EBITDA, other operational cash flows not impacting EBITDA and the change in working capital requirement (WCR). - **Industrial investments**, including acquisitions of intangible assets and property, plant and equipment. The Executive Committee also monitors consolidated indicators such as: - **Net income, Group share,** defined as the net profit after tax attributable to Eramet shareholders, after accounting for the percentage of non-controlling interest in each Group subsidiary. - **Net financial debt,** representing the gross financial debt (long and short-term borrowings) less current financial assets, and cash and cash equivalents. These items include the valuation of debt-hedging derivatives. - **Gearing**, defined as the ratio of net financial debt to shareholders' equity (Group and non-controlling interest). The holding companies that provide the Group's central services (cash management, currency risk management, Group reinsurance management) do not constitute a Business Unit. Their aggregates are shown in a column with the eliminations of inter-Business Unit transactions (holding and eliminations).

4.1 Reconciling EBITDA of reported financial indicators

(€ millions)	Financial year 2020	Financial year 2019
Sales	**3,553**	**3,671**
Other income	37	36
Raw materials and purchases consumed	(1,306)	(1,296)
External expenses	(1,110)	(996)
Personnel cost	(757)	(753)
Taxes	(19)	(23)
Net change in impairment of current assets	0	(8)
EBITDA	**398**	**630**
Operating amortisation expense	(281)	(284)
Net change in operating provisions and impairment allowances (excluding current assets)	(11)	(5)
Current operating income	**106**	**341**

4.2 Performance indicators by Division

	MINING AND METALS				HIGH-		
(€ millions)	Manganese	Nickel	Mineral Sands	Lithium *	PERFORMANCE ALLOYS	Holding and eliminations	Total
Financial year 2020							
Sales	1,699	905	276	-	680	(7)	**3,553**
EBITDA	442	21	91	(5)	(119)	(32)	**398**
Current operating income	339	(79)	44	(5)	(153)	(41)	**106**
Net cash generated by operating activities	472	17	60	(52)	(116)	(72)	**309**
Industrial investments (intangible assets and property plant & equipment)	195	44	16	34	38	15	**342**
Financial year 2019							
Sales	1,765	778	286	-	847	(5)	**3,671**
EBITDA	560	38	106	-	(26)	(48)	**630**
Current operating income	459	(58)	64	-	(68)	(56)	**341**
Net cash generated by operating activities	206	(17)	55	(13)	(84)	(61)	**86**
Industrial investments (intangible assets and property plant & equipment)	234	35	12	101	53	20	**455**

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

(€ millions)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (sales destination)								
Financial year 2020	253	845	669	1,622	24	103	37	**3,553**
Financial year 2019	320	1,274	599	1,309	37	86	46	**3,671**
Industrial investments (intangible assets and property plant & equipment)								
Financial year 2020	57	29	2	1	39	180	34	**342**
Financial year 2019	76	42	8	-	30	198	101	**455**
Non-current assets (excluding deferred tax)								
31/12/2020	367	432	54	101	577	1,421	53	**3,005**
31/12/2019	650	506	47	37	575	1,380	103	**3,298**

4.4. Consolidated performance indicators

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

4.4.1. Income statement

(€ millions)	Financial year 2020	Financial year 2019
Sales	**3,553**	**3,671**
EBITDA	**398**	**630**
Amortisation and depreciation of non-current assets	(281)	(284)
Net change in operating provisions and impairment allowances (excluding current assets)	(12)	(5)
Current operating income	**106**	**341**
Impairment of assets	(498)	(25)
Other operating income and expenses	(63)	(93)
Operating income	**(455)**	**223**
Financial income	(186)	(134)
Share of income from associates	86	(7)
Income tax	(121)	(227)
Net income for the period	**(676)**	**(145)**
- attributable to non-controlling interests	(1)	39
- **attributable to the Group**	**(675)**	**(184)**
Basic earnings per share (€)	(25.46)	(6.93)

4.4.2. Statement of changes in net debt

(€ millions)	Financial year 2020	Financial year 2019
Operating activities		
EBITDA	398	630
Cash impact of items in EBITDA	(384)	(420)
Cash flow from operations	**15**	**210**
Change in WCR	294	(124)
Net cash generated by operating activities (1)	**309**	**86**
Investing activities		
Industrial investments	(342)	(455)
Other investment flows	(3)	11
Net cash used in investing activities (2)	**(345)**	**(444)**
Net cash used in financing activities	**(15)**	**(117)**
Impact of fluctuations in exchange rates and other	34	(6)
Acquisition of lease rights of use	(12)	(12)
(Increase)/decrease in net financial debt	**(29)**	**(493)**
Restated opening (net financial debt)*	**(1,304)**	**(811)**
Closing (net financial debt)	**(1,333)**	**(1,304)**
Free Cash Flow (1) + (2)	**(36)**	**(358)**

*Restated on first-time application of IFRS 16 at 1 January 2019.

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

(€ millions)	**31/12/2020**	**31/12/2019**
Cash and cash equivalents	**1,461**	**556**
Current financial assets	395	365
Loans	(3,098)	(2,128)
Contribution of joint ventures	-	-
Lease liability – IFRS 16	(91)	(97)
Net financial debt – Reporting	**(1,333)**	**(1,304)**

4.4.3. Economic balance sheet

(€ millions)	31/12/2020	31/12/2019
Non-current assets	**3,003**	**3,294**
Inventories	906	1,098
Customers	348	362
Suppliers	(541)	(458)
Simplified WCR	**713**	**1 002**
Other items of WCR	(238)	(242)
Total WCR	**475**	**760**
Derivatives	**7**	**-**
TOTAL	**3,485**	**4,054**

(€ millions)	31/12/2020	31/12/2019
Shareholders' equity – Group share	764	1 398
Non-controlling interests	233	241
Shareholders' equity	**997**	**1 639**
Cash and cash equivalents and current financial assets	(1,856)	(920)
Loans	3,189	2,224
Net financial debt	**1,333**	**1,304**
Ratio of net financial debt to shareholders' equity (gearing)	*134%*	*80%*
Employee-related liabilities and provisions	**936**	**877**
Net deferred tax	**219**	**214**
Derivatives	**-**	**20**
TOTAL	**3,485**	**4,054**

Note 5 – Current operating income

Current operating income reflects the performance of the Eramet Group's ordinary business activities as presented and defined in Note 4.

5.1. Sales

Accounting method

Sales revenue mainly consists of sales of ores (nickel and manganese) and manufactured products (special steels, alloys, superalloys, etc.) to third parties, as well as related performance obligations such as transport or insurance services depending on contractual Incoterms.
Revenue from the sale of these products and services is recorded when control over the product sold and the service rendered has been transferred to the customer.

Consolidated sales for 2020 were €3,553 million compared to €3,671 million in 2019, a decline of 3.2% (-€118 million).
Note 4 gives the breakdown by BU.

5.2. Other income, raw materials and purchases consumed, external expenses, and taxes

Accounting method	Estimates, assumptions and judgements
Costs and expenses mainly comprise costs incurred in industrial, mining and metallurgical facilities. Other income includes items related to current operating income, such as translation adjustments on sales and insurance proceeds. Raw materials and purchases consumed include the consumption of raw materials, energy costs, personnel costs, and logistics and transport costs of sales. It also accounts for the impacts of the change in and measurement of raw material inventories, work-in-progress and finished products. External expenses include the cost of transport, maintenance and other external expenses. This item also includes non-IFRS 16 lease costs. Taxes comprise levies on the business that are not classed as corporation tax. Currency transactions are recognised at the monthly exchange rate for the month of the transaction effective date. Gains and losses arising from the conversion of operating receivables and payables are recognised in Current operating income. In the case of hedged transactions, the translation adjustments arising from the difference between the monthly exchange rate used to recognise sales and receipts or purchases and payments and the hedging rate for the settlement of transactions are also recognised in Current operating income.	The transaction date is the date on which it is executed. For practical reasons, the currency transaction date used is the month in which the transaction is booked. The rate applied to recognise currency transactions in a given month corresponds to the average daily rate applicable in the previous month.

5.3 Operating depreciation and amortisation and net change in operating provisions

Accounting method

Operating amortisation and depreciation

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

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

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

Depreciation begins at the date on which the asset is put into service.
Any significant change in the planned use of the asset, in terms of duration or pace, for example, will result in the depreciation being revised for the current and subsequent years. Likewise, in the case where impairment loss provisions are set aside or reversed following the comparison between the value in use of a non-current asset and its carrying amount (Note 10), the depreciation basis is modified prospectively, i.e. the depreciation is adjusted based on the new duration or the new pace of use for the current and future reporting periods.

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

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

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

Provisions for liabilities and charges

See Note 13.

Estimates, assumptions and judgements

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

Straight-line depreciation method

The depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life at 31 December 2020:

Buildings	between 10–50 years
Industrial and mining facilities	between 5–50 years
Other property, plant and equipment	between 2–10 years

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

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

Units of production method

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

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

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

Revision of depreciation periods
The residual values and useful life of non-current assets are revised and adjusted at the end of each reporting period, as appropriate. Change is seen as a change in estimates and impacts only the current and subsequent reporting periods. The Eramet Group measures its existing assets and the depreciation period when reviewing mining plans (Nickel BU, Manganese BU and Mineral Sands BU) and plant operation plans at the end of each reporting period. When it is established that the life of the allocated assets no longer matches the remaining period of expected returns, their depreciation period is modified prospectively. Uncertainties are inherent in the estimation of reserve and resource

quantities, especially as regards assumptions about future prices, the geology of the mines, the mining methods used, and associated costs incurred to develop and mine the reserves and resources. Changes in these assumptions could lead to major adjustments in the estimation of reserves and resources, which may be the basis for impairment or modification in depreciation expense in future periods.

(€ millions)	31/12/2020	31/12/2019
Intangible assets	(18)	(15)
Property, plant and equipment	(263)	(269)
Total	**(281)**	**(284)**
of which amortisation and depreciation of assets acquired as part of company mergers and posted in the opening balance sheet at fair value	*(7)*	*(5)*
Net impairment of trade receivables	(0)	3
Net allowances for stock depreciation	1	(12)
Net provisions for liabilities and charges	(12)	(5)
Total	**(293)**	**(298)**

Note 6 – Net income, Group share and non-controlling interest

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

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

- *Other operating income and expenses (see below),*
- *Net financial income (Note 7),*
- *Share of income from joint ventures and associates (Note 10),*
- *Income tax (Note 11).*

6.1 Other operating income and expenses

Accounting method

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

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

6.1.1. Breakdown by category

(€ millions)	Financial year 2020	Financial year 2019
Other operating income and expenses excluding impairment	(63)	(93)
Impairment of assets and impairment losses	(498)	(25)
Other operating income and expenses	**(561)**	**(118)**

(€ millions)	Financial year 2020	Financial year 2019
Niobium project	(1)	(2)
Lithium project	(31)	(25)
Weda Bay development project	4	(1)
Other projects	(3)	(2)
Development projects	**(31)**	**(30)**
Restructuring and redundancy plans	(11)	(5)
Employee benefits – plan amendment	-	7
Provisions for site restoration – SLN	(1)	(7)
Aubert & Duval quality risk	(10)	(29)
Provision for ADTAF closure	3	(11)
Environmental provisions – ENO	4	(6)
Gains and losses on disposals	2	-
Other items	(19)	(12)
Other income and expenses	**(32)**	**(63)**
Total	**(63)**	**(93)**

Expenditure on the Lithium project in Argentina essentially comprises the expenses for the period and the cost of mothballing.

The other income and expenses of other operating income and expenses include internal expenses for quality risk at Aubert & Duval (see Note 2.5).

6.1.2. Impairment of assets and impairment losses

(€ millions)	**Financial year 2020**	**Financial year 2019**
Losses on impairment tests – Goodwill	(1)	-
Losses on impairment tests – Intangible assets	(2)	-
Losses on impairment tests – Property, plant & equipment	(395)	(25)
Other impairment of assets (1)	(100)	-
Other provisions	-	-
Total impairment of assets and impairment losses – Note 10	**(498)**	**(25)**
(1) Of which non-current assets	*(96)*	
Of which current assets	*(4)*	

(€ millions)	**Financial year 2020**	**Financial year 2019**
High Performance Alloys Division	(231)	(25)
Nickel BU	(54)	-
Manganese BU	(83)	-
Mineral Sands BU	-	-
Lithium BU	(113)	-
Holding	(17)	-
Total impairment of assets and impairment losses	**(498)**	**(25)**

See Note 10 – Investments § Impairment of assets.

6.2. Net earnings per share – Group share

Accounting method

Net earnings per share can be obtained by dividing the Group share of net income by the average number of shares outstanding during the reporting period. This average number of shares outstanding excludes treasury shares.
Diluted earnings per share are calculated by taking into account the net income, Group share for the period and the number of shares adjusted for potentially dilutive effects, mainly represented by employee share subscription and purchase plans and the potential conversion of ODIRNANs.

	Financial year 2020			**Financial year 2019**		
	Net income attributable to the Group (€M)	**Average number of shares**	**Profit (loss) per share (€)**	**Net income attributable to the Group (€M)**	**Average number of shares**	**Profit (loss) per share (€)**
Basic earnings per share	(675)	26,493,539	(25.46)	(184)	26,529,619	(6.93)
Diluted earnings per share (1)		**(25.46)**			**(6.93)**	

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

6.3. Non-controlling interest share in earnings – minority interest

		Financial year 2020	31/12/2020	Financial year 2019	31/12/2019
At beginning of period			**241**		**303**
Profit (loss) for the period			**(1)**		**39**
Change in revaluation reserve for financial instruments			1		-
Change in revaluation reserve for net defined benefit plan liabilities			-		1
Translation adjustments			0		1
Sub-total Other comprehensive income			**1**		**2**
Other movements			**(8)**		**(103)**
At period close		**(1)**	**233**	**39**	**241**
Société Le Nickel-SLN	44,00%	(38)	(141)	(42)	(103)
Comilog SA	36,29%	35	379	79	352
Grande Côte Operations	10,00%	2	(7)	3	(9)
Interforge	4,30%	(0)	1	(1)	1

See Statement of changes in equity.

Note 7 – Net financial debt and shareholder's equity

7.1. Net financial debt

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

Accounting method

Borrowings are initially recognised on the basis of the amount received, less financing costs incurred. Borrowings are subsequently measured at amortised cost. Any variance between the amounts received and the redemption value of the borrowing is recognised in the income statement under Net financial income (Borrowing costs) over the term of the borrowing, using the effective interest rate (EIR) method.
When the renegotiation of a loan does not substantially modify the debt in accordance with IFRS 9 criteria, it is maintained on the balance sheet and revalued at the overall effective interest rate on the basis of the new contractual flows. The impact of this revaluation is recognised in the income statement.

Lease-purchases ('crédit-bail') and financial leases are treated like purchases and are recognised as borrowings. Other lease contracts under IFRS 16 are recognised as lease commitments.
They are posted to the balance sheet upon lease commencement for the present value of the future fixed payments.
The discount rates used by the Group are the incremental borrowing rates per currency per portfolio of asset leases, grouped according to the lease term, the underlying financed asset (asset category) and the economic environment. Rates are determined by country and by duration.
The average rate is 10.7% at 12/31/20 (from 10.5% at 12/31/19).

(€ millions)		31/12/2020		31/12/2019
Loans		**(3,098)**		**(2,128)**
- Borrowings on capital markets	(1,127)		(1,429)	
- Borrowings from credit institutions	(1,699)		(397)	
- Bank overdrafts and creditor banks	(61)		(72)	
- Finance lease liabilities	(22)		(33)	
- Other borrowings and financial liabilities	(189)		(197)	
Lease commitments		**(91)**		**(97)**
Other current financial assets		**395**		**365**
Cash and cash equivalents		**1,461**		**556**
- Cash equivalents	823		239	
- Cash	638		317	
Net financial debt		**(1,333)**		**(1,304)**
Net financial debt – due in more than one year		(2,906)		(1,642)
Net financial debt – due in less than one year		1,573		338

7.2. Loans

7.2.1. Borrowings and lease commitments by type

(€ millions)	31/12/2020	31/12/2019
Loans		
Borrowings on capital markets	1,127	1,429
Borrowings from credit institutions	1,699	397
Bank overdrafts and creditor banks	61	72
Finance lease liabilities	22	33
Other borrowings and financial liabilities	189	197
IFRS 16 Lease Liabilities	**91**	**97**
Total	**3,189**	**2,225**
- Long-term portion	2,906	1,642
- Short-term portion	283	583

7.2.2. Borrowings on capital markets and bank loans

(€ millions)	Nominal in millions of currency unit	Interest rate	Maturity	31/12/2020	31/12/2019
Bond issue – Eramet S.A. (1)	€525 M	4,50%	2020	-	235
Bond issue – Eramet S.A.	€500 M	4,196%	2024	516	515
Bond issue – TiZir Ltd	$300 M	9,500%	2022	223	278
Bond issue – Eramet S.A. (2)	€300 M	5,875%	2025	308	298
Euro private placement – Eramet S.A. (3)	€50 M	5,29%	2026	29	52
Euro private placement – Eramet S.A. (3)	€50 M	5,10%	2026	51	51
Borrowings on capital markets				**1,127**	**1,429**
ICBC / BNP Paribas / BGFI loans – Comilog S.A.	$217 M	6-month Libor + 4.3% / +2.1%	2018/2022	21	35
Issued commercial paper – Eramet S.A.	€60 M	Between -0.10% and +0.22%	1 year max.	-	31
Borrowing Base – Eramet S.A. (4)	€65 M	1-month Euribor + 1.5%	2022	50	53
European Investment Bank – Eramet S.A.	€80 M	1,736%	2025	45	54
European Investment Bank – Eramet S.A.	€30 M	2,72%	2029	27	30
European Investment Bank – Eramet S.A.	€60 M	1,58%	2030	61	(0)
European Investment Bank – Eramet S.A.	$67 M	3,55%	2030	56	
IFC / Proparco – Setrag	€85 M	Euribor + 4%/5%	2031	82	84
Syndicated credit facility (5)	€981 M	6-month Euribor + 1.7%	2024	985	(2)
Term Loan (Multi-currency Term Loan Facility Agreement) (6)	€350 M	6-month Euribor + 2.00%	2024	349	(3)
Repurchase agreements (7)	€72 M	EONIA	2020	-	72
Other borrowings from credit institutions				23	43
Borrowings from credit institutions				**1,699**	**1,217**

(1) Partial redemption of the 2020 bond issue for €226 million on 14 November 2019. Loan repaid in 2020.
(2) 14 November 2019 bond issue.
(3) With investor put options that may be exercised after the seventh year, i.e. in 2021.
(4) Renewed in June 2019. Three-year maturity.
(5) The balance of the syndicated credit at 31 December 2019 corresponds to the issue costs of loans not yet amortised. The credit line was drawn down in 2020
(6) Subscribed in December 2019. The balance of the term loan at 31 December 2019 corresponds to the issue costs of loans not yet amortised. The credit facility was drawn down in 2020.
(7) Repo transaction undertaken in September 2019 and closed out in 2020

Certain borrowings need to comply with financial ratios or covenants (Note 8.4.4).

7.2.3. Change during the period (IFRS 16 borrowings and lease liability)

(€ million)	**Financial year 2020**	**Financial year 2019**
At beginning of period	**2,225**	**2,082**
Loans		
New borrowings (1)	1,459	457
Loan repayments (1)	(465)	(412)
Change in bank overdrafts	(9)	6
Changes to consolidation scope	-	-
Translation adjustments and other movements	(15)	(5)
Lease commitments		
First application IFRS 16	-	94
Change in lease liabilities	(1)	3
Translation adjustments and other movements	(5)	-
At period close	**3,189**	**2,225**
(1) Including lease liabilities (IFRS 16)		
New borrowings	*0*	*1*
Loan repayments	*(12)*	*(16)*

New borrowings mainly concern:
- Drawing down the revolving credit facility for a total of €981 million;
- Drawing down the Term Loan for a total of €350 million;
- Drawing down EIB loans for a total of €120 million (€60 million and €67 million);

Loan repayments mainly concern:
- redemption of the bond issue for a total of €234 million;
- redemption of part of the UMR bond for a total of €22 million;
- redemption of subscribed commercial paper for €31 million;
- maturity of the repo transaction for €72 million.

On 24 September 2019, Metal Securities signed a framework agreement for a repo transaction on its bonds. This transaction closed in April 2020.

7.2.4 Borrowings and lease liabilities by currency

(€ millions)	**31/12/2020**	**31/12/2019**
Euro	2,793	1,516
US dollar	302	392
CFA franc	84	31
Pound sterling	0	1
Norwegian krone	3	267
Other currencies	7	18
Total	**3,189**	**2,225**

7.2.5. Confirmed credit facilities

(€ million)	31/12/2020	31/12/2019
Unused confirmed credit facilities (1)	-	1,451
Revolving Credit Facility (RCF)	-	*981*
Term Loan	-	*350*
European Investment Bank €120 million	-	*120*

(1) (1)All confirmed credit facilities available at 31 December 2019 were drawn down during 2020

7.2.6. Borrowings and lease liabilities by interest rate

(€ millions)	31/12/2020		31/12/2019	
Interest-free		5		54
Fixed interest rates		1,974		1,912
- less than 5%	1,292		1,094	
- between 5% and 10%	682		818	
- more than 10%	-			
Variable interest rates		1,210		259
- less than 5%	1,062		157	
- between 5% and 10%	148		102	
- more than 10%	-			
Total		**3,189**		**2,225**

7.2.7. Borrowings and lease commitments by maturity

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

(€ millions)	**31/12/2020**	**31/12/2019**
Due in less one year	268	583
One to five years	2,690	1,190
More than five years	140	452
Total	**3,098**	**2,225**

Schedule of lease-purchases and lease commitments

(€ millions)	**31/12/2020**		**31/12/2019**	
	Nominal value	**Nominal value**	**Nominal value**	**Nominal value**
Lease-purchase commitments				
Due in less one year	9	8	14	13
One to five years	15	13	19	17
More than five years	1	1	3	3
Total before interest expense	**25**	**22**	**36**	**33**
Future interest expense		3		3
Lease commitments				
Due in less one year	25	15	22	13
One to five years	70	43	67	38
More than five years	52	33	70	46
Total before interest expense	**147**	**91**	**159**	**97**
Future interest expense		56		62
Total	**172**	**172**	**195**	**195**

7.3. Cash and cash equivalents

Accounting method

Cash includes cash in hand and demand deposits, excluding bank overdrafts which appear under borrowings. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash commitments. Marketable securities are recognised at their fair value in the balance sheet. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuations in value. Changes in fair value are recognised in net income for the period.

7.3.1. Breakdown by category

(€ millions)	31/12/2020	31/12/2019
Cash	823	317
Cash equivalents	638	239
Total	**1,461**	**556**

7.3.2. Breakdown by currency

(€ millions)	31/12/2020	31/12/2019
Euro	1,175	331
US dollar	151	184
Yuan Renminbi (China)	1	0
Norwegian krone	106	17
Other currencies	28	24
Total	**1,461**	**556**

7.3.3. Breakdown by interest rate type

(€ millions)	31/12/2020	31/12/2019
Interest-free	823	322
Fixed interest rates	3	1
Variable interest rates	635	233
Total	**1,461**	**556**

Interest-free items mainly consist of non-interest-bearing sight deposits.
Cash includes cash and cash equivalents.
Cash equivalents mostly comprise investments managed by Metal Securities.

(€ millions)	31/12/2020	31/12/2019
Money market fund shares/units	236	89
Negotiable debt securities	287	97
Interest-bearing bank accounts	100	35
Other investments	15	18
Cash equivalents	**638**	**239**
Cash	823	317
Cash and cash equivalents	**1,461**	**556**

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

7.4. Statement of cash flows

7.4.1. Non-cash income and expenses

(€ millions)	Financial year 2020	Financial year 2019
Depreciation, amortisation, impairment and provisions	754	313
Accretion expenses	9	9
Financial instruments	(3)	1
Deferred tax	2	13
Proceeds from asset disposals	5	3
Deconsolidation effect on the income statement	2	
Merger effect on the income statement		1
Effect on hyperinflation adjustments on the income statement	8	8
Share of income from joint ventures and associates	(86)	7
Non-cash income and expenses	**691**	**355**

7.4.2. Impact of changes in consolidation scope

(€ millions)	Financial year 2020	Financial year 2019
Other	-	(1)
Impact of changes in consolidation scope	**-**	**(1)**

7.5. Current financial assets

Accounting method

These assets mainly consist of bonds of listed European companies whose objective is to receive contractual flows. These bonds are measured at their fair value on initial recognition. The fair value used for listed bonds is the stock-market value, and for unlisted bonds it is based on estimates using specific financial criteria that reflect the specific situation of each bond (similar transactions or discounted value of future cash flows).
The credit risk component, corresponding to the estimate of expected losses measured per bond, is measured according to their categorisation into buckets, defined on the basis of a credit risk rating measured on the basis of the spread, and is recognised in the income statement.
Other speculative assets classified as trading instruments are measured at fair value through profit or loss.

Changes in the fair value of these investments are recognised in transferable equity under the item Change in fair value of current financial assets or in profit or loss.

The net change of €30 million in current financial assets between 2019 and 2020 (-€153 million between 2018 and 2019) is shown in the net cash flows relating to investment operations.

7.6. Financial income

(€ millions)	**Financial year 2020**	**Financial year 2019**
Net debt cost	(120)	(110)
Other financial income and expenses	(66)	(24)
Financial Income	**(186)**	**(134)**

7.6.1. Net debt cost

Accounting method

Net debt costs include expenses relating to gross debt, interest expense on “lease liabilities” (IFRS 16) and financial revenue in connection with bonds and investment securities.
Borrowing costs relate to interest payable on the debt and other costs incurred in connection with the borrowing of funds. Borrowing costs directly linked to the acquisition, building or production of an asset that requires more than 12 months to be put into service are deducted from the financing expense to which they relate. All the other borrowing costs are expensed in the period in which they are incurred.

(€ millions)	**Financial year 2020**	**Financial year 2019**
Interest income	11	12
Interest expense	(125)	(116)
Amortised cost on borrowings	(8)	(8)
Net income on marketable securities	13	1
Change in fair value of investment securities	(8)	6
Net translation differences	(3)	(5)
Total	**(120)**	**(110)**

Interest expenses rose from €116 million to €125 million, including €13 million for the RCF alone, drawn down as a precautionary measure, and €6 million for financial expenses on additional debt (Bond, Term Loan, EIB).

This was partially offset by the negative impact in 2019 of the partial redemption premium on the 2020 tranche and amortisation of the Tizir bond.

7.6.2. Other financial income and expenses

Accounting method

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

(€ millions)	Financial year 2020	Financial year 2019
Investment and dividend income	0	1
Employee benefits – net interest	(5)	(5)
Profit (loss) on disposal of equity investments	(1)	(1)
Accretion expenses	(9)	(9)
Financial instruments ineligible as hedges – currency	4	(1)
Securitisation financial expense	(4)	(6)
Impairment of securities and current accounts	(31)	(6)
Net translation differences	(25)	5
Impact of hyperinflationary economies	(4)	(6)
Other	9	4
Total	**(66)**	**(24)**

Accretion expenses relate to provisions for mining site restoration and the decommissioning of industrial facilities, as detailed in Note 13 "Provisions".

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

7.7. Shareholders' equity

7.7.1. Changes to the share capital

The share capital of €81,239,815 (31 December 2019: €81,239,800) is composed of 26,636,005 fully paid-up shares (31 December 2019: 26,636,000 shares) with a par value of €3.05 each.

	31/12/2020				31/12/2019			
	capital		voting rights		capital		voting rights	
	%	number of shares	%	number of shares	%	number of shares	%	number of shares
Registered shares								
Sorame and Compagnie d'Études Industrielles du Rouvray (CEIR)	36.94	9,840,143	43.78	19,675,977	36.94	9,840,143	43.88	19,675,977
FSI Equation, subsidiary of APE (Agence des participations de l'État)	25.57	6,810,317	30.31	13,620,634	25.56	6,810,317	30.37	13,620,634
S.T.C.P.I.	4.02	1,070,587	4.76	2,141,174	4,02	1,070,587	4.77	2,141,174
Eramet S.A.	0.62	165,188	-	-	0,66	176,562	-	-
Eramet S.A. share fund	0.73	195,311	0.69	307,969	0,53	141,297	0.43	193,670
Other	32.12	8,554,459	20.46	9,195,583	32,28	8,597,094	20.54	9,210,988
Total number of shares	**100.00**	**26,636,005**	**100.00**	**44,941,337**	**100.00**	**26 636 000**	**100.00**	**44,842,443**
of which registered shares	70.68	18,825,153	82.74	37,186,116	70,23	18 706 172	82.02	36,780,500
of which bearer shares	29.32	7,810,852	17.26	7,755,221	29,77	7 929 828	17.98	8,061,943

Pursuant to a Shareholders' Agreement concluded on 16 March 2012, which entered into force on 16 May 2012, tacitly renewed by 6-month period as of 1 January 2021 (as per the amendment on 30 November 2020, which was notified to the Autorité des marchés financiers (AMF) under No. 220C5283), which was the subject of a decision and information of the Autorité des marchés financiers under No. 212C0647 when it was concluded and decision and information No. 216C1753 relating to the change within the group acting in concert at the time of the acquisition by the Agence des participations de l'État (APE) of the entire share capital of FSI Equation, the Company is majority controlled by a group of shareholders having declared to be acting in concert, including:

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

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

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

7.7.2. ODIRNAN

In 2016, the Eramet Group issued an offering of net share settled undated bonds convertible into new shares (ODIRNAN).

This issue has strengthened the balance sheet structure of the Eramet Group.

ODIRNAN is a perpetual bond with no maturity date. Holders do not have the option to redeem the instrument for cash in hand. The instrument can be redeemed in the event of liquidation of the Company with the payment of accrued and deferred coupons, as applicable. The organization of the coupon payments is left up to Eramet and may be delayed, as Eramet has not decided on a dividend distribution since the penultimate interest payment date (or since the issue date for the first two payment dates). In case of non-payment of coupons, they will remain due and will constitute arrears which will bear interest at the applicable rate for bond coupons.

The coupon is fixed at an annual rate of 4% until October 2022. It will then switch to a variable rate from 5 October 2022, calculated at the 6-month Euribor rate plus a margin of 1,000 basis points («step-up» clause). In the event of a change of control of Eramet, the annual interest rate will be increased by 500 basis points unless the Company opts for early redemption within 45 days of the change of control.

Bond holders will receive an equity conversion right. The issuer may choose to deliver one of the following to bondholders exercising their right to receive shares:

- cash only,
- new shares only,
- or a combination of new shares and cash.

The characteristics of ODIRNAN shares led the Eramet Group to classify them as an equity instrument because:

- there is no contractual obligation to repay the nominal value except in the event of liquidation of the issuer. The regulatory framework stipulating redemption in case of liquidation does not affect the classification as an equity instrument;
- the payment of coupons to bond holders is:
    - either dependent on the liquidation of the issuer. As noted above, an obligation for the issuer to proceed with payment in case of liquidation does not establish the existence of a debt,
    - or under the control of the issuer (dividends, share buy-back or equivalent, early redemption decided by the issuer, decision to pay the next bond coupon, etc.).

Finally, the default interest clause (capitalised at the same rate as the bonds) and the "step-up" clause, which significantly increases the number of coupons beyond a certain date if the instrument has not been previously redeemed by the issuer, constitute economic constraints, not contractual obligations.

Therefore, given the characteristics of the instruments and elements mentioned above, Eramet has no contractual obligation to pay compensation on perpetual debt instruments.

Finally, the different options mentioned above do not call into question the classification of equity instruments.

At 31 December 2020, 92,787 bonds were subject to equity conversion (5 in 2020). No bonds were repaid in cash in 2020. The number of bonds in circulation is therefore 2,065,640 (31 December 2019: 2,065,645), i.e. a decrease of 5 bonds compared with 2020.

The total value of the bonds at 31 December 2020 is €95.7 million (31 December 2019: €95.7 million).

7.7.3. Treasury shares

The table below summarises the treasury share transactions:

	Total number of shares	Market making (1)	Awards to employees	Total
Position at 1 January 2019		**63,057**	**32,107**	**95,164**
As a percentage of capital	26,635,884	0.24%	0.12%	0.36%
Buyback mandate			193,250	**193,250**
Final allocation of bonus shares			(128,228)	**(128,228)**
Purchases/sales		16,376		**16,376**
Position at 31 December 2019		**79,433**	**97,129**	**176,562**
As a percentage of capital	26,636,000	0.30%	0.36%	0.66%
Buyback mandate			131,625	**131,625**
Final allocation of bonus shares			(119,197)	**(119,197)**
Purchases/sales		(23,802)		**(23,802)**
Position at 31 December 2020		**55,631**	**109,557**	**165,188**
As a percentage of capital	26,636,005	0.21%	0.41%	0.62%

(1)Liquidity agreement signed with Exane BNP Paribas

Eramet treasury shares are classified under "Other reserves" and recognised at purchase cost for an amount of €14 millions at 31 December 2020 (31 December 2019: €16 millions). These transaction amounts were allocated to shareholders' equity.

Note 8 – Financial instruments and risk management

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

Accounting method

Financial instruments

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

Instruments derivative

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

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

Hedging

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

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

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

Fair value measurement

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

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

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

The fair value measurement of a non-financial asset considers the capacity of a market participant to generate economic benefits by making full use of the asset or by selling it to another market participant who will make full use of the asset.
The fair values of financial instruments are ranked according to a three-level hierarchy:
Level 1: Listed prices (unadjusted) of the same assets and liabilities on an active market;
Level 2: Listed price of a similar instrument on an active market, or another measurement technique based on observable parameters;
Level 3: Measurement technique incorporating non-observable parameters.
The criteria for classifying and recognising financial assets and liabilities and any transfer from one level to another in the fair value hierarchy where applicable are given below.

Estimates, assumptions and judgements

The uncertainties and estimates as well as the judgements used are considered for the valuation of forward/futures contracts, the application of hedge accounting and the valuation of derivatives measured at fair value.
To continue to apply hedge accounting to raw material purchases and sales (nickel, fuel oil, aluminium and electricity), the Eramet Group determines that the hedging instrument is efficient so as to offset the currency risk on its raw material purchases and sales and ensures that the documentation complies with the requirements. The process for testing the efficiency of the hedge calls for the use of judgements and estimates.

Fair value measurement

Fair value represents an estimate at a given date and can change from one period to another due to market conditions and other factors.
The Eramet Group gives priority to the assumptions that the market participants would use to determine the price of the asset or the liability, considering that the market participants act in their own best economic interests. The Eramet Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data is available to determine the fair value, maximising the use of pertinent observable inputs while minimising the use of non-observable inputs.

8.1. Financial instruments shown in the balance sheet

(€ millions)	31/12/2020 Statement of financial position	Breakdown by type of instrument: Fair value through profit or loss	Fair value through shareholders' equity	Loans and receivables	Liabilities at amortised cost	Derivative instruments
Non-consolidated equity investments	18	18				
Other current/non-current financial assets	198			198		
Other non-current assets	2			2		
Trade receivables	348			348		
Other current assets	294			294		
Derivatives	58					58
Current financial assets	395	204	191			
Cash and cash equivalents	1,461	1,461				
Assets	**2,774**	**1,683**	**191**	**842**	-	**58**
Non-current borrowings – due in more than one year (incl. lease commitments)	2,906				2,906	
Other non-current liabilities	-					
Current borrowings – due in less than one year (incl. lease commitments)	283				283	
Trade payables	541			541		
Other current liabilities	467			467		
Derivatives	39					39
Liabilities	**4,236**	-	-	**1,008**	**3,189**	**39**

(€ millions)	31/12/2019 Statement of financial position	Breakdown by type of instrument: Fair value through profit or loss	Fair value through shareholders' equity	Loans and receivables	Liabilities at amortised cost	Derivative instruments
Non-consolidated equity investments	19	19				
Other current/non-current financial assets	222			222		
Other non-current assets	4			4		
Trade receivables	362			362		
Other current assets	246			246		
Derivatives	25					25
Current financial assets	365	191	174			
Cash and cash equivalents	556	459	97			
Assets	**1,799**	727	**213**	**834**	-	**25**
Non-current borrowings – due in more than one year (incl. lease commitments)	1,558				1,558	
Other non-current liabilities	1			1		
Current borrowings – due in less than one year (incl. lease commitments)	570				570	
Trade payables	458			458		
Other current liabilities	457			457		
Derivatives	52					52
Liabilities	**3,096**	-		**916**	**2,128**	**52**

The classification of financial assets and liabilities has been revised to comply with IFRS 9 classifications, as described in Note 3 "Basis of preparation of the consolidated financial statements". Equity investments and other current financial assets are recognised in the balance sheet at fair value. Other non-current financial assets are measured at amortised cost calculated using the effective interest rate (EIR).

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

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

(€ millions)	Nature of hedging instrument	Notional amount of hedging instruments	Carrying amount of hedging instrument	
			Assets	Liabilities
FAIR VALUE HEDGE (FVH)				
Interest rate risk				
Currency risk				
Balance sheet hedges (customers/suppliers/banks 2020)	Forward and currency option	223	7	
Hedging of CMM borrowing	Forward purchase	24	1	
Commodity risk				
CASH FLOW HEDGE (CFH)				
Interest rate risk				
CMM $ borrowing	interest rate swap	24		-1
Setrag EUR borrowing	interest rate swap	73		-3
Currency risk				
Hedging of future sales in foreign currencies	Forward sale	24		-1
Group future revenue foreign exchange hedge	Forward and currency option	548	13	
Erasteel / Erasteel Inc. borrowing	Foreign exchange swap	15		
$ Sales	Foreign exchange swap			
TiZir bond + Eramine swap	Forward sale	59	4	
Commodity risk				
Fuel supply	purchase of option	8	1	
Fuel supply	Brent swap	6	2	
Electricity supply	Electricity future	2		
Electricity supply	Electricity future	7		
Eramet commercial nickel contract	Nickel swap and option (before premiu	42	3	
Eramet commercial nickel contract	option premium to be paid in 2021			-2
Nickel AD supply	Nickel swap	4	1	

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

(€ millions)	31/12/2020 Value on the balance sheet	Breakdown by fair value category Level 1	Level 2	31/12/2019 Value on the balance sheet	Breakdown by fair value category Level 1	Level 2
Current financial assets	395	395		365	365	
Cash and cash equivalents	1,461	1,461		556	556	
Derivatives	58		58	25		25
Assets	**1,914**	**1,856**	**58**	**946**	**921**	**25**
Derivatives	39		39	52		52
Liabilities	**39**	–	**39**	**52**	–	**52**

8.2. Effects of financial instruments on the income statement

(€ millions)	FY 2020 Effects on profit (loss)	Income and (expense) financial	Amortised cost	Fair value	Monetary conversion	Profit (loss) on disposal	Net impairment
Equity investments	(3)						(3)
Other current/non-current financial assets	(58)	(9)			(25)		(24)
Derivatives	1			2			(1)
(Net debt)/Net cash	(120)	(101)	(8)	(8)	(3)		
Total	**(179)**	**(110)**	**(8)**	**(5)**	**(28)**	**-**	**(28)**

(€ millions)	FY 2019 Effects on profit (loss)	Income and (expense) financial	Amortised cost	Fair value	Monetary conversion	Profit (loss) on disposal	Net impairment
Equity investments	(1)	1				(2)	0
Other current/non-current financial assets	(0)	(4)			7		(3)
Derivatives	(2)			(2)			
(Net debt)/Net cash	(110)	(97)	(8)		(4)		
Total	**(113)**	**(101)**	**(8)**	**(2)**	**3**	**(2)**	**(3)**

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

8.3. Effects of financial instruments on the income statement

(€ millions)	31/12/2020		31/12/2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
At beginning of period	**25**	**52**	**25**	**60**
Change in hedging instruments for the period – shareholders' equity (1)	17	(8)	(2)	(8)
Change in hedging instruments for the period – financial income (2)	0	(3)	1	(0)
Net change in hedging derivatives (3)	16	(1)	1	0
Other movements				
At period close	**58**	**39**	**25**	**52**
Net position in hedging derivatives (3)	24	20	7	17
Financial instruments – currency hedges	29	14	15	28
Financial instruments – interest-rate hedges	-	4	-	4
Financial instruments – commodity hedges	5	1	3	3

(1)The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge currency, interest rate and commodity risks.
(2)The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge currency, interest rate and commodity risks.
(3) Foreign-currency receivables and debts are translated at the closing rate,

8.4. Risk management

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

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

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

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

8.4.1. Currency risk

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

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

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

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

8.4.1.1. Transactional risks

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

The subsidiaries in question determine the amount of their net exposure based on multiyear budgets and forecasts. The associated risks are then hedged within a maximum horizon of thirty-six months, unless exemptions apply. The Eramet Group uses various instruments to hedge against currency risk: futures/forward contracts and options.

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

As at 31 December 2020	2020 sales			2021 sales			2022 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
Commercial hedges									
EUR/USD	235	USD	1.19	461	USD	1.20		USD	
EUR/NOK	275	NOK	10.85	895	NOK	10.80	590	NOK	11.10
Other hedges – total amount not detailed by year									
EUR/USD	91	USD	1.17						
EUR/NOK		NOK							

As at 31 December 2019	2019 sales			2020 sales			2021 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
Commercial hedges									
EUR/USD	252	USD	1.12	346	USD	1.15	75	USD	1.21
EUR/NOK	327	NOK	10.09	563	NOK	10.50	580	NOK	10.68
Other hedges – total amount not detailed by year									
EUR/USD	217	USD	1.13						
EUR/NOK	-	NOK	-						

8.4.1.2. Balance sheet risks

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

At 31 December 2020, the fair value of currency hedges covering transactional risks represented a net asset of €21 million (31 December 2019: net liability of €5 million).

For hedges of 2021 USD revenue, an increase or decrease of 10% in the EUR/USD exchange rate would have a pre-tax impact on the hedge instruments recognised in equity at 31 December 2020 of +€37 million should exchange rates rise (31 December 2019: +€51.7 million) and approximately -€36 million should those rates fall (31 December 2019: -€69 million)

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

(foreign currency unit million)	31/12/2020				31/12/2019			
	Forward sales	Forward sales	Call options	Call options	Forward sales	Forward sales	Call options	Call options
Currency against EUR								
- USD	475	29	459	341	638	51	439	304
- JPY								
- GBP						2		
- NOK		1,055	705	1,025		637	833	1,225
Currency against SEK								
- JPY								
- USD					7			
- GBP					1			
- EUR	4				6			

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

(€ millions)	Foreign exchange hedges			
	Financial year 2020		Financial year 2019	
	Transaction risks	Transaction risks	Transaction risks	Transaction risks
At beginning of period	**(20)**	**(92)**	**(22)**	**(67)**
Change in unexpired hedging portion (1)	14	-	(3)	
Change in ineffective portion via income (2)	-	-	-	
Change in effective portion via income (3)	(1)	-	5	
Translation adjustments and other movements	-	(36)		(25)
At period close	**(7)**	**(128)**	**(20)**	**(92)**
Changes recognised in shareholders' equity:				
- hedging reserve	13		2	
- translation reserve		(36)		(25)
Total	**13**	**(36)**	**2**	**(25)**
Changes recognised via income:				
- current operating income	1		(5)	
- net financial income	-		-	
Total	**1**	**-**	**(5)**	**-**

(1)The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge currency risks.
(2)The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge currency risks.
(3) Foreign-currency receivables and debts are translated at the closing rate,

8.4.2. Interest rate risk

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

The cash surpluses managed by Metal Securities are invested in:

- instruments linked to the EONIA (Euro OverNight Index Average) or Euribor (Euro InterBank Offered Rate) rates,
- fixed-rate instruments swapped against the Euribor.

These instruments are included in "Other current financial assets" and are hedged using interest rate futures (fixed rates against floating rates). Other cash surpluses managed by Metal Securities are primarily invested in instruments linked to the EONIA (Euro OverNight Index Average) rate.

8.4.3. Commodity risk

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

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

The main Group entities involved are:

- Eramet and Société Le Nickel-SLN for nickel sales,
- Aubert & Duval for nickel purchases,
- Société Le Nickel-SLN for fuel oil,
- Aubert & Duval for aluminium,
- Erasteel Kloster AB and Eramet Norway A/S for electricity.

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

Hedges are contracted with horizons of one to four years, depending on the commodities, and are based on the budget. Only part of the forecast consumption or production is hedged (e.g. for fuel oil, a maximum of 80% of the budget is hedged). The Eramet Group uses various instruments to hedge and limit its exposure, namely forwards/futures and options.

At 31 December 2020, the fair value of hedges set up for the various commodities stood at +€5.2 million net (amount including a €2.2 million premium paid out in 2021), (31 December 2019: +€3.0 million net).

The main commodities contracts outstanding are set out below:

(tonnes)	31/12/2020			31/12/2019		
	Swaps	Call options	Call options	Swaps	Call options	Call options
Nickel	436		3,000	1,235		
Aluminium						

A change of plus or minus 10% in commodity prices would have no material pre-tax impact on the hedges recognised through shareholders' equity.

8.4.4. Liquidity risk

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

In this context, the Eramet Group anticipates the regular renewal of its existing borrowings (credit facilities, bonds, IFRS 16 leases, etc.) and establishes new modes of financing (ODIRNAN 2016), according to the opportunities available.

Furthermore, operational funds (investments and receivables) are implemented directly in the Eramet Group's subsidiaries.

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

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

The Eramet Group's financial liquidity position at 31 December 2020 was €1,856 million (31 December 2019: €2,299 million), of which €1,461 million is classified as cash and cash equivalent (31 December 2019: €556 million). These cash surpluses are, for the most part, transferred to Metal Securities, the Group company in charge of centralising and investing Eramet's cash surpluses.

Revolving credit facility

The revolving credit facility (RCF) was extended on February 2019 for an amount of €981 million and for a five-year term, with a new maturity in January 2024.

The amount available under this revolving credit facility was maintained at €981 million.

The credit line had been drawn down at 31 December 2020.

On 31 December 2019, the €120 million loan from the European Investment Bank to finance investments in research, development and innovation (RDI) in digitalisation and advanced manufacturing had not been drawn down.

The credit line had been drawn down at 31 December 2020.

Lastly, on 11 December 2019, the Group signed a Multi-currency Term Loan Agreement for €350 million to fund general and investment requirements. The loan matures in two years and includes an option for Eramet to extend the term to January 2024.

The credit line had been drawn down at 31 December 2020.

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

(€ millions)	Statement of financial position	Future payment schedule			
		Due in less than 1 year	Due in 1 to to 5 years	Due in more than 5 years	Total
Borrowings on capital markets	1,127	142	983		**1,125**
Borrowings from credit institutions	1,699	54	1,519	137	**1,710**
Bank overdrafts and creditor banks	61	61			**61**
Finance lease liabilities	22	8	13	1	**22**
IFRS 16 lease liabilities	91	15	43	33	**91**
Other borrowings and financial liabilities	189	5	180	4	**189**
Total borrowings	**3,189**	**285**	**2,738**	**175**	**3,198**
Derivatives	39	39			**39**
Trade and other payables	1,008	1,008			**1,008**
Total other financial liabilities	**1,047**	**1,047**	-	-	**1,047**

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

(€ millions)	Statement of financial position	Schedule of future receipts at fair value			
		Due in less than 1 year	Due in 1 to to 5 years	Due in more than 5 years	Total
Cash and cash equivalents	1,461	1,461			**1,461**
Total cash and cash equivalents	**1,461**	**1,461**	-	-	**1,461**
Other financial assets	216	65	133	18	**216**
Current financial assets	395	395			**395**
Derivatives	54	54			**54**
Trade and other receivables	644	642	2		**644**
Total other financial assets	**1,309**	**1,156**	**135**	**18**	**1,309**

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

Company	Type of Facility		Contractual Ratios (A)	Nominal Amounts (currency million)
ERAMET S.A.	Revolving credit facility (RCF)	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€981 M
	Term Loan	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€365 M
	Borrowing Base	Net debt excluding IFRS 16 lease liabilities/shareholders' equity	< 1	€65 M
	European Investment Bank	Net debt excluding IFRS 16 lease liabilities/shareholders' equity	< 1	€80 M
	European Investment Bank	Net debt excluding IFRS 16 lease liabilities/shareholders' equity	< 1	€30 M
	European Investment Bank	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€120 M
Comilog SA	ICBC/BNP Paribas/BGFI loans	Net debt/Shareholder's equity	< 1,15	$217 M
		Net cash flow/Debt servicing	> 2	
		Sales to Eramet Norway A/S, Marietta, Comilog Dunkerque , ECM / debt servicing	> 150%	*(1)*
	(1) Covenant only applicable to one of the two US$ 30 million loans taken out by Comilog.			
	CAT Finance	Net debt/EBITDA on a rolling 12-month basis	< 3	$40 M
		Net cash flow/Debt servicing	> 1,30	€11 M
		Net debt/Shareholder's equity	< 2	
	IFC / Proparco	Net debt/Shareholder's equity	< 1,15	€33 M
		Net debt/EBITDA on a rolling 12-month basis	< 4	
		Debt servicing	> 1,3	
TiZir	Bond issue	Shareholders' equity + subordinated loans/Total assets	> 35%	$300 M
		Liquidity	> $15 M	
		Interest coverage ratio (EBITDA/Net Financial Interest)	> 1.50 > 1.75 > 2.00	*(2)*
	(2) Applicable covenant: *-> from the 18th month following the loan issue (1.50* *-> from the 36th month following the loan issue (1.75* *-> from the 54th month following the loan issue (2.00)*			
Aubert et Duval	SogeLease – Lease agreements	Consolidated net debt/Shareholder's equity	< 1	€9 M
	CACIB – Securitisation	Net Financial Debt/Equity	< 1,1	N/A
		EBITDA/Net Financial Interest	> 4,5	

(A) Certain ERAMET SA ratios are subject to 'covenant holidays' or specific adaptations for June and December 2020

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

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

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

Aubert & Duval's covenants are determined on the basis of Aubert & Duval's individual and consolidated financial statements.

Eramet SA secured agreement to suspend calculation of some covenants as of June 2020 in what are known as 'covenant holidays' for June and December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

At 31 December 2020, the covenants showed no circumstances of accelerated maturity. Moreover, at 31 December 2020, no cases of cross-default likely to impact funding at the level of Eramet were recorded.

In 2021, the Group will continue to monitor its bank covenants and will liaise with its bank partners should the need arise.

8.4.5. Credit and counterparty risk

The Eramet Group may be exposed to credit risk in the event of counterparty default: in relation to its customers and its financial partners, because of its cash surpluses invested by Metal Securities, the Group company established specifically for this purpose. The Eramet Group has several means to limit this risk: gathering information ahead of entering into transactions (from rating agencies, published financial statements, etc.), credit insurance and the establishment of letters of credit and documentary credits. Specifically for trade receivables, there is a dedicated credit manager for each Division of the Group.

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

0	31/12/2020			31/12/2019		
	Gross amount	Impairment	Gross amount	Gross amount	Impairment	Gross amount
On time or not due	303	(5)	298	245	(10)	235
Delays:						
- less than one month	33	-	33	90	-	90
- one to three months	4	-	4	20	-	20
- three to six months	3	-	3	10	(1)	9
- six to nine months	9	(1)	8	2	(2)	-
- nine to twelve months	2	-	2	2	-	2
- over one year	5	(5)	(0)	7	(1)	6
Total trade receivables	**359**	**(11)**	**348**	**373**	**(14)**	**362**

No material unpaid or impaired receivables have been renegotiated.

8.4.6. Equity and bond risk

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

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

Note 9 – Working capital requirement

(€ millions)	31/12/2019	Change in WCR Statement of flows	Change in WCR on non-current assets	Translation adjustments and other	31/12/2020
Inventories	1,098	(177)		(15)	906
Customers	362	(13)		(1)	348
Suppliers	(458)	(81)		(2)	(541)
Simplified WCR	**1,002**	**(271)**	-	**(18)**	**713**
Other items of WCR (1)	(242)	(23)	18	13	(238)
Total WCR	**760**	**(294)**	**18**	**(5)**	**475**

(1) includes changes in tax and payroll payables and receivables (Notes 9.2 and 9.3), other assets and liabilities (Notes 9.2 and 9.3), tax liabilities and receivables due (Note 11) and liabilities on non-current assets (Note 10).

9.1. Inventories

Inventories consist mainly of the products of the Nickel, Manganese and High-Performance Alloys BUs at different stages of the production process, and are recorded at the lower of cost and net liquidation value.

Accounting method	Judgements and estimates
Inventories are measured using the weighted average unit cost (WAUC) method for the industrial operations of the High Performance Alloys Division and on a First-In-First-Out (FIFO) basis for the industrial and mining operations of the Nickel, Manganese and Mineral Sands BUs. Inventories are carried at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal activity are eliminated from inventory measurement at the end of the reporting period. Impairment losses for raw materials are recognised when the net realisable value falls below the cost of entry into storage. Consumables are fully depreciated where the quantities are in storage over a much longer period than their estimated use. The impairment of spare parts that do not qualify for capitalisation is calculated on the basis of their use during the year. Spare parts inventory in excess of one year's use is fully depreciated. For work-in-process, intermediate and finished products in inventory for over a year, the forward-looking approach is applied on the basis of the order book and market validation of achievements within one year; the quantities beyond one year of consumption are fully depreciated, except in specific cases. Fixed production costs relating to recognised or planned sub-normal activity are not incorporated in inventory measurement and are recognised as ordinary operating expenses for the period in which they are incurred. Sub-normal activity is taken into account when the actual production volume is considerably lower than the normal production volume (or normative capacity).	Judgement is exercised to determine the net realisable value, as well as to allocate the fixed and variable production overheads attributable directly to inventories.

(€ millions)	31/12/2020	31/12/2019
At beginning of period	**1,098**	**947**
Change in gross inventories	(174)	158
(Impairment)/net reversals for the period	(3)	(9)
Increase/(decrease) in net inventories – cash flows	(177)	149
Translation adjustments and other movements	(15)	2
At period close	**906**	**1,098**
Raw materials	224	262
Merchandise and finished products	185	262
Work-in-progress and semi-finished goods	359	439
Consumables and spare parts	132	131
CO2 quotas	6	4
Breakdown of impairment losses:		
- At beginning of period	**(154)**	**(144)**
- (Impairment)/net reversals for the period	(3)	(9)
- Translation adjustments and other movements	-	(1)
- At period close	**(157)**	**(154)**

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

9.2. Trade and other receivables

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

Accounting method	Estimates and judgements
Receivables are booked at transaction value at initial recognition and are subsequently measured at each reporting date at amortised cost. Foreign currency receivables and payables are re-measured at the prevailing foreign exchange rate at period end. The resulting translation adjustments are recognised in current operating income or in net financial income (other financial income and expenses) depending on the type of receivable or debt. The Group's portfolio of trade receivables is measured to take into account the expected loss rate at maturity in this portfolio. This rate is determined by qualifying the customer portfolio according to its risk exposure, with secured receivables limiting the expected level of risk of loss, and by assessing the probability of default and the impact of the expected loss on the portfolio, based on historical losses on receivables, the age of the receivable and an assessment of the risks involved. Individual impairment losses are recognised for receivables where they are more than likely not to be recovered and it is possible to reasonably measure the amount of the impairment based on historical losses on receivables, the age of the receivable and an assessment of the risks involved. This impairment, offset in Current operating income, is deducted from the gross value of the receivable. Receivables disposed of under a securitisation contract are removed from the balance sheet when the Eramet Group has transferred the contractual rights to collect the cash amount and where almost all the risks and rewards attached to these receivables have been transferred to the transferee. Where risks remain but do not prejudice the removal of the receivables from the balance sheet, they are recognised under Other operating receivables together with the related security deposits (Note 9).	Determining the expected level of loss on the collection of receivables requires judgement. The impairment loss is calculated consistently based on historical losses on receivables, the age of the receivable and an assessment of the risks involved for each receivable category.

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

(€ millions)	Gross amount	Impairment	Net amount 31/12/2020	Net amount 31/12/2019
At beginning of period	**805**	**(184)**	**621**	**616**
Change in gross amount	49		49	(23)
Impairment losses for the period		(8)	(8)	(2)
Changes in working capital requirement – cash flows			41	(25)
Translation adjustments and other movements	(24)	6	(18)	30
At period close	**830**	**(186)**	**644**	**621**
Trade receivables	**359**	**(11)**	**348**	**362**
Tax and payroll receivables	146	(3)	143	131
Security deposit – securitisation agreement	15	-	15	7
Other operating receivables	202	(66)	136	115
Other current assets	**363**	**(69)**	**294**	**254**
Other receivables	108	(106)	2	5
Other non-current assets	**108**	**(106)**	**2**	**5**
Total	**830**	**(186)**	**644**	**621**

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

Tax and payroll receivables include a VAT credit amount to the Gabonese government of €61 million at 31 December 2020 for 2017, 2018 and 2019 (€53 million at 31 December 2019).

Securitisation of customer receivables

The Eramet Group uses factoring or securitisation as a source of funding for its receivables. Under these agreements, certain subsidiaries in France and the United States have committed to banking institutions to transfer their trade receivables totalling €131 million at 31 December 2020 (€172 million at 31 December 2019). The analysis of the transfer of risks and rewards resulted in full deconsolidation.

A security deposit may be required to cover the commitments given by the transferor subsidiaries to the financing company and will be returned upon the settlement of the transaction. It consists of reserves to hedge against credit risk, delayed payment risk and dilution risk. This deposit amounted to €15 million at 31 December 2020 (31 December 2019: €7 million).

(€ millions)	31/12/2020	31/12/2019
Trade receivables – Invoices assigned	(131)	(172)
Trade receivables – Invoices not deconsolidated	-	-
Other operating receivables – Security deposit	15	7

9.3. Trade and other payables

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

(€ millions)	31/12/2020	31/12/2019
At beginning of period	**915**	**800**
Changes in working capital requirement	151	77
Change in payables on non-current assets	(36)	33
Translation adjustments and other movements	(22)	5
At period close	**1,008**	**915**
Trade payables	**541**	**458**
Tax and payroll payables	336	312
Other operating payables	76	45
Payables on non-current assets	24	68
Deferred income	31	31
Other current liabilities	**467**	**456**
Other non-current liabilities	-	1
Other non-current liabilities	**-**	**1**

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

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

Note 10 – Investments

The Eramet Group groups its investments into two categories:

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

10.1. Acquisition of non-current assets

(€ millions)	Financial year 2020	Financial year 2019
Capital expenditure on property, plant & equipment for the period	289	421
Capital expenditure on intangible assets for the period	53	34
Total industrial capital expenditure	**342**	**455**
Change in payables for the acquisition of non-current assets	18	(33)
Acquisition of equity investments	-	1
Total acquisition of non-current assets – Statement of cash flows	**360**	**423**

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

Accounting method

Property, plant and equipment are stated in the balance sheet at their carrying amount, which is the acquisition or manufacturing cost less depreciation and impairment of losses incurred.
Land is not depreciated.
Spare parts deemed to be items of property, plant and equipment are capitalised and depreciated on the basis of their actual use.
Tooling specifically manufactured for certain customers is capitalised and depreciated over its likely useful life.
Major repairs are deemed to be components of items of property, plant and equipment.
Borrowing costs that are directly linked to the acquisition or production of an asset are incorporated into that asset's cost.
At the beginning of the operations, a provision is made to take into account the obligations to restore the mining site, offset by an environmental and decommissioned asset. Decommissioned assets recognised against provisions are written down over the planned operating life of the mining reserves and resources intended for the plant or for export and are measured with respect to the estimated long-term nature of current licences. Revisions to these restoration cost estimates correct the value of this asset and provision by prospectively allocating the result over the period of operation, including the current year.

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

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

Estimates, assumptions and judgements

Judgement is exercised to determine all the expenses (i.e. labour, overheads) directly associated with the acquisition, construction, improvement or development of a non-current asset, including the costs of bringing it to the location and in the state that is required for its use as planned by Management.
Expenses for non-current assets are no longer capitalised once the non-current asset is practically completed and is capable of functioning as intended. To determine whether these conditions are met, a review must be carried out of the considerations applied in the same industries, predetermined by the Management's judgement with reference to the factors affecting the expected production capacity.
Where a non-current asset is composed of individual components which call for different methods or depreciation rates, judgement is exercised to determine how best to split the asset. Distinguishing between inspections and major revisions for repair and maintenance, and determining the appropriate period for amortising these costs, are a matter of judgement.

10.2.1. Property, plant and equipment by category

(€ millions)	Gross amount	Depreciation & amortisation	Impairment losses value	Gross amount 31/12/2020	Gross amount 31/12/2019
Land and buildings (1)	1,125	(771)	(148)	206	446
Industrial and mining facilities (2)	4,336	(2,678)	(376)	1,282	1,346
Other property, plant and equipment (3)	940	(631)	(20)	289	302
Work-in-progress, down-payments	472	-	(122)	350	368
Total	**6,873**	**(4,080)**	**(666)**	**2,127**	**2,462**
(1) including					
- IFRS 16 lease assets	*33*	*(18)*	*(10)*	*5*	*16*
(2) including					
- IFRS 16 lease assets	*120*	*(72)*	*(46)*	*2*	*36*
- Decommissioned assets – site restoration	*349*	*(134)*	*-*	*215*	*147*
(3) including					
- IFRS 16 lease assets	*55*	*(55)*	*-*	*-*	*5*

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

(€ millions)	Gross amount	Depreciation & amortisation	Impairment losses value	Gross amount 12/31/20	Gross amount 12/31/19
Rights of use relating to land and buildings	33	(8)	(4)	21	29
Rights of use relating to industrial and mining facilities	15	(5)	-	10	11
Rights of use relating to land and buildings	68	(18)	(1)	49	52
Total	**116**	**(31)**	**(5)**	**80**	**92**

10.2.3. Change over the period

(€ millions)	Financial year 2020	Financial year 2019
At beginning of period	**2,554**	**2,287**
Property, plant and equipment		
Investments for the period	289	420
Disposals for the period	(6)	(5)
Depreciation & amortisation for the period	(244)	(255)
Impairment losses for the period	(486)	(27)
Change in the gross amount of decommissioned assets	84	47
Change in lease non-current assets	-	1
Change to consolidation scope	-	(0)
Effect of hyperinflation	39	13
Translation adjustments and other movements	(10)	(19)
Lease rights of use (type of property, plant and equipment)		
First application of IFRS 16	-	94
Change in rights of use for IFRS 16 leases	12	12
Amortisation of IFRS 16 rights of use in the period	(19)	(14)
Depreciation of IFRS 16 rights of use in the period	(5)	-
Translation adjustments and other movements on IRFS 16 rights of use	-	-
At period close	**2,208**	**2,554**

10.3. Intangible assets

Accounting method	Estimates and judgements
Intangible assets are stated in the balance sheet at their carrying amount, which is the acquisition cost less amortisation and any impairment of losses incurred. IFRS 16-eligible leases on assets classified as "intangible assets" are recognised on the balance sheet at lease commencement for the present value of the future fixed payments (on the asset line concerned by what are referred to as IFRS 16 lease-purchase contracts and on a "lease rights of use" line for operating leases). Leases where the underlying assets have a low value and/or are for a short term (12 months or less) are accounted for as a lease expense according to the exemptions permitted by the standard. *Goodwill* Goodwill is the difference between the acquisition price of an entity and the Eramet Group's share in the fair value of the identifiable asset or liability (including possible liabilities) of the acquired entity at the acquisition date. It is recognised at cost, less accumulated impairment losses. Goodwill in associates and joint ventures is recognised under investments in joint ventures and associates (Note 9). *Mining reserves* Amounts capitalised with respect to mineral deposits relate to partial asset contributions or permits acquired since 1974. Depending on the specific operating characteristics, mining reserves are amortised on the basis of the ratio of annual production to the estimated reserves or the length of the concession. *Geology, prospecting and research expenses* Geology, prospecting and research expenses incurred prior to operation are recognised as intangible assets, in compliance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The royalties paid for mining prospecting and exploration are also recognised under intangible assets.	Judgement must be used to determine whether the expenditure on intangibles can be recognised as an intangible asset. If its useful life is limited in time, the intangible asset is amortised on a straight-line basis over the estimated useful life. The goodwill is allocated to the cash-generating unit from where it arose, for the purposes of impairment testing.

At 31 December 2020, as at 31 December 2019, the Group had no rights of use to an "intangible" asset under leases or lease-purchase arrangements (IFRS 16).

10.3.1. Intangible assets by category

(€ millions)	Gross amount	Depreciation & amortisation	Impairment losses value	Gross amount 31/12/2020	Gross amount 31/12/2019
Goodwill	216	-	(15)	201	207
Gabon mining reserves	61	(41)	-	20	20
Senegal mining reserves	100	(7)	-	93	96
New Caledonia mining reserves	47	(37)	-	10	11
Other geology, prospecting and research expenses	57	(21)	-	36	42
Software	129	(116)	(1)	12	14
Other intangible assets	51	(39)	-	12	22
Work-in-progress, down-payments	116	-	(20)	96	49
Total	**777**	**(261)**	**(36)**	**480**	**461**

Net goodwill of €201 million at 31 December 2020 (31 December 2019: €207 million) mainly stems from:

- the acquisition of the Norwegian company Eralloys Holding A/S in 2008 for €150 million (31 December 2019: €150 million), allocated to the Eramet Norway CGU;
- and the acquisition of Mineral Deposit Limited on 1 July 2018, resulting in goodwill of €51 million (31 December 2019: €56 million) allocated to the Mineral Sands CGU.

10.3.2. Change over the period

(€ millions)	Financial year 2020	Financial year 2019
At beginning of period	**461**	**455**
Investments for the period	53	34
Disposals for the period	-	-
Depreciation & amortisation for the period	(18)	(15)
Impairment losses for the period	(3)	(1)
Reversals in the period	-	1
Change to consolidation scope	-	-
Revised goodwill amount for Mineral Sands	-	(22)
Hyperinflation	1	2
Translation adjustments and other movements	(14)	7
At period close	**480**	**461**

10.4. Impairment of assets and impairment losses

Accounting method

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

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

Impairment losses are calculated as the difference between the recoverable and net book value and are recognised in the income for the period under Other operating income and expenses (Note 6).

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

Estimates, assumptions and judgements

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

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

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

At 31 December 2020, the Eramet Group is divided into ten CGUs, distributed as follows:

- 2 CGUs in the Nickel Business Unit;
- 4 CGUs in the Manganese Business Unit;
- 1 CGU in the Mineral Sands Business Unit;
- 1 CGU in the Lithium Business Unit;
- 2 CGUs in the High Performance Alloys Division.

These are unchanged from 31 December 2019.

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

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

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

To determine the value in use, the Eramet Group uses the method of discounted future cash flows generated from the use of the assets. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multiyear plans prepared by the Management of the CGUs concerned. These plans are created on the basis of 5-year projections, in keeping with mining and industrial cycles, plus a final value corresponding to the capitalisation to infinity of normative cash flows. Plans for certain CGUs are prepared for longer periods corresponding to the operating period of the sites without assigning a terminal value.

The growth rates used are the same as those used in budgets. The growth rates to infinity used for the terminal values are generally between 1% and 1.5%, depending on the CGU.

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

- 10.0% for mining activities (also 10.0% in 2019);
- 8.9% for alloy activities (also 8.9% in 2019);
- 10.0% for the Mineral Sands CGU (10.5% in 2019).

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

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

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

(€ millions)	31/12/2019	Impairment FY 2020	Translation adjustments and other	31/12/2020
Nickel BU	(20)	(54)	3	(71)
High Performance Alloys Division	(261)	(231)	60	(432)
Manganese BU	(12)	(80)	(7)	(99)
Mineral Sands BU	-	-	-	-
Lithium BU	-	(113)	24	(89)
Holding and others	(1)	(16)	1	(16)
Total	**(294)**	**(494)**	**81**	**(707)**
Goodwill	(15)	(1)	1	(15)
Intangibles	(18)	(2)	(1)	(21)
Property, plant and equipment	(261)	(486)	81	(666)
IFRS 16 rights of use	-	(5)	-	(5)

10.4.1. Sensitivity

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

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

SLN CGU – Nickel BU

The value in use is extremely sensitive to the price of nickel – the main hypothesis of the impairment test for this CGU.

This commodity is traded on the London Metal Exchange (LME). Directly observable forward prices do not reflect the long-term price. The values used are determined by reference to the average sector values and are more conservative than this average.

The selected prices are thus integrated into the multi-year business plan, which allows the cash flow projections of the CGU to be determined.

However, there is strong interdependence between the different variables, namely the value of the dollar, the price of Brent crude oil and the price of nickel, which generally do not impact the test in the same way.

A decrease of USD 0.5/lb in the target nickel price, a 0.5% increase in the discount rate, or a decrease of 0.5% in the long-term growth rate under identical operating conditions would not result in recognition of an impairment loss, however, would reduce the margin of comfort on SLN. On the other hand, if the long-term price levels were to be revised downwards substantially and/or the economic conditions required for the rescue plan (see Note 2.4) were not fulfilled, the test could result in an impairment loss.

Gabon and manganese alloys CGUs – Manganese BU

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

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

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

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

Mineral Sands CGU

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

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

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

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

Aubert & Duval CGU – High Performance Alloys Division

As indicated in Note 2.1, a material impairment was booked in 2020 on the Aubert & Duval CGU to factor in the consequences of the Covid-19 pandemic on the aeronautics market. Aubert & Duval's business plan is based on the estimates of prime manufacturers and A&D's capacity to deliver its products in the context of the reorganisation under way. If these conditions are not met or if they are significantly delayed, additional impairment losses may be booked.

Erasteel CGU – High Performance Alloys Division

Sandouville CGU – Nickel BU

Impairments were recognised for these two CGUs in the amount of €34 millions and €54 millions, respectively (see Note 2.1). Delays to business plans caused by market conditions (the automotive and electronics markets) would not have a material impact, since tested assets are largely depreciated.

Lithium CGU

As stated in Note 2.2, following the mothballing of the Lithium project in Argentina, the Lithium CGU has been written down significantly, to the tune of €144 millions, including €113 millions of assets depreciation and €31 millions of costs for mothballing. In the current favourable context for lithium, the residual value maintained on the balance sheet, based on estimated reserves and industry comparables, could be revised upwards depending on the future of the project.

10.4.2. Residual values by CGU group

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

(€ millions)	Financial year 2020	Financial year 2019
Nickel BU		
Net intangible assets and property, plant & equipment*	572	620
Working capital requirement	67	112
Total	**639**	**732**
High Performance Alloys Division		
Net intangible assets and property, plant & equipment*	101	304
Working capital requirement	238	326
Total	**338**	**630**
Manganese BU		
Net intangible assets and property, plant & equipment*	1,257	1,230
Working capital requirement	180	340
Total	**1,437**	**1,569**
Mineral Sands BU		
Net intangible assets and property, plant & equipment*	660	703
Working capital requirement	15	20
Total	**675**	**722**
Lithium BU		
Net intangible assets and property, plant & equipment*	50	103
Working capital requirement	(13)	(32)
Total	**37**	**71**
Holding and others		
Net intangible assets and property, plant & equipment*	47	55
Working capital requirement	(11)	(5)
Total	**36**	**50**
Eramet Group		
Net intangible assets and property, plant & equipment*	2,687	3,015
Working capital requirement	475	760
TOTAL	**3,162**	**3,775**

*Including rights of use for leases.

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

10.5. Investments in joint ventures and associates

Accounting method	Estimates, assumptions and judgements
Joint ventures are companies over which Eramet has joint control, meaning that the decisions concerning the relevant activities require the unanimous consent of all controlling parties. Associates are companies over which the Eramet Group has significant influence. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. Their carrying amount includes the goodwill determined at their acquisition less accumulated impairment. The consolidated financial statements include Eramet's share in earnings and the equity movements of the companies accounted for using the equity method, after adjustments to bring the accounting rules of those companies in line with those of the Eramet Group. The dividends received from joint ventures and associates are deducted from their balance sheet value. An impairment test is carried out when there are indicators that the recoverable amount may fall below its carrying amount (Note 10).	Significant influence exists when Eramet has the powers to take part in financial and operating decisions of the Company but does not exercise control or joint control over these policies. Eramet has significant presumed influence if it holds 20% to 50% of the voting rights of a company. Eramet Group's General Management determines the existence of events calling for impairment testing under the same conditions as those given in the Impairment of assets section.

10.5.1. Breakdown by entity

(€ millions)			Share of profit (loss)	Share of .areholders' equity	Share of profit (loss)	Share of .areholders' equity
Company	**Country**	**% holding**	**Financial year 2020**	**31/12/2020**	**Financial year 2019**	**31/12/2019**
Ukad	France	50%	8	-	(2)	(8)
Total joint ventures			**8**	**-**	**(2)**	**(8)**
Strand Minerals – Weda Bay	Indonesia	43%	79	99	(2)	29
EcoTitanium	France	22%	(1)	-	(2)	1
Total associates			**78**	**99**	**(4)**	**30**
Total investments in joint ventures and associates			**86**	**99**	**(7)**	**22**

The Strand Minerals-Weda Bay line includes the share of profit (loss) generated by the entity attributable to the Eramet Group in the amount of €48 million.

It also includes €31 million essentially linked to recognition of deferred tax assets on the revaluations posted for the equity consolidation of the platform in June 2018 (the negative difference between the depreciation base of the assets in local data and in consolidated data). The rationale for recognition of these items in the period is the successful start-up of the activity and its future prospects.

10.6. Other non-current financial assets

Accounting method	Judgements
Other non-current financial assets include other long-term financial assets and non-consolidated equity investments. Other long-term financial assets relate to loans or current accounts extended to non-consolidated companies or companies under joint control. They are initially recognised at fair value plus acquisition costs and are measured on each reporting date at amortised cost using the effective interest rate (EIR) method, less any offsetting provisions for impairment losses recognised in financial income for the period. Non-consolidated equity investments are recognised in the balance sheet at their acquisition cost or their value on the date of their	The Eramet Group has divided its non-consolidated subsidiaries into two categories: controlled companies that are not consolidated owing to their low impact on the Eramet Group's financial statements; non-controlled companies corresponding to holdings in companies over which the Eramet Group has no control or significant influence.

deconsolidation, less any offsetting provisions for impairment losses recognised in income for the period, to reflect changes in the fair value of this asset category.	

10.6.1. By category

(€ millions)	Gross amount	Impairment	Gross amount 31/12/2020	Gross amount 31/12/2019
Deposits and guarantees	16	-	16	13
Other financial assets	318	(136)	182	226
Other non-current financial assets	**334**	**(136)**	**198**	**257**
Non-consolidated equity investments	166	(148)	18	18
Total	**500**	**(284)**	**216**	**257**

Other non-current financial assets chiefly relate to financial current accounts or loans granted to non-consolidated companies (essentially entities in the High-Performance Alloys Division) or equity affiliates (Weda Bay, UKAD, EcoTitanium), due in more than one year.

10.6.2. Change

(€ millions)	31/12/2020	31/12/2019
At beginning of period	**257**	**235**
Net change in financial assets - Statement of flows	(14)	22
Acquisition/disposal of equity investments	-	6
Impairment	(25)	(3)
Other movements	1	(3)
At period close	**219**	**257**

10.6.3. By currency (excluding consolidated equity investments)

(€ millions)	31/12/2020	31/12/2019
Euro	45	60
US dollar	145	142
CFP franc	8	14
Other currencies	3	23
Total	**201**	**239**

10.6.4. By interest rate type (excluding consolidated equity investments)

(€ millions)	31/12/2020	31/12/2019
Interest-free	8	7
Fixed interest rates	55	32
Variable interest rates	138	200
Total	**201**	**239**

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

10.6.5. Non-consolidated equity investments

(€ millions) Company	Country	% % holding	Gross amount	Impairment	Gross amount 31/12/2020	Gross amount 31/12/2019
Main controlled companies						
- AUBERT & DUVAL SA (Irun) (formerly Metallied)	Spain	100%	2	(2)	-	-
- Erasteel GmbH	Germany	100%	3	(0)	3	3
- Eramet Alloys UK Ltd	United Kingdom	100%	3	(1)	2	3
- Aubert & Duval Mold and Die Technology	China	85%	3	-	3	3
- Sodépal	Gabon	100%	13	(13)	-	-
- GCM Liquidation Co (formerly GCMC)	Gabon	100%	92	(92)	-	-
- Maboumine	Gabon	76,14%	26	(26)	-	-
- Main non-controlled companies:						
- Squad	India	50%	8	(5)	3	4
Other companies			16	(9)	7	5
Total			**166**	**(148)**	**18**	**18**

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

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

Note 11 – Taxes

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

Accounting method

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

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

Deferred tax is recognised as temporary differences between the carrying amount of the assets and liabilities measured for the purposes of financial reporting and the tax basis of those assets and liabilities measured at the income tax rate and tax laws enacted or substantively enacted at the reporting date and effective in the period in which these temporary differences should be used.
Deferred tax assets, including those related to loss carry-forwards, which are determined by fiscal entity, are recognised whenever it can be shown that they are likely to be realised.

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

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

The Group does not report deferred taxes on first-time recognition of the right of use and the lease liability, as it does when accounting for finance leases under IAS 17.

Estimates, assumptions and judgements

The Eramet Group operates in several countries. Its income is therefore taxed at various income tax rates. Given the magnitude of the operations and the complexity of tax regulations, the Eramet Group must assess uncertainties and exercise judgement to estimate the tax amount that it will eventually pay. The tax amount finally paid depends on various factors that include negotiations with tax authorities and the outcome of tax audits.
The Eramet Group estimates deferred tax based on the temporary differences between the assets and liabilities shown in its consolidated financial statements and the tax bases of these assets and liabilities determined under the applicable tax laws. The deferred tax asset amount is generally recognised insofar as a probable taxable profit will be available in the future against which deductible temporary differences can be used. Consequently, the deferred tax asset that is recognised and considered as realisable can be reduced if the projected profit cannot be obtained.

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

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

11.1. Income tax

(€ millions)	Financial year 2020	Financial year 2019
Current tax	(119)	(169)
Deferred tax	(2)	(58)
Income tax income (expense)	**(121)**	**(227)**

11.2. Effective tax rate

(€ millions)	Financial year 2020	Financial year 2019
Operating income	(455)	223
Financial income	(186)	(134)
Pre-tax profit (loss) of consolidated companies	**(641)**	**89**
Standard taxation rate in France (%)	**32,02%**	**34,43%**
Theoretical tax income/(expense)	**205**	**(31)**
Impact on theoretical tax of:		
- permanent differences between accounting and taxable profit	(45)	(21)
of which related to changes in consolidation scope	-	-
- taxes on dividend distribution (withholding tax)	(1)	(4)
- impairment of assets	-	1
- standard rate differences in foreign countries	(7)	4
- changes in the tax rate	(41)	(20)
- tax credits	0	3
- unrecognised or limited deferred tax assets	(216)	(129)
- miscellaneous items	(15)	(30)
Actual tax income/(expense)	**(121)**	**(227)**
Tax rate	**(19)%**	**254%**

Financial year 2020

Unrecognised or limited deferred tax assets relate mainly to the tax loss carry-forwards of Société Le Nickel-SLN, tax loss carry-forwards in France and the limited deferred taxes on asset impairments over the period.

The impact of changes in the tax rate boils down to the difference between the current rate (32.02%) and the deferred rate (25.83%) on the main bases of deferred tax assets in France.

Financial year 2019

Unrecognised or limited deferred tax assets relate mainly to the tax loss carry-forwards of Société Le Nickel-SLN and the French tax consolidation.

The impact of changes in the tax rate boils down to the difference between the current rate (34.43%) and the deferred rate (25.83%) on the tax loss carry-forwards of the French tax consolidation.

The difference in current tax rates of foreign countries comes mainly from Norway with a tax rate of 22%.

Miscellaneous items include those related to the Comilog tax audit.

11.3. Main standard tax rates in foreign countries

(%)	Financial year 2020	Financial year 2019
China	25,0%	25,0%
United States	22,25%	22,25%
Gabon	35,0%	35,0%
Norway	22,0%	22,0%
New Caledonia	35,0%	35,0%
Sweden	21,4%	21,4%

11.4. Change in tax receivables and tax payables

(€ millions)	31/12/2020	31/12/2019
At beginning of period	**(35)**	**(113)**
Current tax – income statement	(119)	(169)
Tax paid	72	248
Translation adjustments and other movements	4	(1)
At period close	**(78)**	**(35)**
- current tax receivables	14	14
- current tax payables	(92)	(49)

11.5. Deferred taxes in the balance sheet

11.5.1. Breakdown by category

(€ millions)	**31/12/2020**	**31/12/2019**
Tax loss carry-forwards (*)	5	5
Intangible assets and property, plant & equipment	22	21
Inventory measurement	35	40
Financial instruments	8	8
Employee-related liabilities	48	58
Other provisions for liabilities and charges	42	41
Other items	21	21
Deferred tax assets before netting	**181**	**194**
Deferred tax netting by tax entity	(179)	(186)
Deferred tax assets	**2**	**8**
Regulated provisions and special amortisation and depreciation	(294)	(296)
Intangible assets and property, plant & equipment	(64)	(66)
Inventory measurement	(14)	(16)
Financial instruments	(5)	-
Employee-related liabilities	-	(5)
Other provisions for liabilities and charges	(12)	(14)
Distribution of dividends	(3)	(3)
Other items	(9)	(9)
Deferred tax liabilities before netting	**(401)**	**(409)**
Deferred tax netting by tax entity	179	186
Deferred tax liabilities	**(222)**	**(223)**
Net deferred tax liabilities	**(219)**	**(215)**

(*) Limited deferred tax assets for tax loss carry-forwards	729	618

11.5.2. Change in deferred taxes in the balance sheet

(€ millions)	Assets	Liabilities	Net Financial year 2020	Net Financial year 2019
At beginning of period	**8**	**(223)**	**(215)**	**(201)**
Deferred tax offset in shareholders' equity	1	(4)	(3)	2
Deferred tax on profit (loss)	(14)	12	(2)	(58)
Deferred tax netting by tax entity	7	(7)	-	-
Other movements	1	(1)	-	45
Translation adjustments and other	(1)	2	1	(3)
At period close	**2**	**(221)**	**(219)**	**(215)**

Note 12 – Employee charges and benefits

12.1. Workforce and personnel costs

12.1.1. Average workforce and workforce at end of period by Division

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

	Financial year 2020 Average workforce	31/12/2020 Workforce at period end	Financial year 2019 Average workforce	31/12/2019 Workforce at period end
Workers	1,427	1,482	1,334	1,401
Administrative, Technical and Supervisory staff	655	667	644	641
Management	197	202	178	183
Nickel BU	**2,279**	**2,351**	**2,156**	**2,225**
Workers	2,110	2,125	1,961	1,980
Administrative, Technical and Supervisory staff	1,436	1,478	1,383	1,381
Management	652	671	611	630
Manganese BU	**4,198**	**4,274**	**3,954**	**3,991**
Workers	438	411	447	505
Administrative, Technical and Supervisory staff	349	358	304	306
Management	192	196	187	184
Mineral Sands BU	**978**	**965**	**938**	**995**
Workers	20	10	33	29
Administrative, Technical and Supervisory staff	82	57	54	85
Management	23	16	23	26
Lithium BU	**124**	**83**	**111**	**140**
Workers	2,513	2,391	2,629	2,606
Administrative, Technical and Supervisory staff	1,578	1,560	1,552	1,591
Management	603	599	566	594
High Performance Alloys Division	**4,694**	**4,550**	**4,748**	**4,791**
Workers	0	0	0	0
Administrative, Technical and Supervisory staff	177	176	162	172
Management	296	297	268	286
Holding and others	**473**	**473**	**429**	**458**
Workers	6,508	6,419	6,404	6,521
Administrative, Technical and Supervisory staff	4,276	4,296	4,099	4,176
Management	1,962	1,981	1,833	1,903
Total	**12,746**	**12,696**	**12,336**	**12,60**

The total workforce managed in the HR reporting system implemented by the Group, which includes non-consolidated companies and companies accounted for using the equity method (excluding Weda Bay), totalled 13,129 employees at 31 December 2020 (13,097 employees at 31 December 2019).

12.1.2. Personnel costs by category

(€ millions)	Financial year 2020	Financial year 2019
Wages and salaries	(518)	(512)
Social security contributions and other personnel costs	(201)	(188)
Profit sharing	(6)	(15)
Share-based payment	(6)	(9)
Personnel costs subtotal	**(731)**	**(724)**
Personnel costs – temporary staff	(27)	(29)
Total personnel costs including temporary staff	**(757)**	**(753)**
Personnel costs (including temporary staff) as % of sales	21%	20%

12.2. Employee-related liabilities

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

Accounting method

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

Defined contribution plans

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

Defined benefit plans and other long-term benefits

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

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

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

Estimates, assumptions and judgements

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

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

The rates vary from country to country:

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

12.2.1. Main actuarial assumptions and related sensitivity

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

	31/12/2020		31/12/2019	
	Rate		Rate	
	Discount	Inflation	Discount	Inflation
EuroZone	0,80%	1,80%	1,10%	1,80%
United States	2,30%	2,00%	3,00%	2,00%
Norway	1,70%	1,75%	2,40%	1,75%
New Caledonia	1,70%	1,50%	2,10%	1,50%
Gabon	5,00%	3,00%	7,00%	2,50%
Senegal	4,00%	2,00%	8,00%	2,00%

12.2.2. Sensitivity

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

(€ millions)	Discount rate				Inflation rate			
	Increase +0,5%		Decrease -0,5%		Increase +0,5%		Decrease -0,5%	
	in €M	*in %*	in €M	*in %*	in €M	*in %*	in €M	*in %*
France	(19)	*-9%*	15	*7%*	(2)	*-1%*	-	*0%*
United States	(2)	*-6%*	2	*6%*	-	*0%*	-	*0%*
Norway	(0)	*-6%*	-	*0%*	-	*0%*	(1)	*-13%*
New Caledonia	(2)	*-4%*	2	*4%*	-	*0%*	-	*0%*
Gabon	(1)	*-3%*	1	*3%*	-	*0%*	-	*0%*
Senegal	(0)	*0%*	0	*0%*	-	*0%*	-	*0%*
Other countries	(1)	*-8%*	1	*9%*	1	*11%*	(1)	*-11%*
Total	**(25)**	***-7%***	**21**	***6%***	**(1)**	***0%***	**(2)**	***-1%***

12.2.3. Description of the main defined benefit plans and associated risks

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

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

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

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

12.2.4. Risks associated with the plans

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

12.2.5. Governance policy

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

12.2.6. Investment policies and risk management initiatives

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

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

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

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

12.2.7. Overall cost of employee-related liabilities

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

(€ millions)	Pension plans		Retirement package		Other benefits		Total employee related liabilities	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	2	2	7	7	3	3	12	12
Past service cost (1)	-	(7)	-	-	-	-	-	(7)
Net interest expense	1	1	3	3	1	1	5	5
Other adjustments					(2)	2	(2)	2
Cost recognised in income	**3**	**(4)**	**10**	**10**	**2**	**6**	**15**	**12**
Impact of revaluation on commitments	2	23	(5)	8	(1)	2	(4)	33
- experience	1	9		-		1	1	10
- demographic assumptions		-		-		-	-	-
- financial assumptions	1	14	(5)	8	(1)	1	(5)	23
Impact of revaluation on pension plan assets	(1)	(5)		-			(1)	(5)
Cost recognised in other comprehensive income	**1**	**18**	**(5)**	**8**	**(1)**	**2**	**(5)**	**28**
Total cost recognised in comprehensive income	**4**	**14**	**5**	**18**	**1**	**8**	**10**	**40**

12.2.8. Change in obligations and plan assets

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

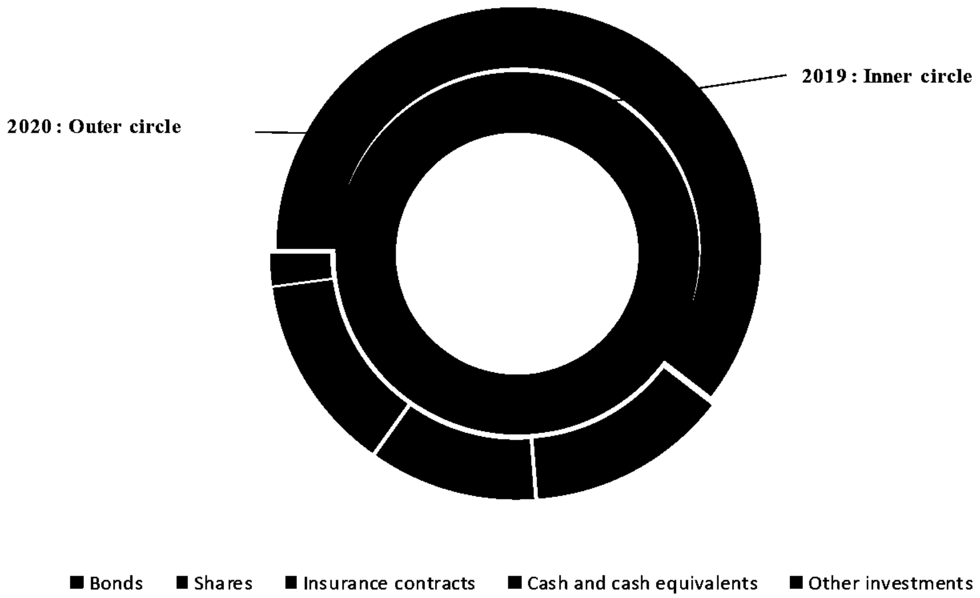
(€ millions)	Pension plans		Retirement package		Other benefits		Total employee-related commitments	
Change in obligation	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Obligation at beginning of period	**183**	**166**	**117**	**105**	**50**	**46**	**350**	**317**
- Cost recognised in income	4	(2)	10	10	3	4	17	12
- Impact of revaluation	2	23	(5)	8	(1)	4	(4)	35
- Contributions and benefits paid	(6)	(6)	(5)	(7)	(3)	(4)	(14)	(17)
- Change to consolidation scope		-		-		-	-	-
- Translation differences and other movements	(7)	2		1	1	-	(6)	2
Obligation at period close	**176**	**183**	**117**	**117**	**50**	**50**	**343**	**349**
Obligation attributable to								
- Working beneficiaries	*43*	*68*	*117*	*117*	*43*	*43*	*203*	*228*
- Beneficiaries entitled to deferred benefits	*17*	*13*					*17*	*13*
- Pensioners	*116*	*102*			*7*	*7*	*123*	*108*
	176	*183*	*117*	*117*	*50*	*50*	*343*	*349*
Commitments								
- prefinanced	*147 84%*	*142 78%*	*51 44%*	*52 44%*	*-*	*-*	*198 58%*	*194 56%*
- not financed	*29 16%*	*41 22%*	*66 56%*	*65 56%*	*50 100%*	*50 100%*	*145 42%*	*155 44%*
	176	*183*	*117*	*117*	*50*	*50*	*343*	*349*
Change in plan assets								
Fair value of plan assets at beginning of period	**110**	**106**	**25**	**24**			**135**	**130**
- Interest income recognised in income	2	3		1			2	4
- Impact of revaluation	1	5					1	5
- Contributions paid	16	-			1	1	17	1
- Benefits paid	(5)	(4)			(1)	(1)	(6)	(5)
- Change to consolidation scope	-						-	-
- Translation differences and other movements	(6)	-					(6)	(1)
Fair value of plan assets at period close (II)	**118**	**110**	**25**	**25**	-	-	**143**	**134**
Plan assets								
- Listed on an active market	*116 98%*	*107 97%*	*25 100%*	*25 100%*	*-*	*-*	*141 99%*	*132 95%*
- Unlisted	*2 2%*	*3 3%*	*-*	*-*	*-*	*-*	*2 1%*	*2 1%*
	118	*110*	*25*	*25*	*-*	*-*	*143*	*134*
Net liabilities in the balance sheet (I) - (II)	**58**	**73**	**92**	**92**	**50**	**50**	**200**	**215**

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

(€ millions)	31/12/2020				31/12/2019			
	Current value bonds (a)	Fair value of assets plan (b)	Net liabilities on the balance sheet (a) + (b)	Hedging rate position - (b) / (a)	Current value bonds (a)	Fair value of assets plan (b)	Net liabilities on the balance sheet (a) + (b)	Hedging rate position - (b) / (a)
France	210	(97)	113	46,2%	217	(85)	132	39,2%
United States	36	(25)	11	69,4%	37	(27)	10	73,0%
Norway	8	(2)	6	25,0%	9	(3)	6	33,3%
New Caledonia	45	(12)	33	26,7%	47	(12)	35	25,5%
Gabon	35	-	35	-	30	-	30	-
Senegal			-	-	-	-	-	-
Other countries	9	(7)	2	77,8%	9	(7)	2	77,8%
Total	**343**	**(143)**	**200**	**41,7%**	**349**	**(134)**	**215**	**38,4%**

The chart below illustrates how the funds are invested.

Distribution as a percentage of funds investments by asset class



12.2.9. Projected cash outflows

The global average term was 12 years at 31 December 2020 (31 December 2019: 11.6 years).

In 2021, contributions for employee-related liabilities are estimated at €10 million. Future benefits, whether paid by levies on investments or directly by the Eramet Group, are estimated at €16 million.

12.10. Bonus share plan and share-based payments

Accounting method

The Eramet Group has established various share award plans that are all equity-settled plans: "democratic" plans open to all employees that are not subject to performance criteria and "selective" plans open to certain employees and corporate officers subject to performance requirements.
The fair value of the services received in consideration for the granting of these options is definitively measured with reference to the fair value of the options on the grant date and the number of options that will have vested by the end of the vesting period.
The total fair value thereby determined is apportioned on a straight-line basis over the full vesting period for the plans, with the number of vested exercisable options assumed at the beginning of the vesting period being reviewed at every reporting date.
This fair value is recognised in Current operating income as administrative and selling expenses, offset by an increase in shareholders' equity.

Estimates, assumptions and judgements

Judgement must be exercised to determine the fair value of share award plans at the award date.
The fair value of "democratic" plans is estimated using the Black-Scholes-Merton model.
"Selective" plans are subject to two performance conditions: one intrinsic condition based on the Eramet Group's financial performance and one external condition based on the Eramet stock performance. The fair value of these plans is measured using the Monte Carlo model.
The assumptions used to measure the plans are based on:

- expected volatility determined on the basis of an observation of the stock's historical performance;
- a risk-free zero coupon rate over the term of the plan;
- a future distribution rate based on the average for the last five years.

The bonus share awards to employees with tax residence in France fully vest after a two-year vesting period for democratic plans, and after three years for selective plans, on the understanding that the beneficiaries must retain the shares awarded to them for an additional two years.
The bonus share awards to employees with tax residence outside France fully vest and are freely transferable after a four-year period.

Share-based payments relate only to bonus share plans for the benefit of employees and settled in the form of shares. They represented an expense of €6 million for the 2020 reporting period (FY 2019: €9.0 million).

A new bonus share plan was granted on 12 March 2020:

Open to certain employees and corporate officers:

- a portion of the shares are subject to three performance conditions. The first, tied to corporate social responsibility, covers 20% of the shares. The second relates to internal conditions with two indicators (EBITDA and ROCE) covers 50%, and an external condition, covering 30%, yields an initial total of 117,940 shares; and
- part of the shares are not subject to performance conditions, for an initial total of 11,103 shares.

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

The characteristics of the two new bonus share plans for 2020 are as follows:

		Number of shares	Exercise price (€)	Maturity (years) (1)	Risk-free rate	Average dividend rate	Fair value of the option (euros) (2)
Plan open to all employees	France/Italy	-	free	-	-	-	-
	Worldwide	-	free	-	-	-	-
Plan open to certain employees and corporate officers	France/Italy	97,293	free	3 + 2	-0.65%	1.00%	22.35 / 16.02
	Worldwide	31,750	free	4 + 0	-0.57%	1.00%	22.13 / 16.73

(1) Maturity = vesting period + lock-in period.
(2) There are two fair values for bonus share plans subject to two performance conditions:
the first is the intrinsic condition and the second the external condition.

The change in the number of bonus share awards in the 2019 and 2020 reporting periods was as follows:

number of bonus shares	31/12/2020	31/12/2019
At beginning of period	**469,544**	**505,362**
New plans 2019/2020	129,043	149,385
Definitive allocations	(119,197)	(128,228)
Prescribed shares	(5,50)	(17,974)
Lapsed shares	(61,728)	(39,001)
At period close	**412,162**	**469,544**
Distribution by year of allocation		
2020	-	153,842
2021	120,940	138,247
2022	122,642	133,664
2023	137,960	43,791
2024	30,620	-

Note 13 – Provisions

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

Accounting method

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

Provisions for site restoration and decommissioning, provisions for environmental risks

The provisions for mining site restoration are recognised when mining sites are opened and as and when they show degradation and are then remeasured and accreted at each reporting date. Where there is a legal or contractual obligation to restore mining or industrial sites, a restoration provision is made, offset by an environmental and decommissioned asset. The provision is based on site-by-site estimates of the cost of this work. The asset is amortised over the life of the operation of the mine or the industrial site. Restoration costs are discounted over the period remaining until the expected end of operation of the mine or site, and the effects attributable to the passage of time (accretion expenses) are recognised in Net income for the period under Other financial income and expenses (see Note 7). Provisions are made for all other environmental contingencies on the basis of estimated future costs without, however, making any

allowance for insurance indemnities receivable. For industrial sites where there are no plans to discontinue operations, no provision is made for site restoration.
Depending on the governing laws in each country, an environmental bond issued by a banking or financial institution to the benefit of local authorities may need to be set up for the rehabilitation of mining and industrial sites.

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

Estimates, assumptions and judgements

Provisions for site restoration and decommissioning
The Group's industrial sites comply with the environmental regulations in force in each country where they are located. The Eramet Group must meet regulatory and constructive obligations with regard to the restoration of certain mining sites at the end of operation. Provisions for site restoration and decommissioning of industrial sites are estimated on the basis of forecast cash flows by maturity and discounted using an inflation rate and a discount rate determined in accordance with local economic conditions.
These provisions are recognised in relation to the immediate deterioration of an asset to be restored or decommissioned and changes in assumptions will therefore correct this value with a prospective effect.
The Eramet Group measures its provision for site restoration and decommissioning at each reporting date or as new information becomes available. The final costs of site restoration and decommissioning are therefore uncertain by their very nature. These uncertainties may lead to actual expenditure in the future whose amount may differ from the current provision amount. Therefore, major adjustments may be made to the provisions set aside, which may impact future income.

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

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

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

(€ millions)		Financial year 2020		Financial year 2019
At beginning of period		**662**		**605**
Allocations (reversals) for the period		(13)		-
- allocations for the period	52		97	
- used (reversals) for the period	(36)		(87)	
- unused (reversals) for the period	(29)		(10)	
Accretion expenses		9		9
Decommissioned assets		80		-
Translation adjustments and other movements		(2)		48
At period close		**736**		**662**
- Long-term portion		649		639
- Short-term portion		87		23
Environmental contingencies and site restoration		615		542
Employees		11		9
Other liabilities and charges		110		111

13.1. Site restoration, decommissioning and environmental risks

(€ millions)	31/12/2020	31/12/2019
Site restoration (*)	555	474
Environmental contingencies	60	68
Total	**615**	**542**
(*) Of which provisions offsetting a decommissioned asset	501	417
- Long-term portion	609	541
- Short-term portion	6	1

13.1.1. Site restoration and decommissioning

(€ millions)		Financial year 2020		Financial year 2019
At beginning of period		**474**		**413**
Allocations (reversals) for the period		(1)		2
- allocations for the period	6		6	
- used (reversals) for the period	-		(4)	
- unused (reversals) for the period	(7)		-	
Accretion expenses		9		9
Decommissioned assets		80		48
Translation adjustments and other movements		(7)		2
At period close		**555**		**474**
Le Nickel-SLN (New Caledonia) – Nickel BU		445		388
Comilog (Gabon) – Manganese BU		55		39
Eramet Marietta (United States) – Manganese BU		37		31
Comilog France – Manganese BU		13		13
Other companies		5		3

13.1.2. Regulatory framework of provisions for site restoration and decommissioning

New Caledonia

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

For industrial operations governed by ICPE (Installation Classified for the Protection of the Environment), the regulatory framework is based on Article 3 of the decision of the Southern Province of 25/09/2008, whose implementation involves the application of certain metropolitan circulars relating to site safety.

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

Gabon

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

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

United States

Provision is made for two key components:

- restoration of wastewater basins, a regulatory requirement contained in the local permit ("Permit to Install");
- work performed as part of the "Voluntary Action Plan" negotiated with the US Environmental Protection Agency (EPA) in 2010 in connection with the "Ohio waste laws" as part of the cessation

of activities at the North site (asbestos removal and decommissioning of the corresponding facilities).

Senegal

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

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

	31/12/2020		31/12/2019	
	Discount rate	**Inflation rate**	**Discount rate**	**Inflation rate**
United States	2,30%	2,00%	3,00%	2,00%
New Caledonia	1.70%	1,50%	2,10%	1,50%
Gabon	5,00%	3,00%	7,00%	2,50%

An increase or decrease of 0.25% in the discount rate would result in an increase or decrease of around €40 million in provisions at 31 December 2020 (31 December 2019: €23 million), mainly affecting Société Le Nickel-SLN in New Caledonia.

Estimated expenditure is allocated as follows in percentage terms:

(€ millions)	31/12/2020	31/12/2019
2021-2025 / 2020-2024	10%	12%
2026-2030 / 2025-2029	3%	3%
2031 and beyond / 2030 and beyond	87%	85%

13.2. Employees

(€ millions)	31/12/2020	31/12/2019
High Performance Alloys Division	5	4
Restructuring and redundancy plans	**5**	**4**
Other labour liabilities and charges	6	5
Total	**11**	**9**

13.3. Other liabilities and charges

(€ millions)		Financial year 2020		Financial year 2019
At beginning of period		**111**		**122**
Allocations (reversals) for the period		(2)		(9)
- allocations for the period	34		71	
- used (reversals) for the period	(24)		(70)	
- unused (reversals) for the period	(12)		(10)	
Translation adjustments and other movements		1		(3)
At period close		**110**		**111**
Provision for free return – Concession		21		12
Commercial disputes		73		62
Other provisions for liabilities and charges		16		36

The Commercial disputes line includes the provision for quality risk at Aubert & Duval (see Note 2).

Note 14 – Related-party transactions

Accounting method

Transactions with related parties comprise the following:

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

14.1. Ordinary transactions with non-consolidated companies and associates

14.1.1. Income statement

(€ millions)	Financial year 2020	Financial year 2019
Sales		
- Non-consolidated controlled subsidiaries	8	13
- Associates and joint ventures	4	4
Expenses included in current operating income		
- Non-consolidated controlled subsidiaries	(6)	(4)
- Associates and joint ventures	(85)	(34)
Net debt cost		
- Non-consolidated controlled subsidiaries	-	-
- Associates and joint ventures	1	-

Costs primarily relate to €70 million in ore purchases from Weda Bay entities (equity-accounted companies) and €12 million in Aubert & Duval's purchases from UKAD (equity-accounted companies).

14.1.2. Balance sheet

(€ millions)	Financial year 2020	Financial year 2019
Trade and other receivables		
- Non-consolidated controlled subsidiaries	3	6
- Associates and joint ventures	29	37
Trade and other payables		
- Non-consolidated controlled subsidiaries	4	5
- Associates and joint ventures	39	4
Net financial assets (liabilities)		
- Non-consolidated controlled subsidiaries	8	13
- Associates and joint ventures	188	200

14.2. Gross compensation and benefits to Directors and members of the Executive Committee

(€ thousand)	Financial year 2020	Financial year 2019
Short-term benefits		
- Fixed compensation	3,449	3,031
- Variable compensation	2,335	2,308
- Directors' fees	855	813
Other benefits		
- Post-employment benefits	1,353	1,349
- Retirement package	-	1,250
- Compensation paid in shares	1,274	2,190
Total	**9,266**	**10,941**

Note 15 – Off-balance sheet commitments, other commitments, contingent liabilities and other disclosures

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

15.1. Off-balance sheet commitments

(€ millions)	31/12/2020		31/12/2019	
Commitments made:		**84**		**77**
- Operating activities	78		72	
- Financing activities	6		5	
Commitments received:		**47**		**3**
- Operating activities	47		3	
Credit facilities		-		-

These commitments mostly relate to:

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

Repurchase transaction on bonds held by MSEC to CIC

MSEC entered into a repurchase agreement with CIC bank for bonds held by MSEC. The transaction is for the repo of €78 million of bonds in exchange for €72 million in funding.

The transaction was signed in October 2019 and ended in the period (April 2020).

Existing call options on EcoTitanium (equity consolidated) by UKAD (equity consolidated)

A shareholder agreement between UKAD, ADEME and CACF Développement (joint shareholders in the EcoTitanium entity) grants ADEME and CACF Développement puts on their entire share in the profit of UKAD. These puts are based on EcoTitanium and UKAD volumes and EBITDA or on the occurrence of specific events.

In this context, Aubert & Duval signed a joint and several guarantee agreement in the event that these puts are not financed.

At 31 December 2020, as at 31 December 2019, these puts have no impact on the consolidated financial statements.

Functional guarantees for the performance of business contracts

Functional guarantees are any commitments relating to business contracts, given by Eramet and its subsidiaries to clients.

These commitments mainly consist of advance payment bonds and product guarantees post-delivery of goods.

To finance the performance of the contract, the Eramet Group collects advance payments from the client. To guarantee their refund in case of a breach of its contractual obligations, the Eramet Group may, at the client's request, establish an advance payment bond. These bank guarantees amounted to €25.5 million at 31 December 2020 (31 December 2019: €22 million).

Product warranties fall under the Eramet Group's limit of liability defined contractually for each business contract. The Eramet Group does not recognise provisions for guarantees given that there have been no warranty claims from its clients.

The Eramet Group considers its financial risk relative to all the above guarantees to be low, based on historical data and on the existence of Civil Liability policies that would limit the financial consequences on the Group's consolidated financial statements.

SLN: retention of mining rights

On 5 February 2019, New Caledonia's congress passed amendments to Article LP 131-12-5 of the mining code which require mine operators to have surveyed their entire mining reserves, or risk forfeiture.

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

It now has a period that expires in December 2024 for its mining claims located in the South Province and in April 2025 for its mining claims in the North Province to provide research-based corroborating evidence of the existence of a resource essential for the SLN's process and thus avoid forfeiting its mining concessions.

Other commitments received

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

The amount drawn down at the end of 2020 was €180 million (from €170 million at 31 December 2019).

15.2. Other commitments

Trans-Gabonese railway concession – Setrag

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

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

This amendment thus provides for a Remedial Investment Plan estimated at €316 million over eight years, of which €93 million will be provided by the Gabonese state and €223 million by Setrag. The first phase of the financing required to implement this plan was put in place in 2016. The second phase is currently being negotiated for implementation in the first half of 2021.

At 31 December 2020, cumulative investments in the concessionaire part of the remedial investment plan amounted to €158.5 million. The IFC/Proparco loan was drawn down in 2020 in the amount of €2.6 million. A total of €3.8 million was repaid.

15.3. Contingent liabilities

Contingent liabilities arise from:

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

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

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

Review of the quality process within the High-Performance Alloys Division

As indicated in Note 2 "Key events", a provision of €44 million was maintained to take into account the estimated cost to date of completing the in-depth residual review of quality processes (€58 million at 31 December 2019 and €65 million at 31 December 2018).

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

15.4. Other information

Operational risks of the High Performance Alloys Division

The High Performance Alloys Division produces special steels and super alloys, particularly for the aeronautics industry, which are used in the construction of aircraft, helicopters and other equipment produced by its customers in the sector. As such, the Group may be indirectly or directly liable in the event of an incident, loss or accident, death of passengers or operating losses incurred on equipment containing parts manufactured by this Division.

As part of its risk management policy, the Division takes action to control these risks. The effectiveness of such action is reflected in the obtainment and renewal of accreditations or certifications related to this type of industry and the processing and validation, as necessary, of the validation process by customers of the manufactured parts. The Group has also taken out insurance policies to cover residual risks.

ICPE (Facilities Classified for Environmental Protection) regulation applicable to the Doniambo power plant

With respect to the Doniambo power plant (Plant B), the order of the President of the Assembly of South Province, New Caledonia, on 12 November 2009, set new, more stringent technical directives regarding airborne emissions. These are applicable to the new power plant (Plant C) at the latest by 1 September 2013.

Without a new plant, this deadline has been extended several times by additional orders including measures aimed at reducing airborne emissions from Plant B.

The most recent order dated 1 July 2019 expired on 11 June 2020. We await notification of a new additional order setting relatively similar requirements to those that already apply to the plant, for a period of five years.

15.5. Information on current procedures

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

Note 16 – Fees paid to the Statutory Auditors

(€ thousand)	Ernst & Young		KPMG		Other		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
Statutory audit, certification, examination of individual and consolidated financial statements								
- Eramet S.A.	196	194	188	219	-	-	384	413
- Fully consolidated companies	903	965	694	628	258	315	1,855	1,908
Sub-total	**1,099**	**1,159**	**882**	**847**	**258**	**315**	**2,239**	**2,321**
	72%	*75%*	*88%*	*90%*	*36%*	*37%*	*69%*	*69%*
Other work and services directly related to the statutory audit								
- Eramet S.A.	304	143	68	62	-	-	372	205
- Fully consolidated companies	82	208	20	-	81	20	182	228
Sub-total	**386**	**351**	**88**	**62**	**81**	**20**	**554**	**433**
	25%	*23%*	*9%*	*7%*	*11%*	*2%*	*17%*	*13%*
Other services provided by the statutory auditor firms to fully consolidated companies								
- Legal, tax and employee-related	39	37	-	-	135	261	174	298
- Other	9	-	37	37	242	265	288	302
Sub-total	**48**	**37**	**37**	**37**	**377**	**526**	**462**	**600**
	3%	*2%*	*4%*	*4%*	*53%*	*61%*	*14%*	*18%*
Total	**1,533**	**1,547**	**1,007**	**946**	**716**	**861**	**3,256**	**3,354**

Note 17 – Events after the reporting date

In May 2020, Eramet announced it had signed an agreement with Tronox Holdings plc for the sale of all shares of TTI (TiZir Titanium & Iron AS, "TTI"), TiZir's ilmenite transformation plant in Norway. Some conditions were attached to the sale, including obtaining regulatory approvals. Following the UK regulator's decision to challenge the transaction and refer the proposed acquisition to a Phase 2 investigation, Tronox notified Eramet that it was unilaterally terminating its agreement to acquire the TTI business, a move which stopped the sale process. The termination by Tronox triggered payment of an $18 million break fee in January 2021. The transaction recognised under IFRS 5 "Non-current assets held for sale and discontinued operations" at 30 June 2020 was booked as continued operation as at 31 december 2020 (as at 31 decembre 2019) as IFRS 5 criteria were not met at this date.

Note 18 – Consolidation principles and scope

18.1. Consolidation principles

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

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

The subsidiaries are accounted for using the equity method if Eramet exercises joint control or has significant influence (Note 9). The equity method of accounting consists of replacing the carrying amount of the holding in a joint venture or an associate by the acquisition cost of these shares adjusted for Eramet's share in the equity at the reporting date.

18.2. Translation of foreign currency-denominated transactions and financial statements

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

The financial statements of foreign entities with functional currencies other than the euro were translated using the official exchange rates at 31 December 2020 for balance sheet items, except for shareholders' equity, for which historical rates were applied. Items from the Income statement and Statement of cash flows are translated at the average rate over the period. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and profit (loss) for the period are allocated to reserves. Translation adjustments are carried as a change to shareholders' equity and broken down between Group and non-controlling interests. Where a foreign subsidiary ceases to be consolidated, the cumulative amount of translation differences is recognised in profit or loss for the period.

The main currencies used to prepare the consolidated financial statements for the 2019 and 2020 reporting periods are as follows (conversion into euro):

Currency/conversion rate for € 1	Financial year 2020		Financial year 2019	
	closing	average	closing	average
US dollar	1.2271	1.13997	1.1234	1.11987
Norwegian krone	10.4703	10.71691	9.8638	9.84907
Yuan Renminbi	8.0225	7.86664	7.8205	7.73305
CFA franc (pegged)	655.957	655.957	655.957	655.957
CFP franc (pegged)	119.33174	119.33174	119.33174	119.33174

18.3. Scope of consolidation

(number of companies)	31/12/2020	31/12/2019
Fully consolidated companies	45	46
Equity method companies	4	4
Number of consolidated companies	**49**	**50**

Financial year 2020

There were no changes to the scope of consolidation at 31 December 2020 compared to 31 December 2019, with the exception of:

- Transfer of all assets and liabilities (merger) of Valdi to ERASTEEL SAS;

Financial year 2019

There were no changes to the scope of consolidation at 31 December 2019 compared to 31 December 2018, with the exception of:

- the merger of DNN Industrier with TiZir Titanium & Iron;
- the sale of Eramet Comilog Shanghai Trading to Eramet International, leaving the scope of consolidation;
- the creation of Eramet Mineral Sands SAS, a subsidiary of Eramet S.A., fully consolidated.

18.4. List of companies within the scope of consolidation as at 31 December 2020

Company	Country	Head office	Consolidation method	Percentage (%) control	Percentage (%) interest
Eramet	**France**	**Paris**	**Consolidating entity**	-	-
Nickel					
Société Le Nickel-SLN	New Caledonia	Noumea	Fully consolidated	56	56
Weda Bay Minerals Inc.	Canada	Halifax	Fully consolidated	100	100
Strand Minerals Pte Ltd	Singapore	Singapore	Equity method	43	43
Pt Weda Nickel Ltd	Indonesia	Jakarta	Equity method	38.7	38.7
Eramet Holding Nickel	France	Paris	Fully consolidated	100	100
Eramet Sandouville	France	Sandouville	Fully consolidated	100	100
Eramet Nickel SAS	France	Paris	Fully consolidated	100	100
Manganese					
Eramet Holding Manganèse	France	Paris	Fully consolidated	100	100
Eramet Comilog Manganese	France	Paris	Fully consolidated	100	81.86
Eramet Marietta Inc.	United States	Marietta	Fully consolidated	100	100
Eramet Norway A/S	Norway	Porsgrunn	Fully consolidated	100	100
Comilog SA	Gabon	Moanda	Fully consolidated	63.71	63.71
Setrag S.A.	Gabon	Libreville	Fully consolidated	100	63.71
Comilog Holding	France	Paris	Fully consolidated	100	63.71
Comilog International	France	Paris	Fully consolidated	100	63.71
Port Minéralier d'Owendo S.A.	Gabon	Libreville	Fully consolidated	97.24	61.95
Comilog France	France	Paris	Fully consolidated	100	63.71
Comilog Dunkerque	France	Paris	Fully consolidated	100	63.71
Comilog Asia Ltd	Hong Kong	Hong Kong	Fully consolidated	100	92.74
Comilog Far East Development Ltd	Hong Kong	Hong Kong	Fully consolidated	100	92.74
Mineral sands					
Eramet Mineral Sands	France	Paris	Fully consolidated	100	100
Eralloys Holding A/S	Norway	Baerum	Fully consolidated	100	100
Mineral Deposit Ltd	Australia	Melbourne	Fully consolidated	100	100
Mineral Deposit Ltd Mining	Australia	Melbourne	Fully consolidated	100	100
TiZir Ltd	United Kingdom	London	Fully consolidated	100	100
TiZir Titanium & Iron A/S	Norway	Tyssedal	Fully consolidated	100	100
TiZir Mauritius Ltd	Mauritius	Mauritius	Fully consolidated	100	100
Grande Côte Operations (SA)	Senegal	Dakar	Fully consolidated	90	90
Lithium					
Eramine	France	Paris	Fully consolidated	100	100
Bolera Minera S.A.	Argentina	Buenos Aires	Fully consolidated	82.43	82.43
Eramine Sudamerica SA	Argentina	Buenos Aires	Fully consolidated	100	100
Alloys					
Erasteel SAS	France	Paris	Fully consolidated	100	100
Erasteel Champagnole	France	Champagnole	Fully consolidated	100	100
Erasteel Kloster AB	Sweden	Söderfors	Fully consolidated	100	100
Erasteel Stubs Ltd	United Kingdom	Warrington	Fully consolidated	100	100
Erasteel Inc.	United States	New Jersey	Fully consolidated	100	100
Erasteel Innovative Materials Co Ltd	China	Tianjin	Fully consolidated	100	100
Eramet Holding Alliages	France	Paris	Fully consolidated	100	100
Aubert & Duval	France	Paris	Fully consolidated	100	100
Interforge	France	Clermont-Ferrand	Fully consolidated	95.7	95.7
Brown Europe	France	Laval-de-Cère	Fully consolidated	100	100
EcoTitanium	France	Paris	Equity method	22.40	22.40
UKAD	France	Paris	Equity method	50	50
Holding and others					
Eras S.A.	Luxembourg	Luxembourg	Fully consolidated	100	100
Metal Securities	France	Paris	Fully consolidated	100	100
Metal Currencies	France	Paris	Fully consolidated	100	100
Eramet Services	France	Paris	Fully consolidated	100	100
Eramet Ideas (previously Eramet Research)	France	Trappes	Fully consolidated	100	100

Glossary

EBITDA

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

Current operating income

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

Net income, Group share

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

OCI (Other Comprehensive Income)

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

Industrial investments

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

Group reporting

Financial information prepared for the Executive Committee, the chief operating decision-maker (CODM). This information is reconciled with published data and is used to measure the performance of the Eramet Group, its Divisions and Business Units (segment information – see Note 3). It is also used for the Eramet Group's financial reporting.

Net financial debt

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

Gearing

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

Financial liquidity

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

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Til generalforsamlingen i Eralloys Holding AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Eralloys Holding AS' årsregnskap som viser et overskudd på kr 6 620 000. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Arendal, 7. mai 2021
KPMG AS

Nils Eivind Holst
Statsautorisert revisor