



Constellium SE
Second Quarter Report
2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, or MD&A, is based principally on our unaudited condensed interim consolidated financial statements as of June 30, 2022 and for the three and six months ended June 30, 2022 and 2021 and should be read in conjunction with our Annual Report on Form 20-F for the year ended December 31, 2021 and our unaudited condensed interim consolidated financial statements as of June 30, 2022 and for the three and six months ended June 30, 2022 and 2021 which are included in this quarterly report.

The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in this quarterly report and in our Annual Report on Form 20-F for the year ended December 31, 2021 (see in particular "Special Note about Forward-Looking Statements" and "Item 3. Key Information - D. Risk Factors").

Overview

We are a global leader in the development, manufacture and sale of a broad range of highly engineered, value-added specialty rolled and extruded aluminium products to the packaging, aerospace, automotive, other transportation and industrial end-markets. As of June 30, 2022, we had approximately 12,500 employees, 29 production facilities, three R&D centers and three administrative centers.

We serve a diverse set of customers across a broad range of end-markets with very different product needs, specifications and requirements. As a result, we have organized our business into three segments to better serve our customer base:

- Our Packaging & Automotive Rolled Products segment produces aluminium sheet and coils, which primarily includes beverage and food can stock, closure stock, foil stock and automotive rolled products.
- Our Aerospace & Transportation segment produces technologically advanced aluminium products, including plate, sheet and other fabricated products with applications across the aerospace, defense, transportation and industrial sectors.
- Our Automotive Structures & Industry segment produces technologically advanced structures for the automotive industry (including crash-management systems, body structures, side impact beams and battery enclosures), soft and hard alloy extrusions and large extruded profiles for automotive, rail, energy, building and industrial applications.

For the three and six months ended June 30, 2022 our segments represented the following percentages of total Revenue and total Adjusted EBITDA:

<i>(as a % of total)</i>	Three months ended June 30, 2022		Six months ended June 30, 2022	
	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA
P&ARP	59 %	48 %	59 %	48 %
A&T	20 %	32 %	19 %	32 %
AS&I	21 %	23 %	22 %	23 %
Holdings and Corporate	— %	(3 %)	— %	(3 %)
Total	100 %	100 %	100 %	100 %

Key Factors Influencing Constellium's Financial Condition and Results from Operations

Russian invasion of Ukraine

In February 2022, Russia invaded Ukraine. Although we do not have operations in Russia or Ukraine, this conflict and the related sanctions imposed on Russian institutions, companies and individuals have created volatility and disruption in certain sectors of the global economy, including issues with supply chains and increased commodity and energy prices. It is difficult at this time to predict the impact of this crisis on the global economy and on the price and availability of metal and energy. We are

monitoring the situation closely and continue to develop contingency plans and counter-measures as necessary to address adverse effects or disruptions to our operations as they develop. However, the broader consequences of this conflict and its impact on our business and results of operations as well as the global economy cannot be predicted.

Impact of COVID-19

The COVID-19 pandemic continues to adversely impact our business. In the six months ended June 30, 2022, aerospace demand remained below pre-pandemic levels given reduced demand for new aircraft and automotive demand was also lower due to the semiconductor supply shortages. In addition, the pandemic had and continues to have direct and indirect adverse effects, including supply chain disruptions and cost inflation. Although the duration and severity of this global pandemic or its ultimate impact on the global economy and our business and results cannot reasonably be estimated, we remain confident in our ability to navigate through this global crisis.

Economic Conditions and Markets

We are directly impacted by the economic conditions that affect our customers and the markets in which they operate. General economic conditions such as the level of disposable income, the level of inflation, the rate of economic growth, the rate of unemployment, exchange rates and currency devaluation or revaluation influence consumer confidence and consumer purchasing power. These factors, in turn, influence the demand for our products in terms of total volumes and prices that can be charged. We attempt to respond to the variability of economic conditions through the terms of our contracts with our customers and cost control.

In addition, although a number of our end-markets are cyclical in nature, we believe that the diversity of our portfolio and the secular growth trends we are experiencing in many of our core packaging, automotive and aerospace end-markets will help the Company weather these economic cycles. In each of our three main end-markets of packaging, aerospace and automotive:

- Can packaging tends not to be highly correlated to the general economic cycle. In addition, we believe can sheet has an attractive long-term growth outlook due to increased consumer preference for cans as a package and the sustainable attributes of aluminium.
- In the automotive market, demand for aluminium has been increasing in recent years triggered by a light-weighting trend for new car models, which increases fuel efficiency, reduces emissions and increases vehicle safety. We expect this to continue and be enhanced by increased demand for electric vehicles.
- While aerospace demand is currently weak, we believe the longer term trends including increasing passenger traffic and fleet replacements with newer and more fuel efficient aircrafts support a positive long term demand trend.

Aluminium Consumption

The aluminium industry is cyclical and is affected by global economic conditions, industry competition and product development. Aluminium is increasingly seen as the material of choice in a number of applications, including packaging, automotive and aerospace given its lightweight high strength-to-weight ratio, corrosion resistance and infinite recyclability. Due to these qualities, the penetration of aluminium in a wide variety of applications continues to increase. We believe that long-term growth in aluminium consumption generally, and demand for those products we produce specifically, will be supported by factors that include growing populations, greater purchasing power and increasing focus on sustainability and environmental issues, globally.

Aluminium Prices

Raw materials and consumables, where aluminium is the largest component by a wide margin, represented 75% and 69% of our cost of sales in the six months ended June 30, 2022 and 2021, respectively. Aluminium prices are determined by worldwide forces of supply and demand and are volatile. We operate a pass-through model and therefore, to the extent possible, avoid taking aluminium price risk. In case of significant sustained increases in the price of aluminium, the demand for our products may be affected over time.

The price we pay for aluminium includes regional premiums, such as the Rotterdam premium for metal purchased in Europe or the Midwest premium for metal purchased in the U.S. The regional premiums have been volatile in recent years. Like LME prices, we seek to pass-through this regional premium price risk to our customers or to hedge it in the financial markets. However, in certain instances, we are not able to pass through or hedge this cost.

We believe our cash flows are largely protected from variations in LME prices due to the fact that we hedge our sales based on their replacement cost, by matching the price paid for our aluminium purchases with the price received from our aluminium sales, at a given time, using hedges when necessary. As a result, when LME prices increase, we have limited additional cash requirements to finance the increased replacement cost of our inventory.

The average LME transaction price, Rotterdam Premium and Midwest Premium per ton of primary aluminium in the three and six months ended June 30, 2022 and 2021 are presented below.

<i>(Euros per ton)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Average LME transaction price	2,703	1,987	2,811	1,866
Average Rotterdam Premium	567	198	503	169
Average all-in aluminium price Europe	3,270	2,185	3,314	2,035
Average LME transaction price	2,703	1,987	2,811	1,866
Average Midwest Premium	756	465	729	383
Average all-in aluminium price U.S.	3,459	2,452	3,540	2,249

Product Price and Margin

Our products are typically priced based on three components: (i) the LME price, (ii) a regional premium and (iii) a conversion margin.

Our risk management practices aim to reduce, but do not entirely eliminate, our exposure to changing primary aluminium and regional premium prices. Moreover, while we limit our exposure to unfavorable price changes, we also limit our ability to benefit from favorable price changes. We do not apply hedge accounting for the derivative instruments entered into to hedge our exposure to changes in metal prices and the mark-to-market movements for these instruments are recognized in Other gains and losses—net.

Our results are also impacted by changes in the difference between the prices of primary and scrap aluminium. As we price our products using the prevailing price of primary aluminium but purchase large amounts of scrap aluminium to manufacture our products, we benefit when primary aluminium price increases exceed scrap price increases. Conversely, when scrap price increases exceed primary aluminium price increases, our results are negatively impacted. The difference between the price of primary aluminium and scrap price is referred to as the “scrap spread” and is impacted by the effectiveness of our scrap purchasing activities, the supply of scrap available and movements in the terminal commodity markets.

Volumes

The profitability of our businesses is determined, in part, by the volume of tons processed and sold. Increased production volumes will generally result in lower per unit costs. Higher volumes sold will generally result in additional revenue and associated margins.

Personnel Costs

Our operations are labor intensive. Our personnel costs represented 13% and 18% of our cost of sales, selling and administrative expenses and R&D expenses for the six months ended June 30, 2022 and 2021, respectively.

Personnel costs include the salaries, wages and benefits of our employees, as well as costs related to temporary labor. During our seasonal peaks and especially during the summer months, we have historically increased our temporary workforce to compensate for staff on vacation and increased volume of activity.

Personnel costs generally increase and decrease with the expansion or contraction in production levels of operating facilities. Personnel costs also generally increase in periods of higher inflation.

Energy

Our operations require substantial amounts of energy to run, primarily electricity and natural gas. Energy costs represented 3% of our cost of sales in each of the six months ended June 30, 2022 and 2021, respectively.

The direction of energy costs depends on the energy supply demand relationships in the regions we operate and will likely continue being impacted by the effects of the war in Ukraine and related sanctions. The current geopolitical instability resulting from the war in Ukraine is also exposing us to the risk of energy supply disruptions. In addition, sustainability trends are expected to put upward pressure on energy costs over time. A significant increase in energy costs or disruption of energy supply could have a material adverse effect on our financial position, results of operations, and cash flows.

Currency

We are a global company with operations in France, the United States, Germany, Switzerland, the Czech Republic, Slovakia, Spain, Mexico, Canada and China. As a result, our revenue and earnings have exposure to a number of currencies, primarily the euro, the U.S. dollar and the Swiss Franc. As our presentation currency is the euro, and the functional currencies of the businesses located outside of the Eurozone are primarily the U.S. dollar and the Swiss franc, the results of the businesses located outside of the Eurozone must be translated each period to euros. Accordingly, fluctuations in the exchange rate of the functional currencies of our businesses located outside of the Eurozone against the euro have a translation impact on our results of operations.

Transaction impacts arise when our businesses transact in a currency other than their own functional currency. As a result, we are exposed to foreign exchange risk on payments and receipts in multiple currencies. In Europe, a portion of our revenue is denominated in U.S. dollars while the majority of our costs incurred are denominated in local currencies. We engage in hedging activities to attempt to mitigate the effects of foreign currency transactions on our profitability.

Where we have multiple-year sales agreements in U.S. dollars by euro-functional currency entities, we have entered into derivative contracts to forward sell U.S. dollars to match these future sales. With the exception of certain derivative instruments entered into to hedge the foreign currency risk associated with the cash flows of certain highly probable forecasted sales, which we have designated for hedge accounting, hedge accounting is not applied to such ongoing commercial transactions and therefore the mark-to-market impact is recorded in Other gains and losses —net.

Results of Operations for the three and six months ended June 30, 2022 and 2021

<i>(in millions of Euros and as a % of revenue)</i>	For the three months ended June 30,				For the six months ended June 30,			
	2022		2021		2022		2021	
Revenue	2,275	<i>100%</i>	1,518	<i>100%</i>	4,254	<i>100%</i>	2,859	<i>100%</i>
Cost of sales	(2,060)	<i>91%</i>	(1,319)	<i>87%</i>	(3,822)	<i>90%</i>	(2,518)	<i>88%</i>
Gross profit	215	<i>9%</i>	199	<i>13%</i>	432	<i>10%</i>	341	<i>12%</i>
Selling and administrative expenses	(75)	<i>3%</i>	(67)	<i>4%</i>	(143)	<i>3%</i>	(127)	<i>4%</i>
Research and development expenses	(10)	<i>—%</i>	(9)	<i>1%</i>	(21)	<i>—%</i>	(20)	<i>1%</i>
Other gains and losses - net	(134)	<i>6%</i>	44	<i>3%</i>	(24)	<i>1%</i>	87	<i>3%</i>
(Loss) / income from operations	(4)	<i>—%</i>	167	<i>11%</i>	244	<i>6%</i>	281	<i>10%</i>
Finance costs - net	(32)	<i>1%</i>	(37)	<i>2%</i>	(62)	<i>1%</i>	(92)	<i>3%</i>
(Loss) / income before income taxes	(36)	<i>2%</i>	130	<i>9%</i>	182	<i>4%</i>	189	<i>7%</i>
Income tax benefit / (expense)	4	<i>—%</i>	(22)	<i>1%</i>	(35)	<i>1%</i>	(33)	<i>1%</i>
Net (loss) / income	(32)	<i>1%</i>	108	<i>7%</i>	147	<i>3%</i>	156	<i>5%</i>
Shipment volumes (in kt)	424	<i>n/a</i>	406	<i>n/a</i>	825	<i>n/a</i>	791	<i>n/a</i>
Revenue per ton (€ per ton)	5,366	<i>n/a</i>	3,739	<i>n/a</i>	5,157	<i>n/a</i>	3,614	<i>n/a</i>

Revenue

For the three months ended June 30, 2022, revenue increased by 50% to €2,275 million from €1,518 million for the three months ended June 30, 2021. This increase reflected an increase in shipments and higher revenue per ton. For the three months ended June 30, 2022, sales volumes increased by 4% to 424 kt from 406 kt for the three months ended June 30, 2021. This increase reflected a 3% increase in volumes for P&ARP, a 13% increase in volumes for A&T and a 4% increase in volumes for AS&I. For the three months ended June 30, 2022, revenue per ton increased by 44% to €5,366 from €3,739 for the three months ended June 30, 2021 primarily reflecting higher metal prices and improved price and mix.

For the six months ended June 30, 2022, revenue increased by 49% to €4,254 million from €2,859 million for the six months ended June 30, 2021. This increase reflected an increase in shipments and higher revenue per ton. For the six months ended June 30, 2022, sales volumes increased by 4% to 825 kt from 791 kt for the six months ended June 30, 2021. This increase reflected a 3% increase in volumes for P&ARP, a 14% increase in volumes for A&T and a 2% increase in volumes for AS&I. For the six months ended June 30, 2022, revenue per ton increased by 43% to €5,157 from €3,614 for the six months ended June 30, 2021 reflecting primarily higher metal prices.

Our revenue is discussed in more detail in the “Segment Results” section.

Cost of Sales

For the three months ended June 30, 2022, cost of sales increased by 56% to €2,060 million from €1,319 million for the three months ended June 30, 2021. This increase in cost of sales was primarily driven by an increase of €652 million, or 70%, in raw materials and consumables used due to higher metal prices and higher volumes, an increase of €29 million, or 97% in energy costs and an increase of €22 million, or 12%, in labor costs primarily due to higher activity levels.

For the six months ended June 30, 2022, cost of sales increased by 52% to €3,822 million from €2,518 million for the six months ended June 30, 2021. This increase in cost of sales was primarily driven by an increase of €1,154 million, or 67%, in raw materials and consumables used due to higher metal prices and higher volumes, an increase of €59 million, or 82% in energy costs and an increase of €41 million, or 11%, in labor costs primarily due to higher activity levels.

Selling and Administrative Expenses

For the three months ended June 30, 2022, selling and administrative expenses increased by €8 million to €75 million from €67 million for the three months ended June 30, 2021. The increase reflected primarily an increase in labor costs of €5 million.

For the six months ended June 30, 2022, selling and administrative expenses increased by 13% to €143 million from €127 million for the six months ended June 30, 2021. The increase reflected primarily an increase in labor costs of €10 million and an increase in insurance expense and IT and telecommunication services for €6 million.

Research and Development Expenses

For the three months ended June 30, 2022, research and development expenses increased to €10 million from €9 million for the three months ended June 30, 2021. Research and development expenses are presented net of €2 million and €3 million of research and development tax credits received in France for the three months ended June 30, 2022 and 2021, respectively.

For the six months ended June 30, 2022 and 2021, research and development expenses increased to €21 million from €20 million for the six months ended June 30, 2021. Research and development expenses are presented net of €5 million of research and development tax credits received in France for each of the six months ended June 30, 2022 and 2021, respectively.

Other Gains and Losses, net

<i>(in millions of Euros)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Realized gains on derivatives	8	31	62	45
Unrealized (losses) / gains on derivatives at fair value through profit and loss—net	(141)	17	(85)	45
Unrealized exchange (losses) / gains from the remeasurement of monetary assets and liabilities—net	(2)	(1)	(1)	1
Restructuring costs	—	(2)	—	(3)
Losses on pension plan amendments	—	(2)	—	(2)
Losses on disposal	—	—	(1)	—
Other	1	1	1	1
Total other gains and losses, net	(134)	44	(24)	87

The following table provides an analysis of realized and unrealized gains and losses by nature of exposure:

<i>(in millions of Euros)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Realized (losses) / gains on foreign currency derivatives	(2)	(2)	1	(4)
Realized gains on commodity derivatives	10	33	61	49
Realized gains on derivatives	8	31	62	45
Unrealized (losses) / gains on foreign currency derivatives	(5)	3	(7)	11
Unrealized (losses) / gains on commodity derivatives	(136)	14	(78)	34
Unrealized (losses) / gains on derivatives at fair value through profit and loss—net	(141)	17	(85)	45

Realized gains or losses relate to financial derivatives used by the group to hedge underlying commercial transactions. Realized gains and losses on these derivatives are recognized in Other Gains and Losses, net and are offset by the commercial transactions accounted for in revenue and cost of sales.

Unrealized gains or losses relate to financial derivatives used by the group to hedge forecasted commercial transactions for which hedge accounting is not applied. Unrealized gains or losses on these derivatives are recognized in Other Gains and Losses, net and are offset by the change in the value of forecasted transactions which are not yet accounted for.

Changes in realized and unrealized gains / (losses) on derivatives for the three and six months ended June 30, 2022 as compared to the three and six months ended June 30, 2021 primarily reflected the fluctuation in metal prices.

For the six months ended June 30, 2021, restructuring costs were €3 million, and were primarily related to restructuring plans in the U.S. and in Europe in our A&T segment.

Finance Costs, net

For the three months ended June 30, 2022, finance costs, net decreased by €5 million to €32 million from €37 million for the three months ended June 30, 2021. This decrease primarily reflected lower interest costs resulting from the February and June 2021 refinancings and the impact, in the three months ended June 30, 2021, of one-time costs incurred in relation with the redemption of our \$400 million 5.750% Senior Notes due 2024, which included €3 million of redemption fees and a €3 million write-off of unamortized debt issuance costs.

For the six months ended June 30, 2022, finance costs, net decreased by €30 million to €62 million from €92 million for the six months ended June 30, 2021. This decrease primarily reflected lower interest costs resulting from the February and June 2021 refinancings and the impact, in the six months ended June 30, 2021, of one-time costs incurred in relation with the redemption of our Senior Notes, which included €12 million of redemption fees and a €11 million write-off of unamortized debt issuance costs.

Income Tax

For the three months ended June 30, 2022, income tax was a benefit of €4 million compared to an expense of €22 million for the three months ended June 30, 2021. For the three months ended June 30, 2022, our effective tax rate was 11% of our loss before income tax, compared to a statutory tax rate of 25.8% and for the three months ended June 30, 2021, our effective tax rate was 17% of our income before income tax, compared to a statutory rate of 28.4%. Our effective tax rate was lower than the statutory rate, in both periods, primarily reflecting the geographical mix of our pre-tax results and the favorable impact from the use of previously unrecognized deferred tax assets.

For the six months ended June 30, 2022 and 2021, income tax was an expense of €35 million and €33 million, respectively. For the six months ended June 30, 2022, our effective tax rate was 19% of our income before income tax compared to a statutory tax rate of 25.8%. For the six months ended June 30, 2021, our effective tax rate was 17% of our income before income tax compared to a statutory rate of 28.4%. Our effective tax rate was lower than the statutory rate, in both periods, primarily due to the geographical mix of our pre-tax results and the favorable impact from the use of previously unrecognized deferred tax assets.

The statutory tax rate decreased to 25.8% in the three and six months ended June 30, 2022 from 28.4% in the three months and six months ended June 30, 2021 as a result of changes in the applicable tax rates in France.

Net Income / Loss

As a result of the foregoing factors, we recognized a net loss of €32 million in the three months ended June 30, 2022 and a net income of €108 million in the three months ended June 30, 2021. We recognized a net income of €147 million and €156 million in the six months ended June 30, 2022 and 2021, respectively.

Segment Results

Segment Revenue

The following table sets forth the revenue for our operating segments for the periods presented:

<i>(in millions of Euros and as a % of revenue)</i>	For the three months ended June 30,				For the six months ended June 30,			
	2022		2021		2022		2021	
P&ARP	1,348	59 %	907	60 %	2,516	59 %	1,673	59 %
A&T	461	20 %	287	19 %	846	19 %	532	18 %
AS&I	501	21 %	345	23 %	960	23 %	695	24 %
Inter-segment eliminations	(35)	<i>n.m.</i>	(21)	<i>n.m.</i>	(68)	<i>n.m.</i>	(41)	<i>n.m.</i>
Total revenue	2,275	100 %	1,518	100 %	4,254	100 %	2,859	100 %

n.m. not meaningful

P&ARP

For the three months ended June 30, 2022, revenue in our P&ARP segment increased 49% to €1,348 million from €907 million for the three months ended June 30, 2021 primarily as a result of higher revenue per ton. P&ARP shipments were up 3%, or 8 kt, from higher shipments in packaging and automotive rolled products, partially offset by lower specialty and other thin-rolled product shipments. For the three months ended June 30, 2022, revenue per ton increased by 45% to €4,616 per ton from €3,194 per ton for the three months ended June 30, 2021, primarily driven by higher metal prices and improved price and mix.

For the six months ended June 30, 2022, revenue in our P&ARP segment increased 50% to €2,516 million from €1,673 million for the six months ended June 30, 2021 primarily as a result of higher revenue per ton. P&ARP shipments were up 3% or 17 kt, due to higher shipments in packaging rolled products. For the six months ended June 30, 2022, revenue per ton increased by 46% to €4,430 per ton from €3,036 per ton for the six months ended June 30, 2021, primarily driven by higher metal prices.

A&T

For the three months ended June 30, 2022, revenue in our A&T segment increased 61% to €461 million from €287 million for the three months ended June 30, 2021, due to higher shipments and higher revenue per ton. A&T shipments were up 13%, or 7 kt, due to higher aerospace rolled product shipments. For the three months ended June 30, 2022, revenue per ton increased by 42% to €7,683 per ton from €5,415 per ton for the three months ended June 30, 2021, primarily reflecting higher metal prices and improved price and mix with higher aerospace product shipments.

For the six months ended June 30, 2022, revenue in our A&T segment increased 59% to €846 million from €532 million for the six months ended June 30, 2021, due to higher shipments and higher revenue per ton. A&T shipments were up 14%, or 14 kt, from higher aerospace and transportation, industry, defense and other rolled product shipments. For the six months ended June 30, 2022, revenue per ton increased by 39% to €7,328 per ton from €5,275 per ton for the six months ended June 30, 2021, primarily reflecting higher metal prices and improved price and mix with higher aerospace product shipments.

AS&I

For the three months ended June 30, 2022, revenue in our AS&I segment increased 45% to €501 million from €345 million for the three months ended June 30, 2021, primarily as a result of higher revenue per ton. AS&I shipments were up 4%, or 3 kt, on higher shipments of automotive and other extruded products. For the three months ended June 30, 2022, revenue per ton increased by 39% to €6,958 per ton from €5,000 per ton for the three months ended June 30, 2021, primarily reflecting higher metal prices and improved price and mix.

For the six months ended June 30, 2022, revenue in our AS&I segment increased 38% to €960 million from €695 million for the six months ended June 30, 2021, primarily due to higher revenue per ton. AS&I shipments were up 2%, or 3 kt, on higher other extruded product shipments on strong market demand partially offset by lower shipments of automotive extruded

products due to the slowdown in automotive OEM production resulting from the semiconductor shortage. For the six months ended June 30, 2022, revenue per ton increased by 36% to €6,782 per ton from €4,986 per ton for the six months ended June 30, 2021, primarily reflecting higher metal prices and improved price and mix.

Segment Adjusted EBITDA

The following table sets forth the Adjusted EBITDA for our operating segments for the periods presented:

<i>(in millions of Euros and as a % of revenue)</i>	For the three months ended June 30,				For the six months ended June 30,			
	2022		2021		2022		2021	
P&ARP	95	7 %	94	10 %	177	7 %	162	10 %
A&T	63	14 %	42	15 %	116	14 %	61	11 %
AS&I	46	9 %	41	12 %	83	9 %	79	11 %
Holdings and Corporate	(6)	<i>n.m.</i>	(7)	<i>n.m.</i>	(11)	<i>n.m.</i>	(11)	<i>n.m.</i>
Total Adjusted EBITDA	198	9 %	170	11 %	365	9 %	291	10 %

n.m. not meaningful

Adjusted EBITDA is not a measure defined by IFRS. We believe the most directly comparable IFRS measure to Adjusted EBITDA is our net income or loss for the relevant period.

In considering the financial performance of the business, we analyze the primary financial performance measure of Adjusted EBITDA in all of our business segments. Our Chief Operating Decision Maker measures the profitability and financial performance of our operating segments based on Adjusted EBITDA. Adjusted EBITDA is defined as income/(loss) from continuing operations before income taxes, results from joint ventures, net finance costs, other expenses and depreciation and amortization as adjusted to exclude restructuring costs, impairment charges, unrealized gains or losses on derivatives and on foreign exchange differences on transactions that do not qualify for hedge accounting, metal price lag (as defined hereafter), share-based compensation expense, effects of certain purchase accounting adjustments, start-up and development costs or acquisition, integration and separation costs, certain incremental costs and other exceptional, unusual or generally non-recurring items.

We believe Adjusted EBITDA, as defined above, is useful to investors as it illustrates the underlying performance of continuing operations by excluding certain non-recurring and non-operating items. Similar concepts of adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in their evaluation of our company and in comparison to other companies, many of which present an adjusted EBITDA-related performance measure when reporting their results.

Adjusted EBITDA has limitations as an analytical tool. It is not a measure defined by IFRS and therefore does not purport to be an alternative to operating profit or net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. As a result, you should not consider Adjusted EBITDA in isolation from, or as a substitute analysis for, our results prepared in accordance with IFRS.

The following table reconciles our net income / (loss) to our Adjusted EBITDA:

<i>(in millions of Euros)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Net (loss) / income	(32)	108	147	156
Income tax (benefit) / expense	(4)	22	35	33
Finance costs, net	32	37	62	92
Depreciation and amortization	70	65	136	128
Restructuring costs	—	2	—	3
Unrealized losses / (gains) on derivatives	141	(16)	84	(44)
Unrealized exchange losses / (gains) from the remeasurement of monetary assets and liabilities – net	2	1	1	(1)
Losses on pension plan amendments	—	2	—	2
Share-based compensation	5	3	9	7
Metal price lag (a)	(16)	(54)	(110)	(85)
Losses on disposals	—	—	1	—
Adjusted EBITDA	198	170	365	291

- (a) Metal price lag represents the financial impact of the timing difference between when aluminium prices included within Constellium's Revenue are established and when aluminium purchase prices included in Cost of sales are established. The Group accounts for inventory using a weighted average price basis and this adjustment aims to remove the effect of volatility in LME prices. The calculation of the Group metal price lag adjustment is based on an internal standardized methodology calculated at each of Constellium's manufacturing sites and is primarily calculated as the average value of product recorded in inventory, which approximates the spot price in the market, less the average value transferred out of inventory, which is the weighted average of the metal element of cost of sales, based on the quantity sold in the period.

The following tables present the primary drivers for changes in Adjusted EBITDA for each one of our three segments:

<i>(in millions of Euros)</i>	P&ARP	A&T	AS&I
Adjusted EBITDA for the three months ended June 30, 2021	94	42	41
Volume	5	12	3
Price and product mix	15	39	24
Costs	(26)	(33)	(23)
Foreign exchange and other	7	3	1
Adjusted EBITDA for the three months ended June 30, 2022	95	63	46

<i>(in millions of Euros)</i>	P&ARP	A&T	AS&I
Adjusted EBITDA for the six months ended June 30, 2021	162	61	79
Volume	11	23	4
Price and product mix	39	71	37
Costs	(46)	(43)	(38)
Foreign exchange and other	11	4	1
Adjusted EBITDA for the six months ended June 30, 2022	177	116	83

P&ARP

For the three months ended June 30, 2022, Adjusted EBITDA in our P&ARP segment increased 2% to €95 million from €94 million for the three months ended June 30, 2021, primarily due to improved price and mix, favorable metal costs, foreign exchange translation and higher shipments, largely offset by higher operating costs resulting primarily from inflation. For the three months ended June 30, 2022, Adjusted EBITDA per metric ton decreased by 1% to €327 from €332 for the three months ended June 30, 2021.

For the six months ended June 30, 2022, Adjusted EBITDA in our P&ARP segment increased 9% to €177 million from €162 million for the six months ended June 30, 2021, primarily due to improved price and mix, favorable metal costs, foreign exchange translation and higher shipments, largely offset by higher operating costs resulting primarily from inflation. For the six months ended June 30, 2022, Adjusted EBITDA per metric ton increased by 6% to €312 from €294 for the six months ended June 30, 2021.

A&T

For the three months ended June 30, 2022, Adjusted EBITDA in our A&T segment increased 50% to €63 million from €42 million for the three months ended June 30, 2021, primarily due to improved mix from the recovery of aerospace products and higher shipments, partially offset by higher costs resulting primarily from inflation and production ramp-up. For the three months ended June 30, 2022, Adjusted EBITDA per metric ton increased by 33% to €1,056 from €794 for the three months ended June 30, 2021.

For the six months ended June 30, 2022, Adjusted EBITDA in our A&T segment increased 88% to €116 million from €61 million for the six months ended June 30, 2021, primarily due to improved mix from the recovery of aerospace products and higher shipments, partially offset by higher costs resulting primarily from inflation and production ramp-up. For the six months ended June 30, 2022, Adjusted EBITDA per metric ton increased by 66% to €1,010 from €610 for the six months ended June 30, 2021.

AS&I

For the three months ended June 30, 2022, Adjusted EBITDA in our AS&I segment increased 13% to €46 million from €41 million for the three months ended June 30, 2021, primarily due to improved price and mix and higher shipments, partially

offset by higher operating costs resulting primarily from inflation. For the three months ended June 30, 2022, Adjusted EBITDA per metric ton increased by 9% to €641 per ton from €587 per ton for the three months ended June 30, 2021.

For the six months ended June 30, 2022, Adjusted EBITDA in our AS&I segment increased 6% to €83 million from €79 million for the six months ended June 30, 2021, primarily due to improved price and mix and higher shipments, partially offset by higher operating costs resulting primarily from inflation. For the six months ended June 30, 2022, Adjusted EBITDA per metric ton increased 3% to €581 per ton from €563 per ton for the six months ended June 30, 2021.

Holdings & Corporate

Adjusted EBITDA losses for our Holdings and Corporate segment was €6 million and €7 million, for the three months ended June 30, 2022 and 2021, respectively and €11 million for each of the six months ended June 30, 2022 and 2021.

Liquidity and capital resources

Our primary sources of cash flow have historically been cash flows from operating activities and funding or borrowings from external parties.

Based on our current and anticipated levels of operations, and the condition in our markets and industry, we believe that our cash flows from operations, cash on hand, new debt issuances or refinancing of existing debt facilities, and availability under our factoring and revolving credit facilities will enable us to meet our working capital, capital expenditures, debt service and other funding requirements for the short-term and long-term.

It is our policy to hedge all highly probable or committed foreign currency operating cash flows. As we have significant third party future receivables denominated in U.S. dollars, we generally enter into combinations of forward contracts with financial institutions, selling forward U.S. dollars against Euros.

When we are unable to align the price and quantity of physical aluminium purchases with that of physical aluminium sales, it is also our policy to enter into derivative financial instruments to pass through the exposure to metal price fluctuations to financial institutions at the time the price is set. As the U.S. dollar appreciates against the euro or the LME price for aluminium falls, the derivative contracts related to transactional hedging entered into with financial institution counterparties will have a negative mark-to-market.

In addition, we borrow in a combination of euros and U.S. Dollars. When the external currency mix of our debt does not match the mix of our assets, we use a combination of cross-currency interest rate swaps and cross-currency swaps to balance the risk.

Our financial institution counterparties may require margin calls should our negative mark-to-market exceed a pre-agreed contractual limit. In order to protect the Group from the potential margin calls for significant market movements, we maintain additional cash or availability under our various borrowing facilities, we enter into derivatives with a large number of financial counterparties and we monitor potential margin requirements on a daily basis for adverse movements in the U.S. dollar against the euro and in aluminium prices. At June 30, 2022, the margin requirement paid as collateral to counterparties amounted to €2 million which was related to aluminium hedges. There were no margin calls at December 31, 2021.

At June 30, 2022, we had €899 million of total liquidity, comprised of €156 million in cash and cash equivalents, €331 million of undrawn availability under our Pan-U.S. ABL Facility, €311 million of availability under our factoring arrangements, €100 million of undrawn availability under our French Inventory Facility and €1 million of undrawn availability under other credit facilities.

Cash Flows

The following table summarizes our operating, investing and financing activities for the six months ended June 30, 2022 and 2021:

<i>(in millions of Euros)</i>	For the six months ended June 30,	
	2022	2021
Net Cash Flows from / (used in)		
Operating activities	169	148
Investing activities	(83)	(67)
Financing activities	(79)	(232)
Net increase / (decrease) in cash and cash equivalents, excluding the effect of exchange rate changes	7	(151)

Net cash Flows from Operating Activities

For the six months ended June 30, 2022, net cash flows from operating activities were an inflow of €169 million, a €21 million increase from an inflow of €148 million in the six months ended June 30, 2021. This change primarily reflects a €89 million increase in cash flows from operating activities before working capital and a €68 million decrease in changes from working capital. In the six months ended June 30, 2022, factored receivables under non-recourse arrangements increased by €10 million compared to a €14 million decrease for the six months ended June 30, 2021.

Net Cash Flows used in Investing Activities

For the six months ended June 30, 2022 and 2021, net cash flows used in investing activities were €83 million and €67 million, respectively.

Capital expenditures were €84 million and €74 million, for the six months ended June 30, 2022 and 2021, respectively, and related primarily to recurring investment in our manufacturing facilities.

Net Cash flows used in Financing Activities

For the six months ended June 30, 2022, net cash flows used in financing activities were €79 million, primarily reflecting the repayment of the Secured PGE French Facility and the Unsecured Swiss Facility partially offset by drawings on the Pan-U.S. ABL.

For the six months ended June 30, 2021, net cash flows used in financing activities were €232 million. In the six months ended June 30, 2021, Constellium issued \$500 million of 3.750% Sustainability-Linked Notes due 2029, using the proceeds and cash on hand to retire the \$650 million 6.625% Senior Notes due 2025, and issued €300 million Sustainability-Linked Notes due 2029, using the proceeds and cash on hand to redeem the \$400 million 5.750% Senior Notes due 2024.

Historical Capital Expenditures

The following table provides a breakdown of the historical capital expenditures by segment for the periods indicated:

<i>(in millions of Euros)</i>	For the six months ended June 30,	
	2022	2021
P&ARP	(40)	(27)
A&T	(20)	(21)
AS&I	(22)	(24)
Holdings and Corporate	(2)	(2)
Total capital expenditures	(84)	(74)

Covenant Compliance

We were in compliance with our covenants as of and for the six months ended June 30, 2022.

Quantitative and Qualitative Disclosures about Market Risk

In addition to the risks inherent in our operations, we are exposed to a variety of financial risks, such as market risk (including foreign currency exchange, interest rate and commodity price risk), credit risk and liquidity risk, and further information can be found in Note 21 to our audited consolidated financial statements in our Annual report on Form 20-F for the year ended December 31, 2021.

Principal Accounting Policies, Critical Accounting Estimates and Key Judgments

Our principal accounting policies are set out in Note 2 to the audited Consolidated Financial Statements, which are in our Annual report on Form 20-F for the year ended December 31, 2021 and in Note 2.2 to our unaudited condensed interim consolidated financial statements included herein.

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Constellium SE Unaudited Interim Condensed Consolidated Financial Statements at June 30, 2022 and December 31, 2021, and for the three and six months ended June 30, 2022 and 2021.

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UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Revenue	3	2,275	1,518	4,254	2,859
Cost of sales		(2,060)	(1,319)	(3,822)	(2,518)
Gross profit		215	199	432	341
Selling and administrative expenses		(75)	(67)	(143)	(127)
Research and development expenses		(10)	(9)	(21)	(20)
Other gains and losses - net	5	(134)	44	(24)	87
(Loss) / income from operations		(4)	167	244	281
Finance costs - net	7	(32)	(37)	(62)	(92)
(Loss) / income before tax		(36)	130	182	189
Income tax benefit / (expense)	8	4	(22)	(35)	(33)
Net (loss) / income		(32)	108	147	156
Net income attributable to:					
Equity holders of Constellium		(34)	107	143	153
Non-controlling interests		2	1	4	3
Net (loss) / income		(32)	108	147	156

Earnings per share attributable to the equity holders of Constellium (in Euros)					
Basic		(0.24)	0.76	1.00	1.09
Diluted		(0.24)	0.73	0.97	1.04
Weighted average number of shares					
Basic		144,186,241	140,636,684	142,938,735	140,301,539
Diluted		144,186,241	146,730,106	147,184,031	146,730,106

The accompanying Notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Net (loss) / income		(32)	108	147	156
Other comprehensive income					
<i>Items that will not be reclassified subsequently to the consolidated income statement</i>					
Remeasurement on post-employment benefit obligations		79	24	155	89
Income tax on remeasurement on post-employment benefit obligations		(17)	2	(30)	(11)
<i>Items that may be reclassified subsequently to the consolidated income statement</i>					
Cash flow hedges	17	(13)	3	(15)	(8)
Income tax on cash flow hedges		3	(1)	4	2
Currency translation differences		31	(1)	42	12
Other comprehensive income		83	27	156	84
Total comprehensive income		51	135	303	240
Attributable to:					
Equity holders of Constellium		49	134	299	236
Non-controlling interests		2	1	4	4
Total comprehensive income		51	135	303	240

The accompanying Notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in millions of Euros)</i>	Notes	At June 30, 2022	At December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	9	156	147
Trade receivables and other	10	1,027	683
Inventories	11	1,360	1,050
Other financial assets	16	46	58
		2,589	1,938
Non-current assets			
Property, plant and equipment	12	1,994	1,948
Goodwill	13	491	451
Intangible assets	13	57	58
Deferred tax assets		124	162
Trade receivables and other	10	60	55
Other financial assets	16	14	12
		2,740	2,686
Total Assets		5,329	4,624
Liabilities			
Current liabilities			
Trade payables and other	14	1,784	1,377
Borrowings	15	209	258
Other financial liabilities	16	97	25
Income tax payable		28	34
Provisions	19	22	20
		2,140	1,714
Non-current liabilities			
Trade payables and other	14	45	32
Borrowings	15	1,949	1,871
Other financial liabilities	16	18	6
Pension and other post-employment benefit obligations	18	463	599
Provisions	19	96	97
Deferred tax liabilities		15	14
		2,586	2,619
Total Liabilities		4,726	4,333
Equity			
Share capital	21	3	3
Share premium	21	420	420
Retained deficit and other reserves		159	(149)
Equity attributable to equity holders of Constellium		582	274
Non-controlling interests		21	17
Total Equity		603	291
Total Equity and Liabilities		5,329	4,624

The accompanying Notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions of Euros)</i>	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained deficit	Total	Non-controlling interests	Total equity
At January 1, 2022	3	420	(94)	(4)	19	83	(153)	274	17	291
Net income	—	—	—	—	—	—	143	143	4	147
Other comprehensive income / (loss)	—	—	125	(11)	42	—	—	156	—	156
Total comprehensive income / (loss)	—	—	125	(11)	42	—	143	299	4	303
Share-based compensation	—	—	—	—	—	9	—	9	—	9
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—
At June 30, 2022	3	420	31	(15)	61	92	(10)	582	21	603

<i>(in millions of Euros)</i>	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained deficit	Total	Non-controlling interests	Total equity
At January 1, 2021	3	420	(192)	9	(13)	68	(410)	(115)	14	(101)
Net income	—	—	—	—	—	—	153	153	3	156
Other comprehensive income / (loss)	—	—	78	(6)	11	—	—	83	1	84
Total comprehensive income / (loss)	—	—	78	(6)	11	—	153	236	4	240
Share-based compensation	—	—	—	—	—	7	—	7	—	7
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(2)	(2)
At June 30, 2021	3	420	(114)	3	(2)	75	(257)	128	16	144

<i>(in millions of Euros)</i>	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained deficit	Total	Non-controlling interests	Total equity
At January 1, 2021	3	420	(192)	9	(13)	68	(410)	(115)	14	(101)
Net income	—	—	—	—	—	—	257	257	5	262
Other comprehensive income / (loss)	—	—	98	(13)	32	—	—	117	2	119
Total comprehensive income / (loss)	—	—	98	(13)	32	—	257	374	7	381
Share-based compensation	—	—	—	—	—	15	—	15	—	15
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(4)	(4)
At December 31, 2021	3	420	(94)	(4)	19	83	(153)	274	17	291

The accompanying Notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions of Euros)</i>	Notes	Six months ended June 30,	
		2022	2021
Net income		147	156
Adjustments			
Depreciation and amortization	12, 13	136	128
Pension and other post-employment benefits service costs	18	11	17
Finance costs - net	7	62	92
Income tax expense	8	35	33
Unrealized losses / (gains) on derivatives - net and from remeasurement of monetary assets and liabilities - net		85	(45)
Losses on disposal	5	1	—
Other - net		8	5
Change in working capital			
Inventories		(256)	(212)
Trade receivables		(287)	(234)
Trade payables		325	300
Other		4	—
Change in provisions		(4)	(4)
Pension and other post-employment benefits paid	18	(21)	(21)
Interest paid		(54)	(72)
Income tax (paid) / refunded		(23)	5
Net cash flows from operating activities		169	148
Purchases of property, plant and equipment	4	(84)	(74)
Property, plant and equipment grants received		1	7
Net cash flows used in investing activities		(83)	(67)
Proceeds from issuance of long-term borrowings	15	—	712
Repayments of long-term borrowings	15	(186)	(870)
Net change in revolving credit facilities and short-term borrowings	15	124	—
Lease repayments	15	(20)	(17)
Payment of financing costs and redemption fees		—	(26)
Transactions with non-controlling interests		(2)	(2)
Other financing activities		5	(29)
Net cash flows used in financing activities		(79)	(232)
Net increase / (decrease) in cash and cash equivalents		7	(151)
Cash and cash equivalents - beginning of period		147	439
Effect of exchange rate changes on cash and cash equivalents		2	2
Cash and cash equivalents - end of period	9	156	290

The accompanying Notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

NOTE 1 - GENERAL INFORMATION

Constellium is a global leader in the design and manufacture of a broad range of innovative specialty rolled and extruded aluminium products, serving primarily the packaging, aerospace and automotive end-markets. The Group has a strategic footprint of manufacturing facilities located in North America, Europe and China and operates 29 production facilities, 3 R&D centers and 3 administrative centers. The Group has approximately 12,500 employees.

Constellium SE, a French *Societas Europaea* (SE), is the parent company of the Group. The business address (head office) of Constellium SE is located at Washington Plaza, 40-44 rue Washington, 75008 Paris, France.

Unless the context indicates otherwise, when we refer to “we”, “our”, “us”, “Constellium”, the “Group” and the “Company” in this document, we are referring to Constellium SE and its subsidiaries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Unaudited Interim Condensed Consolidated Financial Statements (the "Interim Financial Statements") have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. Accordingly, they do not include all the information and disclosures required in consolidated financial statements and should be read in conjunction with the Group's Consolidated Financial Statements for the year ended December 31, 2021.

In accordance with IAS 1- *Presentation of Financial Statements*, the Interim Financial Statements are prepared on the assumption that Constellium is a going concern and will continue in operation for the foreseeable future.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2021, except for the application of the effective tax rate method in accordance with IAS 34 - *Interim Financial Reporting*.

The Interim Financial Statements are presented in millions of Euros, except when otherwise indicated. Certain reclassifications may have been made to prior year amounts to conform to the current year presentation.

The Interim Financial Statements were authorized for issue by management on July 25, 2022.

2.2 New and amended standards and interpretations

Several amendments to IFRS standards apply for the first time in 2022, but have no impact on the Interim Financial Statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group plans to adopt the new standards and interpretations on their required effective dates.

2.3 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, along with the accompanying disclosures and the disclosure of contingent liabilities. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the financial statements.

In preparing these Interim Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements at and for the year ended December 31, 2021, as well as the application of the effective tax rate method for the determination of the income tax provision.

2.4 Exchange rates

The following table summarizes the main exchange rates used for the preparation of the Interim Financial Statements:

<i>Foreign exchange rate for 1 Euro</i>		Average rates		Closing rates	
		Six months ended June 30,		At June 30,	At December 31,
		2022	2021	2022	2021
U.S. Dollars	USD	1.0924	1.2052	1.0387	1.1326
Swiss Francs	CHF	1.0317	1.0945	0.9960	1.0331
Czech Koruna	CZK	24.6445	25.8508	24.7390	24.8580

NOTE 3 - REVENUE

<i>(in millions of Euros)</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Packaging rolled products	985	648	1,837	1,167
Automotive rolled products	308	213	571	421
Specialty and other thin-rolled products	54	43	104	80
Aerospace rolled products	183	100	326	187
Transportation, industry, defense and other rolled products	257	174	487	321
Automotive extruded products	247	176	473	377
Other extruded products	241	164	456	306
Total Revenue by product line	2,275	1,518	4,254	2,859

<i>(in millions of Euros)</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Germany	562	373	1,059	711
France	204	120	373	224
United Kingdom	63	42	114	79
Switzerland	23	17	54	30
Other Europe	470	308	849	587
Total Europe	1,322	860	2,449	1,631
United States	770	559	1,509	1,040
Asia and Other Pacific	66	43	113	79
All Other	117	56	183	109
Total Revenue by destination of shipment	2,275	1,518	4,254	2,859

NOTE 4 - OPERATING SEGMENT INFORMATION

Constellium has three reportable segments - Packaging & Automotive Rolled Products (P&ARP), Aerospace & Transportation (A&T) and Automotive Structures & Industry (AS&I) - and Holdings & Corporate (H&C).

4.1 Segment Revenue

<i>(in millions of Euros)</i>	Three months ended June 30,						Six months ended June 30,					
	2022			2021			2022			2021		
	Segment revenue	Inter-segment elimination	External revenue	Segment revenue	Inter-segment elimination	External revenue	Segment revenue	Inter-segment elimination	External revenue	Segment revenue	Inter-segment elimination	External revenue
P&ARP	1,348	(1)	1,347	907	(3)	904	2,516	(4)	2,512	1,673	(5)	1,668
A&T	461	(21)	440	287	(13)	274	846	(33)	813	532	(24)	508
AS&I	501	(13)	488	345	(5)	340	960	(31)	929	695	(12)	683
Total	2,310	(35)	2,275	1,539	(21)	1,518	4,322	(68)	4,254	2,900	(41)	2,859

4.2 Segment Adjusted EBITDA and reconciliation of Adjusted EBITDA to Net Income

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
P&ARP		95	94	177	162
A&T		63	42	116	61
AS&I		46	41	83	79
H&C		(6)	(7)	(11)	(11)
Adjusted EBITDA		198	170	365	291
Metal price lag (A)		16	54	110	85
Share based compensation costs		(5)	(3)	(9)	(7)
Losses on pension plan amendments	18	—	(2)	—	(2)
Depreciation and amortization	12, 13	(70)	(65)	(136)	(128)
Restructuring costs	5	—	(2)	—	(3)
Unrealized (losses) / gains on derivatives		(141)	16	(84)	44
Unrealized exchange (losses) / gains from the remeasurement of monetary assets and liabilities – net	5	(2)	(1)	(1)	1
Losses on disposal	5	—	—	(1)	—
(Loss) / income from operations		(4)	167	244	281
Finance costs - net	7	(32)	(37)	(62)	(92)
(Loss) / income before tax		(36)	130	182	189
Income tax benefit / (expense)	8	4	(22)	(35)	(33)
Net (loss) / income		(32)	108	147	156

- (A) Metal price lag represents the financial impact of the timing difference between when aluminium prices included within Constellium's Revenue are established and when aluminium purchase prices included in Cost of sales are established. The Group accounts for inventory using a weighted average price basis and this adjustment aims to remove the effect of volatility in LME prices. The calculation of the Group metal price lag adjustment is based on an internal standardized methodology calculated at each of Constellium's manufacturing sites and is primarily calculated as the average value of product recorded in inventory, which approximates the spot price in the market, less the average value transferred out of inventory, which is the weighted average of the metal element of cost of sales, based on the quantity sold in the period.

4.3 Segment capital expenditures

<i>(in millions of Euros)</i>	Six months ended June 30,	
	2022	2021
P&ARP	(40)	(27)
A&T	(20)	(21)
AS&I	(22)	(24)
H&C	(2)	(2)
Capital expenditures	(84)	(74)

4.4 Segment assets

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
P&ARP	2,432	2,108
A&T	1,143	948
AS&I	844	738
H&C	570	451
Segment assets	4,989	4,245
Deferred income tax assets	124	162
Cash and cash equivalents	156	147
Other financial assets	60	70
Total Assets	5,329	4,624

NOTE 5 - OTHER GAINS AND LOSSES - NET

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Realized gains on derivatives (A)		8	31	62	45
Unrealized (losses) / gains on derivatives at fair value through profit and loss - net (A)		(141)	17	(85)	45
Unrealized exchange (losses) / gains from the remeasurement of monetary assets and liabilities – net	4	(2)	(1)	(1)	1
Restructuring costs (B)		—	(2)	—	(3)
Losses on pension plan amendments		—	(2)	—	(2)
Losses on disposal		—	—	(1)	—
Other		1	1	1	1
Total other gains and losses - net		(134)	44	(24)	87

(A) Realized and unrealized gains and losses are related to derivatives entered into with the purpose of mitigating exposure to volatility in foreign currencies and commodity prices, and that do not qualify for hedge accounting.

(B) For the three and six months ended June 30, 2021, restructuring costs amounted to €2 million and €3 million, respectively, and related to headcount reductions in Europe and in the U.S.

NOTE 6 - CURRENCY GAINS / (LOSSES)

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Included in Revenue	17	(1)	—	(2)	(1)
Included in Cost of sales		2	—	2	—
Included in Other gains and losses - net		(8)	—	(7)	8
Total		(7)	—	(7)	7
Realized exchange losses on foreign currency derivatives - net	17	(2)	(2)	(1)	(5)
Unrealized (losses) / gains on foreign currency derivatives - net	17	(6)	3	(7)	11
Exchange gains / (losses) from the remeasurement of monetary assets and liabilities - net		1	(1)	1	1
Total		(7)	—	(7)	7

See NOTE 16 - Financial Instruments and NOTE 17 - Financial Risk Management for further information regarding the Company's foreign currency derivatives and hedging activities.

NOTE 7 - FINANCE COSTS - NET

<i>(in millions of Euros)</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest expense on borrowings (A)	(24)	(26)	(46)	(56)
Interest expense on leases	(3)	(2)	(5)	(5)
Interest cost on pension and other benefits	(2)	(2)	(5)	(4)
Expenses on factoring arrangements	(4)	(2)	(6)	(4)
Net loss on settlement of debt (B)	—	(6)	—	(23)
Realized and unrealized gains / (losses) on debt derivatives at fair value (C)	1	(15)	1	—
Realized and unrealized exchange gains on financing activities - net (C)	—	16	—	—
Other finance expenses	—	(1)	(1)	(1)
Capitalized borrowing costs (D)	—	1	—	1
Finance expenses	(32)	(37)	(62)	(92)
Finance costs - net	(32)	(37)	(62)	(92)

- (A) For the six months ended June 30, 2022, interest expense on borrowings included €39 million of interest and €2 million of amortization of arrangement fees related to Constellium SE Senior Notes. For the six months ended June 30, 2021, it included €50 million of interest and €2 million of amortization of arrangement fees related to Constellium SE Senior Notes.
- (B) In February 2021, Constellium SE tendered and redeemed its \$650 million 6.625% Senior Notes due 2025. The net loss on the settlement of debt included redemption fees of €9 million and the write-off of the outstanding balance of deferred arrangement fees at the date of redemption for €8 million. In June 2021, Constellium SE redeemed its \$400 million 5.750% Senior Notes due 2024. The net loss on the settlement of debt included redemption fees of €3 million and the write-off of the outstanding balance of deferred arrangement fees at the date of redemption for €3 million.
- (C) The Group hedges the dollar exposure, relating to the principal of its Constellium SE U.S. Dollar Senior Notes, for the portion that has not been used to finance directly or indirectly U.S. Dollar functional currency entities. Changes in the fair value of these hedging derivatives are recognized within Finance costs – net in the Interim Income Statement.
- (D) Borrowing costs directly attributable to the construction of assets are capitalized. The capitalization rate was 5% for the six months ended June 30, 2022 and 2021.

NOTE 8 - INCOME TAX

Income tax expense or benefit is recognized based on the best estimate of the weighted average annual income tax rate expected for the full year. The tax rate applied at June 30, 2022 was impacted by non-recurring transactions and changes in the allocation of income or loss by country.

NOTE 9 - CASH AND CASH EQUIVALENTS

Cash at bank and on hand at June 30, 2022 amounted to €156 million and included €24 million held by subsidiaries that operate in countries where capital control restrictions prevent these balances from being immediately available for general use by the other entities within the Group. At December 31, 2021, the amount subject to these restrictions was €29 million.

NOTE 10 - TRADE RECEIVABLES AND OTHER

<i>(in millions of Euros)</i>	At June 30, 2022		At December 31, 2021	
	Non-current	Current	Non-current	Current
Trade receivables - gross	—	924	—	607
Impairment	—	(3)	—	(4)
Total trade receivables - net	—	921	—	603
Income tax receivables	29	20	24	20
Other tax receivables	—	51	—	40
Contract assets	16	2	19	2
Prepaid expenses	1	20	1	9
Other	14	13	11	9
Total other receivables	60	106	55	80
Total trade receivables and other	60	1,027	55	683

10.1 Contract assets

Contract assets includes €4 million and €6 million of unbilled tooling costs at June 30, 2022 and December 31, 2021, respectively.

10.2 Aging

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
Not past due	878	596
1 – 30 days past due	30	6
31 – 60 days past due	13	1
61 – 90 days past due	—	—
Greater than 90 days past due	—	—
Total trade receivables - net	921	603

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above. The Group does not hold any collateral from its customers or debtors as security.

10.3 Currency concentration

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
Euro	481	277
U.S. Dollar	407	305
Swiss franc	9	4
Other currencies	24	17
Total trade receivables - net	921	603

10.4 Factoring arrangements

The Group factors trade receivables under committed factoring agreements in the United States, France, Germany, Switzerland and the Czech Republic:

- In the United States, Constellium Muscle Shoals LLC is party to a factoring agreement with a capacity of \$200 million and a maturity date in September 2023 and Constellium Automotive USA LLC is party to a factoring agreement with a maximum capacity of \$25 million and a maturity date in December 2022.
- The factoring agreement in place for our entities in France has a maximum capacity of €255 million (including a €20 million recourse line) and a maturity date in December 2023.
- Factoring agreements in place for our entities in Germany, Switzerland and the Czech Republic have a combined maximum capacity of €200 million and maturity dates in December 2027.

In addition, the Group sells receivables from one of its German customers under an uncommitted factoring facility whereby receivables sold are confirmed by the customer.

These factoring agreements contain certain customary affirmative and negative covenants, including some relating to the administration and collection of the assigned receivables, the terms of the invoices and the exchange of information, but do not contain maintenance financial covenants. In addition, the commitment of the factor to buy receivables under the Muscle Shoals factoring agreement is subject to certain credit ratings being maintained. The Group was in compliance with all applicable covenants at and for the six months ended June 30, 2022 and 2021.

Under the Group's factoring agreements, most of the trade receivables are sold without recourse. Where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are derecognized. Some remaining receivables do not qualify for derecognition, as the Group retains substantially all the associated risks and rewards. At June 30, 2022, the total carrying amount of the original assets factored was €791 million, of which €355 million had been derecognized. At December 31, 2021, the total carrying amount of the original assets factored was €639 million, of which €345 million had been derecognized.

Amounts due to the factors in respect of trade receivables sold were €1 million and zero at June 30, 2022 and December 31, 2021, respectively.

NOTE 11 - INVENTORIES

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
Finished goods	304	225
Work in progress	687	551
Raw materials	317	226
Stores and supplies	111	95
Inventories write down	(59)	(47)
Total inventories	1,360	1,050

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

<i>(in millions of Euros)</i>	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2022	21	374	1,411	127	15	1,948
Additions	—	5	30	64	3	102
Disposals	—	—	(1)	—	—	(1)
Depreciation expense	—	(14)	(110)	(1)	(6)	(131)
Transfer and other changes	1	11	26	(41)	3	—
Effect of changes in foreign exchange rates	1	10	60	5	1	77
Net balance at June 30, 2022	23	385	1,416	154	16	1,994
Cost	42	628	2,923	168	63	3,824
Less accumulated depreciation and impairment	(19)	(243)	(1,507)	(14)	(47)	(1,830)
Net balance at June 30, 2022	23	385	1,416	154	16	1,994

Right-of-use assets

Right-of-use assets have been included within the same line item as that in which the corresponding underlying assets would be presented if they were owned.

<i>(in millions of Euros)</i>	Buildings	Machinery and Equipment	Other	Total
Net balance at January 1, 2022	108	65	1	174
Additions	4	3	—	7
Depreciation expense	(6)	(10)	—	(16)
Transfer and other changes	—	—	—	—
Effect of changes in foreign exchange rates	2	2	—	4
Net balance at June 30, 2022	108	60	1	169
Cost	157	148	3	308
Less accumulated depreciation and impairment	(49)	(88)	(2)	(139)
Net balance at June 30, 2022	108	60	1	169

The total expense relating to short-term leases, low value asset leases and variable lease payments that are still recognized as operating expenses was €7 million and €5 million for the six months ended June 30, 2022 and 2021, respectively.

NOTE 13 - INTANGIBLE ASSETS AND GOODWILL

<i>(in millions of Euros)</i>	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total Intangible Assets	Goodwill
Net balance at January 1, 2022	18	21	13	2	4	58	451
Additions	—	—	—	1	—	1	—
Amortization expense	(1)	(4)	—	—	—	(5)	—
Transfer	—	1	—	(1)	—	—	—
Effect of changes in foreign exchange rates	2	1	1	—	(1)	3	40
Net balance at June 30, 2022	19	19	14	2	3	57	491
Cost	94	94	43	3	4	238	491
Less accumulated depreciation and impairment	(75)	(75)	(29)	(1)	(1)	(181)	—
Net balance at June 30, 2022	19	19	14	2	3	57	491

NOTE 14 - TRADE PAYABLES AND OTHER

<i>(in millions of Euros)</i>	At June 30, 2022		At December 31, 2021	
	Non-current	Current	Non-current	Current
Trade payables	—	1,438	—	1,065
Fixed assets payables	—	36	—	22
Employees' entitlements	—	181	—	185
Taxes payable other than income tax	—	44	—	16
Contract liabilities and other liabilities to customers	17	75	4	77
Other payables	28	10	28	12
Total other	45	346	32	312
Total trade payables and other	45	1,784	32	1,377

Contract liabilities and other liabilities to customers

<i>(in millions of Euros)</i>	At June 30, 2022		At December 31, 2021	
	Non-current	Current	Non-current	Current
Deferred tooling revenue	16	—	3	—
Advance payment from customers	—	9	—	7
Unrecognized variable consideration (A)	1	65	1	67
Other	—	1	—	3
Total contract liabilities and other liabilities to customers	17	75	4	77

(A) Unrecognized variable consideration consists of expected volume rebates, discounts, incentives, refunds penalties and price concessions.

Revenue of €27 million that related to contract liabilities at December 31, 2021 was recognized in the six months ended June 30, 2022. Revenue of €41 million generated in the six months ended June 30, 2022 was deferred.

Revenue of €23 million that related to contract liabilities at January 1, 2021 was recognized in the six months ended June 30, 2021. Revenue of €20 million generated in the six months ended June 30, 2021 was deferred.

NOTE 15 - BORROWINGS

15.1 Analysis by nature

<i>(in millions of Euros)</i>	At June 30, 2022					At December 31, 2021	
	Nominal Value in Currency	Nominal rate	Nominal Value in Euros	(Arrange- ment fees)	Accrued interests	Carrying value	Carrying value
Secured Pan-U.S. ABL (due 2026) (A)	\$ 150	Floating	145	—	1	146	—
Secured PGE French Facility (repaid in May 2022) (B)	€ 180	Floating	—	—	—	—	180
Senior Unsecured Notes							
<i>Issued November 2017 and due 2026</i>	\$ 300	5.875%	289	(2)	6	293	268
<i>Issued November 2017 and due 2026</i>	€ 400	4.250%	400	(4)	6	402	402
<i>Issued June 2020 and due 2028</i>	\$ 325	5.625%	313	(5)	1	309	284
<i>Issued February 2021 and due 2029</i>	\$ 500	3.750%	481	(6)	4	479	438
<i>Issued June 2021 and due 2029</i>	€ 300	3.125%	300	(5)	5	300	300
Unsecured Swiss Facility (repaid in June 2022)	CHF 15	1.175%	—	—	—	—	14
Lease liabilities			175	—	1	176	183
Other loans (C)			53	—	—	53	60
Total Borrowings			2,156	(22)	24	2,158	2,129
<i>Of which non-current</i>						1,949	1,871
<i>Of which current</i>						209	258

- (A) In June 2022, the Pan-U.S. ABL was amended to, among other things, increase the commitment to \$500 million, provide an incremental revolving credit facility accordion of up to \$100 million, and replace the LIBOR reference rate by the SOFR reference rate.
- (B) The initial maturity date of the PGE was May 2021 with an option for Constellium to extend for up to 5 years. In May 2021, the maturity date was extended to May 2022. In May 2022, the PGE was repaid accordingly.
- (C) Other loans include €39 million of financial liabilities relating to the sale and leaseback of assets that were considered to be financing arrangements in substance.

15.2 Undrawn credit facilities and overdraft arrangements

At June 30, 2022, the Group had a €100 million Secured Inventory facility in place. This committed asset-based credit facility matures in April 2023 and was undrawn at June 30, 2022.

The Group also uses a €50 million Money Market facility as well as overdraft agreements with its commercial banks for cash management purposes. These arrangements are uncommitted and were undrawn at June 30, 2022.

15.3 Covenants

The Group was in compliance with all applicable debt covenants at June 30, 2022 and December 31, 2021 and for the six months ended June 30, 2022.

15.4 Movements in borrowings

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
At January 1,	2,129	2,391
Cash flows		
Proceeds from issuance of long-term borrowings (A)	—	712
Repayments of long-term borrowings (B)	(186)	(1,053)
Net change in revolving credit facilities and short-term borrowings (C)	124	(4)
Lease repayments	(20)	(32)
Payment of deferred financing costs	—	(13)
Non-cash changes		
Movement in accrued interest	(1)	(11)
Changes in leases and other loans	8	18
Deferred arrangement fees	2	16
Effects of changes in foreign exchange rates	102	105
At the end of the period	2,158	2,129

(A) In February 2021, Constellium SE issued \$500 million 3.750% Sustainability-Linked Senior Notes (€412 million converted at the issuance date exchange rate). In June 2021, Constellium SE issued €300 million 3.125% Sustainability-Linked Senior Notes.

(B) For the six months ended June 30, 2022, repayments of long-term borrowings included the repayment of the PGE.

In February 2021, Constellium SE tendered and redeemed the \$650 million 6.625% Senior Notes due 2025 (€536 million converted at the redemption date exchange rate). In June 2021, Constellium SE redeemed the \$400 million 5.750% Senior Notes due 2024 (€328 million converted at the redemption date exchange rate). In November 2021, Constellium SE partially redeemed \$200 million (€177 million converted at the repayment date exchange rate) of the \$500 million outstanding aggregate principal amount of the 5.875% Senior Notes due 2026.

(C) For the six months ended June 30, 2022, the net change in revolving credit facilities and short-term borrowings included the net proceeds from the Pan-U.S. ABL and the repayment of the Swiss facility.

15.5 Currency concentration

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
U.S. Dollar	1,288	1,055
Euro	861	1,048
Other currencies	9	26
Total borrowings	2,158	2,129

NOTE 16 - FINANCIAL INSTRUMENTS

16.1 Financial assets and liabilities by categories

<i>(in millions of Euros)</i>	Notes	At June 30, 2022				At December 31, 2021			
		At amortized cost	At fair value through profit and loss	At fair value through OCI	Total	At amortized cost	At fair value through profit and loss	At fair value through OCI	Total
Cash and cash equivalents	9	156	—	—	156	147	—	—	147
Trade receivables	10	—	—	921	921	—	—	603	603
Other financial assets		2	58	—	60	—	70	—	70
Total		158	58	921	1,137	147	70	603	820

<i>(in millions of Euros)</i>	Notes	At June 30, 2022				At December 31, 2021			
		At amortized cost	At fair value through profit and loss	At fair value through OCI	Total	At amortized cost	At fair value through profit and loss	At fair value through OCI	Total
Trade payables and fixed asset payables	14	1,474	—	—	1,474	1,087	—	—	1,087
Borrowings	15	2,158	—	—	2,158	2,129	—	—	2,129
Other financial liabilities		—	94	21	115	—	26	5	31
Total		3,632	94	21	3,747	3,216	26	5	3,247

16.2 Fair values

The carrying value of the Group's borrowings at maturity is the redemption value.

The fair values of Constellium SE Senior Notes issued in November 2017, June 2020, February 2021 and June 2021 is 92%, 92%, 80% and 77%, respectively, of the nominal values and amount to €633 million, €286 million, €386 million and €232 million, respectively, at June 30, 2022.

All derivatives are presented at fair value in the Interim Statement of Financial Position. The fair values of trade receivables, other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

<i>(in millions of Euros)</i>	At June 30, 2022			At December 31, 2021		
	Non-current	Current	Total	Non-current	Current	Total
Aluminium and premium derivatives	9	15	24	9	38	47
Energy derivatives	3	5	8	1	1	2
Other commodity derivatives	—	1	1	—	4	4
Currency commercial derivatives	2	17	19	2	14	16
Currency net debt derivatives	—	6	6	—	1	1
Margin calls	—	2	2	—	—	—
Other financial assets - derivatives	14	46	60	12	58	70
Aluminium and premium derivatives	1	70	71	—	14	14
Energy derivatives	1	—	1	—	—	—
Currency commercial derivatives	16	26	42	6	11	17
Currency net debt derivatives	—	1	1	—	—	—
Other financial liabilities - derivatives	18	97	115	6	25	31

16.3 Valuation hierarchy

The following table provides an analysis of financial instruments measured at fair value, grouped into levels based on the degree to which the fair value is observable:

- Level 1 is based on a quoted price (unadjusted) in active markets for identical financial instruments. Level 1 includes aluminium, copper and zinc futures that are traded on the LME.
- Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices). Level 2 includes foreign exchange derivatives and natural gas derivatives. The present value of future cash flows based on the forward or on the spot exchange rates at the balance sheet date is used to value foreign exchange derivatives.
- Level 3 is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs). Trade receivables are classified as a Level 3 measurement under the fair value hierarchy.

<i>(in millions of Euros)</i>	At June 30, 2022				At December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other financial assets - derivatives	14	46	—	60	41	29	—	70
Other financial liabilities - derivatives	69	46	—	115	13	18	—	31

There was no material transfer of asset and liability categories into or out of Level 1, Level 2 or Level 3 during the six months ended June 30, 2022 or the year ended December 31, 2021.

NOTE 17 - FINANCIAL RISK MANAGEMENT

The Group's financial risk management strategy focuses on minimizing the cash flow impacts of volatility in foreign currency exchange rates and metal prices, while maintaining the financial flexibility the Group requires in order to successfully execute the Group's business strategy.

Due to Constellium's capital structure and the nature of its operations, the Group is exposed to the following financial risks: (i) market risk including foreign exchange, commodity price and interest rate risks; (ii) credit risk and (iii) liquidity risk.

The Group's financial institution counterparties may require margin calls should the mark-to-market of our derivatives hedging foreign exchange and commodity price risks exceed a pre-agreed contractual limit. With a view to avoiding possible margin calls for significant market movements, the Group enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis. In addition, the Group (i) ensures that financial counterparties hedging transactional exposure are also hedging foreign currency loan and deposit exposures and (ii) holds a significant liquidity buffer in cash or in availability under its various borrowing facilities.

17.1 Market risk

i. Commercial transaction exposures

The Group has agreed to supply a major customer with fabricated metal products from a Euro functional currency entity and to invoice in U.S. Dollars. The Group entered into significant foreign exchange derivatives that matched related highly probable future conversion sales. The Group designates these derivatives for hedge accounting, with a total nominal amount of \$248 million and \$274 million at June 30, 2022 and December 31, 2021 respectively, with maturities ranging from 2022 to 2025.

The table below details the effect of foreign currency derivatives in the Interim Income Statement and the Interim Statement of Comprehensive Income / (Loss):

<i>(in millions of Euros)</i>	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Derivatives that do not qualify for hedge accounting					
<i>Included in Other gains and losses - net</i>					
Realized (losses) / gains on foreign currency derivatives - net	6	(2)	(2)	1	(4)
Unrealized (losses) / gains on foreign currency derivatives - net (A)	6	(5)	3	(7)	11
Derivatives that qualify for hedge accounting					
<i>Included in Other comprehensive income</i>					
Unrealized (losses) / gains on foreign currency derivatives - net		(16)	2	(18)	(9)
Gains reclassified from cash flow hedge reserve to the Consolidated Income Statement		3	1	3	1
<i>Included in Revenue (B)</i>					
Realized losses on foreign currency derivatives - net	6	—	—	(2)	(1)
Unrealized (losses) / gains on foreign currency derivatives - net	6	(1)	—	—	—

- (A) Gains or losses on the hedging instruments are expected to offset losses or gains on the underlying hedged forecasted sales that will be reflected in the future when these sales are recognized.
- (B) Changes in fair value of derivatives that qualify for hedge accounting are included in Revenue when the related customer invoices have been issued.

ii. Commodities

The Group does not apply hedge accounting on commodity derivatives and therefore any mark-to-market movements are recognized in Other gains and losses – net.

iii. Commodity margin calls

At June 30, 2022, the margin requirement paid as collateral to counterparties amounted to €2 million which was related to aluminium hedges. At December 31, 2021, there was no margin requirement related to aluminium or any other commodity hedges.

17.2 Liquidity risk and capital management

The liquidity requirements of the overall Company are funded out of the Company's cash or by drawing on available credit facilities. The internal management of liquidity is optimized by means of cash pooling agreements and/or intercompany loans and deposits between the Company's operating entities and central Treasury.

At June 30, 2022, the borrowing bases for the Pan-U.S. ABL and the French Inventory Facility were €481 million and €100 million, respectively. After deduction of amounts drawn and letters of credit, the Group had €431 million outstanding availability under these revolving credit facilities.

At June 30, 2022, liquidity was €899 million, comprised of €156 million of cash and cash equivalents and €743 million of available undrawn facilities, including the €431 million described above.

NOTE 18 - PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

18.1 Actuarial assumptions

Pension and other post-employment benefit obligations were updated based on the discount rates applicable at June 30, 2022.

	At June 30, 2022	At December 31, 2021
	Discount rate	Discount rate
Switzerland	1.95%	0.15%
U.S.		
Hourly pension	4.60% - 4.70%	2.80% - 2.95%
Salaried pension	4.60%	2.85%
OPEB	4.60% - 4.70%	2.85% - 2.95%
Other benefits	4.45% - 4.60%	2.60% - 2.85%
France		
Retirements	3.20%	1.00%
Other benefits	3.10%	0.90%
Germany	3.20%	1.05%

18.2 Amounts recognized in the Interim Statement of Financial Position

<i>(in millions of Euros)</i>	At June 30, 2022			At December 31, 2021		
	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Present value of funded obligation	629	—	629	766	—	766
Fair value of plan assets	(489)	—	(489)	(544)	—	(544)
Deficit of funded plans	140	—	140	222	—	222
Present value of unfunded obligation	101	220	321	128	249	377
Net liability / (asset) arising from defined benefit obligation	241	220	461	350	249	599
<i>Of which net liability</i>			463			599
<i>Of which net asset</i>			(2)			—

18.3 Amounts recognized in the Interim Income Statement

<i>(in millions of Euros)</i>	Three months ended June 30,					
	2022			2021		
	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Service cost						
Current service cost	(6)	(2)	(8)	(6)	(2)	(8)
Past service cost	—	—	—	—	(2)	(2)
Net interest	(1)	(1)	(2)	(1)	(1)	(2)
Immediate recognition of gains arising over the year	—	3	3	—	—	—
Administration expenses	(1)	—	(1)	—	—	—
Total	(8)	—	(8)	(7)	(5)	(12)

<i>(in millions of Euros)</i>	Six months ended June 30,					
	2022			2021		
	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Service cost						
Current service cost	(11)	(4)	(15)	(11)	(4)	(15)
Past service cost	—	—	—	—	(2)	(2)
Net interest	(2)	(3)	(5)	(2)	(2)	(4)
Immediate recognition of gains arising over the year	—	5	5	—	1	1
Administration expenses	(1)	—	(1)	(1)	—	(1)
Total	(14)	(2)	(16)	(14)	(7)	(21)

18.4 Movement in net defined benefit obligations

<i>(in millions of Euros)</i>	At June 30, 2022				
	Defined benefit obligations			Plan Assets	Net defined benefit liability / (asset)
	Pension benefits	Other benefits	Total		
At January 1, 2022	894	249	1,143	(544)	599
<i>Included in the Consolidated Income Statement</i>					
Current service cost	11	4	15	—	15
Interest cost / (income)	6	3	9	(4)	5
Immediate recognition of gains arising over the year	—	(5)	(5)	—	(5)
Administration expenses	—	—	—	1	1
<i>Included in the Statement of Comprehensive Income</i>					
Remeasurements due to:					
—actual return less interest on plan assets	—	—	—	85	85
—changes in financial assumptions	(197)	(39)	(236)	—	(236)
—changes in demographic assumptions	—	—	—	—	—
—experience losses	(2)	(1)	(3)	—	(3)
Effects of changes in foreign exchange rates	33	18	51	(30)	21
<i>Included in the Consolidated Statement of Cash Flows</i>					
Benefits paid	(18)	(9)	(27)	16	(11)
Contributions by the Group	—	—	—	(10)	(10)
Contributions by the plan participants	2	1	3	(3)	—
At June 30, 2022	729	221	950	(489)	461

18.5 Net defined benefit obligations by country

<i>(in millions of Euros)</i>	At June 30, 2022			At December 31, 2021		
	Defined benefit obligations	Plan assets	Net defined benefit liability / (asset)	Defined benefit obligations	Plan assets	Net defined benefit liability
France	124	(5)	119	158	(5)	153
Germany	106	(1)	105	134	(2)	132
Switzerland	241	(243)	(2)	306	(268)	38
United States	479	(240)	239	545	(269)	276
Other countries	—	—	—	—	—	—
Total	950	(489)	461	1,143	(544)	599

NOTE 19 - PROVISIONS

<i>(in millions of Euros)</i>	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2022	88	2	27	117
Allowance	—	—	1	1
Amounts used	(1)	(1)	(1)	(3)
Unused amounts reversed	—	—	(2)	(2)
Effects of changes in foreign exchange rates	3	—	2	5
At June 30, 2022	90	1	27	118
<i>Of which non-current</i>	80	1	15	96
<i>Of which current</i>	10	—	12	22

Legal claims and other costs

<i>(in millions of Euros)</i>	At June 30, 2022	At December 31, 2021
Litigation	16	16
Disease claims	10	9
Other	1	2
Total provisions for legal claims and other costs	27	27

Contingencies

The Group is involved, and may become involved, in various lawsuits, claims and proceedings relating to customer claims, product liability, employee and retiree benefit matters and other commercial matters. The Group records provisions for pending litigation matters when it determines that it is probable that an outflow of resources will be required to settle the obligation, and such amounts can be reasonably estimated. In some proceedings, the issues raised are or can be highly complex and subject to significant uncertainties and amounts claimed are and can be substantial. As a result, the probability of loss and an estimation of damages are and can be difficult to ascertain. In exceptional cases, when the Group considers that disclosures relating to provisions and contingencies may prejudice its position, disclosures are limited to the general nature of the dispute.

NOTE 20 - NON-CASH INVESTING AND FINANCING TRANSACTIONS

Property, plant and equipment acquired through leases or financed by third parties amounted to €8 million for the six months ended June 30, 2022 and 2021. These leases and financings are excluded from the Interim Statement of Cash Flows as they are non-cash investing transactions.

Fair values of vested Restricted Stock Units and Performance Stock Units amounted to €15 million for the six months ended June 30, 2022 and 2021. They are excluded from the Interim Statement of Cash Flows as non-cash financing activities.

NOTE 21 - SHARE CAPITAL

Share capital amounted to €2,886,031.84 at June 30, 2022, divided into 144,301,592 ordinary shares, each with a nominal value of two cents and fully paid-up. All shares are of the same class and have the right to one vote.

	Number of shares	<i>(in millions of Euros)</i>	
		Share capital	Share premium
At January 1, 2022	141,677,366	3	420
New shares issued (A)	2,624,226	—	—
At June 30, 2022	144,301,592	3	420

- (A) In the six month ended June 30, 2022, Constellium SE issued and delivered 2,624,226 ordinary shares to certain employees and directors related to share-based compensation plans.

NOTE 22 - SHARE-BASED COMPENSATION

Description of plans

Performance-Based Restricted Stock Units (equity-settled)

In March 2022, the Company granted Performance Stock Units (PSUs) to selected employees. These units vest after three years from the grant date if the following conditions are met:

- A vesting condition under which the beneficiaries must be continuously employed by the Company through the end of the vesting period; and
- A performance condition, contingent on the TSR performance of Constellium shares over the vesting period compared to the TSR of specified indices. PSUs will ultimately vest based on a vesting multiplier which ranges from 0% to 200%.

The PSUs granted in April 2019 achieved a TSR performance of 200%. These PSUs vested in April 2022 and 1,849,268 shares were granted to beneficiaries.

The following table lists the inputs to the valuation model used for the PSUs granted in March 2022:

	March 2022 PSUs
Fair value at grant date (in euros)	23.70
Share price at grant date (in euros)	17.11
Dividend yield	—
Expected volatility (A)	70%
Risk-free interest rate (US government bond yield)	1.88%
Model used	Monte Carlo

- (A) Volatility in the share prices of the Company and companies included in indices were estimated based on observed historical volatilities over a period equal to the PSU vesting period.

Restricted Stock Units Award Agreements (equity-settled)

In March 2022, the Company granted Restricted Stock Units (RSUs) to a certain number of employees subject to the beneficiaries remaining continuously employed within the Group from the grant date through the end of the vesting period. The vesting period is three years. The fair value of the RSUs awarded is €17.11, being the quoted market price at grant date.

Expense recognized during the period

In accordance with IFRS 2, share-based compensation is recognized as an expense over the vesting period. The estimate of this expense is based upon the fair value of a potential ordinary share at the grant date. The total share-based compensation amounted to €9 million and €7 million for the six months ended June 30, 2022 and 2021, respectively.

Movement of potential shares

	Performance-Based RSU	Restricted Stock Units	Total potential shares
At December 31, 2021	2,526,527	2,148,999	4,675,526
Granted (A)	603,023	556,360	1,159,383
Over-performance (B)	924,634	—	924,634
Vested	(1,849,268)	(774,958)	(2,624,226)
Forfeited (C)	(16,955)	(34,029)	(50,984)
At June 30, 2022	2,187,961	1,896,372	4,084,333

- (A) For PSUs, the number of potential shares granted is presented using a vesting multiplier of 100%.
- (B) When the achievement of TSR performance exceeds the vesting multiplier of 100%, the additional potential shares are presented as over-performance shares.
- (C) For potential shares related to PSUs, 16,955 were forfeited following the departure of certain beneficiaries and none were forfeited in relation to the non-fulfilment of performance conditions.

Antidilutive potential ordinary shares

For the three months ended June 30, 2022, there were 2,997,790 potential ordinary shares that could have had a dilutive impact but were considered antidilutive due to negative earnings.

NOTE 23 - SUBSEQUENT EVENTS

No subsequent events identified.



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