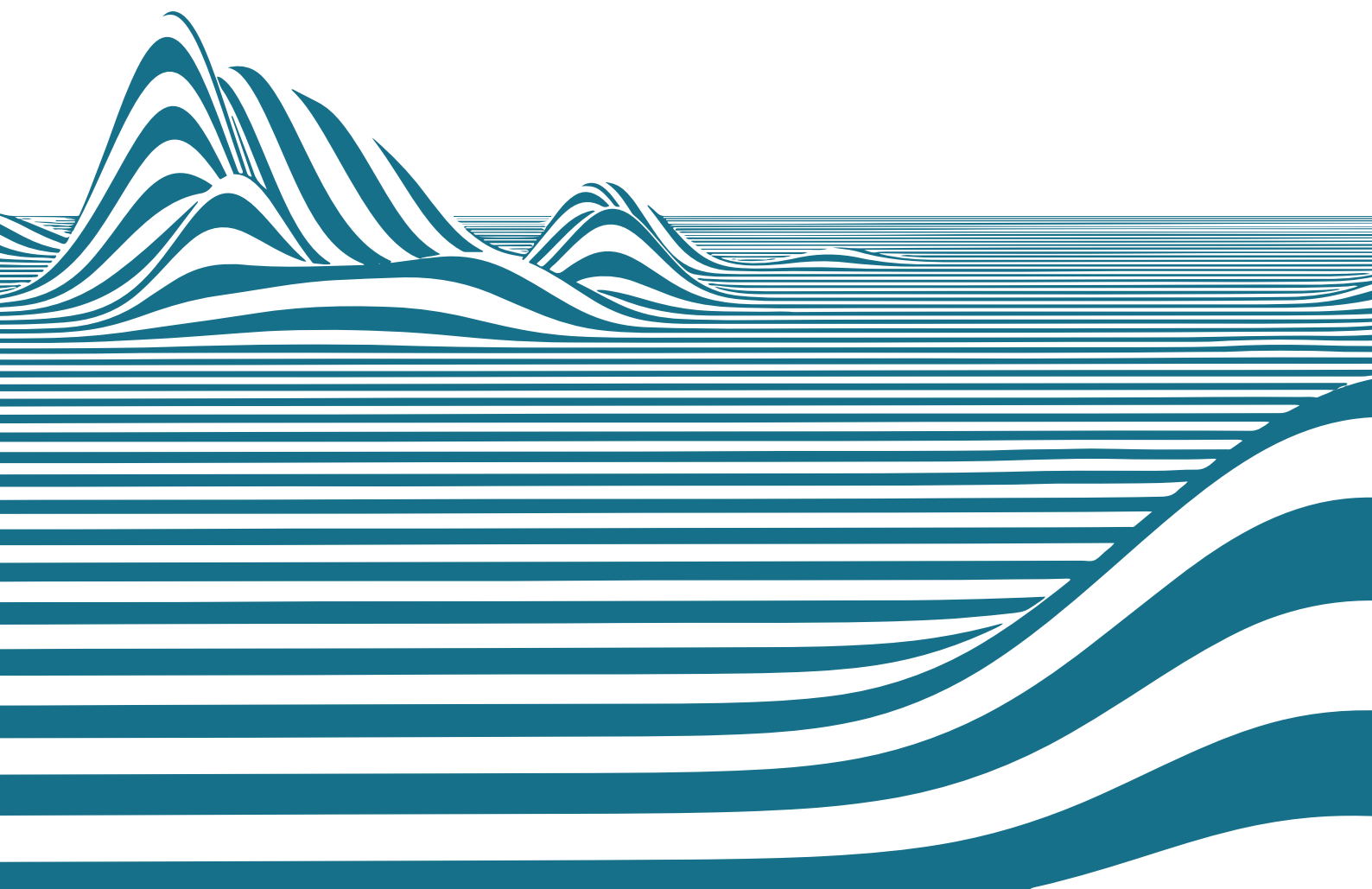


ArcelorMittal CLN

# CONSOLIDATED FINANCIAL STATEMENTS

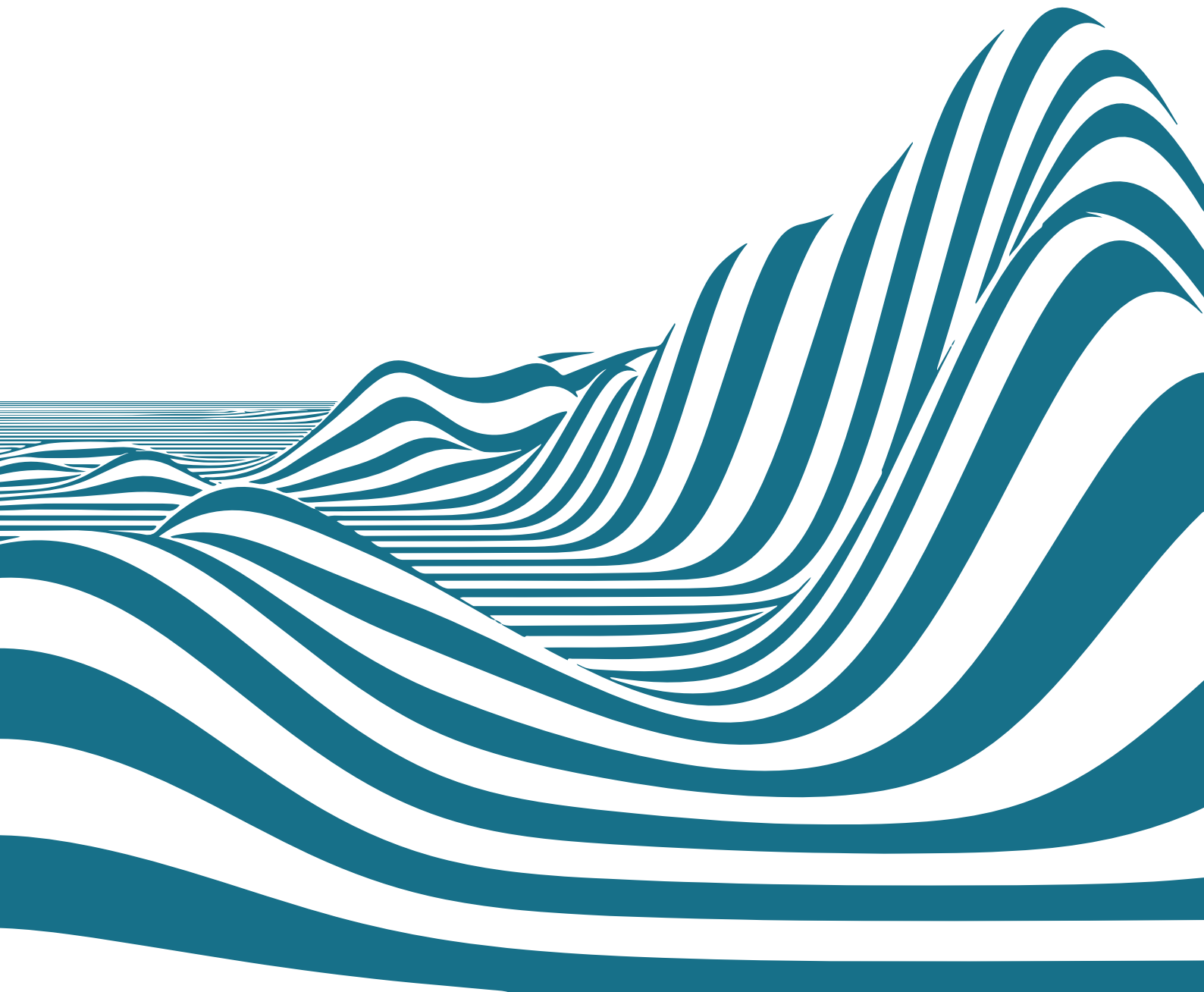
as at 31 December 2020

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**ARCELORMITTAL CLN  
DISTRIBUZIONE ITALIA S.R.L.**

Corso Susa, 13/15 • 10040 Caselette (TO) Italy  
Capitale Sociale Euro 60,010,000 i.v.  
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# 1,1,1 CORPORATE BODIES

## ArcelorMittal CLN Distribuzione Italia S.r.l.

### **Board of Directors**

CHAIRMAN	Gabriele Perris Magnetto
CHIEF EXECUTIVE OFFICER	Gabriele Perris Magnetto
DIRECTORS	Nicolas Vallorz Cesare Alessandro Viganò Ramesh Kumar Kothari Paul Stephan Brettnacher Cedric Bouzar

### **Board of Auditors**

CHAIRMAN	Mauro Messi
STATUTORY AUDITORS	Maria Venturini Paolo Burlando
SUBSTITUTE AUDITORS	Alessandra Odorisio Luca Longobardi

### **Auditing Company**

Deloitte & Touche S.p.A.

# MANAGEMENT REPORT



# MANAGEMENT REPORT

In the fiscal year ended on December 31, 2020, the Group recorded a loss amounting to EUR 10,866 thousand (Group losses as at December 31, 2019, amounted to EUR 2,060 thousand), net of taxes amounting to EUR 1,164 thousand (EUR 2,556 thousand as at December 31, 2019). Non-controlling interest – including 1.59% shares held in Delna S.p.A. and 20% shares held in Tamagnone S.r.l. – recorded a EUR 42,840 loss (non-controlling interest as at December 31, 2019, amounted to EUR 18,368).

The AMCLN Group thus recorded, as stated, a EUR 10,866 thousand loss, against sales revenue and service revenue amounting to EUR 448,270 thousand (EUR 649,333 thousand as at December 31, 2019).

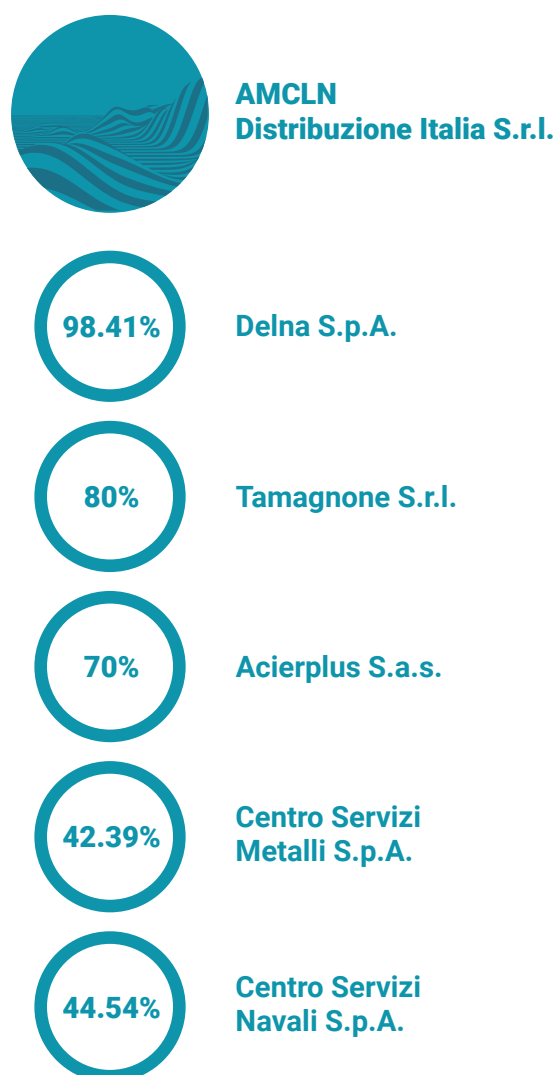
The parent company ArcelorMittal CLN Distribuzione Italia S.r.l., born in 2015 as a joint-venture of Italian suppliers of the ArcelorMittal Group and CLN Group, proves to be – in terms of sales volume and market share – among main actors in the carbon steel supply in Italy. The operation has allowed the generation of significant cost synergies that continue to be developed and change the business scope year after year.

The AMCLN Group operates in the following business sectors:

- Steel Distribution Service Centers (ArcelorMittal CLN Distribuzione Italia S.r.l.);
- Production of steel semi-finished products for industry (Acierplus S.A.S.);
- Pickling (Delna S.p.A.);
- Transportation and direct/indirect storage service (Tamagnone S.r.l.);
- Processing and supply of stainless steel and special alloy sheet metal products (Centro Servizi Metalli S.p.A.);
- Handling and processing of long and flat steel products for the boat building industry (Centro Servizi Navali S.p.A.).

The following graph shows the Group's corporate structure as at December 31, 2020, and un-

derlines that Acierplus S.A.S., Delna S.p.A., and Tamagnone S.r.l. were consolidated using a line-by-line approach, while Centro Servizi Metalli S.p.A. and Centro Servizi Navali S.p.A. only affect the Group equity.



We believe that a comprehensive understanding of the results achieved by your Group in 2020 demands a brief summary of the market in which it operates.

## THE STEEL MARKET

In 2020 world steel production has remained above 1,8 billion metric tons, despite a 0.9% decline in world production (about -17 million metric tons) compared to the previous fiscal year (WSA data).

A countertrend was recorded by China, which has exceeded the billion-ton mark (1,053 billion metric tons), with a 5.2% increase in production compared to the previous fiscal year and a market share currently around 58% of total world production output. China has overcome the pandemic phase earlier than other nations and it has restored record consumption and production already in 2020.

In Europe (EU-28), production output reached 138,8 million metric tons, with an additional strong contraction (-11.8%) compared to the previous fiscal year, and a portion of world output that has fallen to 7.6%, mainly due to the severity of the initial COVID-19 phase. The latter has strongly penalized end use, supply chain activity, and steel production in the second trimester, and markedly in April.

Italian production has also fallen (-12.9%) and amounted to 20,2 million metric tons, with flat steel production confirming the negative trend recorded in the past few years, given the negative effect of the pandemic and the considerable reduction in production output of the former ILVA plant in Taranto, falling below 4 million metric tons.

After the first semester – distinguished by a gradual price reduction, with a minimum price recorded between the end of June and the beginning of July – steel prices have strongly increased in the second semester of 2020, thanks to the combination of a recovery of regular consumption – given the reopening of business activity – and the apparent demand for restocking purposes, following the contraction recorded, in particular, in the second trimester of 2020.

The price stabilization phase was facilitated by the reduction in supply by manufacturers –

which had inevitably warned the majority of its furnace units to slow down production – and by the contraction in import, generated by the introduction of quotas and tariffs on import from foreign countries (protection clause), with domestic Chinese consumption booming and making China become an importing country, rather than an exporting country.

The increase in coil prices in the second semester of 2020 was about +300 €/ton., with an outstanding speed and frequency recorded mostly in the fourth trimester of 2020. This trend has continued with an additional, extraordinary increase in prices even in the first trimester of 2021 (an additional 200 €/ton.), reaching the highest value ever, even greater than peak prices recorded in June/July 2008.

## OPERATIONS ON THE SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS OCCURRED THROUGHOUT THE FISCAL YEAR

During the period analyzed, there were no changes in the AMCLN Group scope of consolidation.

## INCOME STATEMENT, BALANCE SHEET, AND CASH FLOW PERFORMANCE

The 2020 fiscal year ended with a turnover of EUR 489,9 million and an EBITDA amounting to EUR 10,8 million.

## RECLASSIFIED INCOME STATEMENT - AMCLN GROUP

(EUR/'000)	31/12/2020	31/12/2019
<b>Turnover</b>	<b>489,892</b>	<b>668,685</b>
<b>Gross operating income (EBITDA)</b>	<b>10,790</b>	<b>26,670</b>
% turnover	2.20%	3.99%
<b>Operating earnings (EBIT)</b>	<b>(6,574)</b>	<b>6,778</b>
% turnover	-1.34%	1.01%
Fiscal year result	(5,559)	(6,380)
Value adjustments	61	117
<b>Earnings before tax (EBT)</b>	<b>(12,073)</b>	<b>515</b>
% turnover	-2.46%	0.08%
Income taxes	1,164	(2,556)
<b>Net Profit for the Group and third parties (EAT)</b>	<b>(10,909)</b>	<b>(2,041)</b>
% turnover	-2.23%	-0.31%

## RECLASSIFIED BALANCE SHEET - AMCLN GROUP

(EUR/'000)	31/12/2020	31/12/2019
Net trade receivables	71,714	72,273
(Net trade payables)	(161,024)	(148,756)
Ending inventory	65,474	132,905
Other current assets (liabilities)	(5,084)	(1,825)
<b>NET WORKING CAPITAL</b>	<b>(28,921)</b>	<b>54,598</b>
Net tangible fixed assets	86,842	91,449
Net intangible fixed assets	20,135	25,016
Equity investments and non-current receivables	13,420	17,224
Reserves	(5,412)	(6,959)
Deferred tax assets/(Liabilities)	(1,712)	(3,152)
<b>NET INVESTED CAPITAL</b>	<b>84,352</b>	<b>178,176</b>
<b>SHAREHOLDER EQUITY</b>	<b>33,791</b>	<b>45,050</b>
NON-CONTROLLING INTEREST	415	458
GROUP SHAREHOLDER EQUITY	33,376	44,592
(Liquid assets)	(18,218)	(7,983)
(Financial receivables due from other companies)	(7,149)	(7,161)
(Intercompany financial receivables)	(1,456)	(1,919)
Short-term loans	61,435	137,779
MLT loans	15,949	12,409
<b>NET FINANCIAL DEBT</b>	<b>50,561</b>	<b>133,125</b>
<b>BORROWINGS</b>	<b>84,352</b>	<b>178,176</b>

## MAIN INCOME STATEMENT AND CASH FLOW STATEMENT INDICATORS

The main income statement indicator for the AMCLN Group is EBITDA, whereas the main cash flow indicator is Net Financial Debt (as outlined in the reclassified income and equity statements shown in the previous pages).

Other relevant income statement and cash flow statement indicators are provided as follows.

It is specified that such indicators are "Non-GAAP" indicators, thus the calculation method used by the company may be different from that used by other groups/companies.

### ROE - RETURN ON EQUITY (NET PROFIT/NET EQUITY)

The indicator summarizes corporate profitability, understood as the remuneration of equity invested by shareholders.

	Year 2020	Year 2019
ROE	(32.28%)	(4.53%)

### ROI - RETURN ON INVESTMENT (EBIT/NET INVESTED CAPITAL)

The indicator summarizes the company's typical profitability, therefore excluding the financial and extraordinary components, with respect to the net invested capital.

	Year 2020	Year 2019
ROI	(7.79%)	3.80%

### ROS - RETURN ON SALES (EBIT/REVENUE FROM SALES)

The indicator summarizes the potential of sales to produce revenue.

	Year 2020	Year 2019
ROS	(1.34%)	1.01%

### EQUITY/CAPEX

This indicator shows the relationship between the Group's net equity and capital expenditure.

	Year 2020	Year 2019
Equity/Capex	39.57%	25.03%

### CURRENT ASSETS TO CURRENT LIABILITIES RATIO

This indicator shows the potential of current assets (trade receivables, short-term investments, and liquid assets) to cover current liabilities (trade payables and financial liabilities).

	Year 2020	Year 2019
Curr. Assets/ Curr. Liabilities	0.72%	0.78%

Although the result is below 1, we do not perceive a tense situation, in that the realizable value of inventory is high and transformation times are short.

### INDICATOR OF FIXED ASSETS COVERED BY EQUITY

This indicator shows the portion of fixed assets covered by equity.

Upon assessing such ratio, we have excluded "Financial receivables due from other companies", booked in the balance sheet under "Financial fixed assets" in accordance with the previously outlined approach used for the "Current assets to current liabilities ratio".

	Year 2020	Year 2019
Equity/Fixed Assets	27.72%	33.36%

The profitability of the AMCLN Group, in accordance with the international IFRS principles, would cause a change in the above indicators, as follows:

### ROE - RETURN ON EQUITY (NET PROFIT/NET EQUITY)

The indicator summarizes corporate profitability, understood as the remuneration of equity invested by shareholders.

	Year 2020	Year 2019
ROE	(7.83%)	(24.25%)

### ROS - RETURN ON SALES (EBIT/REVENUE FROM SALES)

Esprime in misura sintetica la redditività caratteristica dell'azienda, escludendo quindi la componente finanziaria e straordinaria, rispetto al capitale investito netto.

	Year 2020	Year 2019
ROI	0.98%	(5.95%)

### ROS - RETURN ON SALES (EBIT/RICAVI DI VENDITA)

The indicator summarizes the potential of sales to produce revenue.

	Year 2020	Year 2019
ROS	0.26%	(2.01%)

### EQUITY/CAPEX

This indicator shows the relationship between the Group's net equity and capital expenditure.

	Year 2020	Year 2019
Equity/Capex	45.16%	29.26%

### CURRENT ASSETS TO CURRENT LIABILITIES RATIO

This indicator shows the potential of current assets (trade debtors, short-term investments, and liquid assets) to cover current liabilities (trade payables and financial liabilities).

	Year 2020	Year 2019
Curr. Assets/ Curr. Liabilities	0.70%	0.77%

Although the result is below 1, we do not perceive a tense situation, in that the realizable value of inventory is high and transformation times are short.

### INDICATOR OF FIXED ASSETS COVERED BY EQUITY

This indicator shows the portion of fixed assets covered by equity.

Upon assessing such ratio, we have excluded "Financial receivables due from other companies", booked in the balance sheet under "Financial fixed assets" in accordance with the previously outlined approach used for the "Current assets to current liabilities ratio".

	Year 2020	Year 2019
Equity/Fixed Assets	36.90%	36.94%

## MAIN RISKS AND UNCERTAINTIES WHICH THE GROUP IS EXPOSED TO

### FINANCIAL RISKS

Gruppo AMCLN is exposed to risks of a financial nature related to its operations; these are constantly monitored in order to mitigate the effects thereof:

- Business risk, in relation to the end markets and the price trends of raw material;
- Credit risk, in relation to normal trade relations with clients and borrowing activities;
- Liquidity risk, with particular reference to the availability of financial resources and access to the credit market;
- Interest rate risk, in that the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. is potentially exposed to the fluctuation of interest rates;
- Foreign exchange risk, in relation to the fluctuation of exchange rates.

### BUSINESS RISK

The AMCLN Group is exposed to certain risks related to its supply and end markets, and mainly:

- the price of steel: in particular, its volatility – which produces significant and sudden changes in the price of the raw material – can create exposure to the risk of failing to promptly reverse such dynamics on the end customers. It must be kept in mind, in particular, that while the price of steel proves to be strongly influenced by “global” dynamics (cost of iron mineral, scrap, coal and the demand of steel in emerging markets), the end demand for processed steel is strongly influenced by “local” consumption dynamics and existing competition;
- risks associated with the trend in consumption within the main end sectors – such as the con-

struction, automotive, and electrical appliance sectors – which are correlated to the uncertainty of the macroeconomic framework, including the increase and decrease of Gross National Product, the level of consumer loyalty and that of companies, trends in interests rates for consumer credit, and the euro/dollar exchange rate. Such factors are always critical in long-lasting good purchase mechanisms.

### CREDIT RISK

The greatest theoretical exposure to credit risk for the AMCLN Group as at 31 December 2020 is represented by the book value of the receivables shown in the financial statements.

The Group adopts specific trade policies aimed at monitoring the solvency of its clients, and implements disposal of receivables with factoring companies and securitization vehicles, mainly based on agreements without recourse, thus transferring the related risk.

The Group has chosen to insure its credits through specific companies, while adopting internal trade policies aimed at monitoring the solvency of its customers, in addition to specific provisions in the presence of an objective condition of partial or total non-recoverability not guaranteed by the insurance.

### LIQUIDITY RISK

The main factors affecting the liquidity status of the AMCLN Group are: on one hand, the resources generated and absorbed by operations management; on the other hand, those used in investments made for development and debt service. Your Group constantly monitors the performance of liquid assets, financial flows (final and expected) and of the lines of credit available through cash account reports. In particular, as at December 31, 2020, the liquid assets (including restricted portfolio securities amounting to EUR 7,2 million) amounted to EUR 25,4 million, whereas payables owed to banks and other lenders within twelve months amounted to EUR 16 million. Throughout the fiscal year, the Group has continued to constantly draw from internal cash flow to optimize cash pooling among Italian subsidiaries.



## INTEREST RATE RISK

The Group recurrently performs disposal of receivables through prepaid invoices, cash orders subject to collection, and securitization of receivables without recourse. Moreover it uses other short-term financing techniques (import financing) to fund operating capital. As far as investments are concerned, the Group uses, when possible, medium and long-term financing normally with variable interest rates.

Variations in the levels of market interest rates therefore affect the level of net financial charges.

## FOREIGN EXCHANGE RISK

Group transactions are almost exclusively made in euros, thus foreign exchange risk is limited.

## RISKS RELATED TO THE COVID-19 PANDEMIC

The COVID-19 pandemic has had significant effects worldwide starting in February 2020.

The restrictive measures introduced by the Italian and French governments and, more specifically, the decision to establish a period of lockdown, have implied a strong reduction in the main manufacturing activities in the automotive and iron & steel industries. The government-imposed shutdowns have implied a considerably negative impact on Group activities, particularly accentuated in the period between March and June.

The Group is exposed to risks related to the COVID-19 pandemic along with any other viruses. The most significant risk is, in particular, the occurrence of periods of prolonged shutdown of its production units/plants, thus the reduced production, with inevitable economic and financial repercussions.

With particular reference to the ongoing COVID-19 pandemic, the Group has promptly implemented – in order to contain the risk of infection and guarantee the necessary occupational health and safety – at all its facilities a “COVID-19 Safety Protocol”, following the guidelines included in the safety protocol undersigned by national labor unions and employer’s organizations

(last updated on April 6, 2021).

This protocol issues a series of specific guidelines including but not limited to:

- provision of appropriate PPE to its employees (face masks, gloves, safety goggles, etc.);
- availability and mandatory use of hand sanitizer;
- cleaning and sanitation (daily and weekly) of both the workspaces and the equipment;
- social distancing and smart working if possible;
- cancellation of all missions and meetings involving the physical presence of employees.

## ENVIRONMENT AND SAFETY

Your Group carries out its business in compliance with the provisions in force concerning the protection of the environment in the sectors it belongs to. In particular, we point out that the activity carried out – given the materials employed, the energy consumption, and waste produced – can be considered to have a low environmental impact.

As for the REACH legislation, based on the European EC Regulation n° 1907/2006 (concerning the Registration, Evaluation, Authorization and Restriction of Chemicals in the European Union), the AMCLN Group is classified with the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. as a “downstream user”, as it does not purchase, use, or import chemical substances under such Regulation for its manufacturing processes. The subsidiary Delna S.p.A., on the other hand, produces waste chemicals during the pickling phase, which are sold on the market. For these products, the chemical components were registered on the basis of REACH legislation in order to obtain the necessary documentation and authorization for sale. Therefore, your Group periodically requests the REACH declarations of conformity from its suppliers and monitors the updates to the Candidate List (the list of banned substances issued by ECHA), records new che-

mical compounds produced, and sends the aforementioned declarations to customers in order to carry out its business in compliance with the provisions in force concerning the protection of the environment as well as occupational health and safety.

As far as the environment is concerned, it is emphasized that the business is aimed at fully protecting the environment and health, in terms of energy consumption, emissions, and waste produced.

No environmental damage was caused during the fiscal year and no penalties were imposed on your Group in this context.

The AMCLN Group considers the protection of occupational health and safety and the workplace as two fundamental elements of its activity.

Your Group aims to reduce and prevent workplace injury and work-related diseases.

Throughout 2020, the Group continued to work towards the achievement of safety goals, in order to reach the end goal of “zero accidents” by following these main activity paths:

- Guarantee the protection of health and prevention of risks in accordance with current standards;
- Identify the appropriate prevention and protection measures in order to reduce the risk of injuries as much as possible;
- Provide corporate management with an efficient and effective management system allowing the permanent identification and handling of emerging issues as well as an orderly flow of information that may adequately support decision-making and operational responsibilities;
- Increase employee involvement, motivation, and awareness;
- Increase efficiency and performance in the scope of continuous improvement;
- Improve its internal and external image, thus having greater reliability in the eyes of clients, suppliers and supervisory entities/authorities.

In addition, the Safety Policy adopted and promoted by the Group states that the protection of health and safety is to be considered a priority and a specific responsibility of the entire workforce, as well as a constant commitment to be applied to all activities. The Group works towards reduction and prevention of injuries and work-related diseases.

Such principles are realized by means of identifying annual objectives for the constant and gradual reduction of injuries and the related indicators compared to the previous year, to reach the end goal of “zero accidents”.

In this regard, it should be noted that, in the 2020 fiscal year, 2 facilities out of a total of 8 owned by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. have met or confirmed the “zero accidents” target set by the company for occupational safety. The subsidiary Delna S.p.A. has recorded only two minor injuries, while the subsidiary Tamagnone S.r.l. ended the 2020 fiscal year, just like the 2019 fiscal year, with a single injury.

Although these can be considered satisfactory results, it will be necessary to continue working on the behavioral aspect, which is currently the most significant added value in tackling the issue of health and safety at the various facilities. Indeed, the involvement of employees and, in particular, supervisors (the link between corporate management and manual/office workers), represents a direct strategy so that the environment and safety do not remain abstract arguments, but are considered something real, concrete, and tangible, even – and above all – by the supervisors. This is the only way for the latter to believe in the project and become fundamental and essential actors in the path towards reducing the risk of injuries to zero.

The tools used to be able to reach the health and safety goals established are:

1. Training, which must be specific, recurring, and effective;
2. Analysis of injuries required to identify the



root causes of the event;

3. Analysis of accidents and hazardous situations in order to reduce opportunities for injury;
4. Assessment of the risks per individual activity;
5. Safety inspections in order to monitor the correct application of rules and procedures;
6. A safety audit to establish new room for improvement;
7. Suggestions from employees so that supervisors become proactively involved in safety matters.

The commitment of AMCLN Group management to reach and maintain the results is also boosted by means of continuous improvement and identification of new instruments to be implemented and applied.

In this regard, we hereby point out that the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. is OHSAS 18001-certified, and the related annual inspection for the 2020 fiscal year had positive results. The subsidiary Delna S.p.A. – which is ISO 14001-certified – was also inspected for environmental management, and recorded positive results.

## RELATIONS WITH RELATED COMPANIES

Relations between the Group companies are governed by market conditions.

Financial relations existing during the fiscal year between the Group and the related companies belonging to the C.L.N. Group and ArcelorMittal are outlined in the table below:

Description	31/12/2020	31/12/2019	Change
Arcelor Planos Sagunto S.A.	789	789	-
Arcelormittal Atlantique & Lorraine	802	1,132	(330)
Arcelormittal Avellino e Canossa S.p.A.	16,368	17,529	(1,161)
Arcelormittal Belgium S.A.	205	10,233	(10,028)
Arcelormittal Bremen GmbH	3,913	12,338	(8,425)
Arcelormittal Centres De Services	1,500	1,500	-
Arcelormittal Commercial Italy S.r.l.	12,014	12,014	-
Arcelormittal Distribution Solution	416,611	445,978	(29,367)
Arcelormittal Espana S.A.	18,377	146,065	(127,688)
Arcelormittal FCE Itlay S.r.l.	43	43	-
Arcelormittal Finanziaria	610	610	-
Arcelormittal Flat Carbon Europe S.A.	6,972	6,436	536
Arcelormittal France SAS	18,492	3,049	15,443
Arcelormittal Italia S.p.A.	317,752	269,540	48,212
Arcelormittal Logistics Italia S.r.l.	302,418	411,065	(108,647)
Arcelormittal Mediterranee SASU	6,812	7,349	(537)
Arcelormittal Tb Lorraine	2,034	-	2,034
Arcelormittal Tb Gent	4,750	4,750	-
C.L.N. Coils Lamiere Nastri S.p.A.	930,928	779,975	150,953
C.S.N. S.p.A.	7,686	24,115	(16,429)
C.T.L. S.r.l. Centro Taglio Laser	224,246	426,096	(201,850)
Cellino S.r.l.	181,819	398,603	(216,784)
Celmac S.r.l.	525,282	730,776	(205,494)
Coskunuz MA S.R.L.	900	-	900

Description	31/12/2020	31/12/2019	Change
Delfo Polska S.A.	14,353	1,676	12,677
DMW Sud Africa	2,000	2,000	-
Dp Metal Processing Polska Z.O.O.	60,504	308,671	(248,167)
Eurostamp S.A.S.	20,651	10,960	9,691
Fam MA Automotive S.A.	(1,572)	(1,572)	-
Ma Automotive Deutschland GmbH	64,917	9,708	55,209
Ma France	61,261	328	60,933
Ma S.r.l.	15,815,620	16,042,356	(226,736)
Mw Aftermarket S.r.l.	82,101	104,129	(22,028)
Mw France S.A.	7,456	-	7,456
Mw Italia S.r.l.	1,144	3,343	(2,199)
Mw Romania S.A.	5,261	2,496	2,765
Nichelino immobiliare S.r.l.	-	36,024	(36,024)
O.M.V. S.p.A.	552,233	541,449	10,784
P.M.C. Automotive Melfi S.r.l.	1,707	11,728	(10,021)
Proma Poland Sp Z.O.O.	9,380	4,322	5,058
Solustil La Boisse	111,501	186,290	(74,789)
Um Corporation S.A.S.	-	13,976	(13,976)
<b>Total receivables due from related companies</b>	<b>19,809,840</b>	<b>20,987,869</b>	<b>(1,178,029)</b>

Description	31/12/2020	31/12/2019	Change
Aperam Stainless Italy S.r.l.	27,535	18,757	8,778
Aperam Stainless Services	4,622	26,646	(22,024)
Arcelormittal Centres De Services	63,055	7,017	56,038
Arcelormittal Commercial Italy S.r.l.	60,614,976	58,170,326	2,444,650
Arcelormittal Distribuzione Sol. IT	308,248	202,842	105,406
Arcelormittal Flat Carbon Europe S.A.	19,837,263	17,955,400	1,881,863
Arcelormittal Italia S.p.A.	562,155	2,114,930	(1,552,775)
ArcelorMittal Italy Services S.r.l.	26,751,776	31,208,403	(4,456,627)
Arcelormittal Logistics Italia S.r.l.	493,068	769,319	(276,251)
B Lux Steel	10,241	-	10,241
C.L.N. Coils Lamiere Nastri S.p.A.	6,416,721	7,214,096	(797,375)
C.T.L. S.r.l. Centro Taglio Laser	46,916	100,840	(53,924)
DP Metal Processing	22,394	-	22,394
Eurostamp S.A.S.	17,155	-	17,155
Gonvarri Italia S.p.A.	81,179	(51,830)	133,009
I.D.E.S.T. S.A.R.L.	165,126	304,215	(139,089)
Ma S.r.l.	3,524,876	1,745,453	1,779,423
Mw France S.A.	-	69,025	(69,025)
Mw Italia S.r.l.	17,191	221,803	(204,612)
Nichelino immobiliare S.r.l.	-	46,970	(46,970)
<b>Total payables owed to related companies</b>	<b>118,964,497</b>	<b>120,124,210</b>	<b>(1,159,713)</b>

## RESEARCH AND DEVELOPMENT ACTIVITIES

During the year, the Group has paid particular attention to developing innovative solutions and improving processes, with a focus on improving the quality of products and services offered and improving efficiency and productivity. Throughout the 2020 fiscal year, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has made investments in instrumental goods with the purpose of facilitating technological and digital transformation in accordance with the so-called "Industry 4.0" model. In particular, the company has commissioned an investment for the purchase of a longitudinal coil slitting line to be installed at its Monza plant.

## OWNERSHIP OF SHARES AND FINANCIAL INSTRUMENTS

The Group has not purchased, transferred, or held stock or shares of parent companies either directly or through trust companies or third parties. The parent company AMLCN and the subsidiary Delna have underwritten interest rate derivatives. Please refer to the Notes to the Consolidated Financial Statements for further details.

## BUSINESS OUTLOOK

It is reported that the initial months of 2021 have been distinguished, once again, by the ongoing COVID-19 pandemic, which has led the government authorities of the different nations involved to adopt new restriction measures. In particular, Italy has been subjected to localized lockdown within its regions, depending on the Rt (COVID transmission index) levels recorded. Nevertheless, such lockdowns have not significantly affected the company's production

activity.

As for the business outlook, the impact that the COVID-19 emergency will have on fiscal year results and financial statements will depend on future developments, which are not predictable at the moment and will be subject to constant monitoring throughout the remainder of the fiscal year.

Despite such situation of extreme uncertainty, we have not identified – at present – indicators of threat to business continuity in the next 12 months.

Throughout the current fiscal year, the Group should benefit of the economic recovery that will occur as the pandemic is gradually contained. This will most likely occur starting in the second trimester of the current year. It must be specified that – starting in the final weeks of 2020 – the gradual increase in demand for iron and steel products appears, in part, to not be satisfied as a consequence of the reduction in production capacity of main European manufacturing sites and limitations in imports, and the price for such products has undergone constant increases. The endurance of such situation – which has currently not had negative consequences on the achievement of the production output for the initial months of the year that the company has established in its annual budget – may become a limit to the full recovery potential of the sector compared to the general economic context.

Caselette, May 27, 2021

On behalf of the Board of Directors

**The Chairman**  
Mr. Gabriele Perris Magnetto



# CONSOLIDATED FINANCIAL STATEMENTS 2020

# CONSOLIDATED BALANCE SHEET

	(Amounts in EUR)	(Amounts in EUR)
<b>ASSETS</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>RECEIVABLES from SHAREHOLDERS</b>	-	-
<b>FIXED ASSETS</b>		
<b>I) Intangible fixed assets</b>		
Start-up and expansion costs	-	-
Development costs	-	-
Industrial patents and intellectual property rights	106,519	115,115
Concessions, licenses, trademarks and similar rights	201,732	340,702
Goodwill	19,347,098	23,916,071
Fixed assets under construction and advance payments	46,233	45,746
Other	433,599	598,642
<b>Total intangible fixed assets</b>	<b>20,135,181</b>	<b>25,016,276</b>
<b>II) Tangible fixed assets</b>		
Land and buildings	43,688,564	44,204,930
Plant and machinery	36,515,059	40,010,802
Industrial and commercial equipment	1,012,012	1,082,601
Other tangible assets	1,407,755	1,468,155
Fixed assets under construction and advances	4,219,012	4,682,989
<b>Total tangible fixed assets</b>	<b>86,842,402</b>	<b>91,449,477</b>
<b>III) Long-term financial assets</b>		
Equity investments in:		
associate companies	13,315,254	13,614,101
parent companies	-	-
other companies	104,960	3,609,602
Total long-term equity investments	13,420,214	17,223,703
Receivables:		
due from associate companies	-	-
due from parent companies	-	-
due from other companies	7,149,090	7,161,190
Total receivables	7,149,090	7,161,190
Other securities	-	-
Own shares in treasury	-	-
<b>Total long-term financial assets</b>	<b>20,569,304</b>	<b>24,834,893</b>
<b>Total fixed assets</b>	<b>127,546,887</b>	<b>140,850,646</b>
<b>CURRENT ASSETS</b>		
<b>I) Inventory</b>		
Raw materials, ancillary materials, and consumables	53,476,163	113,246,190
Work in progress and semi-finished goods	1,784,327	2,722,085
Goods being made to order	-	-
Finished products and goods	10,213,348	16,937,204
Advance payments	-	-
<b>Total Inventory</b>	<b>65,473,838</b>	<b>132,905,479</b>

	(Amounts in EUR)	(Amounts in EUR)
<b>II) Receivables</b>		
Trade receivables		
third parties due within 12 months	51,337,767	51,324,229
related parties due within 12 months	19,809,840	20,987,869
third parties after more than 12 months	206,729	213,868
Due from associate companies		
within 12 months	1,815,330	1,665,623
after more than 12 months	-	-
Due from parent companies		
within 12 months	-	-
after more than 12 months	-	-
Tax receivables		
within 12 months	7,132,570	13,135,595
after more than 12 months	112,766	46,795
Prepaid taxes		
within 12 months	1,961,576	1,783,756
after more than 12 months	-	-
Due from other debtors		
within 12 months	998,179	714,129
after more than 12 months	1,487	113,880
<b>Total receivables</b>	<b>83,376,244</b>	<b>89,985,744</b>
<b>III) Short-term financial assets</b>		
Short-term financial assets	-	-
Holdings in parent companies	-	-
Other holdings	-	-
Active derivatives	-	-
Other securities	-	-
<b>Total short-term financial assets</b>	<b>-</b>	<b>-</b>
<b>IV) Liquid Assets</b>		
Bank and postal deposits	18,123,829	7,935,151
Cash and cash equivalents on hand	94,447	48,106
<b>Total liquid assets</b>	<b>18,218,276</b>	<b>7,983,257</b>
<b>Total current assets</b>	<b>167,068,358</b>	<b>230,874,480</b>
<b>ACCRUED INCOME AND PREPAID EXPENSES</b>		
Accrued income and prepaid expenses	1,377,452	2,238,410
<b>Total accrued income and prepaid expenses</b>	<b>1,377,452</b>	<b>2,238,410</b>
<b>TOTAL ASSETS</b>	<b>295,992,697</b>	<b>373,963,536</b>

## CONSOLIDATED FINANCIAL STATEMENTS 2020

	(Amounts in EUR)	(Amounts in EUR)
<b>LIABILITIES</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>NET EQUITY</b>		
I) Share capital	60,010,000	60,010,000
II) Share premium account	-	-
III) Revaluation reserves	-	-
IV) Legal reserve	103,377	103,377
V) Reserve for own shares in treasury	-	-
VI) Statutory reserve	-	-
VII) Other reserves:		
- Capital account reserve	1,964,156	1,964,156
- Consolidation reserve	952,167	952,165
- Derivative reserve	(10,037)	(11,964)
- Merger surplus reserve	167,364	167,364
- Unrealized gains on foreign currency translation reserve	(426,002)	(73,761)
- Capital gains on equity reserve	1,532,790	1,532,790
VIII) Profits (losses) carried forward	(20,051,698)	(17,992,103)
IX) Profits (losses) for the year	(10,866,239)	(2,059,595)
<b>TOTAL NET EQUITY of the Group</b>	<b>33,375,878</b>	<b>44,592,429</b>
Non-controlling interest	415,149	457,958
<b>TOTAL NET EQUITY</b>	<b>33,791,027</b>	<b>45,050,387</b>
<b>PROVISIONS FOR RISKS AND CHARGES</b>		
Provision for post-employment benefits and similar obligations	393,363	360,649
Provisions for taxes, even deferred	3,673,501	4,936,082
Provisions for passive derivatives	18,383	28,138
Other provisions	1,210,564	2,233,591
<b>Total provisions for risks and charges</b>	<b>5,295,811</b>	<b>7,558,460</b>
<b>EMPLOYEE SEVERANCE INDEMNITY RESERVE</b>	<b>3,789,874</b>	<b>4,336,855</b>
<b>PAYABLES</b>		
Debenture loans	-	-
Convertible debentures	-	-
Owed to shareholders for borrowings within 12 months	12,000,000	12,000,000
after more than 12 months	10,000,000	-
Owed to banks		
within 12 months	39,434,568	125,620,161
after more than 12 months	15,948,716	12,408,708
Owed to other lenders		
within 12 months	-	158,919
after more than 12 months	-	-
Advances paid	-	-
Trade payables		
third parties due within 12 months	42,059,311	28,384,821
related parties due within 12 months	116,218,152	114,631,865
third parties after more than 12 months	2,746,345	5,492,345



	(Amounts in EUR)	(Amounts in EUR)
Bills of exchange payable	-	-
Owed to associate companies		
within 12 months	-	246,670
after more than 12 months	-	-
Owed to parent companies		
within 12 months	-	-
after more than 12 months	-	-
Owed to other companies		
within 12 months	-	-
after more than 12 months	-	-
Tax payables		
within 12 months	1,521,860	2,122,318
after more than 12 months	51,327	-
Welfare and social security payables		
within 12 months	2,656,591	3,055,478
after more than 12 months	-	-
Other payables		
within 12 months	6,443,480	7,723,827
after more than 12 months	-	-
<b>Total payables</b>	<b>249,080,350</b>	<b>311,845,112</b>
<b>ACCRUED LIABILITIES AND DEFERRED INCOME</b>		
Issued at premium	-	-
Other accrued liabilities and deferred income	4,035,635	5,172,722
<b>Total accrued liabilities and deferred income</b>	<b>4,035,635</b>	<b>5,172,722</b>
<b>TOTAL LIABILITIES</b>	<b>295,992,697</b>	<b>373,963,536</b>

# CONSOLIDATED INCOME STATEMENT

	(Amounts in EUR)	(Amounts in EUR)
	2020	2019
<b>A) PRODUCTION VALUE</b>		
Revenues from sales and services	488,269,691	649,332,542
Changes in inventory: work in progress, semi-finished goods and finished products	(7,661,615)	387,812
Changes in goods being made to order	-	-
Own work capitalized	-	-
Other revenue and income	9,284,008	18,964,868
<b>Total production value</b>	<b>489,892,085</b>	<b>668,685,222</b>
<b>B) PRODUCTION COSTS</b>		
<b>Costs of raw materials, ancillary materials, consumables and goods</b>	<b>341,628,794</b>	<b>532,656,911</b>
<b>Service costs</b>	<b>32,045,848</b>	<b>41,912,077</b>
<b>Costs for use of third-party assets</b>	<b>4,404,637</b>	<b>5,311,501</b>
Employee costs:		
salaries and wages	27,281,466	36,396,691
social security expenses	9,285,468	12,402,810
employee severance indemnity	1,815,160	2,031,135
pensions and post-retirement benefits	32,715	41,123
other costs	2,046,469	3,463,329
<b>Total employee costs</b>	<b>40,461,278</b>	<b>54,335,088</b>
Depreciation, amortization, and impairment losses:		
amortization of intangible fixed assets	5,140,651	5,116,890
depreciation of fixed assets	11,817,447	13,700,587
other reductions in value of fixed assets	-	440,693
write-down of receivables and liquid assets	138,734	334,912
<b>Total depreciation, amortization, and impairment losses</b>	<b>17,096,831</b>	<b>19,593,082</b>
<b>Changes in inventory: raw materials, ancillary materials, consumables and goods</b>	<b>59,770,027</b>	<b>6,271,167</b>
<b>Allocation to risk provisions</b>	<b>-</b>	<b>-</b>
<b>Other provisions</b>	<b>266,922</b>	<b>298,350</b>
<b>Other management expenses</b>	<b>791,976</b>	<b>1,528,931</b>
<b>Total production costs</b>	<b>496,466,313</b>	<b>661,907,107</b>
<b>Difference between production value and production costs</b>	<b>(6,574,228)</b>	<b>6,778,115</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
Income from equity investments:		
associate companies	-	-
parent companies	-	-
other companies	-	14
<b>Total income from equity investments</b>	<b>-</b>	<b>14</b>
Other financial income:		
- income from receivables booked under fixed assets		
associate companies	-	-

	(Amounts in EUR)	(Amounts in EUR)
parent companies	-	-
other companies	37	28
<b>Total income from receivables booked under fixed assets</b>	<b>37</b>	<b>28</b>
- income from securities booked under fixed assets other than equity investments	-	-
- income from securities booked under current assets other than equity investments	-	-
- other financial income not included above:		
interest and commission from associate companies	16,570	17,125
interest and commission from parent companies	-	-
interest and commission from other companies and miscellaneous income	5,400	152,073
<b>Total other financial income not included above</b>	<b>22,007</b>	<b>169,226</b>
<b>Total other financial income</b>	<b>22,007</b>	<b>169,226</b>
Interest payable and other financial charges:		
associate companies	-	-
parent companies	-	-
other Group companies	-	-
other companies	5,581,000	6,485,670
<b>Total interest payable and other financial charges</b>	<b>5,581,000</b>	<b>6,485,670</b>
Gains and losses on exchange rates	32	(63,895)
<b>Total financial income and charges</b>	<b>(5,558,961)</b>	<b>(6,380,325)</b>
<b>D) VALUE ADJUSTMENTS OF INVESTMENTS</b>		
Revaluations:		
of equity investments	536,288	1,123,695
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	-	-
<b>Total revaluations</b>	<b>543,467</b>	<b>1,129,156</b>
Write-downs:		
of equity investments	482,894	1,011,678
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	-	-
<b>Total write-downs</b>	<b>(482,894)</b>	<b>(1,011,678)</b>
<b>Total adjustments made to the value of investments</b>	<b>60,573</b>	<b>117,478</b>
<b>RESULT BEFORE TAX</b>	<b>(12,072,616)</b>	<b>515,268</b>
Current taxes	272,503	1,907,582
Taxes related to previous fiscal years	4,979	41,381
Prepaid and deferred taxes	(1,441,019)	607,532
<b>Income taxes for the fiscal year</b>	<b>(1,163,537)</b>	<b>2,556,495</b>
<b>PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP AND THIRD PARTIES</b>	<b>(10,909,079)</b>	<b>(2,041,227)</b>
Profits (losses) attributable to non-controlling interest	(42,840)	18,368
<b>PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP</b>	<b>(10,866,239)</b>	<b>(2,059,595)</b>

# CASHFLOW STATEMENT

	(Amounts in EUR)	(Amounts in EUR)
	2020	2019
<b>Financial flow from operating activities (indirect method)</b>		
<b>Profits (losses) for the fiscal year</b>	<b>(10,909,079)</b>	<b>(2.041.227)</b>
Income taxes	(1,163,537)	2,556,495
Interest paid/(interest earned)	5,558,924	6,380,311
(Dividends)	-	(14)
Capital (gains)/losses arising from transfer of assets	(686,260)	(5,187,567)
<b>Profits (losses) for the fiscal year before income taxes, interest, dividends and gains/losses from transfers</b>	<b>(7,199,952)</b>	<b>1,707,998</b>
<i>Adjustments for non-monetary items that did not have a contra-entry in the net working capital</i>		
Provisions	2,220,816	2,370,608
Amortizations of fixed assets	16,958,098	18,817,477
Write-downs for impairment losses	-	440,693
Other upwards (downwards) adjustments for monetary items	( 7,179)	(5,461)
Other upwards (downwards) adjustments for non-monetary items	-	-
<b>Financial flow before changes in the net working capital</b>	<b>11,971,783</b>	<b>23,331,315</b>
<i>Changes in net working capital</i>		
Decrease/(increase) in inventory	67,431,641	16,287,508
Decrease/(increase) in receivables from clients	558,739	16,265,718
Increase/(decrease) in trade payables	12,268,107	(42,650,056)
Decrease/(increase) in accrued income and prepaid expenses	860,958	977,093
Increase/(decrease) in accrued and deferred liabilities	(1,137,087)	2,511,166
Other changes in net working capital	3,716,231	(5,988,757)
<b>Financial flow after changes in the net working capital</b>	<b>95,670,372</b>	<b>10,733,987</b>
<i>Other adjustments</i>		
Interest received/(paid)	(4,305,649)	(4,460,971)
(Income taxes paid)	(820.791)	1,202,364
Dividends received	-	14
(Use of provisions)	(3,997,664)	(1,646,133)
Other receipts/payments	-	-
<b>Operating financial flow (A)</b>	<b>86,546,268</b>	<b>5,829,261</b>
<b>Financial flow deriving from investments</b>		
<i>Tangible Fixed Assets</i>		
(Investments)	(8,257,659)	(16,804,602)
Disinvestments	1,044,546	9,602,074
<i>Intangible Fixed Assets</i>		
(Investments)	(256,816)	(503,099)
Disinvestments		
<i>Long-term investments</i>		
(Investments)	-	(579,375)
(Investimenti)	-	(579,375)

	(Importi in Euro)	(Importi in Euro)
Disinvestments		
<i>Non-fixed financial assets</i>		
(Investments)		-
Disinvestments	3,500,000	
<b>Financial flow from investments (B)</b>	<b>(3,969,929)</b>	<b>(8,285,002)</b>
<b>Financial flow deriving from financing activities</b>		
<i>Third party means</i>	-	-
Increase (decrease) of payables to banks	(82,645,585)	(12,961,896)
Increase (decrease) of payables to other lenders	(158,919)	(10,246,290)
(Increase)/Decrease of intragroup financial receivables	463,184	77,929
Increase/(Decrease) of intragroup financial payables	10,000,000	12,000,000
<i>Own means</i>		
Paid capital increase	-	-
(Capital repayment)	-	-
Sale (purchase) of own shares	-	-
(Dividends (and dividend advances) paid)	-	-
<b>Financial flow from financing activities (C)</b>	<b>(72,341,320)</b>	<b>(11,130,257)</b>
Increase (decrease) in liquid assets (A ± B ± C)	10,235,019	(13,585,998)
<b>Liquid assets at the beginning of the fiscal year</b>	<b>7,983,257</b>	<b>21,569,255</b>
of which:		
bank and postal deposits	7,935,151	21,496,294
cash and cash equivalents on hand	48,106	72,961
<b>Liquid assets at the end of the fiscal year</b>	<b>18,218,276</b>	<b>7,983,257</b>
of which:		
bank and postal deposits	18,123,829	7,935,151
cash and cash equivalents on hand	94,447	48,106

*\*The financial statements for the previous year have been reclassified according to the OIC 10 framework*



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The background of the page features a complex, abstract design. The upper portion is a solid dark gray. Below this, the design transitions into a series of horizontal, wavy lines in varying shades of gray, creating a sense of depth and movement, reminiscent of a stylized ocean or a topographical map. The lines are more pronounced and varied in thickness in the lower half of the page.

## MAIN BUSINESS

ArcelorMittal C.L.N. Distribuzione Italia S.r.l. is a legal entity under Italian law and with its subsidiaries ("the Group") works in different business sectors: steel service centers (pre-processing of steel coils and sheet metal processing in general); transport services; direct and indirect warehousing management; steel pickling and cutting; and production of semi-finished steel products for industry.

### FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at December 31, 2020, for ArcelorMittal C.L.N. Distribuzione Italia S.r.l. and its subsidiaries (hereinafter also referred to as "the Group") have been drafted in accordance with Italian Decree-Law n°127 issued on April 9, 1991, as an enforcement decree of EEC directives IV and VII. Moreover, it was drafted pursuant to the Italian Civil Code, interpreted and integrated with the accounting principles and standards issued by the O.I.C. (Italian accounting body) and, finally – where missing and not contradicting the Italian accounting standards – those issued by the International Accounting Standards Board (I.A.S.B.).

The consolidated financial statements were drafted with the assumption of going concern. As more extensively illustrated in the annual financial report, it is presumed that – despite the difficult economic and financial context – no significant uncertainties on business continuity endure, considering the actions planned by administration and targeted towards improvement of the Group's economic/financial conditions.

The consolidated financial statements include the Balance Sheet, the Income Statement, the Cash Flow Statement (prepared in accordance with the frameworks referred to in Articles 2424, 2424-bis, 2425 and 2425-bis, and 2425-ter of the Italian Civil Code) and these Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements have the purpose of illustrating, analyzing,

and in certain cases integrating the data included in the latter, and include the information required by articles 2427 and 2427-bis of the Civil Code, Article 38 of Decree-Law n° 127/91, and other provisions of the Civil Code and earlier laws related to financial statements. Moreover, the Notes provide all the complementary information deemed necessary to provide the most transparent and comprehensive account possible, even where it is not required by specific legislation.

Upon drafting the balance sheet and the income statement, the items (in Arab numbers) and the sub-items (in lower case) with a zero balance in both fiscal years have been written off.

The Consolidated Financial Statements have been prepared by applying the full consolidation method to the financial statements of ArcelorMittal C.L.N. Distribuzione Italia S.r.l., the parent company, and to those of all Italian and foreign companies where it directly or indirectly holds the majority of voting rights and where it exercises unilateral control.

Associate companies on which the Group exercises joint control or considerable influence have, instead, been booked using the net equity method.

Group companies, their legal names, locations, business purpose, share capital, and direct/indirect holding percentages are listed as an attachment to these Notes. The consolidated financial statements refer to the same end-of-year date as those of the parent company.

We hereby specify that we did not implement the exceptions pursuant to paragraph 4 of Article 2423 of the Civil Code in these financial statements.

The amounts indicated in the financial statements and the related Notes are all expressed in point value in EUR, unless otherwise specified.

Availing itself of the legal provisions of Law n° 106 issued on February 26, 2021, the financial statements are presented to the shareholders for approval within 180 days after the fiscal year end.



# PRINCIPLES OF CONSOLIDATION

The consolidated financial statements were drafted including the financial statements as at December 31, 2020, of the Group companies included in the scope of consolidation that had been drawn up by the Boards of Directors for approval by the individual Annual General Meetings, duly amended where necessary, in order to align them to the accounting principles adopted by the Parent Company.

All the subsidiaries that ArcelorMittal C.L.N. Distribuzione Italia S.r.l. holds, directly or indirectly, more than 50% shares of (or has a dominant influence on) and included in the scope of consolidation have been consolidated using the full consolidation method, from the moment of acquisition of control, as summarized:

- a. Assumption of the assets, liabilities, costs, and revenue at their comprehensive total amount, regardless of the entity of the shareholding and, in general, attributing to minority shareholders the portion of net equity and fiscal year result due to them under specific entries.
- b. The book value of equity held by the parent company and the other companies included in the scope of consolidation is written off against the related net equity as at the consolidation date, given that liabilities, costs, and revenue ascribed to subsidiaries are valued using the full consolidation method.
- c. The difference emerging upon acquisition between the elimination of the book value of shares held in a company included in the area of consolidation and the corresponding portion of net equity is attributed, where possible, to the elements of the assets and liabilities of such company. Any remaining amount is treated as follows:
  - if positive, it is recorded under the “goodwill” item of intangible fixed assets and is amortized on a straight-line basis in relation to its expected recoverability;
  - if negative, it is booked under an item of the

net equity as “consolidation reserve” or, when due to expected unfavorable operating results, under an item named “consolidation provision for future risks and charges”.

- d. Elimination of receivables and payables, as well as costs and revenue from operations between the consolidated companies.
- e. Dividends of consolidated companies are written off from the income statements of parent companies.

Moreover, eliminations included:

- capital gains deriving from transfers of fixed assets among consolidated companies;
- profits, where significant, deriving from transactions between consolidated companies related to transfers of assets remaining as inventory at the buying company, where deemed significant.

Equity in joint venture and associate companies (which the parent company holds – directly or indirectly – shares between 20% and 50% of) were valued using the net equity method, subtracting the dividends transferred to the parent company and making the adjustments required by consolidation principles. According to such method:

1. The consolidated financial statements only include the net equity portion owned by the subsidiary, including the fiscal year result;
2. The eventual positive difference between share purchase cost and the portion of net equity in the holding company – adjusted to represent capital gains on balance sheet assets – represents the goodwill included in the equity value in the consolidated financial statements. Such goodwill, valued using the net equity method, is amortized on the basis of a preset useful life, no longer than 20 fiscal years, which is believed to not exceed the period of potential benefit;

3. the eventual negative difference is instead booked among the net equity reserve, up until the eventual sale of the equity itself.

Other fixed assets included in the equity, including ones owned by non-operating companies, irrelevant assets, or assets whose consolidation would have produced poorly relevant effects on the Group's income statement and balance sheet data were booked using the cost method, eventually adjusted in case of impairment losses.

Financial statements used for consolidation purposes are those approved or predisposed for approval by the shareholders of the individual companies, and suitably adjusted – where necessary – to the Group's standardized accounting principles. Financial statements included in the scope of consolidation refer to the parent company's end-of-year date, which corresponds to the calendar year (January 1-December 31).

The agreement between net equity and the fiscal year result as at December 31, 2020, deducible from the parent company's financial statements for the fiscal year and the consolidated financial statements as at the same date is described in the Net Equity section.

## SCOPE OF CONSOLIDATION

A list of the subsidiaries included in the scope of consolidation is provided as follows:

Parent company	
Company name	Registered office
ArcelorMittal C.L.N.	13/15 Corso Susa,
Distribuzione Italia S.r.l.	Caselette (Turin)

Companies included in the scope of consolidation using the full consolidation method – Subsidiaries:

Company name	Registered office	Share capital	% owned
Delna S.p.A.	20 Via per Airuno, Brivio (Lecco)	2,000,000	98.41%

Tamagnone S.r.l.	13/15 Corso Susa, Caselette (Turin)	20,000	80.00%
Acierplus S.A.S.	Impasse des Prairies, Z.I. Nord, Arnas (France)	1,001	70.00%

Companies included in the scope of consolidation using the net equity method – associate or joint venture companies:

Company name	Registered office	Share capital	% owned
Centro Servizi Navali S.p.A.	Via Volta SNC, San Giorgio di Nogaro (Udine)	12,782,000	44.54%
Centro Servizi Metalli S.p.A.	7 Via G.M. Ferraroni, Reggio Emilia	871,000	42.39%

## ACCOUNTING PRINCIPLES

The criteria set out in Article 2426 of the Civil Code used in the preparation and evaluation of the financial statements as at December 31, 2020, are similar to those used for the financial statements for the previous year. The provisions of the Civil Code are interpreted by the accounting standards published by the Italian Accounting Body (OIC).

The financial statement items have been assessed in accordance with the prudence concept and on an accrual basis, in the scope of business continuity, and considering the economic effect of every asset or liability therein.

The accounting criteria are based on the substance over form principle should it not specifically contradict other specific accounting principles adopted.

No exceptional events occurred which made it necessary to resort to exemptions pursuant to articles 2423-bis, paragraph 2, and 2423, para-

graph 5 of the Civil Code.

The amounts are expressed in EUR, unless otherwise specified.

## INTANGIBLE FIXED ASSETS

Intangible fixed assets are booked at purchase cost. The cost includes ancillary charges and direct and indirect costs for the portion that can be reasonably attributed to the asset. In all cases the sustained cost, as defined above, does not exceed the recoverable value.

The values are shown net of the amortizations allocated in the various fiscal years. Amortization starts from the fiscal year when the asset becomes available for use or when it begins to produce economic benefits.

The "Goodwill" item includes the sums paid for this purpose with reference to the acquisition of companies or other corporate transactions, and is amortized according to its useful life. Useful life is estimated at the time of initial recognition of the goodwill and is not changed in subsequent fiscal years. If it is not possible to estimate its useful life, the goodwill is amortized over a period of 10 years.

At each fiscal year end, the presence of indicators of loss of value of intangible fixed assets is assessed. If these indicators emerge, a reduction of value is carried out (impairment test). If the net book value of the fixed assets exceeds the recoverable value, they are written down to reflect the latter. Should the reasons behind such devaluation cease to be valid in subsequent fiscal years, the original value shall be restored, within the limits of the asset value before the devaluation, with the exception of the "goodwill" item.

The recoverable amount of intangible fixed assets was determined as the greater amount between the use value calculated by discounting future cash flows, and the fair value. In determining the recoverable value of intangible fixed assets, the following parameters were considered:

- time horizon of five years as a reference for

the analytical estimate of future cash flows (arising from the most recent business plan approved by the Board of Directors);

- a growth rate of 1.35%, determined on the basis of the expected long-term inflation rate in Italy;
- an 8.18% cash flow discounting rate, determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy).

## ANCILLARY CHARGES RELATED TO FINANCING

The Company has applied the amortized cost criterion exclusively to payables arising from 2016 onwards, and therefore the costs related to previous loans continue to be recorded under the "Others" component of intangible fixed assets and amortized in accordance with the previous accounting standard, without prejudice to the exemptions specified in the "Payables" section.

## TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at the cost of purchase or production. Furthermore, certain assets were revalued following their transfer on the basis of values certified by independent third-party auditors. ArcelorMittal CLN Distribuzione Italia S.r.l. has recorded (subject to limits established by the Law) revaluations with a contra-entry to the goodwill deriving from the initial transfer.

The tangible fixed assets whose use is limited in time are systematically depreciated each fiscal year on the basis of economic/technical rates determined in relation to the residual possibilities of use of the assets, with the exception of those whose usefulness does not end and that consist of land already existing as at March 31, 2015. If the value of buildings also incorporates the value of the land on which they are located, the value of the building has been separated.

For fixed assets that became operational during

the fiscal year, the rates are reduced to 50%, assuming that the purchases are homogeneously distributed over the fiscal year.

If, regardless of the previously recorded amortization, there is a permanent loss in value, the fixed asset is correspondingly devalued; if in subsequent fiscal years the conditions for the write-down no longer apply, the original value is reinstated within the limits of the value that the asset would have had if the value adjustment had never taken place.

Ordinary maintenance costs are fully charged to the Income Statement, while those of an incremental nature are attributed to the assets to which they refer and amortized in relation to the residual possibility of using them.

Notwithstanding generally accepted accounting principles, where: (i) permitted by special laws; (ii) deemed appropriate in order to provide a more truthful and correct representation of the values of land, buildings, plants and machinery, and as previously clarified, ArcelorMittal CLN Distribuzione Italia S.r.l. has recorded (subject to the limits established by law) revaluations following the initial transfer. The revaluation amounts do not, in any case, exceed the recoverable values. The partial allocation of the initial difference from asset transfer to revaluation was written off in 2016.

Lease agreements were booked in the consolidated financial statements according to the criteria established by the financial methodology. In particular, the capital worth of the assets – including quotas of initial fees included in the prepaid expenses in the financial statements for the fiscal year – was included among tangible fixed assets, whereas payables for lease fees as principal were included in the medium/long term financial payables. The lease fees booked in the financial statements for the fiscal year were replaced with the amortizations calculated on the basis of the useful life of fixed assets subject to lease, with the related interest payable booked as financial charges or the related deferred tax assets allocated.

## LONG-TERM FINANCIAL ASSETS

Shareholdings not included in the scope of consolidation are valued using the cost method. The carrying value in the financial statements is determined on the basis of the purchase price or subscription price, including ancillary charges or the value attributed to the assets transferred.

The carrying amount of the shareholding, when the existence of a permanent loss in value is recognized, is reduced to its lowest recoverable value, which is determined on the basis of the future benefits expected to flow to the shareholder's capital. The original value is reinstated in subsequent years if the reasons for the write-down no longer exist.

Shareholdings in subsidiaries and associate companies not included in the scope of consolidation are adjusted every fiscal year based on the related pro rata of net equity ascribed to the Group.

## INVENTORY

Inventory is recorded at the lowest amount between purchase or production cost and the presumable net realizable value inferable from the market trend, represented by the replacement value for raw materials and the realizable value for finished goods and semi-finished goods.

The cost is determined according to the LIFO method in annual increments. The difference between the inventory calculated using the LIFO method and the valuation at current costs (FIFO method) recognized at the end of the year is provided hereinafter.

## RECEIVABLES

Receivables are booked using the amortized cost method, considering the time factor and the estimated realizable value. The amortized cost criterion is not applied when the effects are irrelevant (i.e. when the transaction costs, commission paid between parties, and any other difference between initial value and value at maturity are irrelevant) or are short-term effects (maturity under 12 months).

In accordance with the materiality concept refer-

red to in Article 2423 paragraph 4 of the Italian Civil Code, receivables were not discounted if the interest rate deducible from the contractual terms was not significantly different from the actual interest rate.

Regardless of whether the amortized cost was applied or not, receivables are shown in the financial statements net of the allocation to a bad debt provision and a provision to cover the generic risk relating to the remaining receivables, based on estimates based on past experience, the performance of maturity indices of overdue credits, the general economic and sector-specific situation, as well as events occurred after the fiscal year end having an effect on the values as at the balance sheet date. For collateralized receivables, the effects related to the enforcement of the collateral have been taken into account, and only the portion not covered by insurance has been taken into account for insured receivables.

The Group implements disposal transactions on its trade receivable portfolio by means of securitization and factoring operations. In certain cases, transfers can take place according to the "with recourse" procedure, thus the Group continues to be subjected to the risk of insolvency of the transferring debtor. In this case, the receivables are not written off from the financial statements.

## LIQUID ASSETS

Liquid assets are entered at their nominal value. Any liquid assets denominated in foreign currency are valued at the fiscal-year-end exchange rate. Restricted liquid assets are booked among current asset or fixed asset receivables, depending on the restriction features.

## ACCRUALS AND DEFERRALS

Accruals represent the numeric counterpart of the ascertainment of the ascribed portion of costs (where owed) and revenue (where due) common to more than one fiscal year for which, as at the date of the financial statements, the corresponding changes in monetary availability or in receivables and payables have not yet been verified.

Deferrals represent the counterparty of portions

of costs (where due) and revenue (where owed) common to more than one fiscal year and not ascribable to the fiscal year result related to the period during which the corresponding monetary variation or change in receivables and payables took place. They express the value of services yet to be received or in any case usable in future fiscal years, where due, and the value of services yet to be carried out or for which the corresponding costs are yet to be borne, where owed.

The adopted criteria of measurement represent the application of the general principle of cost and revenue correlation pertaining to the fiscal year.

## PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are allocated to cover certain or likely losses or debts, whose amount or date of occurrence, however, could not be determined upon the fiscal year end. The allocations reflect the best possible estimate on the basis of elements available.

The "provision for taxes, even deferred" is included in provisions for risks and charges as it includes the sums related to probable tax liabilities of an unspecified amount or occurrence, deriving from inspections yet to be defined or from ongoing litigations and similar events. "Provision for taxes, even deferred" also includes deferred tax liabilities calculated on the basis of temporary differences for tax purposes.

## EMPLOYEE SEVERANCE INDEMNITY RESERVE

This item is calculated in accordance with the related legislation and represents fixed payables, though not collectable, accrued in favor of employee contracts as at the date of the financial statements. Severance indemnity is subject to revaluation by means of official indicators.

Eventual welfare and social security reserves other than severance indemnity and integrating complementary social security reserves that the company pays in pursuant to collective bargaining agreements are booked in the "post-employment benefits and similar obligations" item in the income statement.



## PAYABLES

Payables are recorded according to the amortized cost method, with the exception of payables for which the effects of the application of the amortized cost criteria are irrelevant (namely, where the transaction costs, commission paid between the parties, and any other difference between the initial value and the value at maturity are irrelevant or expire in less than 12 months). In accordance with the materiality concept, payables were not discounted if the interest rate deducible from the contractual terms was not significantly different from the actual interest rate.

Payables for which the amortized cost criterion has not been applied have been entered at their nominal value. Payables arising from asset acquisitions are recorded at the time when the risks, charges, and benefits are transferred; those relating to the services are recorded at the time of performance of the service; those of a financial or other nature are recorded at the time when the obligation towards the counterparty arises.

"Tax payables" include certain and calculated tax liabilities as well as withholdings that have not yet been paid as at the date of the financial statements date. Wherever compensation is permitted, they are entered net of advance payments, withholdings, and tax receivables.

## REVENUE

Revenue is booked net of returns, discounts, allowances, and bonuses, as well as tax directly related to the sale of goods and performance of services. Revenue from the sale of goods is recognized at the time of transfer of ownership, which normally coincides with shipment or delivery of the goods. Revenue for services is recognized once the service is performed and in accordance with the related agreements.

## COSTS

Costs and expenses are booked on an accrual basis.

## INTEREST RECEIVABLE AND PAYABLE, INCOME AND CHARGES

Interest receivable and payable, as well as other income and charges, are recorded and disclosed in the financial statements on an accrual basis, with the related calculation of accruals and deferrals.

## INCOME TAX FOR THE FISCAL YEAR

Current taxes are allocated in the financial statements according to the rates and standards in force based on a precise estimate of the taxable income for fiscal purposes, considering any applicable exemptions or tax credit eventually due.

Deferred and prepaid taxes are calculated on the basis of temporary differences between the book value of the consolidated assets and liabilities and the corresponding values that are relevant for tax purposes, with the tax rates in force at the time such temporal differences are carried forward. If the legislation varying the tax rate has already been issued as at the date of the financial statements, the company shall implement suitable adjustments to cater for the different tax rate compared to previous fiscal years.

In accordance with the prudence principle, in the fiscal years in which the temporary differences are carried forward, prepaid taxes are not booked, should there not be a reasonable certainty of the existence of a taxable income equal to or greater than the total amount of temporary differences, which will cancel each other out. The tax benefit deriving from tax losses carried forward is recorded where there is the reasonable certainty of future taxable income during the time when the losses are recordable.

Deferred and prepaid taxes are calculated by applying the tax rate in force for the periods in which the temporary differences are carried forward.

Throughout the 2020 fiscal year, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has renewed the three-year option (2020-2022) to subscribe to the national tax consolidation of the C.L.N. Group, in accordance with Article 117/129 of the consolidated income tax code (T.U.I.R.), which it had initially subscribed to in 2017 for the previous three years (2017-2019).

C.L.N. S.p.A. acts as the consolidating company and determines a single taxable base for the group of companies adhering to the tax consolidation; it thus benefits from the possibility of compensating taxable income with tax losses in a single tax return.

Each company participating in the tax consolidation transfers the income tax (taxable income or tax loss) to the consolidating company; the consolidating company recognizes a credit against it that is equal to the CIT to be paid (the consolidated company recognizes a payable owed to the consolidating company). On the other hand, with regard to companies that record tax losses, the consolidating company recognizes a payable equal to the CIT on loss component actually offset at a group level (the consolidated company recognizes a receivable from the consolidating company).

## CONVERSION CRITERIA FOR FOREIGN CURRENCY CONVERSION

Assets and liabilities originally expressed in foreign currency and accrued throughout the fiscal year have generated foreign exchange gains/losses booked in the income statement following valuation of the same at the spot exchange rate as at the date of realization.

## COMMITMENTS, GUARANTEES, AND RISKS

The amounts of the actual risks, commitments, and guarantees in being as at the date of the financial statements are shown at the end of these Notes.

## DERIVATIVES

Derivatives are booked at the fair value corresponding to the market value – where available – or to the value calculated on the basis of accounting models and techniques that can guarantee a reasonable approximation of market value. Derivatives for which such method could not be utilized are valued at purchase price.

The allocation of current value is recorded in the balance sheet as assets – under the specific “long-term financial assets” item or as current assets, depending on the destination – or as lia-

bilities – under the specific “provisions for risks and charges” item.

The counterparty for cash flow hedges is a net equity reserve, while the ineffective part is booked in the income statement. Variations in fair value of non-hedge derivatives are booked in the income statement.

Please refer to the “Information relating to the fair value of derivatives” note for more information.

## ASSETS

### FIXED ASSETS

#### 1) Intangible fixed assets

Intangible fixed assets as at December 31, 2020, amounted to a EUR 20,135,181 (EUR 25,016,276 as at December 31, 2019).

Description	31/12/2020	31/12/2019
Start-up and expansion costs	-	-
Industrial patent rights and intellectual property rights	106,519	115,115
Concessions, licenses, trademarks and similar rights	201,732	340,702
Goodwill	19,347,098	23,916,071
Fixed assets under construction and advance payments	46,233	45,746
Other	433,599	598,642
<b>Total intangible fixed assets</b>	<b>20,135,181</b>	<b>25,016,276</b>

## CONSOLIDATED FINANCIAL STATEMENTS 2020

Changes in the intangible fixed assets recorded during the 2020 fiscal year were as follows:

Description of cost	Beginning-of-year			Reclassifications			Movements for the fiscal year				End-of-year			
	Historical cost	Amortized cost	Net value	Historical cost	Amortized cost	Net value	Purchases	Write-off of historical cost	Write-off of accumulated depreciation	Amortized	Other changes	Historical cost	Amortized cost	Net value
Goodwill	46,062,422	(22,146,351)	23,916,071							(4,568,973)		46,062,422	(26,715,324)	19,347,098
Industrial patent rights and use of intellectual property	308,355	(193,240)	115,115				55,743			(64,339)		364,098	(257,579)	106,519
Concessions, licenses, trademarks and similar rights	2,930,499	(2,589,798)	340,701				163,825			(305,535)	2,741	3,097,065	(2,895,333)	201,732
Start-up and expansion costs	23,656	(23,656)										23,656	(23,656)	
Multi-year costs	3,898,177	(3,277,831)	620,346	(3,898,177)	3,277,831	(620,346)								
Other goods	1,091,386	(1,113,090)	21,704	3,898,177	(3,277,831)	620,346	22,254			(201,804)	14,507	5,026,324	(4,592,725)	433,599
Fixed assets under construction	45,746		45,746				14,994				(14,507)	46,233		46,233
<b>Total Intangible Fixed Assets</b>	<b>54,360,241</b>	<b>(29,343,966)</b>	<b>25,016,275</b>				<b>256,816</b>			<b>(5,140,651)</b>	<b>2,741</b>	<b>54,619,798</b>	<b>(34,484,617)</b>	<b>20,135,181</b>



Goodwill as at December 31, 2020, amounting to EUR 19,347,098, refers to the net goodwill recorded in previous fiscal years. In particular, it refers to the transfer of business units by CLN and AMDSI, as well as the merger of Prorena-Canessa and Pro-Can, and from the consolidation differences determined as the difference between the value of the holding and the pro-rata net

equity of the subsidiaries on the date of the first consolidation, not allocated to the assets and liabilities of the acquired company.

The details of goodwill booked as at December 31, 2020, are shown below:

Description	31/12/2019	Reclassif.	Increase	Amortization	Devaluation	31/12/2020
Goodwill	18,705,082	570,481		(3,685,065)		15,590,498
Consolidation differences	5,210,989	(570,481)		(883,908)		3,756,600
<b>Total Goodwill</b>	<b>23,916,071</b>	<b>-</b>	<b>-</b>	<b>(4,568,973)</b>	<b>-</b>	<b>19,347,098</b>

Amortization is carried out in 10-year periods from the date of first consolidation, depending on the residual possibility of use. The residual value of the "Goodwill" recorded in the financial statements is deemed to be recoverable on the basis of the Group's profitability forecasts and of the actions and programs planned for the near future.

In particular, goodwill is subjected annually to an impairment test to verify its recoverability. The valuation carried out by the Directors of the parent company ArcelorMittal CLN Distribuzione

Italia S.r.l. took into consideration a time horizon of five years for the estimate of future cash flows based on the most recently approved multi-year plans, and used a growth rate of 1.35% determined on the basis of the expected long-term inflation rate in Italy, and an 8.18% cash flow discounting rate determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy). These analyses did not give rise to write-downs of the goodwill recorded in the financial statements.

## II) Tangible fixed assets

As at December 31, 2020, tangible fixed assets amounted to EUR 86,842,402 (EUR 91,449,477

as at December 31, 2019), broken down as follows:

Description	31/12/2020	31/12/2019
Land and buildings	43,688,564	44,204,930
Plants and machinery	36,515,059	40,010,802
Industrial and commercial equipment	1,012,012	1,082,601
Other tangible assets	1,407,755	1,468,155
Fixed assets under construction and advance payments	4,219,012	4,682,989
<b>Total tangible fixed assets</b>	<b>86,842,402</b>	<b>91,449,477</b>

Changes in tangible fixed assets occurred throughout 2020 are outlined as follows:

Movements for the fiscal year							
Cost description	Net initial value	Investments	Disinvestments	Reclassif. of Funds	Amortization	Other changes	Net final value
Land and buildings	44,204,930	754,636			(2,198,961)	927,959	43,688,564
Plants and machinery	40,010,802	4,643,862	(682,013)		(8,768,473)	1,310,881	36,515,059
Industrial and commercial equipment	1,082,601	294,825		(200)	(367,830)	2,616	1,012,012
Other tangible assets	1,468,155	425,116	(1,533)	200	(482,183)	(2,000)	1,407,755
Fixed assets under construction and advance payments	4,682,989	2,139,220	(361,000)			(2,242,197)	4,219,012
<b>Total</b>	<b>91,449,477</b>	<b>8,257,659</b>	<b>(1,044,546)</b>		<b>(11,817,447)</b>	<b>(2,741)</b>	<b>86,842,402</b>

Purchases for the year, amounting to EUR 8,257,659, are mainly ascribable to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l., and are broken down as follows:

- EUR 1,097,177 for the SL 1050 FIMI machine (including the foundation and mechanical/electrical revamping) at the Caselette (Turin) plant; EUR 716,579 for the SP 2000 stacking unit at the Fontanellato (Parma); EUR 322,100 for the electrical revamping of the 1851 line at the Atella (Potenza) plant; EUR 122,399 for the setup of new safety guards for the 2203 cut-to-length machine at the Alpignano (Turin) plant; EUR 80,784 for revamping of the 751 cut-to-length machine blade at the Caselette plant.
- EUR 262,160, mainly including new Rollstop devices – amounting to EUR 100,880 – installed at Osimo (Ancona), Atella, and Marcon (Venice) plants and the revamping of two strapping

machines – amounting to EUR 79,190 at the Caselette plant.

- EUR 1,888,640 for the purchase of a 1650 steel splitter that will be completed and tested in 2021 at the Monza plant; EUR 661,000 for the SP2000 cut-to-length machine purchased in previous fiscal years by Siderurgica Modenese. As for the subsidiary Delna S.p.A., in the 2020 fiscal year it has completed development of the coil storage area and the rainwater collection tanks it had begun in the previous fiscal year and amounting to EUR 607,959. It has performed operations to improve production output of the cutting and pickling systems, amounting to EUR 1,208,662.

As for Tamagnone, the company's most relevant acquisition amounted to EUR 251,474 for the purchase of 3 tractor trailers and 3 semi-trailers.

### III) Long-term Financial assets

#### Equity investments

Description	31/12/2020	31/12/2019
In associate companies	13,315,254	13,614,101
In other companies	104,960	3,609,602
<b>Total long-term equity investments</b>	<b>13,420,214</b>	<b>17,223,703</b>

The “equity investments in associate companies” item encompasses investments made throughout the previous fiscal years by the parent company in the associate company Centro Servizi Metalli S.p.A. – whose share capital it

owns 42.39% of – and in the joint venture company Centro Servizi Navali S.p.A. - whose share capital it owns 44.54% of. The value of equity is adjusted to the pro rata of net equity of the companies as at December 31, 2020:

Description	Valuation	31/12/2020	31/12/2019
Centro Servizi Metalli S.p.A.	Equity	10,485,963	10,301,916
Centro Servizi Navali S.p.A.	Equity	2,829,291	3,312,185
<b>Total equity investments in associate companies</b>		<b>13,315,254</b>	<b>13,614,101</b>

The “equity investments in other companies” item amounted, as at December 31, 2020, to EUR 104,960 (EUR 3,609,602 as at December 31, 2019).

The change in “equity investments in other companies” – amounting to 3,504,642 – is ascribable to the fact that on February 28, 2020, the parent company ArcelorMittal CLN Distribuzio-

ne Italia S.r.l. has transferred its shares of San Polo Lamiere S.p.A., amounting to al 16.67% of share capital, to the latter, at the price of EUR 3,500,000. Following such transfer, the company has suffered a EUR 4,642 loss.

Details of the item are outlined below:

Description	Valuation	31/12/2020	31/12/2019
San Polo Lamiere S.p.A.	Cost	-	3,504,642
Kyneprox S.r.l.	Cost	100,000	100,000
Credito Coop. Carate Brianza	Cost	1,000	1,000
Credito Coop. Castenaso	Cost	1,651	1,651
Banca di Bologna	Cost	516	516
Consorzio Alpignano Industrial	Cost	516	516
Consorzio API Formazione	Cost	52	52
C.O.N.A.I.	Cost	1,224	1,224
Centro Assistenza API	Cost	1	1
<b>Total equity investments in other companies</b>		<b>104,960</b>	<b>3,609,602</b>

## FINANCIAL RECEIVABLES DUE FROM OTHER COMPANIES

The “Financial receivables due from other companies” item, amounting to EUR 7,149,090, includes a EUR 7,061,000 term deposit as a guarantee for a line of credit granted by Cariparma bank to the parent company, and a EUR 65,000 secu-

rity deposit paid by Tamagnone S.r.l. to Ferrovie dello Stato (the national railway infrastructure company) for the lease of the Orbassano (Turin) station.

# CURRENT ASSETS

## I) Inventory

Description	31/12/2020	31/12/2019
Raw materials, ancillary materials, and consumables	53,476,163	113,246,190
Work in progress and semi-finished goods	1,784,327	2,722,085
Goods being made to order	-	-
Finished products and goods	10,213,348	16,937,204
Advance payments	-	-
<b>Total Inventory</b>	<b>65,473,838</b>	<b>132,905,479</b>

Inventory included in the financial statements include inventory at Group company plants and warehouses (other than those received by third parties for trial and testing purposes, work in progress, and/or storage) the Group inventory stored at third-party premises, and the goods in transit for which the Group has already acquired ownership rights. The final inventory valuation has been carried out, as already indicated in the accounting principles, using the LIFO method. If the Group had valued inventory according to the current cost (FIFO) method, the inventory as at December 31, 2020, would have been higher by EUR 10,744,945. With the implementation of the FIFO method, the change in inventory in the income statement would have been positive by EUR 4,085,966, gross of taxes.

## II) Receivables

Variations in the item compared to the fiscal year ended on December 31, 2019, are outlined as follows:

Description	31/12/2020	31/12/2019
Trade receivables	71,354,336	72,525,966
Due from associate companies	1,815,330	1,665,623
Tax receivables	7,245,336	13,182,390
Deferred tax assets	1,961,576	1,783,756
Due from other debtors	999,666	828,009
<b>Total Receivables</b>	<b>83,376,244</b>	<b>89,985,744</b>

The breakdown of receivables by maturity is outlined as follows:

Description	Within 12 months	Over 12 months	Total
Trade receivables	71,147,607	206,729	71,354,336
Due from associate companies	1,815,330	-	1,815,330
Tax receivables	7,132,570	112,766	7,245,336
Deferred tax assets	1,961,576	-	1,961,576
Due from other debtors	998,179	1,487	999,666
<b>Total receivables by maturity</b>	<b>83,055,262</b>	<b>320,982</b>	<b>83,376,244</b>

No receivables with a maturity over 5 years and with repurchase rights were recorded. The breakdown of receivables – net of bad debt provision – by geographical area is provided below:

Description	Italy	EU Area	Extra-EU area	Total
Trade receivables	63,840,111	6,827,958	686,266	71,354,335
Due from associate companies	1,815,330	-	-	1,815,330
Tax receivables	6,304,321	941,015	-	7,245,336
Deferred tax assets	1,181,858	779,718	-	1,961,576
Due from other debtors	851,584	148,083	-	999,667
<b>Total receivables by geographical area</b>	<b>73,993,204</b>	<b>8,696,774</b>	<b>686,266</b>	<b>83,376,244</b>

## TRADE RECEIVABLES

Receivables from trade debtors, amounting to EUR 71,354,336 as at December 31, 2020, including receivables from other related parties amounting to EUR 19,809,840, are shown net of the bad debt provision amounting to EUR 2,950,764 as at December 31, 2020.

Description	Within 12 months	Over 12 months	Total
Due from third parties	51,337,767	206,729	51,544,496
Due from other related parties	19,809,840	-	19,809,840
<b>Total trade receivables</b>	<b>71,147,607</b>	<b>206,729</b>	<b>71,354,336</b>

The bad debts provision underwent the following movements during the fiscal year and its amount at the end of the year is to be deemed consistent in relation to existing risks:

<b>Bad debt provision as at December 31, 2019</b>	<b>2,906,703</b>
Appropriations	138.734
Uses/other net variations	(94.673)
<b>Bad debt provision as at December 31, 2020</b>	<b>2,950,764</b>

## CONSOLIDATED FINANCIAL STATEMENTS 2020

The receivables from related companies as at December 31, 2020, amounted to EUR 19,809,840. The table below summarizes existing relations at the end of the fiscal year:

Description	31/12/2020	31/12/2019	Variazione
Arcelor Planos Sagunto S.A.	789	789	-
Arcelormittal Atlantique & Lorraine	802	1,132	(330)
Arcelormittal Avellino e Canossa S.p.A.	16,368	17,529	(1,161)
Arcelormittal Belgium S.A.	205	10,233	(10,028)
Arcelormittal Bremen GmbH	3,913	12,338	(8,425)
Arcelormittal Centres De Services	1,500	1,500	-
Arcelormittal Commercial Italy S.r.l.	12,014	12,014	-
Arcelormittal Distribution Solution	416,611	445,978	(29,367)
Arcelormittal Espana S.A.	18,377	146,065	(127,688)
Arcelormittal FCE Itlay S.r.l.	43	43	-
Arcelormittal Finanziaria	610	610	-
Arcelormittal Flat Carbon Europe S.A.	6,972	6,436	536
Arcelormittal France SAS	18,492	3,049	15,443
Arcelormittal Italia S.p.A.	317,752	269,540	48,212
Arcelormittal Logistics Italia S.r.l.	302,418	411,065	(108,647)
Arcelormittal Mediterranee SASU	6,812	7,349	(537)
Arcelormittal Tb Lorraine	2,034	-	2,034
Arcelormittal Tb Gent	4,750	4,750	-
C.L.N. Coils Lamiere Nastri S.p.A.	930,928	779,975	150,953
C.S.N. S.p.A.	7,686	24,115	(16,429)
C.T.L. S.r.l. Centro Taglio Laser	224,246	426,096	(201,850)
Cellino S.r.l.	181,819	398,603	(216,784)
Celmac S.r.l.	525,282	730,776	(205,494)
Coskunuz MA S.R.L.	900	-	900
Delfo Polska S.A.	14,353	1,676	12,677
DMW Sud Africa	2,000	2,000	-
Dp Metal Processing Polska Z.O.O.	60,504	308,671	(248,167)
Eurostamp S.A.S.	20,651	10,960	9,691
Fam MA Automotive S.A.	(1,572)	(1,572)	-
Ma Automotive Deutschland GmbH	64,917	9,708	55,209
Ma France	61,261	328	60,933
Ma S.r.l.	15,815,620	16,042,356	(226,736)
Mw Aftermarket S.r.l.	82,101	104,129	(22,028)
Mw France S.A.	7,456	-	7,456
Mw Italia S.r.l.	1,144	3,343	(2,199)
Mw Romania S.A.	5,261	2,496	2,765
Nichelino immobiliare S.r.l.	-	36,024	(36,024)
O.M.V. S.p.A.	552,233	541,449	10,784
P.M.C. Automotive Melfi S.r.l.	1,707	11,728	(10,021)
Proma Poland Sp Z.O.O.	9,380	4,322	5,058
Solustil La Boisse	111,501	186,290	(74,789)
Um Corporation S.A.S.	-	13,976	(13,976)
<b>Total receivables due from related companies</b>	<b>19,809,840</b>	<b>20,987,869</b>	<b>(1,178,029)</b>

## RECEIVABLES DUE FROM ASSOCIATE COMPANIES

Receivables from associate companies as at December 31, 2020, amounted to EUR 1,815,330 (EUR 1,665,623 as at December 31, 2019) and strictly included the receivables due to the parent company from the joint venture company Centro Servizi Navali S.p.A.:

Description	31/12/2020	31/12/2019	Change
Centro Servizi Navali S.p.A.	1,815,330	1,665,623	149,707
<b>Total receivables due from associate companies</b>	<b>1,815,330</b>	<b>1,665,623</b>	<b>149,707</b>

Such receivables as at December 31, 2020, include EUR 975,966 in trade receivables and EUR 839,364 in financial receivables that represent an interest-bearing loan from shareholders with an annual interest rate of 2.50% + 3m Euribor with a maturity by 30/06/2022:

Description	Trade receivables	Financial receivables	Total
Centro Servizi Navali S.p.A.	975,966	839,364	1,815,330
<b>Total receivables due from associate companies</b>	<b>975,966</b>	<b>839,364</b>	<b>1,815,330</b>

## TAX RECEIVABLES

Tax receivables as at December 31, 2020, amounted to EUR 7,245,336. This item mainly consists of EUR 5,305,906 in VAT reimbursements attributable to the parent company, which has requested the reimbursement of the VAT credit generated by the increasing number of customers who operate with a VAT exemption. The receivables have decreased by EUR 5,937,054 compared to the amount recorded as at December 31, 2019, in that the parent company has obtained – in December – the advance payment without recourse of the third trimester of 2020, unlike the previous fiscal year when two trimestral reimbursements were still pending.

## PREPAID TAXES

The “prepaid taxes” item, amounting to EUR 1,961,576, is determined from the appropriations against certain liabilities charged to the Group according to realistic estimates of their definition and of some items for which the fiscal standards impose a distribution over more than one fiscal year. considered items representing events that will be realized in the short term and thus we consider covered by the taxable income that shall be realized. We invite you to consult the table of taxes deferrals in the final pages of these Notes in order to obtain details related to the movement which took place during the fiscal year.

In particular, we hereby underline that we have

## RECEIVABLES DUE FROM OTHER DEBTORS

As at December 31, 2020, receivables due from other debtors amounted to EUR 999,666, as opposed to EUR 828,009 in the previous fiscal year. security institutions and referring to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l..

The portion of such item amounting to EUR 807,020 is composed of receivables from social No receivables with a maturity over 5 years and with repurchase rights were recorded.

#### IV) Liquid assets

Liquid assets amounted to EUR 18,218,276 and consist mainly of bank deposits made by ArcelorMittal CLN Distribuzione Italia S.r.l. – amounting to EUR 8,312,131 – and by the subsidiary Delna S.p.A. – amounting to EUR 7,794,874. The item is composed as follows:

Description	31/12/2020	31/12/2019
Bank and postal deposits	18,123,829	7,935,151
Cash and cash equivalents on hand	94,447	48,106
<b>Total liquid assets</b>	<b>18,218,276</b>	<b>7,983,257</b>

#### ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses are booked in the financial statements upon conclusion of assessments and valuations performed pursuant to the law, in response to the purpose of merging the relevant components into the fiscal year. This item includes prepaid expenses for insurance, administrative consultancy and lease fees.

Description	31/12/2020	31/12/2019
Accrued income	84,171	65,020
Prepaid expenses	1,293,281	2,173,390
<b>Total accrued income and prepaid expenses</b>	<b>1,377,452</b>	<b>2,238,410</b>

The item is mainly composed of implicit interest due for the purchase of Prorena Canessa, amounting to EUR 1,033,835. The change recorded in the fiscal year is ascribable to the release of the fiscal year share, amounting to EUR 922,406. Throughout the 2020 fiscal year, payables were transferred to C.L.N. – for further details, please refer to the “Payables owed to other related companies” section.

## LIABILITIES

#### NET EQUITY

Description	31/12/2019	Destination of the previous fiscal year result	Other movements	Fiscal year result	31/12/2020
Share capital	60,010,000				60,010,000
Legal reserve	103,377				103,377
Other reserves	4,530,762		(350,324)		4,180,438
Profits (losses) carried forward	(17,992,103)	(2,059,595)			(20,051,698)
Profits (losses) for the fiscal year	(2,059,595)	2,059,595		(10,866,239)	(10,866,239)
<b>Total net equity of the Group</b>	<b>44,592,441</b>	<b>-</b>	<b>(350,324)</b>	<b>(10,866,239)</b>	<b>33,375,878</b>



The share capital is fully subscribed and paid in as at December 31, 2020, and amounts to EUR 60,010,000, distributed among the shareholders as follows:

- C.L.N. Coils Lamiere Nastri S.p.A. holds 51% of the share capital, amounting to EUR 30,605,100;
- ArcelorMittal Distribution Solutions Italia S.r.l. holds 49% of the share capital, amounting to EUR 29,404,900.

The change concerning the “Other reserves” item – amounting to EUR 350,324 – is ascribable to the foreign exchange reserve variation applied to the consolidated balance of the associate company Centro Servizi Metalli S.p.A.. The reconciliation between the parent company’s net result and net equity, as well as the corresponding consolidated financial statement results (in thousands of euros) is outlined in the following table:

EUR/000	Net Result	Net Equity
<b>ArcelorMittal CLN Distribuzione Italia S.r.l. financial statements for the fiscal year</b>	<b>(11,939)</b>	<b>33,152</b>
Derecognition of consolidated shareholding value	-	(30,640)
Fiscal year result and Net Equity achieved by consolidated subsidiaries	1,040	31,806
Consolidation adjustments	(884)	3,957
Deconsolidation Q1 - Prorena-Canessa	-	(201)
IAS 17 adjustments	(301)	(1,421)
Write-off of Acierplus (Biars) devaluation	-	3,906
Reclassification of Acierplus badwill	-	(3,906)
Contribution of Acierplus assets	-	(5,188)
Write-off of A+ amortization on AM capex recovery	1,122	1,592
Changes in equity of associate companies	53	733
<b>Consolidated financial statements</b>	<b>(10,909)</b>	<b>33,791</b>
Non-controlling interest	(43)	415
<b>Consolidated financial statements for the Group</b>	<b>(10,866)</b>	<b>33,376</b>

## PROVISIONS FOR RISKS AND CHARGES

Description	31/12/2020	31/12/2019
Provisions for post-employment benefits and similar obligations	393,363	360,649
Provisions for taxes, even deferred	3,673,501	4,936,082
Provisions for passive derivatives	18,383	28,138
Other provisions	1,210,564	2,233,591
<b>Totale Fondi per rischi ed oneri</b>	<b>5,295,811</b>	<b>7,558,460</b>

## PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS

Provisions for post-employment benefits and similar obligations amounted to EUR 393,363 and include indemnities accrued in favor of sales

agents in accordance with contractual agreements or legislation.

## PROVISIONS FOR TAXES, EVEN DEFERRED

The "Provisions for taxes, even deferred" item was allocated against temporary differences between the fiscal year result and the taxable base that have emerged for the individual companies, and amounted to EUR 3,673,501 as at

December 31, 2020.

We invite you to consult the table of deferred tax assets in the final pages of these Notes in order to obtain details of the movements recorded throughout the fiscal year.

## PROVISIONS FOR PASSIVE DERIVATIVES

As at December 31, 2020, the item amounted to EUR 18,383 and includes the negative fair value of the derivatives recorded on the closing date

of the financial statements, issued by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. and by the subsidiary Delna S.p.A..

## OTHER PROVISIONS

As at December 31, 2020, the "Other provisions" item amounted to EUR 1,210,564 and consists of the risk provisions related to the parent company

(EUR 879,672) and subsidiaries Acierplus S.A.S. (EUR 118,551) and Delna S.p.A. (EUR 212,341).

## EMPLOYEE SEVERANCE INDEMNITY RESERVE

The reserve – amounting to EUR 4,336,855 – reflects the indemnity accrued by the employees

of the Group companies:

<b>Severance indemnity as at 31/12/2019</b>	<b>4,336,855</b>
Uses and other changes	(2,629,063)
Appropriations	2,082,082
<b>Severance indemnity as at 31/12/2020</b>	<b>3,789,874</b>

Changes in this provision can be analyzed as follows:

- The "Uses and other changes" item refers to severance indemnity upon termination of work relationships, liquidation of any advan-

ce payments, as well as portions transferred to the Treasury Reserve established through INPS (Italian public pension fund) or paid to other supplementary pension funds selected by the individual employees.

## PAYABLES

As at December 31, 2020, payables amounted to EUR 249,080,350. The changes compared to the previous fiscal year are outlined below:

Description	31/12/2020	31/12/2019	Change
Owed to shareholders for borrowings	22,000,000	12,000,000	10,000,000
Owed to banks	55,383,284	138,028,869	(82,645,585)
Owed to other lenders	-	158,919	(158,919)
Trade payables	161,023,808	148,509,031	12,514,777
Owed to associate companies	-	246,670	(246,670)
Tax payables	1,573,187	2,122,318	(549,131)
Welfare and social security payables	2,656,591	3,055,478	(398,887)
Other payables	6,443,480	7,723,827	(1,280,347)
<b>Total payables</b>	<b>249,080,350</b>	<b>311,845,112</b>	<b>(62,764,762)</b>

Payables are valued according to the amortized nominal value. Their maturity is broken down as cost criterion and, where not significant, at their follows:

Description	Within 12 months	Over 12 months	Total
Owed to shareholders for borrowings	12,000,000	10,000,000	22,000,000
Owed to banks	39,434,568	15,948,716	55,383,284
Trade payables	158,277,463	2,746,345	161,023,808
Owed to associate companies	-	-	-
Tax payables	1,521,860	51,327	1,573,187
Welfare and social security payables	2,656,591	-	2,656,591
Other payables	6,443,480	-	6,443,480
<b>Totale debiti per scadenza</b>	<b>220,333,962</b>	<b>28,746,388</b>	<b>249,080,350</b>

The breakdown of payables by geographical area is outlined as follows:

Description	Italy	EU Area	Extra-EU area	Total
Owed to shareholders for borrowings	22,000,000	-	-	22,000,000
Owed to banks	54,383,284	1,000,000	-	55,383,284
Trade payables	135,169,944	25,613,957	239,906	161,023,807
Tax payables	1,513,156	60,031	-	1,573,187
Welfare and social security payables	2,656,591	967,300	-	3,623,891
Other payables	5,476,181	-	-	5,476,181
<b>Total payables by geographical area</b>	<b>221,199,156</b>	<b>27,641,288</b>	<b>239,906</b>	<b>249,080,350</b>

## PAYABLES OWED TO SHAREHOLDERS FOR BORROWINGS

The "Payables owed to shareholders for borrowings" item, amounting to EUR 22,000,000, are the financial payables owed by the parent company to its shareholders, and includes EUR 20,000,000 borrowed in June 2020 – in equal shares – from shareholders C.L.N. S.p.A. and ArcelorMittal Distribution Solution Italy S.r.l., and

EUR 2,000,000 in payables owed to C.L.N. S.p.A. alone as a result of the agreed delayed payment of an instalment for the purchase of PRO.RE.NA shares, originally due on June 30, 2020, and postponed to March 31, 2021. The payment was duly made on the latter date.

## PAYABLES OWED TO BANKS AND OTHER LENDERS

The following table provides details of the payables owed to banks and other lenders as at December 31, 2020, with an indication of the short-term portion (expected repayment within

the following year) and the medium/long-term portion (repayment scheduled for later than one year).

Description	31/12/2020	31/12/2019	Change
Payables owed to banks for advances on invoices/overdraft	11,035,448	65,351,530	(54,316,082)
Payables owed to banks for short-term lines of credit	21,767,132	51,197,483	(29,430,351)
Payables owed to banks for medium/long-term loans – short-term portion	6,631,988	9,072,246	(2,440,258)
Payables owed to banks for medium/long-term loans – long-term portion	15,948,716	12,408,708	3,540,008
Payables owed to factoring companies	-	157,821	157,821
<b>Total payables owed to banks and other lenders</b>	<b>55,383,284</b>	<b>138,187,788</b>	<b>(82,804,504)</b>

The change in the Group's financial indebtedness is recorded to be mainly principally affected by the strong reduction in short-term bank borrowings. This reflects an improved stock rotation, thus a decrease in inventory. Main changes occurred throughout the fiscal year by payable item are outlined as follows:

- "Payables owed to banks for advances on invoices/overdraft": advances on invoices include lines of credit against the issuance of bank invoices. This amount fell by EUR 54,316,082 due to a lower demand for cash and cash equivalents by the parent company and a reduced portfolio asset disposal. For further details, please refer to the cash flow statement;
- "Payables owed to banks for short-term lines

of credit": the item fell by EUR 29,430,351 due to a reduced use of import lines;

- "Payables owed to banks for medium/long-term loans – short-term portion": the item includes the balance to pay throughout the 2021 fiscal year, and has fallen by EUR 2,440,258 as opposed to December 31, 2019;
- Payables owed to banks for medium/long-term loans – long-term portion": the item – amounting to EUR 14,948,716 – has increased by EUR 3,540,008 given the effect of new borrowings stipulated by the subsidiary Delna S.p.A. and the subsidiary Acierplus S.A.S. – as described more in depth hereinafter;
- "Payables owed to factoring companies": the

item had a zero balance as at December 31, 2020; zeroing of the item is due to the fact that the Group has transferred the receivables strictly through agreements without recourse.

As will be outlined hereunder, the Group has con-

tinued the activity begun in the previous fiscal years to lengthen maturity through a growth in medium/long-term financial debt.

The "Payables owed to banks for medium/long-term loans" item is composed as follows:

Company	Counterparty	Original payable	Date of Stipulation	Type	Duration	Rate applied	Residual value as at	of which:	
								Short-term	A lungo
AMCLN	Banco Popolare di Vicenza	6,000,000	21/03/2011	Mortgage loan (*)	10 years	3.8% + EUR 360 3M	341,030	341,030	-
AMCLN	Banca Popolare di Milano	5,000,000	15/09/2017	Unsecured loan	4 years	1.75%+ EUR 360 3M	1,918,090	951,087	967,003
AMCLN	Banca Carige	5,000,000	01/12/2017	Unsecured loan	4 years	1.8%+ EUR 360 6M (*)	3,159,962	1,243,988	1,915,974
AMCLN	Crédit Agricole Cariparma (1082349)	3,000,000	22/12/2017	Unsecured loan	3 years	1.9%+ EUR 360 3M	763,249	763,249	-
AMCLN	Banca IFIS	10,000,000	20/07/2018	Unsecured loan	5 years	3.5%+ EUR 360 3M	7,485,584	2,498,114	4,987,470
DELNA	Banca Popolare Emilia Romagna	1,500,000	11/02/2019	Unsecured loan	5 years	Derivative (**)	1,203,884	223,353	980,531
DELNA	Banca Credito Cooperativo Carate Brianza	1,500,000	14/01/2019	Unsecured loan	5 years	Fixed rate 1.5%	1,208,905	221,182	987,723
DELNA	Banca Popolare di Sondrio	3,000,000	31/07/2020	Unsecured loan	6 years	Fixed rate 1.10%	3,000,000	146,119	2,853,881
DELNA	Banco di Desio e della Brianza S.p.A.	2,500,000	02/09/2020	Unsecured loan	6 years	Fixed rate 1.10%	2,500,000	243,866	2,256,134
ACIERPLUS	Société Générale	1,000,000	22/07/2020	COVID-19 PGE	5 years	Fixed rate 0.21%	1,000,000	-	1,000,000
		<b>38,500,000</b>					<b>22,580,704</b>	<b>6,631,988</b>	<b>15,948,716</b>

(\*) an Interest Rate Swap derivative was also stipulated on this loan. Please refer to the "Information on the fair value of derivatives" paragraph for further details.

(\*\*) an Interest Rate Swap derivative was agreed with the same financial institution to hedge the interest rate risk of the loan.

Nominal interest rate 0.650%

Price index -0.300%

Amortization Spread +0,950 p.p.

Please refer to the "Information on the fair value of derivatives" paragraph for further details.

A description of the loans in being as at December 31, 2020, is provided as follows:

- Mortgage loan (EUR 6,000,000) granted to C.L.N. S.p.A. in March 2011 by Banca Popola-

- re di Vicenza and transferred with effect from April 1, 2015, to ArcelorMittal CLN Distribuzione Italia S.r.l. The mortgage was granted for a period of ten years and is governed by a three-month Euribor rate increased by 380 basis points. As at December 31, 2020, the residual amount of the 2021 portion was EUR 341,030. The registered mortgage weighs on the Atella building for a value of EUR 12,000,000;
- Unsecured Loan (EUR 5,000,000) granted to ArcelorMittal CLN Distribuzione Italia S.r.l. on 15 September 2017 by Banca Popolare di Milano. The loan was granted with a duration of 48 months, with a three-month Euribor +1.75% spread. This loan is repayable in trimestral installments starting from December 31, 2018. As at December 31, 2020, the residual amount is EUR 967,003 for the portion due in more than 12 months, and EUR 951,087 for the portion due in 2021. The application fees amounted to EUR 5,000. The loan was booked at amortized cost;
  - Unsecured loan (EUR 5,000,000) granted to ArcelorMittal CLN Distribuzione Italia S.r.l. on 1 December 1, 2017, by Banca Carige. The loan was granted with a duration of 48 months, with a 6-month Euribor +1.8% spread. This loan is repayable in monthly installments starting from December 31, 2019, with two pre-amortizations on December 31, 2018, and June 30, 2019. As at December 31, 2020, the residual amount is EUR 1,915,974 for the portion due in more than 12 months and EUR 1,243,988 for the portion due in 2021. The application fees amounted to EUR 50,150. The loan was booked at amortized cost;
  - Unsecured Loan (EUR 3,000,000) granted to ArcelorMittal CLN Distribuzione Italia S.r.l. on December 22, 2017, by Crédit Agricole Cariparma. The loan was granted with a duration of 36 months, with a 3-month Euribor +1.9% spread. This loan is repayable in trimestral installments starting from March 22, 2019. As at December 31, 2020, the residual amount was EUR 763,249. The loan will be extinguished throughout 2021. The application fees amounted to EUR 30,000. The loan was booked at amortized cost;
  - Unsecured loan (EUR 10,000,000) granted to ArcelorMittal CLN Distribuzione Italia S.r.l. on July 20, 2018, by Banca IFIS. The loan has a 60-month duration with a 3-month Euribor +3.5% spread, subject to compliance with income statement and balance sheet covenants. As at December 31, 2020, the covenants were complied with, and the residual amount was EUR 4,987,470 for the portion due in more than 12 months and EUR 2,498,114 for the portion due in 2021. The application fees amounted to EUR 50,000. The loan was booked at amortized cost;
  - Loan undertaken on February 11, 2019, by BPER Banca S.p.A. and granted to Delna S.p.A., originally amounting to EUR 1,500,000, with a 60-month duration. As mentioned, an Interest Rate Swap derivative was agreed with the same financial institution to hedge the interest rate risk inherent to the loan. Repayment of the loan, on a delayed trimestral basis, started on February 18, 2019. As at December 31, 2019, the residual amount was EUR 980,532 for the portion due in over 12 months and EUR 297,562 for the portion due in 2020;
  - Loan undertaken on January 14, 2019, by Banca di Credito Cooperativo di Carate Brianza and granted to Delna S.p.A., originally amounting to EUR 1,500,000, with a 60-month duration. Repayment of the loan amount, on a delayed trimestral basis, started on April 14, 2019. As at December 31, 2019, the residual amount was EUR 987,723 for the portion due in over 12 months and EUR 294,323 for the portion due in 2020;
  - Unsecured loan granted on July 31, 2020, by Banca Popolare di Sondrio - Società Cooperativa per Azioni to Delna S.p.A. and supported – in accordance with Article 13, paragraph 1, of Italian Decree-Law n° 23/2020 et seq. and the related enforcement decrees – by a guarantee of Banca del Centrale S.p.A. Mezzogiorno - Mediocredito through the Fondo di Garanzia per le Piccole e Medie Imprese (guarantee fund for SMEs) – issued in accordance with Italian Law n° 662/1996 et seq. and the related enforcement decrees – with a nominal value of EUR

3,000,000, at a 1.10% fixed rate, with a duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount – through 20 instalments on a delayed trimestral basis – shall begin on November 2, 2021;

- Unsecured loan granted on September 2, 2020, by Banco di Desio e della Brianza S.p.A. and supported – in accordance with Article 13, paragraph 1, of Italian Decree-Law n° 23/2020 et seq. and the related enforcement decrees – by a guarantee of Banca del Mezzogiorno – Mediocredito Centrale S.p.A. through the Fondo di Garanzia per le Piccole e Medie Imprese – issued in accordance with Italian Law n° 662/1996 et seq. and the related enforcement decrees – with a nominal value of EUR 2,500,000, at a 1.10% fixed rate, undertaken

on September 2, 2020 by Banco di Desio e della Brianza S.p.A., with a duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount – through 20 instalments on a delayed trimestral basis – shall begin on September 10, 2021;

- “COVID-19 PGE” (French government-guaranteed) loan granted on July 22, 2020, by Société Générale to Acierplus S.A.S., with a nominal value amounting to EUR 1,000,000, at a 0.21% fixed rate, undertaken on July 22, 2020, by Société Générale, with a duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount – through 20 instalments on a delayed trimestral basis – shall begin on December 31, 2021.

## TRADE PAYABLES

Trade payables as at December 31, 2020, amounted to EUR 161,023,808, with an increase compared to the EUR 148,509,031 recorded

as at December 31, 2019. The components by maturity as at December 31, 2020, are outlined below.

Description	Within 12 months	Over 12 months	Total
Trade payables	42,059,311	-	42,059,311
Owed to related companies	116,218,152	2,746,345	118,964,497
<b>Total trade payables</b>	<b>158,277,463</b>	<b>2,746,345</b>	<b>161,023,808</b>

“Payables owed to other related companies”, comprised entirely of trade payables and the related transactions made at normal market conditions fell from EUR 120,124,210 to EUR 118,964,497 (of which EUR 118,367,695 ascribed to the parent company).

Payables maturing after 12 months are reclassified as “Payables owed to other related com-

panies” rather than “Other payables” in that – throughout the fiscal year – the outstanding debt for the purchase of Pro.re.na. shares – merged in the parent company throughout 2015 – was transferred to C.L.N. S.p.A..

The following table summarizes the most significant relations as at December 31, 2020, compared with those existing as at December 31, 2019:



## CONSOLIDATED FINANCIAL STATEMENTS 2020

Description	31/12/2020	31/12/2019	Change
Aperam Stainless Italy S.r.l.	27,535	18,757	8,778
Aperam Stainless Services	4,622	26,646	(22,024)
Arcelormittal Centres De Services	63,055	7,017	56,038
Arcelormittal Commercial Italy S.r.l.	60,614,976	58,170,326	2,444,650
Arcelormittal Distribuzione Sol. IT	308,248	202,842	105,406
Arcelormittal Flat Carbon Europe S.A.	19,837,263	17,955,400	1,881,863
Arcelormittal Italia S.p.A.	562,155	2,114,930	(1,552,775)
ArcelorMittal Italy Services S.r.l.	26,751,776	31,208,403	(4,456,627)
Arcelormittal Logistics Italia S.r.l.	493,068	769,319	(276,251)
B Lux Steel	10,241	-	10,241
C.L.N. Coils Lamiere Nastri S.p.A.	6,416,721	7,214,096	(797,375)
C.T.L. Centro Taglio Laser S.r.l.	46,916	100,840	(53,924)
DP Metal Processing Sp. Zoo	22,394	-	22,394
Eurostamp S.A.S.	17,155	-	17,155
Gonvarri Italia S.p.A.	81,179	(51,830)	133,009
I.D.E.S.T. S.A.R.L.	165,126	304,215	(139,089)
Ma S.r.l.	3,524,876	1,745,453	1,779,423
Mw France S.A.	-	69,025	(69,025)
Mw Italia S.r.l.	17,191	221,803	(204,612)
Nichelino immobiliare S.r.l.	-	46,970	(46,970)
<b>Total payables owed to related companies</b>	<b>118,964,497</b>	<b>120,124,210</b>	<b>(1,159,713)</b>

## TAX PAYABLES

Tax payables as at December 31, 2020, amounted to EUR 1,573,187 and are broken down as follows:

Description	31/12/2020	31/12/2019	Changes
Payables to internal revenue service for employee IRPEF (withholding income tax)	1,366,913	2,031,001	(664,088)
Payables to internal revenue service for self-employed worker IRPEF	20,805	15,942	4,863
Payables to internal revenue service for IRAP (Italian regional tax on productive activities)	-	20,339	(20,339)
IRPEF tax on severance indemnity revaluation	(2,451)	(2,251)	(200)
Other	77,143	35,718	41,425
VAT payables	110,777	21,569	89,208
<b>Total tax payables</b>	<b>1,573,187</b>	<b>2,122,318</b>	<b>(549,131)</b>

## WELFARE AND SOCIAL SECURITY PAYABLES

“Welfare and social security payables”, amounting to EUR 2,656,591, include the following items:



Description	31/12/2020	31/12/2019	Change
INPS (Italian public pension fund)	1,631,761	2,018,784	(387,023)
Cometa fund	206,750	170,662	36,088
Previndapi (complementary pension fund for SME directors)	83,358	-	83,358
INAIL (Italian institution for occupational health and safety insurance)	-	78,982	(78,982)
Payables to INPS for layoff instalments	44,069	-	44,069
Deferred compensation for tax purposes	642,314	672,213	(29,899)
Pension fund for directors	21,226	22,625	(1,399)
Other	27,113	92,212	(65,099)
<b>Total welfare and social security payables</b>	<b>2,656,591</b>	<b>3,055,478</b>	<b>(398,887)</b>

## OTHER PAYABLES

The "Other payables" item, amounting to EUR 6,443,480 as at December 31, 2020, is composed as follows:

Description	31/12/2020	31/12/2019	Change
Payables to employees for compensation	3,458,488	3,109,233	349,255
Payables to other creditors	227,586	2,293,155	(2,065,569)
Payables to employees for deferred compensation	2,687,656	2,232,635	455,021
Miscellaneous	69,751	88,803	(19,052)
<b>Total other payables</b>	<b>6,443,480</b>	<b>7,723,826</b>	<b>(1,280,346)</b>

The change recorded in the fiscal year is mainly ascribable to the parent company, which has made:

- a payment of the EUR 2,000,000 instalment for

the purchase of Prorena Canessa S.p.A.;

As highlighted in the table, the "Other payables" item includes payables to employees.

## ACCRUED LIABILITIES AND DEFERRED INCOME

As at December 31, 2020, the item amounted to EUR 4,035,635, and is composed as follows:

Description	31/12/2020	31/12/2019	Change
Donations	50,000	79,240	(29,240)
Solid waste collection tax	91,243	102,159	(10,916)
Insurance costs	91,191	112,071	(20,880)
Energy deduction bonus	121,108	35,986	85,122
Deferrals for Acierplus contributions	3,596,514	4,743,458	(1,146,944)
Bank expenses	51,760	43,064	8,696
Other minor expenses	33,819	56,744	(22,925)
<b>Total accrued liabilities and deferred income</b>	<b>4,035,635</b>	<b>5,172,722</b>	<b>(1,137,087)</b>

The “Accrued liabilities and deferred income” item is mainly composed of the deferral for contributions received by Acierplus S.A.S. from the ArcelorMittal Group to hedge investments made for the renovation of its production plants.

The amount of the contribution received as at December 31, 2020, is EUR 5,188,329: such deferral is booked net of amortization of the currently operating assets.

## OBLIGATIONS, GUARANTEES, AND POTENTIAL LIABILITIES

In relation to the provisions of Article 2427, paragraph 1, item 9 of the Italian Civil Code, the following table shows obligations, guarantees, and potential liabilities not resulting from the balance sheet:

Description	31/12/2020
Mortgage guarantees on loans	12,000,313
<b>Total</b>	

The guarantees include:

- mortgage guarantees for the loan granted by Banca Popolare di Vicenza, amounting to EUR 12,000,000, with reference to the Parent Company;
- the residual sum of EUR 313 refers to the obligation undertaken by the subsidiary Delna S.p.A. upon repurchase – at the end of the operating lease – of the LED lighting systems installed outside and inside its owned plant.

## INCOME STATEMENT

Before proceeding with an analysis of the individual items, we hereby remind you that the comments on operating performance have already been made in the Management Report, pursuant to Article 2428, paragraph 1, of the Civil Code. Given the preceding comments on the Balance Sheet items, the following analyses are limited strictly to the main entries.

### PRODUCTION VALUE

**Revenue from sales and services**

“Revenue from sales and services” as at December 31, 2020, amounted a EUR 488,269,691 (EUR 649,332,542 as at December 31, 2019), and have fallen by EUR 161,062,851 compared to the previous fiscal year.

This change is mainly due to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l., which has seen its sales volume shift from 940,621 to

735,657 metric tons, with a loss of 204,964 tons mainly due to the consequences of the COVID-19 pandemic. Starting in March 2020, the restrictive measures introduced by the Italian government – culminating in a period of lockdown – have implied a strong reduction in the main manufacturing activities, with particularly serious consequences on the construction, mechanical engineering, automotive, and iron and steel in-

dustries. The forced shutdowns to oppose the effects of a widespread infection have implied a considerable reduction in the company's manufacturing activity, with a consequent decline in revenue, particularly accentuated in the period between mid-February and June.

The breakdown by geographical area is outlined as follows:

Area	2020	2019	Change
Overseas	36,929,911	66,448,071	(29,518,160)
Italy	451,339,780	582,884,471	(131,544,691)
<b>Total by geographical area</b>	<b>488,269,691</b>	<b>649,332,542</b>	<b>(161,062,851)</b>

The breakdown of revenue by business category is outlined as follows:

Area	Cutting and selling of owned goods	Subcontracted services	Transportation	Other activities	Total
Overseas	24,941,065	322,253	296,635	11,369,958	36,929,911
Italy	430,486,545	14,072,113	6,781,122	-	451,339,780
<b>Total by business category</b>	<b>455,427,610</b>	<b>14,394,366</b>	<b>7,077,757</b>	<b>11,369,958</b>	<b>488,269,691</b>

## OTHER REVENUE AND INCOME

The "Other revenue and income" item as at December 31, 2020, amounted to EUR 9,284,008 (EUR 18,964,868 as at December 31, 2019) and is composed as follows:

Description	2020	2019	Change
Sale of scrap and waste	4,686,370	7,052,006	(2,365,636)
Excise reimbursement	146,540	45,596	100,944
Damage reimbursement	2,760	74,050	(71,290)
Issues for risk provisions	795,833	696,000	99,833
AM contribution (Acierplus)	1,542,951	3,652,155	(2,109,204)
AM contribution for assets (Acierplus)	1,122,131	402,318	719,813
Capital gains from transfer of assets	686,260	226,579	459,681
Capital gains from transfer of corporate branches	-	4,800,281	(4,800,281)
Lease liabilities	262,050	232,933	29,117
Other income	39,113	1,782,950	(1,743,837)
<b>Other revenue and income</b>	<b>9,284,008</b>	<b>18,964,868</b>	<b>(9,680,860)</b>

It should be noted that in 2020 the French subsidiary Acierplus S.A.S. booked EUR 1,542,951 among its other revenues from the contribution received by the AM Group on the basis of the operating losses recorded by the company during the fiscal year, as required by the agreements underlying the sale of the business unit from the AM Group to Acierplus S.A.S. carried out at the end of 2016. These agreements established that the ArcelorMittal Group should bear the losses incurred by Acierplus S.A.S. during the renovation of the plants transferred in the transaction, up to a pre-set maximum amount, until the end of the 2020 fiscal year.

## REVENUE OF EXCEPTIONAL SIZE OR INCIDENCE

In relation to the provisions of Article 2427, paragraph 1, item 13 of the Italian Civil Code, the following table outlines the value of revenue of exceptional size or incidence:

Revenue item	Value	Nature
A.5) - Other revenue and income	686,260	Capital gains on the sale of assets
<b>Total</b>	<b>686,260</b>	

This item includes the capital gains from the sale of assets generated in 2020, which amounted to EUR 686,260.

## PRODUCTION COSTS

Description	2020	2019	Change
Costs of raw materials, ancillary materials, and consumables	341,628,794	532,656,911	(191,028,117)
Service costs	32,045,848	41,912,077	(9,866,229)
Costs for use of third-party assets	4,404,637	5,311,501	(906,864)
Employee costs	40,461,278	54,335,088	(13,873,810)
Depreciation, amortization, and impairment losses	17,096,831	19,593,082	(2,496,251)
Changes in inventory of raw materials, ancillary materials, and consumables	59,770,027	6,271,167	53,498,860
Other appropriations	266,922	298,350	(31,428)
Other management expenses	791,976	1,528,931	(736,955)
<b>Production costs</b>	<b>496,466,313</b>	<b>661,907,107</b>	<b>(165,440,794)</b>

"Production costs" as at December 31, 2020, amounted to EUR 496,466,313 (EUR 661,907,107 as at December 31, 2019), thus falling by EUR 165,440,794 compared to the previous fiscal year.

## COSTS OF RAW MATERIALS, ANCILLARY MATERIALS, AND CONSUMABLES

The “Costs of raw materials, ancillary materials, and consumables” item amounted, as at December 31, 2020, to EUR 341,628,794 (EUR 532,656,911 as at December 31, 2019).

“Changes in inventory of raw materials, ancillary materials, and consumables” item. For further details on the market trends, please refer to the Management Report.

This item has fallen by EUR 191,028,117 compared to the 2019 fiscal year. Its main effect is the choice by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. to dispose of inventory in 2020; such effect is also reflected in the

It is specified that the company purchases raw material mainly from related companies belonging to the ArcelorMittal group, at normal market conditions.

## SERVICE COSTS

“Service costs” recorded as at December 31, 2020, amounted to EUR 32,045,848 (EUR 41,912,077 as at December 31, 2019), thus falling by EUR 9,866,229 compared to the previous fiscal year.

This item is mainly composed of: transportation costs, amounting to EUR 14,802,556; maintenance costs, amounting to EUR 1,909,093; and mechanical energy costs, amounting to EUR 2,675,528.

## COSTS FOR USE OF THIRD-PARTY ASSETS

As at December 31, 2020, the item amounted to EUR 4,404,637 (EUR 5,311,501 in the previous fiscal year) and is composed of miscellaneous leases – amounting to EUR 1,708,599 – and ren-

tal fees paid for ongoing contracts amounting to EUR 2,696,038, of which EUR 1,000,000 for rental of the Caselette and Alpignano (Turin) facilities owned by the parent company.

## EMPLOYEE COSTS

The “Employee costs” item amounted to EUR 40,461,278 (EUR 54,335,088 as at December 31, 2019) and includes all employee-related expenses: merit increases, promotions, automatic

cost-of-living increases, unused vacation costs, statutory provisions, and collective bargaining agreements, also related to severance pay.

Description	2020	2019	Change
Salaries and wages	27,281,466	36,396,691	(9,115,225)
Social security expenses	9,285,468	12,402,810	(3,117,342)
Employee severance indemnity	1,815,160	2,031,135	(215,975)
Pensions and post-retirement benefits	32,715	41,123	(8,408)
Other costs	2,046,469	3,463,329	(1,416,860)
<b>Total employee costs</b>	<b>40,461,278</b>	<b>54,335,088</b>	<b>(13,873,810)</b>

The downwards change in the “Employee costs” item is mainly ascribed to the parent company ArcelorMittal C.L.N. Distribuzione Italia S.r.l., which has recorded – in comparison with the previous fiscal year – a cost reduction of EUR 11,542,728 caused by: the transfer (on July 1, 2019) to Li-

berty Steel Trade of 4 plants whose workforce comprised 87 employees; the recourse in 2020 to the Cassa Integrazione Guadagni “COVID-19” (COVID-19 social safety net); downsizing throughout the 2020 fiscal year, affecting 34 employees.

## DEPRECIATION, AMORTIZATION, AND IMPAIRMENT LOSSES

As far as depreciation, amortization, and impairment losses are concerned, it is specified that this item is calculated according to the useful life of each asset in concern.

The item, amounting to EUR 17,096,831, includes depreciation, amortization, and impairment

losses for tangible assets amounting to EUR 11,817,447 and for intangible assets amounting to EUR 5,140,651.

Furthermore, the item includes EUR 138,734 for bad debt provisions included in current assets.

## OTHER MANAGEMENT EXPENSES

These costs amounted, as at December 31, 2020, to EUR 791,976 (EUR 1,528,930 as at December 31, 2019) and are composed as follows:

Description	2020	2019	Change
Indirect taxes	709,811	813,173	(103,362)
Membership fees and scholarships	22,136	14,500	7,636
Other costs	60,029	701,257	(641,228)
<b>Total other management expenses</b>	<b>791,976</b>	<b>1,528,930</b>	<b>(736,954)</b>

The strong reduction in the item is ascribable to the contribution by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. In fact, unlike

the previous fiscal year, no extraordinary situations with a relevant impact on the income statement have occurred.

## COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

In relation to the provisions of Article 2427, paragraph 1, item 13 of the Italian Civil Code, no

costs of exceptional size or incidence have been recorded.

## FINANCIAL INCOME AND CHARGES

Description	2020	2019	Change
Bank interest receivable	2,134	1,049	1,085
Other financial income	19,873	168,177	(148,304)
<b>Total Other financial income</b>	<b>22,007</b>	<b>169,226</b>	<b>(147,219)</b>

Throughout 2020, a decrease in the "Other financial income" item was recorded. Such decrease is included in the Group's scope of consolidation by ArcelorMittal CLN Distribuzione Italia S.r.l. In

fact, the Italian tax authority has recorded interest receivable for tax refund amounting to EUR 140,836.

## INTEREST PAYABLE AND OTHER FINANCIAL CHARGES

The "Interest payable and other financial charges" item as at December 31, 2020, amounted to EUR 5,581,000 (EUR 6,485,670 as at December 31, 2019), with a EUR 904,670 decrease due to

the reduced use of lines of credit and borrowings in the 2020 fiscal year compared to the previous fiscal year.

Description	2020	2019	Change
Bank interest payable	4,630,229	5,380,974	(750,745)
Other interest and commissions	950,771	1,104,696	(153,925)
<b>Total interest payable and other financial charges</b>	<b>5,581,000</b>	<b>6,485,670</b>	<b>(904,670)</b>

## VALUE ADJUSTMENTS OF INVESTMENTS

### Revaluations of equity investments

As at December 31, 2020, the item amounted to EUR 536,288 and includes the positive change in fiscal year revenue recorded by Centro Servizi Metalli S.p.A., amounting to EUR 1,265,200. The revaluation was thus adjusted on the basis of 42.39% shares held in the company.

### Revaluations of derivatives

As at December 31, 2020, the item amounted to EUR 7,179 (EUR 5,461 in the previous fiscal year)

and includes positive variations in the fair value of such derivatives.

### Write-downs of equity investments

As at December 31, 2020, the item amounted to EUR 482,894 and includes the negative effect of the change in net equity of Centro Servizi Navali S.p.A., amounting to EUR 1,084,303. The write-down was thus adjusted on the basis of 44.54% shares held in the company.

## INCOME TAXES

Income taxes have been calculated based on current tax law and represent the amount of taxes that fall within the scope of the fiscal year that the financial statements refer to.

which generates a positive effect on the consolidation amounting to EUR 843,116.

Income taxes include:

The item shows a decrease amounting to EUR 1,163,537, whilst in the 2019 fiscal year it showed a EUR 2,556,495 income tax balance.

a. Current taxes on income attributable to taxable income for the fiscal year.

b. Deferred and prepaid taxes.

The positive effect on the "Income taxes" item is mainly ascribable to the readjustment of statutory and tax values of the subsidiary Delna S.p.A.,

Details of the composition of such item are provided below:

Description	2020	2019	Change
IRES (CIT) and other corporate taxes	209,559	1,391,302	(1,181,743)
IRAP	62,944	516,280	(453,336)
<b>Total current taxes</b>	<b>272,503</b>	<b>1,907,582</b>	<b>(1,635,079)</b>
Taxes carried forward from previous years	4,979	41,381	(36,402)
Deferred and prepaid taxes	(1,441,019)	607,532	(2,048,551)
<b>Total income taxes</b>	<b>(1,163,537)</b>	<b>2,556,495</b>	<b>(3,720,032)</b>

## CONSOLIDATED FINANCIAL STATEMENTS 2020

The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects:

	Tax rate prev. yr. %	Tax base prev. yr.	Tax prev. yr.	Tax rate current yr. %	Changes in tax base	Changes in tax base current yr.	Tax base current yr.	Tax current yr.
Bad debt provision	24-27.50%	1,195,400	276,535	24.00%		10,361	1,195,400	286,896
Provision for credit losses	24.00%	101,673	24,401	24.00%	30,000	7,200	131,673	31,601
Taxed provision for credit losses	24.00%	1,161,872	278,849	24.00%			1,161,872	278,849
Revaluation amortization in accordance with Decree-Law n° 185/2008	27.90%	1,289,677	359,820	27.90%			1,289,677	359,820
Laurentine licensing and goodwill	27.90%	61,167	17,065	27.90%	5,889	1,643	67,056	18,708
CIOCCA goodwill	27.90%	410,000	114,390	27.90%	(29,286)	(8,171)	380,714	106,219
Nuova Sabel goodwill	27.90%	26,667	7,440	27.90%	6,667	1,860	33,334	9,300
Devalued tangible fixed assets (FY2019)	24.00%	55,925	13,422	24.00%	(55,925)	(13,422)		
Devalued intangible fixed assets (FY2019)	24.00%	55,303	13,273	24.00%	(55,303)	(13,273)		
Asset Retirement Obligation	27.90%	250,000	69,750	27.90%	(37,659)	(10,507)	212,341	59,243
Change in fair value of derivative	24.00%	15,996	3,839	24.00%	(2,576)	(618)	13,420	3,221
ACE (fund for economic growth) surplus	24.00%			24.00%	82,775	19,866	82,775	19,866
2016 (A+) Revaluation	28.00%	1,457,685	408,151	28.00%	192,945	54,024	1,650,630	462,176
2017 (A+) Losses	28.00%	621,808	174,106	28.00%			621,808	174,106
2019 (A+) Losses	28.00%			28.00%	512,270	143,436	512,270	143,436
Other (previous fiscal years)	24.00%	11,434	2,743	24.00%	(3,181)	(764)	8,253	1,979
Other - 2017	24-27.50%	81,166	19,971	24-27.9%	(56,779)	(13,815)	24,387	6,156
<b>Total prepaid taxes</b>		<b>6,795,773</b>	<b>1,783,755</b>		<b>589,837</b>	<b>177,820</b>	<b>7,385,610</b>	<b>1,961,576</b>



	Tax rate prev. yr. %	Tax base prev. yr.	Tax prev. yr.	Tax rate current yr. %	Changes in tax base	Changes in tax base current yr.	Tax base current yr.	Tax current yr.
Deferred tax liabilities on building conferral	27.90%	3,575,981	997,699	27.90%	(233,979)	(65,280)	3,342,002	932,419
FY19 division of capital gains into instalments	24.00%	5,901,259	1,416,302	24.00%	(1,475,315)	(354,076)	4,425,944	1,062,226
FY18 division of capital gains into instalments	24.00%	180,196	43,247	24.00%	(60,066)	(14,416)	120,130	28,831
FY16 division of capital gains into instalments	24.00%	46,874	11,250	24.00%	(46,874)	(11,250)		
Sitek-AMDSI merger	27.90%	1,750	488	27.90%	(750)	(209)	1,000	279
Former MG assets	27.90%	5,545	1,547	27.90%	(1,363)	(380)	4,182	1,167
Leases	31.40%	3,161,561	992,730	31.40%	(256,455)	(80,527)	2,905,106	912,203
Revaluation of fixed assets in accordance with Law n° 2/2009	27.90%	2,686,648	749,571	27.90%	(2,686,648)	(749,571)		
2016 (A+) Revaluation	33.33%	1,921,604	538,049	28.00%			1,921,604	538,049
2017 (A+) Revaluation	28.00%	661,426	185,199	28.00%	46,885	13,128	708,311	198,326
<b>Total deferred taxes</b>		<b>18,142,844</b>	<b>4,936,082</b>		<b>(4,714,565)</b>	<b>(1,262,581)</b>	<b>13,428,279</b>	<b>3,673,500</b>
<b>Net deferred (prepaid) taxes</b>		<b>11,347,071</b>	<b>3,152,327</b>		<b>(5,304,402)</b>	<b>(1,440,401)</b>	<b>6,042,669</b>	<b>1,711,924</b>

It is specified that prepaid taxes, booked net of the change in fair value of the derivative contract in force, are recorded using – as a counterparty – the “Cash flow hedging operation reserve” for net equity.

## OTHER INFORMATION

### PAYMENTS TO DIRECTORS AND STATUTORY AUDITORS

Details of the payments to ArcelorMittal CLN Distribuzione Italia S.r.l. directors and statutory auditors for the 2020 fiscal year are provided below.

	2020
DIRECTORS	727,000
STATUTORY AUDITORS	36,000
<b>Total</b>	<b>763,000</b>

### PAYMENTS TO EXTERNAL AUDITOR OR AUDITING FIRM

Details of the remuneration for the fiscal year recognized to Deloitte & Touche S.p.A. (auditor of the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.) for the auditing service for the 2020 financial statements of the parent company and its subsidiaries included in the scope

of the audit are provided as follows:

Type of service	Parent company	Subsidiaries
Audit 2020	105,000	45,000

## EMPLOYMENT DATA

The average number of employees – subdivided by consolidated company using the full consolidation method – is provided below:

Workforce 2020	AMCLN	ACIERPLUS	DELNA	TAMAGNONE	Gruppo AMCLN
Directors	15	13	1	-	29
Office workers	185	27	32	8	252
Manual workers	326	66	86	27	505
Temporary staff	23	3	-	-	26
<b>TOTAL WORKFORCE</b>	<b>549</b>	<b>109</b>	<b>119</b>	<b>35</b>	<b>812</b>

The changes in average number of employees – subdivided by category – is provided below:

Workforce	2020	2019	Change
Directors	29	31	(2)
Office workers	252	281	(29)
Manual workers	505	580	(75)
Temporary staff	26	65	(39)
<b>TOTAL WORKFORCE</b>	<b>812</b>	<b>957</b>	<b>(145)</b>

The average workforce of the AMCLN Group has decreased from 957 in 2019 to 812 in 2020, with a decrease by 145 people. Such decrease in workforce is essentially ascribable to the transfer of 4 plants to Liberty Steel Trade, along with additional downsizing of the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. and the subsidiary Acierplus S.A.S..

## INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Relations between Group companies and related parties are governed by normal market conditions, taking into account the quality of the goods and services provided. For details on trade and financial relationships, please refer to the Management Report.

## INFORMATION ON ASSETS AND BORROWINGS ALLOCATED TO SPECIFIC DEALS

Pursuant to Article 2447-bis of the Italian Civil Code it is noted that the Group has not allocated any assets or borrowings to specific deals.

## AGREEMENTS NOT RESULTING FROM THE BALANCE SHEET

Pursuant to art. 2427, item 22-ter of the Italian Civil Code, it is noted that no third-party agreements that do not appear in the balance sheet and involve significant risks and/or benefits to the Group's structure have been entered into.

## SIGNIFICANT EVENTS OCCURRED AFTER THE FISCAL YEAR END

Pursuant to Article 2427, item 22-quater of the Civil Code, significant events occurred after the fiscal year end that have considerably affected the Balance Sheet, Cash Flow Statement, and Income Statement trends are outlined hereinafter.

It is reported that the initial months of 2021 have been distinguished, once again, by the ongoing COVID-19 pandemic, which has led the government authorities of the different nations involved to newly adopt restriction measures.

In particular, Italy and France have been subjected to localized lockdown within the respective regions. Nevertheless, such shutdowns have not implied the production interruption of Group companies.

As for the business outlook, the impact that the COVID-19 emergency will have on fiscal year results and financial statements will depend on future developments, which are not predictable at the moment and will be subject to constant monitoring throughout the remainder of the fiscal year.

Despite such situation of extreme uncertainty, we have not identified – at present – indicators of threat to business continuity in the next 12 months.

## NAME AND REGISTERED OFFICE OF THE COMPANIES THAT DRAFT THE CONSOLIDATED FINANCIAL STATEMENTS OF THE LARGEST / SMALLEST GROUP OF COMPANIES TO WHICH THEY BELONG

The following table contains the information required by Article 2427, paragraph 1, items 22-quinquies and 22-sexies of the Italian Civil Code:

Smaller unit	
Company name	Arcelor Mittal C.L.N. Distribuzione Italia S.r.l.
City	Caselette (Turin)
Tax code	11233970018
Place where the consolidated financial statements were filed	Turin

## PLACE WHERE A COPY OF THE CONSOLIDATED FINANCIAL STATEMENTS IS AVAILABLE

Pursuant to Article 2427, paragraph 1, item 22-quinquies of the Civil Code, it is stated that a copy of the consolidated financial statements is available at the registered office at 13/15 Corso Susa, Caselette, Turin.

## INFORMATION ON THE FAIR VALUE OF DERIVATIVES

Pursuant to art. 2427-bis, paragraph 1, item 1 of the Civil Code, it is highlighted that the company has derivatives in place.

As envisaged by the reference accounting standards, in the absence of a formalized procedure for the verification of certain formal requirements, these contracts do not qualify for hedging. More specifically, the fair value variations have been fully recorded in the income statement, while those stipulated by the subsidiary Delna – that have qualified for the formal hedging requirements – have been booked under

“Net equity reserve”.

The fair value, pursuant to article 2426, item 4 of the Civil Code, is determined with reference to the value resulting from generally accepted valuation models and techniques that ensure a reasonable approximation at market value.

The following table shows the information required for ongoing contracts as at December 31, 2020:

Company	Contract type	N° of contracts	Transactions Type	Obligation	Negative Fair Value	Positive Fair Value
AMCLN	IRS	1	Capped Option on 6m Euribor	EUR 5,000,000	(4,963)	
DELNA	IRC	1	0.226% + 3m Euribor	EUR 1,500,000	(13,420)	
<b>Total</b>	<b>Total</b>	<b>2</b>			<b>(18,383)</b>	

Pursuant to art. 2427, item 19 of the Civil Code, it is specified that the Group has not issued finan-

cial instruments.

## INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPH 125, OF ITALIAN LAW N° 124 ISSUED ON AUGUST 4, 2017

Pursuant to Article 1, paragraph 125, of Italian Law n° 124/2017, the subsidies (grants, paid assignments, economic advantages) received by public administrations are outlined as follows:

### **Delna S.p.A.**

Agenzia delle Dogane e dei Monopoli (Italian excise, customs, and monopolies agency):

- on June 30, 2020, the company received an excise reimbursement for the fuel used to generate mechanical energy from January 1, 2019, to December 31, 2019, amounting to EUR 45,596. The reimbursement was booked on an accrual basis in the income statement for the 2020 fiscal year.

CSEA – Fund for energy and environmental services:

- on December 29, 2020, the Registro Nazionale degli Aiuti (register of government funding opportunities) published the sums granted as incentives for the 2018 fiscal year, amounting to EUR 180,412. In the financial statements as at December 31, 2020, energy costs are booked net of the “energivore” bonus for highly energy-consuming companies (EUR 120,315) granted for the 2020 fiscal year in the form of an electricity bill discount.

Banca del Mezzogiorno Mediocredito Centrale S.p.A.:

- throughout the 2020 fiscal year the company has availed itself of an unsecured loan from Banca Popolare di Sondrio - Società Cooperativa per Azioni, amounting to a total of EUR 3,000,000 and supported – in accordance with Article 13, paragraph 1, of Italian Decree-Law n° 23/2020 – by a guarantee of Banca del Mezzogiorno – Mediocredito Centrale S.p.A. through the Fondo di Garanzia per le Piccole e Medie Imprese (guarantee fund for SMEs) issued in accordance with Italian Law n° 662/1996 et

seq. and the related enforcement decrees. The monetary value of the issued guarantee (Gross Grant Equivalent) was EUR 95,036;

- throughout the 2020 fiscal year the company has availed itself of an unsecured loan from Banco di Desio e della Brianza S.p.A., amounting to a total of EUR 2,500,000 and supported – in accordance with Article 13, paragraph 1, of Italian Decree-Law n° 23/2020 – by a guarantee of Banca del Mezzogiorno – Mediocredito Centrale S.p.A. through the Fondo di Garanzia per le Piccole e Medie Imprese issued in accordance with Italian Law n° 662/1996 et seq. and the related enforcement decrees. The monetary value of the issued guarantee (GGE) was EUR 89,054.

Agenzia delle Entrate (Italian tax authority):

- throughout the 2020 fiscal year the company has accrued – in accordance with Article 125 of Italian Decree-Law n° 34/2020 (the so-called “relaunch decree”) – a tax credit for sanitation measures and the purchase of PPE throughout the healthcare emergency in the 2020 fiscal year, amounting to EUR 14,012;
- in accordance with Article 24 of Italian Decree-Law n° 34/2020 (“relaunch decree”) the first instalment of the 2020 IRAP (Italian regional tax on productive activities), amounting to EUR 10,845, has not been paid;
- throughout the fiscal year, the company has benefited of the tax deferrals (VAT, withholding taxes for employee salaries) amounting to EUR 289,601 as granted to businesses that have suffered a decline in turnover in March and April 2020, compared to the same months in the 2019 fiscal year.

INPS (Italian public pension fund):

- throughout the fiscal year, the company has benefited of the social security tax deferrals

(VAT, withholding taxes for employee salaries) amounting to EUR 265,030 as granted to businesses that have suffered a decline in turnover in March and April 2020, compared to the same months in the 2019 fiscal year.

Fondimpresa (Italian fund for continuous learning):

- on March 10, 2020, the company collected continuous learning funding amounting to EUR 7,652 and booked on an accrual basis in the income statement for the 2020 fiscal year;
- on March 25, 2020, the company collected continuous learning funding amounting to EUR 9,088, booked on an accrual basis in the income statement for the 2020 fiscal year.

#### **Tamagnone S.r.l.**

Carbon Tax:

- throughout the 2020 fiscal year the company has accrued a tax credit amounting to EUR 109,706 for the excise reimbursement of fuel consumed;

Agenzia delle Entrate (Italian tax authority):

- throughout the 2020 fiscal year the company has accrued – in accordance with Article 125

of Italian Decree-Law n° 34/2020 (“relaunch decree”) – a tax credit for sanitation measures and the purchase of PPE throughout the healthcare emergency in the 2020 fiscal year, amounting to EUR 2,139.

#### **ArcelorMittal CLN Distribuzione Italia S.r.l.**

Agenzia delle Entrate (Italian tax authority):

- throughout the 2020 fiscal year the company has accrued – in accordance with Article 125 of Italian Decree-Law n° 34/2020 (“relaunch decree”) – a tax credit for sanitation measures and the purchase of PPE throughout the healthcare emergency in the 2020 fiscal year, amounting to EUR 28,297:

These Notes to the Financial Statements provide a true and correct representation of the Balance Sheet, Cash Flow Statement, and Income Statement for the fiscal year, and correspond to the accounting records.

There are no other considerations to be made on the content of the financial statement items and the accounting principles adopted.

The considerations and the values contained in these Notes are consistent with the accounting records and correctly represent the administrative facts as they occurred.

Caselette, May 27, 2021

On behalf of the Board of Directors

**The Chairman**  
Mr. Gabriele Perris Magnetto

# REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DEGREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
ArcelorMittal C.L.N. Distribuzione Italia Sr.l.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of ArcelorMittal C.L.N. Distribuzione Italia Sr.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31<sup>st</sup>, 2020, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31<sup>st</sup>, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of ArcelorMittal C.L.N. Distribuzione Italia Sr.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10**

The Directors of ArcelorMittal C.L.N. Distribuzione Italia Sr.l. are responsible for the preparation of the report on operations of the Group as at December 31<sup>st</sup>, 2020, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at December 31<sup>st</sup>, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Group as at December 31<sup>st</sup>, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE Sp.A.

Signed by  
**Santo Fizzo**  
Partner

Turin, Italy  
June 21<sup>st</sup>, 2021

This report has been translated into the English language solely for the convenience of international readers.

edited by  
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