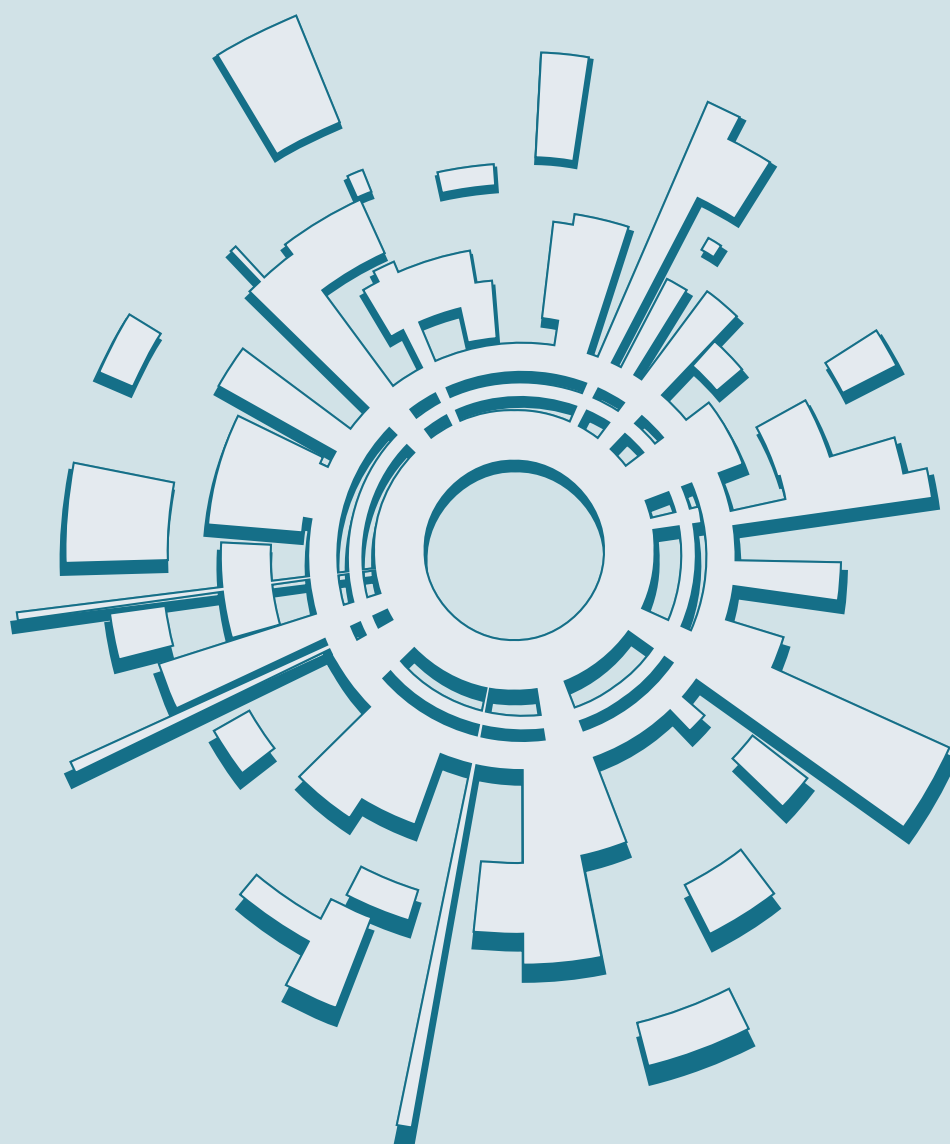


ARCELORMITTAL CLN
DISTRIBUZIONE ITALIA S.R.L.



CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022

2	CORPORATE BODIES
3	MANAGEMENT REPORT
5	THE STEEL MARKET
5	OPERATIONS ON THE SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS OCCURRED THROUGHOUT THE FISCAL YEAR
5	INCOME STATEMENT, BALANCE SHEET, AND CASH FLOW PERFORMANCE
7	MAIN INCOME STATEMENT AND CASH FLOW STATEMENT INDICATORS
10	MAIN RISKS AND UNCERTAINTIES THAT THE GROUP IS EXPOSED TO.
12	ENVIRONMENT AND SAFETY
14	RELATIONS WITH RELATED COMPANIES
16	RESEARCH AND DEVELOPMENT ACTIVITIES
16	OWNERSHIP OF SHARES AND FINANCIAL INSTRUMENTS
16	BUSINESS OUTLOOK
17	CONSOLIDATED FINANCIAL STATEMENTS
18	CONSOLIDATED BALANCE SHEET
22	CONSOLIDATED INCOME STATEMENT
25	FINANCIAL STATEMENTS
27	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
70	REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 STATUTORY AUDITORS

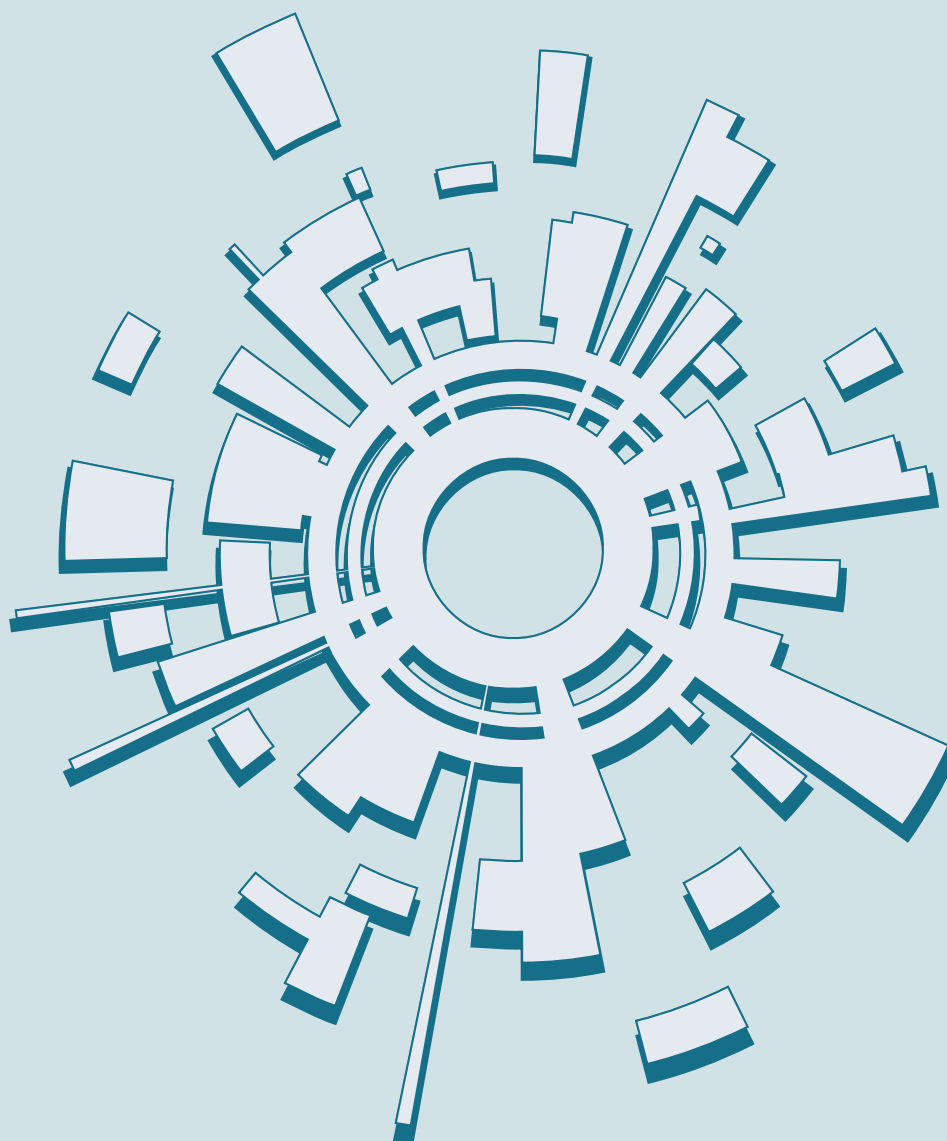
Chairman Mauro Messi

Statutory Auditors Maria Venturini
Paolo Burlando

Substitute Auditors Alessandra Odorisio
Luca Longobardi

AUDITING COMPANY PricewaterhouseCoopers S.p.A.

ARCELORMITTAL CLN
DISTRIBUZIONE ITALIA S.R.L.



MANAGEMENT REPORT

AS AT 31 DECEMBER 2022

MANAGEMENT REPORT

In the fiscal year ended on December 31, 2022, the Group recorded a profit amounting to EUR 5,060 thousand (Group profit as at December 31, 2021, amounted to EUR 17,021 thousand), net of taxes amounting to EUR -4,129 thousand (EUR -7,139 thousand as at December 31, 2021). Non-controlling interest - including 1.59% shares held in Delna S.p.A. and 20% shares held in Tamagnone S.r.l. - amounted to a EUR 133,906 profit (non-controlling interest profit as at December 31, 2021, amounted to EUR 60,005).

The AMCLN Group thus recorded a EUR 5,060 thousand profit, thanks to sales revenue and service revenue amounting to EUR 789,492 thousand (EUR 777,277 thousand as at December 31, 2021).

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 the main actors in the carbon steel supply in Italy.

The AMCLN Group operates in the following *business* sectors:

- Steel distribution service centers (ArcelorMittal CLN Distribuzione Italia S.r.l.);
- Pickling (Delna S.p.A.);
- Transportation and direct/indirect storage services (Tamagnone S.r.l.);
- 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, 2022. It is specified that Delna S.p.A. and Tamagnone S.r.l. were consolidated using a line-by-line approach, while Centro Servizi Navali S.p.A. only affects the Group equity.



We believe that a comprehensive understanding of the results achieved by your Group in 2022 calls for a summary of the market in which it has operated.

THE STEEL MARKET

In 2022 world steel production has fallen by 4.3% compared to the previous fiscal year. The greatest decline was recorded in the Commonwealth of Independent States and Ukraine (-20.2%). Production in Ukraine declined by over 70%, whilst the production decline in Russia was limited to -7.2%. Above-average negative variations were recorded in EU countries (-10.5%), extra-EU countries (-12.2%), and Africa (-6%). The decline in steel production in North America (-5.5%) and Central and South America (-5%) was more in line with the average. As for Asian countries, India recorded - as opposed to Japan (-7.4%), South Korea (-6.5%) and China (-2.1%) - a 5.5% increase in production (source: WSA - World Steel Association).

In the year 2022, the iron and steel industry was affected by the slowdown in the world economy, the high energy prices, the surge in inflation, and by the impact of the Russia-Ukraine war - and the consequent hindrance of the supply chain.

According to recent estimates (source: WSA), world steel consumption fell by 2.3% compared to 2021 given the aforementioned unfavorable events. In particular, steel consumption has fallen by 9.2% in the Commonwealth of Independent States and Ukraine, and by 3.5% in EU countries.

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

On May 9, 2022, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. transferred all shares owed in Centro Servizi Metalli S.p.A. to Industeel Belgium S.A., and on June 21, 2022, it transferred 70% of shares held in AcierPlus S.A.S. - 45% to Mr. Angelo Cazzolla, who already held 30% of AcierPlus S.A.S. shares, and the remaining 25% to MA S.r.l., owned by the CLN Group.

Such operations, which are included in the plan for a rationalization of Group activities and focus on its *core business*, implied a variation in the Group structure, in that until December 31, 2021, AcierPlus S.A.S. was consolidated on a *line-by-line* basis and Centro Servizi Metalli S.p.A. was consolidated using the *equity method*.

INCOME STATEMENT, BALANCE SHEET, AND CASH FLOW PERFORMANCE

The 2022 fiscal year ended with a turnover of EUR 800,9 million and an EBITDA amounting to EUR 32,7 million.

RECLASSIFIED INCOME STATEMENT AMCLN GROUP

(EUR/000)	12/31/2022	12/31/2021
Turnover	800,898	786,487
Gross operating income (ebitda)	32,701	47,726
<i>% turnover</i>	4.08%	6.07%
Operating earnings (ebit)	17,470	26,937
<i>% turnover</i>	2.18%	3.42%
Fiscal year result	(5,193)	(5,331)
value adjustments	(2,954)	2,615
Earnings before tax (ebt)	9,323	24,220
<i>% turnover</i>	1.16%	3.08%
Income taxes	(4,129)	(7,139)
net profit for the group and third parties (eat)	5,194	17,081
<i>% turnover</i>	0.65%	2.17%

RECLASSIFIED BALANCE SHEET AMCLN GROUP

(EUR/000)	12/31/2022	12/31/2021
Net trade receivables	77,880	137,855
(Net trade payables)	(127,368)	(228,670)
Ending inventory	66,438	94,157
Other current assets (liabilities)	2,348	549
NET WORKING CAPITAL	14,603	3,891
Net tangible fixed assets	65,711	74,968
Net intangible fixed assets	11,506	16,083
Non-current equity investments and receivables	1,606	15,819
Reserves	(6,701)	(7,182)
Deferred tax assets/(Liabilities)	(77)	(317)
NET INVESTED CAPITAL	86,648	103,262
SHAREHOLDER EQUITY	56,082	50,878
NON-CONTROLLING INTEREST	609	475
GROUP SHAREHOLDER EQUITY	55,473	50,403
(Liquid assets)	(18,326)	(17,332)
(Financial receivables due from other companies)	(7,084)	(7,074)
(Intercompany financial receivables)	(806)	(820)
Short-term loans	43,391	58,423
MLT loans	13,391	19,186
NET FINANCIAL DEBT	30,566	52,384
BORROWINGS	86,648	103,262

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, and that 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 2022	Year 2021
<i>ROE</i>	9.26%	33.57%

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 2022	Year 2021
<i>ROI</i>	20.16%	26.09%

ROS - Return On Sales (EBIT/Revenue from Sales)

The indicator summarizes the potential of sales to produce revenue.

	Year 2022	Year 2021
<i>ROS</i>	2.18%	3.42%

Equity/Capex

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

	Year 2022	Year 2021
<i>Equity / Capex</i>	64.02%	48.81%

Current ratio

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

	Year 2022	Year 2021
<i>Curr. Assets / Curr. Liabilities</i>	0.96	0.88

Although the result is less than 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 a ratio, we have excluded “*Financial receivables due from other companies*” from fixed assets and booked them in the balance sheet under “*Financial fixed assets*” in accordance with the previously outlined approach used for the “*Current ratio*”.

	Year 2022	Year 2021
<i>Equity / Fixed Assets</i>	70.38%	47.16%

The profitability of the AMCLN Group, under 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 2022	Year 2021
<i>ROE</i>	5.39%	47.73%

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 2022	Year 2021
<i>ROI</i>	11.05%	42.31%

ROS - Return On Sales (EBIT/Revenue from Sales)

The indicator summarizes the potential of sales to produce revenue.

	Year 2022	Year 2021
ROS	2.32%	10.03%

Equity/Capex

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

	Year 2022	Year 2021
Equity/Capex	72.40%	61.58%

Current ratio

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

	Year 2022	Year 2021
Curr. Assets/Curr. Liabilities	1.24	1.05

Indicator of fixed assets covered by equity

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

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

	Year 2022	Year 2021
Equity/Fixed Assets	101.70%	77.53%

MAIN RISKS AND UNCERTAINTIES THAT THE GROUP IS EXPOSED TO

FINANCIAL RISKS

The AMCLN Group is exposed to risks of a financial nature relating to its operations; these are constantly monitored to mitigate the effects thereof:

- *Business risk*, concerning the end markets and the price trends of raw material;
- *Credit risk*, concerning 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. Such risks mainly include:

- 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” mechanisms (cost of iron ore, scrap, coal, and the demand for 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 engineering, construction, *automotive*, and electrical appliance sectors - which are correlated to the uncertainty of the macroeconomic framework, including the increase and decrease in 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 December 31, 2022 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 its structure allows it to implement disposal of receivables with factoring companies and securitization vehicles, mainly based on agreements without recourse, thus transferring the related risk.

The Group insures its credits through a high-level company specialized in its field, 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. The Group constantly monitors the performance of liquid assets, financial flows (final and expected), and the lines of credit available through cash account reports. In particular, as at December 31, 2022, the liquid assets (including restricted portfolio securities amounting to EUR 7,1 million) amounted to EUR 25,4 million, whereas short-term payables owed to banks and other lenders amounted to EUR 46,3 million and payables due in over 12 months amounted to EUR 13,4 million. Throughout the fiscal year, the Group has availed itself of the *cash pooling* system agreed between the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. and the subsidiaries Delna S.p.A. and Tamagnone S.r.l. to optimize management of positive account balances.

INTEREST RATE RISK

The Group periodically performs disposal of receivables through prepaid invoices, cash orders subject to collection, and transfer of receivables without recourse (factoring and securitization). 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

In order to mitigate disease transmission related to COVID-19, the AMCLN Group has continued - throughout 2022 - to implement the containment measures included in the corporate Safety Protocol and compliant with the *"Protocollo condiviso di regolamentazione delle misure per il contrasto e il contenimento della diffusione del virus Covid-19 negli ambienti di lavoro"* (shared protocol of measures for the protection from and containment of the COVID-19 virus at the workplace) safety protocol undersigned by national labor unions and employer's organizations. Such measures include:

- 1 - raising awareness among employees of sanitation rules, providing alcohol-based hand sanitizer and other hand sanitation products, etc.;
- 2 - enforcing minimum safe distance and, whenever it is not possible, providing Personal Protective Equipment (face masks);
- 3 - restrict the presence of third parties in the Company except in case of extreme urgency;
- 4 - activate services of sanitation in the workplaces;
- 5 - activate flexible working tools to contain commuting (smart-working, holiday leave, etc.).

Such measures - along with those implemented by our government - effectively reduced the spread of the COVID-19 virus, avoiding the formation of hotspots at the various ArcelorMittal CLN Distribuzione Italia S.r.l. production plants.

In the second trimester of 2023, considering the decrease in cases of COVID-19, the AMCLN Group has suspended the Protocol measures, though preserving certain precautions such as: the use of face masks at offline meetings; sanitization of rooms; use of hand sanitizer.

ENVIRONMENT AND SAFETY

The Group carries out its business in compliance with the provisions in force concerning environmental protection in the sectors it belongs to. In particular, we point out that the activity carried out - given the materials employed, the energy consumption, and the 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 based on REACH legislation to obtain the necessary documentation and authorization for sale. Therefore, your Group periodically requests the REACH certificates of compliance from its suppliers and monitors the updates to the Candidate List (the list of banned substances issued by ECHA), records new chemical compounds produced and sends the aforementioned declarations to customers to carry out its business following the provisions in force concerning environmental protection 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.

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

Throughout 2022, 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 preventive and protective measures 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.

Moreover, 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 the reduction and prevention of injuries and occupational diseases. Such principles are realized by 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 2022 fiscal year, no injuries have been recorded at ArcelorMittal CLN Distribuzione Italia S.r.l. facilities, and the “zero accidents” goal set by the company for occupational safety was achieved. In 2022, the subsidiary Delna S.p.A. recorded two minor injuries, while the subsidiary

Tamagnone S.r.l. recorded a single injury with a long-term (> 40 days) prognosis.

Although these can be considered satisfactory results, the Group must continue to work 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 topics but are considered real, concrete, and tangible, most of all by those directly involved. This is the only way for the latter to believe in the project and become fundamental and essential actors in the path toward 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 an event;
- 3 - Analysis of accidents and hazardous situations to reduce the potential for injury;
- 4 - Assessment of the risks per individual activity;
- 5 - Safety inspections to monitor the suitable implementation of rules and procedures;
- 6 - Recurring safety audits 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 through continuous improvement and the 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. has successfully passed the annual ISO 45001 audit to maintain its certification.

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	12/31/2022	12/31/2021	Change
Amcs Woippy	1,000	403	597
ArcelorMittal Atlantique & Lorraine	-	-	(50)
ArcelorMittal Avellino e Canossa S.p.A.	59,167	124,963	(65,796)
ArcelorMittal Belgium S.A.	205	205	-
ArcelorMittal Bremen GmbH	26,389	11,843	14,546
ArcelorMittal Centres De Services S.A.S.	1,500	1,500	-
ArcelorMittal Commercial Italy S.r.l.	12,014	12,014	-
ArcelorMittal Distribution Solutions France S.A.S.	-	39,431	(39,431)
ArcelorMittal Distribution Solutions Italy S.r.l.	79,988	28,508	51,480
ArcelorMittal España S.A.	12,980	923	12,057
ArcelorMittal Flat Carbon Europe S.A.	536	536	-
ArcelorMittal France S.A.S.	7,601	8,032	(432)
ArcelorMittal Italia S.p.A.	-	312	(312)
ArcelorMittal Logistics Italia S.r.l.	1,267,124	858,457	408,667
ArcelorMittal Méditerranée S.A.S.U.	5,239	16,757	(11,518)
ArcelorMittal Tb Lorraine S.A.S.	2,034	2,034	-
ArcelorMittal Tb Gent S.A.S.	4,750	4,750	-
C.L.N. Coils Lamiere Nastri S.p.A.	818,522	442,605	375,917
C.S.N. S.p.A.	-	915	(915)
C.T.L. S.r.l. Centro Taglio Laser	592,613	401,508	191,105
Cellino S.r.l.	-	1,947	(1,947)
Celmac S.r.l.	(7,478)	(7,478)	-
Coşkunöz MA S.r.l.	(3,485)	(3,485)	-
Delfo Polska S.A.	285,679	313,782	(28,103)
DMW South Africa	2,000	2,000	-
Dp Metal Processing Polska Sp. z.o.o.	202,973	94,205	108,768
Eurostamp S.A.S.	22,376	68,366	(45,990)
Fam MA Automotive S.A.	(1,572)	(1,572)	-
MA Automotive Deutschland GmbH	7,954	7,955	(1)
MA France S.A.S.	122,215	84,168	38,047
MA S.r.l.	20,922,441	14,163,006	6,759,435
MW Aftermarket S.r.l.	65,629	104,499	(38,870)

Continues on p. 15

Continues from p. 14

Description	12/31/2022	12/31/2021	Change
MW France S.A.	(760)	(760)	-
MW Italia S.r.l.	1,101	6,643	(5,542)
AcierPlus S.A.S.	526,504	-	526,504
MA Automotive Portugal S.A.	13,612	-	13,612
P.M.C. Automotive Melfi S.r.l.	-	1,695	(1,695)
Proma Poland Sp. z o.o.	-	18,132	(18,132)
Solustil La Boisse	-	(555)	555
Total receivables due from related companies	25,050,849	16,808,294	8,242,555
Description			
Aperam Stainless Italy S.r.l.	112,612	-	112,612
ArcelorMittal Avellino e Canossa S.p.A.	182,842	110,469	72,373
ArcelorMittal Commercial Italy S.r.l.	69,678,005	94,911,747	(25,233,742)
ArcelorMittal Distribuzione Sol. IT	19,193	13,443	5,750
ArcelorMittal Flat Carbon Europe S.A.	1,873,530	1,735,337	138,193
ArcelorMittal International Luxembourg S.A.	-	33,934	(33,934)
ArcelorMittal Italy Services S.r.l.	90,432	66,149	24,283
Acciaierie d'Italia S.p.A.	1,932,992	63,324,879	(61,391,887)
ArcelorMittal Logistics Italia S.r.l.	415,755	532,715	(116,960)
C.L.N. Coils Lamiere Nastri S.p.A.	4,612,878	9,991,860	(5,378,982)
DP Metal Processing Polska Sp. z o.o.	31,669	15,064	16,605
Eurostamp S.A.S.	-	11,509	(11,509)
Gonvarri Italia S.p.A.	86,212	82,805	3,407
MA S.r.l.	2,321,955	1,318,218	1,003,737
Magnetto Automotive Deuscheland GmbH	123,514	50,176	73,338
MA France S.A.	-	22,535	(22,535)
MW Italia S.r.l.	47,307	16,399	30,908
MW S.r.l.	1,391	1,391	-
Total payables owed to related companies	81,530,285	172,238,630	(90,708,345)

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year, the Group has paid particular attention to developing innovative solutions and improving processes, with a focus on ameliorating the quality of goods and services offered as well as efficiency and productivity. Throughout the 2022 fiscal year, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has continued to make investments in instrumental goods to facilitate technological and digital transformation in accordance with the so-called “*Industry 4,0*” model. In particular, the company has started up a longitudinal coil slitting line (slitter) at its Caselette (Turin) plant that, a decoiling line at its Fontanellato (Parma) plant, and a quality control machine at its Atella (Potenza) plant - that, by means of an *embedded* software package, allows connection with the corporate IT systems in step with the requirements of the *Industry 4,0*.

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. Interest rate derivatives were set between the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. and the subsidiary Delna S.p.A. Please refer to the Notes to the Consolidated Financial Statements for further details.

BUSINESS OUTLOOK

Based on WSA statistics, 459,3 million metric tons of steel were produced in the first trimester of 2023, thus with a limited (-0.1%) difference compared to the first trimester of 2022. In particular, it is specified that production in China increased by 6,1% compared to the same period in 2022, whilst EU production has once again fallen (-10.1%).

Notwithstanding the ongoing conflict following the Russian invasion of Ukraine - starting on February 24, 2022 - and a general uncertainty concerning the trends of the international, European, and Italian economies in the coming months, we have not identified indicators of threat to business continuity in the next fiscal year.

Throughout the next fiscal year, the Group is set to pursue its strengthening path and reach the goals defined upon the presentation of the 2023 Budget.

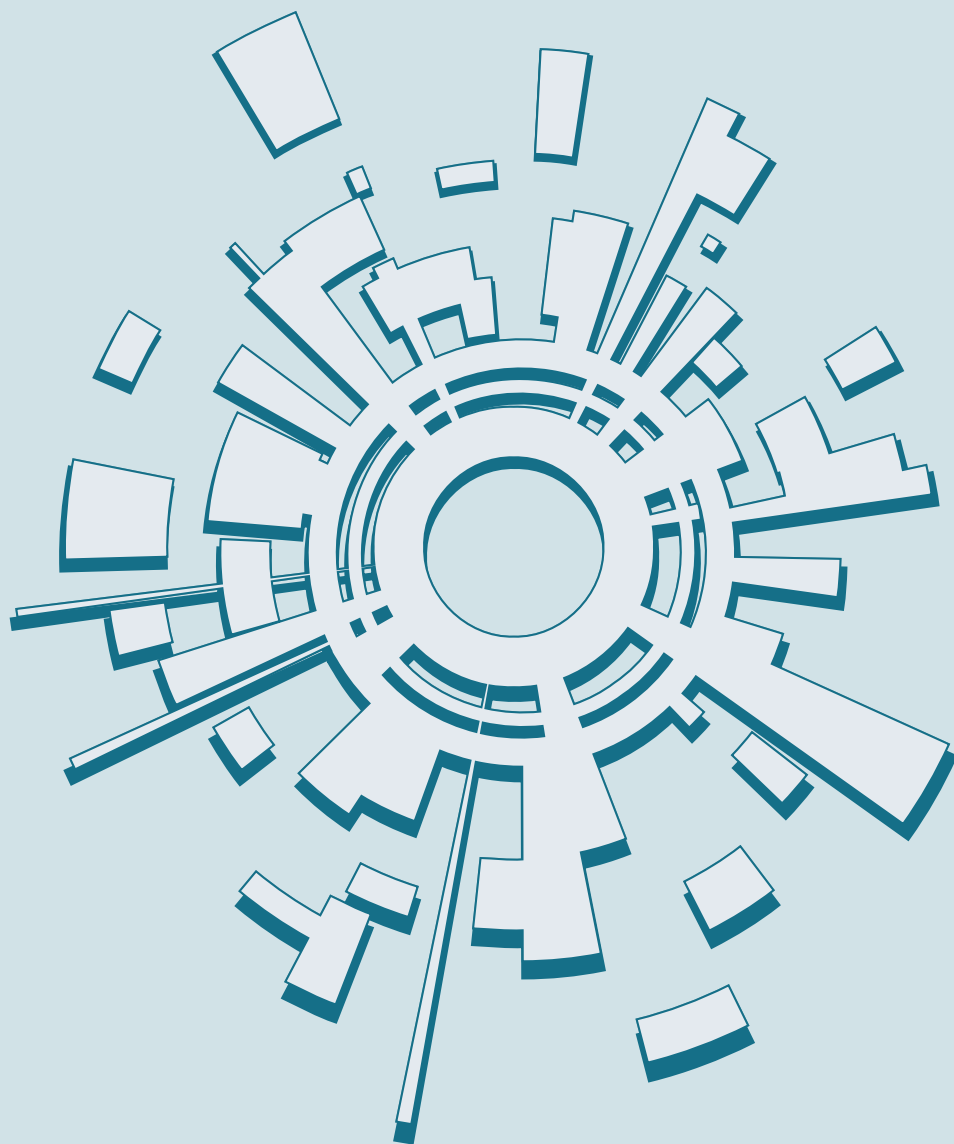
Caselette, April 21, 2023

On behalf of the Board of Directors

The Chairman

Mr. Gabriele Perris Magnetto

ARCELORMITTAL CLN
DISTRIBUZIONE ITALIA S.R.L.



CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022

CONSOLIDATED BALANCE SHEET

ASSETS (Amounts in EUR)	12/31/2022	12/31/2021
RECEIVABLES from SHAREHOLDERS	-	-
FIXED ASSETS		
I) Intangible fixed assets		
Start-up and expansion costs	-	-
Development costs	-	-
Industrial patents and intellectual property rights	107,167	67,081
Concessions, licenses, trademarks, and similar rights	140,214	181,508
Goodwill	10,209,152	14,778,125
Fixed assets under construction and advance payments	155,822	49,233
Other	893,573	1,006,977
Total intangible fixed assets	11,505,928	16,082,924
II) Tangible fixed assets		
Land and buildings	35,499,124	37,034,391
Plants and machinery	26,166,776	33,901,006
Industrial and commercial equipment	833,989	901,217
Other tangible assets	973,883	1,137,864
Fixed assets under construction and advances	2,237,091	1,993,209
Total tangible fixed assets	65,710,864	74,967,687
III) Long-term financial assets		
Equity investments in:		
associate companies	1,500,761	15,714,042
parent companies	-	-
other companies	104,960	104,960
<i>Total long-term equity investments</i>	<i>1,605,721</i>	<i>15,819,002</i>
Receivables:		
due from associate companies	-	-
due from parent companies	-	-
due from other companies	7,084,078	7,073,990
<i>Total receivables</i>	<i>7,084,078</i>	<i>7,073,990</i>
Other securities	-	-
Own shares in treasury	-	-
Total long-term financial assets	8,689,799	22,892,992
Total fixed assets	85,906,591	113,943,603
CURRENT ASSETS		
I) Inventory		
Raw materials, ancillary materials and consumables	55,448,259	82,518,705
Work in progress and semi-finished goods	1,432,475	1,984,957
Goods being made to order	-	-
Finished products and goods	9,557,522	9,653,268
Advance payments	-	-
Total Inventory	66,438,256	94,156,930

CURRENT ASSETS	12/31/2022	12/31/2021
II) Receivables		
Trade receivables		
third parties due within 12 months	52,430,214	120,223,908
related parties due within 12 months	25,050,849	16,808,294
third parties after more than 12 months	149,138	149,138
Due from associate companies		
within 12 months	246,917	1,493,487
after more than 12 months	808,951	-
Due from parent companies		
within 12 months	-	-
after more than 12 months	-	-
Tax receivables		
within 12 months	6,590,327	12,574,774
after more than 12 months	934,101	905,827
Prepaid taxes	1,850,811	2,710,326
Due from other debtors		
within 12 months	550,941	2,166,390
after more than 12 months	-	-
Total receivables	88,612,249	157,032,144
III) Short-term financial assets		
Holdings in associate companies	-	-
Holdings in parent companies	-	-
Other holdings	-	-
Active derivatives	23,558	-
Other securities	-	200,000
Total short-term financial assets	23,558	200,000
IV) Liquid Assets		
Bank and postal deposits	18,272,653	17,089,461
Cash and cash equivalents on hand	30,142	42,795
Total liquid assets	18,302,795	17,132,256
V) Assets held for sale	-	3,375,104
Total current assets	173,376,858	271,896,434
ACCRUED INCOME AND PREPAID EXPENSES	730,975	294,950
TOTAL ASSETS	260,014,424	386,134,987

LIABILITIES (Amounts in EUR)	12/31/2022	12/31/2021
NET EQUITY		
I) Share capital	60,010,000	60,010,000
II) Share premium account	-	-
III) Revaluation reserves	-	-
IV) Legal reserve	783,292	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	-	-
- Derivative reserve	5,277	(4,180)
- Merger surplus reserve	167,363	167,364
- Unrealized gains on foreign currency translation reserve	-	(426,002)
- Capital gains on equity reserve	-	1,532,790
- Other reserves	272,254	952,167
VIII) Profits (losses) carried forward	(12,789,736)	(30,917,937)
IX) Profits (losses) for the fiscal year	5,060,126	17,021,416
TOTAL NET EQUITY of the Group	55,472,732	50,403,151
Non-controlling interest	609,306	475,248
TOTAL NET EQUITY	56,082,038	50,878,399
PROVISIONS FOR RISKS AND CHARGES		
Provision for post-employment benefits and similar obligations	434,052	399,794
Provisions for taxes, even deferred	1,927,719	3,027,076
Provisions for passive derivatives	-	6,418
Other provisions	3,322,595	3,317,446
Total provisions for risks and charges	5,684,366	6,750,734
EMPLOYEE SEVERANCE INDEMNITY RESERVE	2,944,090	3,457,881
PAYABLES		
Debenture loans	-	-
Convertible debentures	-	-
Owed to shareholders for borrowings		
within 12 months	-	10,000,000
after more than 12 months	-	-
Owed to banks		
within 12 months	43,066,651	48,127,457
after more than 12 months	12,192,621	17,778,473
Owed to other lenders		
within 12 months	324,633	296,000
after more than 12 months	1,198,107	1,407,990
Advances paid	-	5,941
Trade payables		
third parties due within 12 months	45,837,366	56,425,667
related parties due within 12 months	81,530,285	172,238,630

PAYABLES	12/31/2022	12/31/2021
third parties after more than 12 months	-	-
Bills of exchange payable	-	-
Owed to associate companies		
within 12 months	-	-
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	1,621,927	3,001,698
after more than 12 months	-	25,663
Welfare and social security payables		
within 12 months	2,731,939	2,983,472
after more than 12 months	-	-
Other payables		
within 12 months	4,989,918	6,617,223
after more than 12 months	-	-
Total payables	193,493,447	318,908,214
ACCRUED LIABILITIES AND DEFERRED INCOME	1,810,483	6,139,759
TOTAL LIABILITIES	260,014,424	386,134,987

CONSOLIDATED INCOME STATEMENT

(Amounts in EUR)	2022	2021
A) PRODUCTION VALUE		
Revenues from sales and services	789,491,687	777,277,109
Changes in inventory: work in progress, semi-finished goods and finished products	240,238	(359,451)
Changes in goods being made to order	-	-
Own work capitalized	-	-
Other revenue and income	11,166,029	9,569,126
Total production value	800,897,954	786,486,784
B) PRODUCTION COSTS		
Costs of raw materials, ancillary materials, consumables and good	651,422,862	677,434,553
Service costs	48,052,333	41,117,674
Costs for use of third-party assets	3,957,217	4,416,284
Employee costs:		
Salaries and wages	27,192,585	29,647,688
Social security expenses	9,317,674	10,015,392
Employee severance indemnity	1,901,692	1,793,334
Pensions and post-retirement benefits	39,063	40,690
Other costs	1,498,582	2,021,926
Total employee costs	39,949,596	43,519,030
Depreciation, amortization, and impairment losses:		
Amortization of intangible fixed assets	4,996,265	5,118,962
Depreciation of fixed assets	9,939,438	10,852,820
Other write-downs of fixed assets	-	3,128,900
Write-down of receivables and liquid assets	193,554	231,646
Total depreciation, amortization and impairment losses	15,129,257	19,332,328
Changes in inventory: raw materials, ancillary materials, consumables and goods	23,775,255	(29,042,541)
Allocation to risk provisions	-	1,252,923
Other provisions	101,823	204,586
Other management expenses	1,039,952	1,315,325
TOTAL PRODUCTION COSTS	783,428,295	759,550,162
Difference between production value and production costs	17,469,659	26,936,622
C) FINANCIAL INCOME AND CHARGES		
Income from equity investments:		
associate companies	-	-

C) FINANCIAL INCOME AND CHARGES	2022	2021
parent companies	-	-
other companies	16	-
Total income from equity investments	16	-
Other financial income:		
- income from receivables booked under fixed assets		
associate companies	-	-
parent companies	-	-
other companies	738	1,227
Total income from receivables booked under fixed assets	738	1,227
- 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	25,178	15,616
interest and commission from parent companies	--	
interest and commission from other companies and miscellaneous income	7,718	6,449
Total other financial income not included above	32,896	23,292
Total other financial income	33,634	23,292
Interest payable and other financial charges:		
subsidiaries	2,240,321	-
associate companies	76,484	-
parent companies	-	-
other Group companies	-	-
other companies	5,219,817	5,192,797
Total interest payable and other financial charges	7,536,622	5,192,797
Gains and losses on exchange rates	(6,709)	(161,980)
Total financial income and charges	(7,509,681)	(5,331,485)
D) VALUE ADJUSTMENTS OF INVESTMENTS		
Revaluations:		
of equity investments	-	3,301,920
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	829	4,134
Total revaluations	829	3,306,054

D) VALUE ADJUSTMENTS OF INVESTMENTS	2022	2021
Write-downs:		
of equity investments	637,686	690,843
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	-	-
Total write-downs	637,686	690,843
Total adjustments made to the value of investments	(636,857)	2,615,211
 RESULT BEFORE TAX	 9,323,121	 24,220,348
Current taxes	5,022,958	8,615,036
Taxes related to previous fiscal years	(625,284)	(79,054)
Prepaid and deferred taxes	(268,585)	(1,397,055)
Income taxes for the fiscal year	4,129,089	7,138,927
PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP AND THIRD PARTIES	5,194,032	17,081,421
Profits (losses) attributable to non-controlling interest	133,906	60,005
PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP	5,060,126	17,021,416

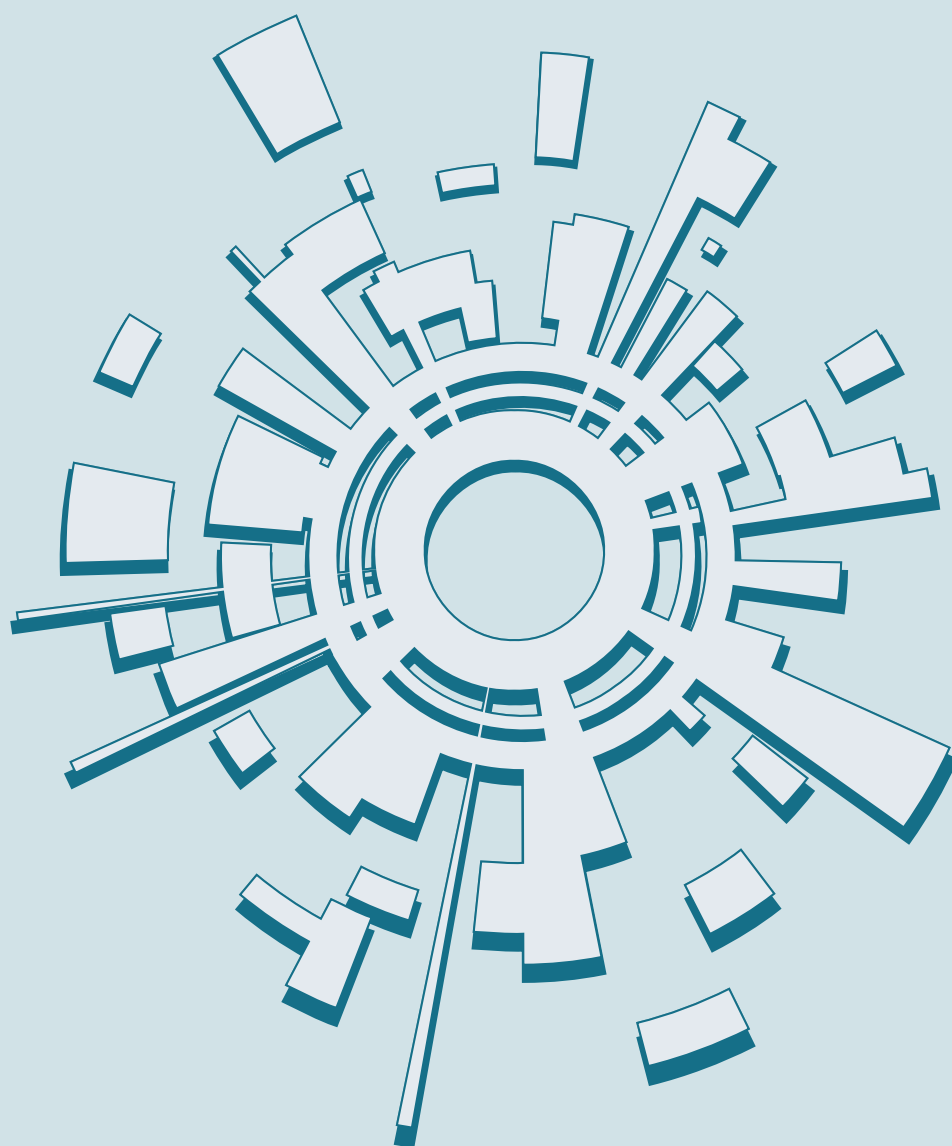
FINANCIAL STATEMENTS

(Amounts in EUR)	2022	2021
Flussi finanziari derivanti dell'attività operativa (metodo indiretto)		
Profits (losses) for the fiscal year	5,194,032	17,081,421
Income taxes	4,129,089	7,138,927
Interest paid/(interest earned)	5,186,183	5,169,506
(Dividends)	-	-
Capital (gains)/losses arising from transfer of assets	1,985,834	(255,730)
Profits (losses) for the fiscal year before income taxes, interest, dividends and gains/losses from transfers	16,495,138	29,134,124
<i>Adjustments for non-monetary items that did not have a contra-entry in the net working capital</i>		
Provisions	2,386,309	4,398,207
Amortizations of fixed assets	14,935,703	15,971,782
Write-downs for impairment losses	637,686	3,819,743
Revaluations	-	(3,301,920)
Other upwards (downwards) adjustments for monetary items	-	5,952
Other upwards (downwards) adjustments for non-monetary items	17,549	(595,782)
Financial flow before changes in the net working capital	34,472,385	49,431,916
<i>Changes in net working capital</i>		
Decrease/(increase) in inventory	23,535,020	(28,683,092)
Decrease/(increase) in receivables from clients	56,320,340	(66,131,402)
Increase/(decrease) in trade payables	(99,662,559)	67,640,489
Decrease/(increase) in accrued income and prepaid expenses	(436,025)	1,082,502
Increase/(decrease) in accrued and deferred liabilities	754,935	2,104,124
Other changes in net working capital	15,088,759	(14,055,940)
Financial flow after changes in the net working capital	30,072,856	11,388,597
<i>Other adjustments</i>		
Interest received/(paid)	(4,352,684)	(4,477,427)
(Income taxes paid)	(9,434,335)	34,934
Dividends received	-	212,288
(Use of provisions)	(3,094,910)	(3,275,277)
Other receipts/payments	-	-
Operating financial flow (A)	13,190,926	3,883,115
Financial flow deriving from investments		
<i>Tangible Fixed Assets</i>		
(Investments)	(5,222,695)	(7,701,220)
Disinvestments	984,486	2,947,078

<i>Financial flow deriving from investments</i>	2022	2021
<i>Intangible Fixed Assets</i>		
(Investments)	(423,380)	(968,088)
Disinvestments		
<i>Long-term investments</i>		
(Investments)	(10,088)	-
Disinvestments	-	75,100
<i>Non-fixed financial assets</i>		
(Investments)	-	(200,000)
Disinvestments	(73,558)	
Transfers of companies (subsidiaries and associate companies) during the fiscal year	12,789,123	
Financial flow from investments (B)	8,043,888	(5,847,130)
Financial flow deriving from financing activities		
<i>Third party means</i>	-	-
Increase (decrease) of payables to banks	(6,612,784)	12,187,228
Increase (decrease) of payables to other lenders	(181,250)	1,703,990
Capitalization of borrowings	-	12,000,000
Refund of borrowings	(3,270,241)	
Increase (decrease) of payables to other lenders	-	(13,639,463)
(Increase)/Decrease of intragroup financial receivables	-	626,240
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)		
Financial flow from financing activities (C)	(20,064,275)	877,995
Increase (decrease) in liquid assets (A ± B ± C)	1,170,539	(1,086,020)
Liquid assets at the beginning of the fiscal year	17,132,256	18,218,276
of which:		
bank and postal deposits	17,089,461	18,123,829
cash and cash equivalents on hand	42,795	94,447
Liquid assets at the end of the fiscal year	18,302,795	17,132,256
of which:		
bank and postal deposits	18,272,653	17,089,461
cash and cash equivalents on hand	30,142	42,795

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

ARCELORMITTAL CLN
DISTRIBUZIONE ITALIA S.R.L.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022

MAIN BUSINESS

ArcelorMittal CLN 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, 2022, for ArcelorMittal CLN 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 illustrated in the annual financial report, it is presumed that - despite the difficult macroeconomic context - no significant uncertainties on business continuity endure.

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 realistic and accurate 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 presented have been written off.

The Consolidated Financial Statements have been prepared by applying the full consolidation method to the financial statements of ArcelorMittal CLN 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, premises, 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 under paragraph 4 of Article 2423 of the Italian 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 Article 13,8 of the Corporate Charter, 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, 2022, 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 CLN Distribuzione Italia S.r.l. holds, directly or indirectly, more than 50% shares of (or has a dominant influence on) are included in the scope of consolidation 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 items.
- 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 emerging difference 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 a 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.
- f. 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) is valued using the net equity method, subtracting the dividends transferred to the

parent company and making the adjustments required by consolidation principles. According to the such method:

- I. the eventual, initial 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.
- II. the eventual negative difference is instead booked among the net equity reserve until the eventual sale of the equity itself.
- III. the subsidiary's duly adjusted fiscal year profit or loss is booked in the shareholder's income statement for the value of shares held, on an accrual basis, in the same fiscal year the result refers to. Profit is recorded: under item D18 (a) *"Revaluations of equity investments"*, whose counterparty is the increase in balance sheet value of the item; under item BIII1 (a) *"Shareholdings in subsidiaries"*; under item BIII1 (b) *"Shareholdings in associate companies"*. Loss is recorded under item D19 (a) *"Write-downs of equity investments"* and implies a drop in the aforementioned fixed assets. The subsidiary's fiscal year result thus contributes to the consolidating company's fiscal year result.

Other fixed assets included in the equity, including ones owned by non-operating companies, irrelevant assets, or assets whose consolidation would have not produced significant 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, 2022, 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:

<i>Parent company</i>	
Company name	Registered office
ArcelorMittal C.L.N. Distribuzione Italia S.r.l.	Corso Susa 13/15, 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.	Via per Airuno 20, Brivio (Lecco)	2,000,000	98.41%
Tamagnone S.r.l.	Corso Susa 13/15, Caselette (Turin)	20,000	80.00%

Note: on June 21, 2022, 70% of the shares held in Acierplus S.a.s. were transferred, therefore - for the 2022 fiscal year - the result for such company was only recorded up to this date.

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)	5,620,618	44.54%

On May 9, 2022, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has transferred its entire parcel of shares held in Centro Servizi Metalli S.p.A. to Società Industeel Belgium S.A. Such operations have thus changed the Group's structure, considering that until December 31, 2021, Acierplus S.A.S. was consolidated on a *line-by-line* basis, whilst Centro Servizi Metalli S.p.A. only affected Group equity.

ACCOUNTING PRINCIPLES

The criteria set out in Article 2426 of the Italian Civil Code used in the preparation and evaluation of the financial statements as at December 31, 2022, are similar to those used for the financial statements for the previous year. The provisions of the Civil Code are interpreted by the national 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, paragraph 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 related 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 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 devaluation of intangible fixed assets is assessed. If these indicators emerge, an *impairment test* is carried out. If the net book values of the fixed assets exceed 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 write-down, with the exception of the "Goodwill" item

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 former has been shown separately.

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 written down. 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 revalued 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 are 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 based on 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 based on 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, net of the cost of sales.

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).

Under the materiality concept referred 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 affecting 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 occurred.

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 measurement criteria 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 based on 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

Employee severance indemnity is calculated in accordance with the related legislation and represents fixed payables, though not collectible, accrued in favor of employee contracts as at the date of the financial statements. Severance indemnity is subject to a write-up 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 risks and benefits, which normally coincides with the 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 to the change in tax rate compared to previous fiscal years.

Following 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 reasonable certainty of future taxable income in the period 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, for companies that record tax losses, the consolidating company recognizes a payable equal to the CIT on the 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 based on accounting models and techniques that can guarantee a reasonable approximation of market value. Derivatives for which such a method could not be utilized are valued at the purchase price.

The allocation of the 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 liabilities - under the specific "provisions for risks and charges" item.

The counterparty for *cash flow hedges* is a net equity reserve, with the ineffective part booked in the income statement. Variations in the *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

I) Intangible fixed assets

Intangible fixed assets as at December 31, 2022, amounted to EUR 11,505,928 (EUR 16,082,924 as at December 31, 2021).

Description	12/31/2022	12/31/2021	Change
Start-up and expansion costs	-	-	
Industrial patent rights and intellectual property rights	107,167	67,081	40,086
Concessions, licenses, trademarks and similar rights	140,214	181,508	(41,294)
Goodwill	10,209,152	14,778,125	(4,568,973)
Fixed assets under construction and advance payments	155,822	49,233	106,589
Other	893,573	1,006,977	(113,404)
Total intangible fixed assets	11,505,928	16,082,924	(4,576,996)

Changes in the intangible fixed assets recorded during the 2022 fiscal year were as follows:

Description of cost	Beginning-of-year			Movements for the fiscal year					End-of-year		
	Historical cost	Amortized cost	Net value	Purchases	Amortized	Other changes	Deconsolid. of AcierPlus historic. cost	Deconsolid. of AcierPlus amortiz. cost	Historical cost	Amortized cost	Net value
Goodwill	46,062,422	(31,284,297)	14,778,125		(4,568,973)				46,062,422	(35,853,270)	10,209,152
Industrial patent rights and use of intellectual property	383,198	(316,117)	67,081	68,893	(46,801)	17,994			470,085	(362,918)	107,167
Concessions, licenses, trademarks etc.,	3,195,198	(3,013,690)	181,508	52,682	(89,865)		(8,808)	4,697	3,239,072	(3,098,858)	140,214
Start-up and expansion costs	23,656	(23,656)							23,656	(23,656)	
Other goods	5,948,666	(4,941,689)	1,006,977	177,222	(290,626)				6,125,888	(5,232,315)	893,573
Fixed assets under construction	49,233		49,233	124,583		(17,994)			155,822		155,822
Totale	55,662,374	(39,579,450)	16,082,924	423,380	(4,996,265)	-	(8,808)	4,697	56,076,946	(44,571,018)	11,505,928

Goodwill as at December 31, 2022, amounting to EUR 10,209,152, 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, 2022, are shown as follows:

Description	12/31/2021	Increase	Amortization	Devaluation	12/31/2022
Goodwill	12,475,914	-	(3,685,066)	-	8,790,848
Consolidation differences	2,302,211	-	(883,907)	-	1,418,304
Total Goodwill	14,778,125	-	(4,568,973)	-	10,209,152

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 based on the Group’s profitability forecasts and of the actions and programs planned for the near future.

No indicators of long-term devaluation of intangible fixed assets have emerged upon analysis as at the date of the financial statements

II) Tangible fixed assets

As at December 31, 2022, tangible fixed assets amounted to EUR 65,710,864 (EUR 74,967,687 as at December 31, 2021), broken down as follows:

Description	12/31/2022	12/31/2021	Change
Land and buildings	35,499,124	37,034,391	(1,535,267)
Plants and machinery	26,166,777	33,901,006	(7,734,229)
Industrial and commercial equipment	833,989	901,217	(67,228)
Other tangible assets	973,883	1,137,864	(163,981)
Fixed assets under construction and advance payments	2,237,091	1,993,209	243,882
Total tangible fixed assets	65,710,864	74,967,687	(9,256,823)

Changes in tangible fixed assets that occurred throughout 2022 are outlined as follows:

Cost description	Movements for the fiscal year							Net final value
	Net initial value	Investments	Divestments	Amortization	Decosolid. of AcierPlus	Deconsolid. Fondo AcierPlus	Other changes	
Land and buildings	37,034,391	209,997		(1,745,264)				35,499,124
Plants and machinery	33,901,006	4,139,882	(431,344)	(7,441,830)	(19,065,829)	14,652,181	412,711	26,166,777
Industrial and commercial equipment	901,217	232,855		(300,083)				833,989
Other tangible assets	1,137,864	372,754	(2,720)	(452,261)	(1,448,064)	1,360,143	6,166	973,883
Fixed assets under construction and advance payments	1,993,209	1,032,266			(369,507)		(418,877)	2,237,091
Total	74,967,687	5,987,754	(434,064)	(9,939,438)	(20,883,400)	16,012,324	-	65,710,864

Purchases for the year, amounting to EUR 5,987,754, are mainly ascribable to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l., and are broken down as follows:

- EUR 889,240 for the revamping of the splitter (mod. 2000) at the Caselette (Turin) plant (of which EUR 840,000 considered relevant expenses in the scope of the regulations for *Industry 4.0* investments); EUR 708,635 for the revamping of the Voronezh 1600 press at the Alpignano (Turin) plant; EUR 150,340 for the revamping of the 8-metric ton splitter (mod. 2100) and EUR 97,500 for the purchase of a Cerrato 8-metric ton overhead crane used at the Caselette plant. Moreover, operations for the improvement of the production output of slitting and decoiling units amounting to EUR 983,351 were also performed.

As for the subsidiary Delna S.p.A., it has continued - throughout the 2022 fiscal year - to perform operations for the constant improvement of the safety of cutting and wire rod pickling systems. These operations amounted to a EUR 647,961 expense. The company made adjustments to the HCl regeneration system to optimize consumption of hydrochloric acid (expense: EUR 218,868) and carried out various operations for the improvement of the production output of the cutting and coil pickling units (expense: EUR 1,500,693).

As for the subsidiary Tamagnone S.r.l., the company's most relevant acquisition amounted to EUR 135,400 for the purchase of an LNG (Liquified Natural Gas)-powered tractor trailer, thus it has continued to pursue its fleet revamping policy through eco-friendly vehicles.

III) Long-term Financial assets

Equity investments

Description	12/31/2022	12/31/2021	Change
In associate companies	1,500,762	15,714,042	(14,213,280)
In other companies	104,960	104,960	-
Total long-term equity investments	1,605,722	15,819,002	(14,213,280)

“Equity investments in associate companies” fell from EU 15,819,002 as at December 31, 2021, to EUR 1,605,722 as at December 31, 2022, due to the disposal of shares held in Centro Servizi Metalli S.p.A. on May 9, 2022, by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l..

Therefore, the “Equity investments in associate companies” item as at December 31, 2022, strictly refers to the 44,54% share capital held in Centro Servizi Navali S.p.A. The value is adjusted to the pro rata of net equity of the associate company as at December 31, 2022,

Description	Valuation	12/31/2022	12/31/2021
Centro Servizi Metalli S.p.A.	Equity	-	13,575,595
Centro Servizi Navali S.p.A.	Equity	1,500,762	2,138,447
Totale Partecipazioni in collegate		1,500,762	15,714,042

The “Equity investments in other companies” item has remained unvaried compared to the previous fiscal year and amounted, as at December 31, 2022, to EUR 104,960.

Details of the item are outlined below.

Description	Valuation	12/31/2022	12/31/2021
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 Apignano 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
Total equity investments in other companies		104,960	104,960

FINANCIAL RECEIVABLES DUE FROM OTHER COMPANIES

The “Financial receivables due from other companies” item, amounting to EUR 7,084,078, includes: a EUR 7,061,000 term deposit as a guarantee for a line of credit granted by Banca Cariparma bank to the parent company; a EUR 4,290 security deposit paid by Delna to the Provincial Administration of Lecco to obtain a concession to extract water for industrial use from the Adda River through two pumps in the City of Brivio (Lecco); a EUR 6,300 security deposit paid for a lease agreement; and loans granted by Delna to its employees amounting to EUR 12,488.

CURRENT ASSETS

I) Inventory

Description	12/31/2022	12/31/2021	Change
Raw materials, ancillary materials, and consumables	55,448,259	82,518,705	(27,070,446)
Work in progress and semi-finished goods	1,432,475	1,984,957	(552,482)
Goods being made to order	-	-	-
Finished products and goods	9,557,522	9,653,268	(95,746)
Advance payments	-	-	-
Total Inventory	66,438,256	94,156,930	(27,718,674)

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, 2022, would have been higher by EUR 55,239,661. With the implementation of the FIFO method, the change in inventory in the income statement would have been negative by EUR 26,721,983 (gross of taxes). Note: As at December 31, 2021, inventory valued according to the FIFO method would have been 81,961,644 euros more valuable than if it had been valued according to the LIFO method.

II) Receivables

Variations in the item compared to the fiscal year ended on December 31, 2021, are outlined as follows:

Description	12/31/2022	12/31/2021	Change
Trade receivables	77,630,201	137,181,340	(59,551,139)
Due from associate companies	1,055,868	1,493,487	(437,619)
Tax receivables	7,524,428	13,480,601	(5,956,173)
Deferred tax assets	1,850,811	2,710,326	(859,515)
Due from other debtors	550,941	2,166,390	(1,615,449)
Total Receivables	88,612,249	157,032,144	(68,419,895)

The breakdown of receivables by maturity is outlined as follows:

Description	Within 12 months	Over 12 months	Total
Trade receivables	77,481,063	149,138	77,630,201
Due from associate companies	246,917	808,951	1,055,868
Tax receivables	6,590,327	934,101	7,524,428
Deferred tax assets	1,850,811	-	1,850,811
Due from other debtors	550,941	-	550,941
Total receivables by maturity	86,720,059	1,892,190	88,612,249

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	Extra EU	Total
Trade receivables	71,634,654	5,190,831	804,717	77,630,201
Due from associate companies	1,055,868	-	-	1,055,868
Tax receivables	7,524,428	-	-	7,524,428
Deferred tax assets	1,850,811	-	-	1,850,811
Due from other debtors	550,941	-	-	550,941
Total receivables by geographical area	82,616,702	5,190,831	804,717	88,612,249

TRADE RECEIVABLES

Receivables from trade debtors as at December 31, 2022 - amounting to EUR 77,630,201 and including receivables from other related parties amounting to EUR 25,050,849 - are shown net of the bad debt provision amounting to EUR 2,706,009 as at December 31, 2022 (as opposed to 2,670,948 as at 31 December 2021).

Description	Within 12 months	Over 12 months	Total
Due from third parties	52,430,214	149,138	52,579,352
Due from other related companies	25,050,849	-	25,050,849
Total trade receivables	77,481,063	149,138	77,630,201

The bad debt 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:

Bad debt provision as at December 31, 2021	2,670,948
Appropriations	193,553
Uses/other net variations	(158,492)
Bad debt provision as at December 31, 2022	2,706,009

Receivables transferred without recourse to securitization and factoring that were paid off decreased from EUR 141,413,177 as at December 31, 2021, to EUR 120,941,646 as at December 31, 2022, The receivables from related companies as at December 31, 2022, amounted to EUR 25,050,849, The table below summarizes existing relations at the end of the fiscal year:

Description	12/31/2022	12/31/2021	Change
Amcs Woippy	1,000	403	597
ArcelorMittal Atlantique & Lorraine	-	50	(50)
ArcelorMittal Avellino e Canossa S.p.A.	59,167	124,963	(65,796)
ArcelorMittal Belgium S.A.	205	205	-
ArcelorMittal Bremen GmbH	26,389	11,843	14,546
ArcelorMittal Centres De Services S.A.S.	1,500	1,500	-
ArcelorMittal Commercial Italy S.r.l.	12,014	12,014	-
ArcelorMittal Distribution Solutions S.A.S.	-	39,431	(39,431)
ArcelorMittal Distribution Solutions Italy srl	79,988	28,508	51,480
ArcelorMittal España S.A.	12,980	923	12,057
ArcelorMittal Flat Carbon Europe S.A.	536	536	-
ArcelorMittal France S.A.S.	7,601	8,032	(432)
ArcelorMittal Italia S.p.A.	-	312	(312)
ArcelorMittal Logistics Italia S.r.l.	1,267,124	858,457	408,667
ArcelorMittal Méditerranée S.A.S.U.	5,239	16,757	(11,518)
ArcelorMittal Tb Lorraine S.A.S.	2,034	2,034	-
ArcelorMittal Tb Gent S.A.S.	4,750	4,750	-
C.L.N. Coils Lamiere Nastri S.p.A.	818,522	442,605	375,917
C.S.N. S.p.A.	-	915	(915)
C.T.L. S.r.l. Centro Taglio Laser	592,613	401,508	191,105
Cellino S.r.l.	-	1,947	(1,947)
Celmac S.r.l.	(7,478)	(7,478)	-
Coşkunöz MA S.R.L.	(3,485)	(3,485)	-
Delfo Polska S.A.	285,679	313,782	(28,103)
DMW South Africa	2,000	2,000	-
Dp Metal Processing Polska Sp. z o.o.	202,973	94,205	108,768
Eurostamp S.A.S.	22,376	68,366	(45,990)
Fam MA Automotive S.A.	(1,572)	(1,572)	-
MA Automotive Deutschland GmbH	7,954	7,955	(1)
MA France S.A.S.	122,215	84,168	38,047

Continues on p. 44

Continues from p. 43

Descrizione	12/31/2022	12/31/2021	Change
MA S.r.l.	20,922,441	14,163,006	6,759,435
MW Aftermarket S.r.l.	65,629	104,499	(38,870)
MW France S.A.	(760)	(760)	-
MW Italia S.r.l.	1,101	6,643	(5,542)
AcierPlus S.A.S.	526,504	-	526,504
MA Automotive Portugal S.A.	13,612	-	13,612
P.M.C. Automotive Melfi S.r.l.	-	1,695	(1,695)
Proma Poland Sp. z.o.o.	-	18,132	(18,132)
Solustil La Boisse S.A.	-	(555)	555
Total receivables due from related companies	25,050,849	16,808,294	8,242,555

RECEIVABLES DUE FROM ASSOCIATE COMPANIES

Receivables from associate companies as at December 31, 2022, amounted to EUR 1,055,868 (EUR 1,493,486 as at December 31, 2021) and strictly included the receivables due to the parent company from the associate company Centro Servizi Navali S.p.A.:

Description	12/31/2022	12/31/2021	Change
Centro Servizi Navali S.p.A.	1,055,868	1,493,486	(437,618)
Total receivables due from associate companies	1,055,868	1,493,486	(437,618)

Such receivables as at December 31, 2022, include EUR 246,917 in trade receivables and EUR 808,951 in financial receivables deriving from an interest-bearing loan (with an annual interest rate of 2.50% + 3M Euribor). The maturity date of such loan is 06/30/2024.

Description	Trade receivables	Financial receivables	Total
Centro Servizi Navali S.p.A.	246,917	808,951	1,055,868
Total receivables due from associate companies	246,917	808,951	1,055,868

TAX RECEIVABLES

Tax receivables as at December 31, 2022, amounted to EUR 7,524,428, This item mainly includes EUR 3,366,995 in VAT on reimbursements ascribable to the parent company and by tax credit amounting to EUR 1,338,608.

VAT receivables generated without recourse to securitization and *factoring* as at December 31, 2022 amounted to EUR 6,324,869, of which EUR 5,946,457 were paid off.

The reduction in tax receivables amounted to EUR 5,956,173 compared to December 31, 2021.

PREPAID TAXES

The calculation of the "Prepaid taxes" item, amounting to EUR 1,850,811, is derived from the appropriations against certain liabilities charged to the Group according to realistic estimates and of some items for which the fiscal standards impose a distribution over more than one fiscal year.

In particular, we hereby underline that we have considered items representing events that will be realized in the short term and thus may be considered covered by the taxable income that shall be realized. We invite you to consult the deferred tax items in the tables in the final pages of these Notes in order to obtain details related to the movement that occurred during the fiscal year.

RECEIVABLES DUE FROM OTHER DEBTORS

As at December 31, 2022, receivables due from other debtors amounted to EUR 550,941, as opposed to EUR 2,166,390 in the previous fiscal year.

No receivables with a maturity over 5 years and with repurchase rights were recorded.

IV) Liquid assets

Liquid assets amounted to EUR 18,302,795 and consisted mainly of bank deposits made by ArcelorMittal CLN Distribuzione Italia S.r.l. - amounting to EUR 8,212,308 - and by the subsidiary Delna S.p.A. - amounting to EUR 9,903,316, The item is composed as follows:

Description	12/31/2022	12/31/2021	Change
Bank and postal deposits	18,272,653	17,089,461	1,183,192
Cash and cash equivalents on hand	30,142	42,795	(12,653)
Total liquid assets	18,302,795	17,132,256	1,170,539

ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses are booked in the financial statements upon the conclusion of legally valid assessments and valuations, in response to the intention to merge the relevant components into the fiscal year. This item includes prepaid expenses for insurance, administrative consultancy and lease fees.

Description	12/31/2022	12/31/2021	Change
Accrued income	67,746	58,335	9,411
Prepaid expenses	663,229	236,615	426,614
Total accrued income and prepaid expenses	730,975	294,950	436,025

LIABILITIES

NET EQUITY					
Description	12/31/2022	Destination of the previous fiscal year result	Other movements	Fiscal year result	12/31/2022
Share capital	60,010,000	-	-	-	60,010,000
Share capital	103,377	679,915	-	-	783,292
Other reserves	4,186,295	-	(1,777,245)	-	2,409,050
Profits (losses) carried forward	(30,917,937)	16,341,501	1,786,700	-	(12,789,736)
Profits (losses) for the fiscal year	17,021,416	(17,021,416)	-	5,060,126	5,060,126
Total net equity of the Group	50,403,151	-	9,455	5,060,126	55,472,732

The share capital is fully subscribed and paid in as at December 31, 2022, and amounts to EUR 60,010,000, distributed among the shareholders as follows:

- CLN 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 variation concerning the “*Other reserves*” item - amounting to EUR 9,455 - is ascribable to the change in provisions for derivatives brought to the scope of consolidation by the subsidiary Delna 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
ArcelorMittal CLN Distribuzione Italia S.r.l. financial statements for the fiscal year	9,356	56,106
Derecognition of consolidated shareholding value	-	(30,639)
Fiscal year result and Net Equity achieved by consolidated subsidiaries	3,131	29,450
Consolidation adjustments	(884)	1,989
IAS 17 adjustments	(131)	(128)
Write-off of AcierPlus capital gain in the separate financial statements	(210)	-
Reclassification of consolidated AcierPlus capital loss	(2,240)	-
Changes in shares held in associate companies valued at equity value	(3,828)	(697)
Consolidated financial statements	5,194	56,082
Non-controlling interest	134	609
Consolidated financial statements for the Group	5,060	55,473

PROVISIONS FOR RISKS AND CHARGES

Description	12/31/2022	12/31/2021	Change
Provisions for post-employment benefits and similar obligations	434,052	399,794	34,258
Provisions for taxes, even deferred	1,927,719	3,027,076	(1,099,357)
Provisions for passive derivatives	-	6,418	(6,418)
Other provisions	3,322,595	3,317,446	5,149
Total provisions for risks and charges	5,684,366	6,750,734	(1,066,368)

PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS

Provisions for post-employment benefits and similar obligations amounted to EUR 434,052 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 1,927,719 as at December 31, 2022.

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

PROVISIONS FOR PASSIVE DERIVATIVES

As at December 31, 2022, the item amounted to EUR 0, whilst as at December 31, 2021, it amounted to EUR 6,418 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, 2022, the “*Other provisions*” item amounted to EUR 3,322,595 and consists of the risk provisions related to the parent company (EUR 2,452,595) and the subsidiary Delna S.p.A. (EUR 870,000).

EMPLOYEE SEVERANCE INDEMNITY RESERVE

The reserve - amounting to EUR 2,944,090 - represents the indemnity accrued by the employees of the Group companies.

Severance indemnity as at 12/31/2021	3,457,881
Uses and other changes	(2,415,483)
Appropriations	1,901,692
Severance indemnity as at 12/31/2022	2,944,090

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 advance payments, as well as portions transferred to the Treasury Reserve established through INPS (the Italian social security institution) or paid to other supplementary pension funds selected by the individual employees.

PAYABLES

As at December 31, 2022, payables amounted to EUR 193,493,447. The changes compared to the previous fiscal year are outlined as follows:

Description	12/31/2022	12/31/2021	Change
Owed to shareholders for borrowings	-	10,000,000	(10,000,000)
Owed to banks	55,259,272	65,905,930	(10,646,658)
Owed to other lenders	1,522,740	1,703,990	(181,250)
Advance payments	-	5,941	(5,941)
Trade payables	127,367,651	228,664,297	(101,296,646)
Owed to associate companies	-	-	-
Tax payables	1,621,927	3,027,361	(1,405,434)
Welfare and social security payables	2,731,939	2,983,472	(251,533)
Other payables	4,989,918	6,617,223	(1,627,305)
Total payables	193,493,447	318,908,214	(125,414,767)

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

Description	Within 12 months	Over 12 months	Total
Owed to shareholders for borrowings	-	-	-
Owed to banks	43,066,651	12,192,621	55,259,272
Owed to other lenders	324,633	1,198,107	1,522,740
Advance payments	-	-	-
Trade payables	127,367,651	-	127,367,651
Owed to associate companies	-	-	-
Tax payables	1,621,927	-	1,621,927
Welfare and social security payables	2,731,939	-	2,731,939
Other payables	4,989,918	-	4,989,918
Total payables by maturity	180,102,719	13,390,728	193,493,447

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

Description	Italy	EU	Extra-EU	Total
Owed to banks	55,259,272	-	-	55,259,272
Owed to other lenders	1,522,740	-	-	1,522,740
Trade payables	89,858,028	36,522,753	986,870	127,367,651
Tax payables	1,621,927	-	-	1,621,927
Welfare and social security payables	2,731,939	-	-	2,731,939
Other payables	4,989,918	-	-	4,989,918
Total payables by geographical area	155,983,824	36,522,753	986,870	193,493,447

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, 2022, 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	12/31/2022	12/31/2021	Change
Payables owed to banks for advances on invoices/overdraft	5,985,638	10,868,921	(4,883,283)
Payables owed to banks for short-term lines of credit	32,391,386	34,120,887	(1,729,501)
Payables owed to banks for medium/long-term loans - short-term portion	4,689,627	3,137,649	1,551,978
Payables owed to banks for medium/long-term loans - long-term portion	12,192,621	17,778,473	(5,585,852)
Short-term <i>lease</i> payables	324,633	296,000	28,633
Medium/long-term <i>lease</i> payables	1,198,107	1,407,990	(209,883)
Total payables owed to banks and other lenders	56,782,012	67,609,920	(10,827,908)

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. The amount fell by EUR 4,833,283. For further details, please refer to the cash flow statement;
- *"Payables owed to banks for short-term lines of credit"*: the item has increased by EUR 1,729,501, given the more extensive use of lines of credit on import operations;
- *"Payables owed to banks for medium/long-term loans - short-term portion"*: the item includes the loans that the Group shall pay off throughout the 2023 fiscal year, given that the pre-amortization period has ended in 2022;
- *"Payables owed to banks for medium/long-term loans - long-term portion"*: the item - amounting to EUR 12,192,621 - has decreased by EUR 5,585,852. In fact, this change was booked under "short-term payables";
- *"Lease payables"*: the item corresponds to a EUR 1,522,740 balance including short and medium/long term installments. It is comprised of: a EUR 1,407,990 residual amount from the lease stipulated in 2021 by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. with Sarda Leasing (a member of the BPER group) to fund the purchase of the slitter (mod. 1650) installed at the Monza plant; and a EUR 114,750 residual amount from the lease that the subsidiary Delna S.p.A. has also stipulated with Sarda Leasing in 2022 to fund the purchase of equipment for the optimization of its electrical system.

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 12/31/2022	of which:	
								Short-term	Long-term
AMCLN	Banca Carige	4,000,000	09/30/2021	Unsecured loan	4,5 years	Fixed rate 1.6%	3,998,625	999,597	2,499,526
AMCLN	Banca IFIS	8,000,000	12/01/2021	Unsecured loan	5 years	3.25%+ EUR360 3M	7,976,000	1,993,051	5,990,393
DELNA	Banca Popolare Emilia Romagna	1,500,000	02/11/2019	Unsecured loan	5 years	Derivative (*)	1,203,884	301,452	379,579
DELNA	Banca di Credito Cooperativo Carate Brianza	1,500,000	01/14/2019	Unsecured loan	5 years	Fixed rate 1.5%	1,208,905	303,320	385,590
DELNA	Banca Popolare di Sondrio	3,000,000	07/31/2020	Unsecured loan	6 years	Fixed rate 1.10%	3,000,000	595,005	1,670,371
DELNA	Banco di Desio e della Brianza S.p.A.	2,500,000	09/02/2020	Unsecured loan	6 years	Fixed rate 1.10%	2,500,000	497,202	1,267,162
							19,887,414	4,689,627	12,192,621

(*) 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, 2022, is provided as follows:

- Unsecured loan (EUR 4,000,000) granted to AMCLN S.r.l. on September 30, 2021, by Banca Carige (currently BPER Banca). The loan was granted with a 48-month duration, excluding pre-amortization, at a 1.6% fixed rate. This loan is repayable in trimestral installments starting from September 30, 2022. As at December 31, 2022, the residual amount is EUR 999,597 for the portion due in more than 12 months and EUR 2,499,526 for the portion due in subsequent fiscal years. The application fees amounted to EUR 1,500. The loan was booked at amortized cost.
- Unsecured loan (EUR 8,000,000) granted to AMCLN S.r.l. on December 1, 2021, by Banca IFIS. The loan has a 48-month duration, excluding pre-amortization installments, with a 3-month Euribor +3,25% spread, subject to compliance with income statement and balance sheet covenants. Such loan may be repaid in trimestral installments starting on February 28, 2023. As at December 31, 2022, the covenants were complied with, and the residual amount was EUR 5,990,993 for the portion due in more than 12 months, and EUR 1,993,051 for the portion due in the 2023 fiscal year. The application fees amounted to EUR 24,000. The loan was booked at amortized cost.
- Loan granted on February 11, 2019, by BPER Banca S.p.A. 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, 2020. As at December 31, 2022, the residual amount was EUR 379,579 for the portion due in over 12 months and EUR 301,452 for the portion due in 2023.
- Loan granted on January 14, 2019, by Banca di Credito Cooperativo di Carate Brianza to Delna S.p.A., originally amounting to EUR 1,500,000, with a 1.5% fixed interest rate and a 60-month duration. Repayment of the loan amount, on a delayed trimestral basis, started on April 14, 2020. As at December 31, 2022, the residual amount was EUR 385,590 for the portion due in over 12 months and EUR 303,320 for the portion due in 2023.
- 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° 23/2021 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 (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 60-month duration and with 4 trimestral pre-amortization installments. The repayment of the loan amount has begun on November 2, 2021, through 20 installments on a delayed trimestral basis. As at December 31, 2022, the residual amount was EUR 1,670,371 for the portion due in over 12 months and EUR 595,005 for the portion due in 2023.
- Unsecured loan granted on September 2, 2020, by Banco di Desio e della Brianza S.p.A. to Delna S.p.A. and supported - in accordance with Article 13, paragraph 1, of Italian Decree-Law n° 23/2021 et seq. and the related enforcement decrees - by way of 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 interest rate. The guarantee was 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 installments. The repayment of the loan amount is broken down into 20 installments on a delayed trimestral basis and has

begun on September 10, 2021. As at December 31, 2022, the residual amount was EUR 1,267,162 for the portion due in over 12 months and EUR 497,202 for the portion due in 2023.

Trade payables

Trade payables as at December 31, 2022, amounted to EUR 127,367,651, with a 101,296,646 decrease compared to the value recorded as at December 31, 2021 (EUR 228,664,297). The components by maturity as at December 31, 2022, are outlined below:

Description	Within 12 months	Over 12 months	Total
Trade payables	45,837,366	-	45,837,366
Owed to other related companies	81,530,285	-	81,530,285
Total trade payables	127,367,651	-	127,367,651

“Payables owed to other related companies”, comprised entirely of trade payables and the related transactions made at normal market conditions, shifted from EUR 172,238,630 to EUR 81,530,285 (of which EUR 81,334,185 ascribed to the parent company).

The following table summarizes the most significant relations as at December 31, 2022, compared to those existing as at December 31, 2021:

Description	12/31/2022	12/31/2021	Change
Aperam Stainless Italy S.r.l.	112,612	-	112,612
ArcelorMittal Avellino e Canossa S.p.A.	182,842	110,469	72,373
ArcelorMittal Commercial Italy S.r.l.	69,678,005	94,911,747	(25,233,742)
ArcelorMittal Distribuzione Sol. IT	19,193	13,443	5,750
ArcelorMittal Flat Carbon Europe S.A.	1,873,530	1,735,337	138,193
ArcelorMittal International Luxembourg S.A.	-	33,934	(33,934)
ArcelorMittal Italy Services S.r.l.	90,432	66,149	24,283
Acciaierie d'Italia S.p.A.	1,932,992	63,324,879	(61,391,887)
ArcelorMittal Logistics Italia S.r.l.	415,755	532,715	(116,960)
C.L.N. Coils Lamiere Nastri S.p.A.	4,612,878	9,991,860	(5,378,982)
DP Metal Processing Polska Sp. z o.o.	31,669	15,064	16,605

Description	12/31/2022	12/31/2021	Change
Eurostamp S.A.S.	-	11,509	(11,509)
Gonvarri Italia S.p.A.	86,212	82,805	3,407
MA S.r.l.	2,321,955	1,318,218	1,003,737
MA Automotive Deutschland GmbH	123,514	50,176	73,338
MA France S.A.	-	22,535	(22,535)
MW Italia S.r.l.	47,307	16,399	30,908
MW S.r.l.	1,391	1,391	-
Total payables owed to related companies	81,530,285	172,238,630	(90,708,345)

Tax payables

Tax payables as at December 31, 2022, amounted to EUR 1,621,927 and are broken down as follows:

Description	12/31/2022	12/31/2021	Change
Payables to internal revenue IRPEF (withholding income tax)	1,455,607	1,422,360	33,247
Payables to internal revenue service for self-employed worker IRPEF	18,001	11,883	6,118
Debiti verso Erario per IRAP	15,798	1,292,459	(1,276,661)
IRPEF tax on severance indemnity write-up	95,932	38,720	57,212
Other	36,589	107,694	(71,105)
VAT payables	-	154,245	(154,245)
Total tax payables	1,621,927	3,027,361	(1,405,434)

Welfare and social security payables

“Welfare and social security payables”, amounting to EUR 2,731,939, include the following items:

Description	12/31/2022	12/31/2021	Change
INPS (Italian social security institution)	1,770,819	1,778,844	(8,025)
Cometa fund	204,877	200,810	4,067
Previndapi (complementary pension fund for SME directors)	75,336	74,419	917
INAIL (Italian institution for occupational health and safety insurance)	6,865	18,092	(11,227)
Payables to INPS for layoff installments	-	44,069	(44,069)
Deferred compensation for tax purposes	618,145	807,032	(188,887)
Pension fund for directors	15,257	13,816	1,441
Other	40,641	46,390	(5,749)
Total welfare and social security payables	2,731,939	2,983,472	(251,533)

Other payables

The “Other payables”, item, amounting to EUR 4,989,918 as at December 31, 2022, is composed as follows:

Description	12/31/2022	12/31/2021	Change
Payables to employees for compensation	2,277,083	3,151,328	(874,245)
Payables to other creditors	220,996	483,980	(262,983)
Payables to employees for deferred compensation	2,491,839	2,981,915	(490,077)
Total other payables	4,989,918	6,617,223	6,443,480

As highlighted in the table, the “Other payables”, item includes payables to employees for current and deferred compensation.

ACCRUED LIABILITIES AND DEFERRED INCOME

As at December 31, 2022, the item amounted to EUR 1,810,483 and is composed as follows:

Description	31/12/2022	31/12/2021	Change
Donations	52,800	50,000	2,800
Solid waste collection tax	-	72,482	(72,482)
Insurance costs	21,758	144,945	(123,187)
Energy deduction bonus	47,035	228,887	(181,852)
Tax credit for <i>Industry 4.0</i>	1,630,772	942,181	688,591
Deferrals for AcierPlus contributions	-	4,635,477	(4,635,477)
Bank expenses	49,127	61,728	(12,601)
Other minor expenses	8,991	4,059	4,932
Total accrued liabilities and deferred income	1,810,483	6,139,759	(4,329,276)

The change in the “*Accrued liabilities and deferred income*” item is mainly ascribable to the zeroing of deferred income for contributions received by Acierplus S.A.S. from the ArcelorMittal Group. Following the transfer of shares held in the company, the deferred income was zeroed.

OBLIGATIONS, GUARANTEES AND POTENTIAL LIABILITIES

In relation to the provisions of Article 2427, paragraph 1, item 9 of the Italian Civil Code, it is recorded that a EUR 78,800 bank guarantee was issued by UniCredit in favor of Mercitalia Logistic S.p.A. Such a guarantee was required by way of the contract between Tamagnone S.r.l. and Mercitalia Logistic S.p.A. for the lease of the Orbassano (Turin) site.

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 previous 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, 2022, amounted to EUR 789,491,687 (EUR 777,277,109 as at December 31, 2021), with an upwards shift by EUR 12,214,578 compared to the previous fiscal year.

The breakdown by geographical area is outlined as follows:

Area	2022	2021	Change
Italy	742,787,471	725,524,901	17,262,570
Overseas	46,704,216	51,752,208	(5,047,992)
Total by geographical area	789,491,687	777,277,109	12,214,578

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

Area	Cutting and selling of owned goods	Subcontracted services	Transportation	Other activities	Total
Italy	708,901,730	23,812,275	10,073,466	-	742,787,471
Overseas	36,950,370	308,976	384,326	9,060,544	46,704,216
Total by business category	745,852,100	24,121,251	10,457,792	9,060,544	789,491,687

OTHER REVENUE AND INCOME

The *“Other revenue and income”* item as at December 31, 2022, amounted to EUR 11,166,029 (EUR 9,569,126 as at December 31, 2021) and is composed as follows:

Description	2022	2021	Change
Sale of scrap and waste	7,071,807	8,681,906	(1,610,099)
Excise reimbursement	100,533	159,233	(58,700)
Damage reimbursement	-	182,409	(182,409)
Capital gains from transfer of assets	424,027	255,815	168,212
Tax credit for the current fiscal year	1,686,628	-	1,686,628
Lease liabilities	28,299	262,050	(233,751)
Back charge for customer expenses	1,017,224	-	1,017,224
Other income	837,511	27,713	809,798
Other revenue and income	11,166,029	9,569,126	1,596,903

It is specified that the change in the “*Other revenue and income*” item is mainly affected by the “*Tax credit for current expenses*” component deriving from incentives for the reduction of gas/other utility expenses and for *Industry 4.0* investments.

Tax credit granted to the Group during the 2022 fiscal year is outlined as follows:

Tax credit for the current fiscal year	2022
Tax credit for <i>Industry 4.0</i> goods	249,019
Tax credit for utilities	1,435,318
Tax credit for Sanitization	2,291
Total tax credit for the current fiscal year	1,686,628

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
Other revenue and income	424,027	Capital gains on the sale of assets
Other revenue and income	1,435,318	Tax credit for Gas/Other utilities
Other revenue and income	2,291	Tax credit for Sanitization
Totale	1,861,636	

This item includes the capital gains from the sale of assets generated in 2022, which amounted to EUR 424,027, and - as described in the previous section - the tax credit recorded by the Group in 2022.

PRODUCTION COSTS

Description	2022	2021	Change
Costs of raw materials, ancillary materials, and consumables	651,422,862	677,434,553	(26,011,691)
Service costs	48,052,333	41,117,674	6,934,659
Costs for use of third-party assets	3,957,217	4,416,284	(459,067)
Employee costs	39,949,596	43,519,030	(3,569,434)
Depreciation, amortization and impairment losses	15,129,257	19,332,328	(4,203,071)
Changes in inventory of raw materials, ancillary materials and consumables	23,775,255	(29,042,541)	52,817,796
Risk provisions	-	1,252,923	(1,252,923)
Other appropriations	101,823	204,586	(102,763)
Other management expenses	1,039,952	1,315,325	(275,373)
Production costs	783,428,295	759,550,162	23,878,133

“Production costs” as at December 31, 2022, amounted to EUR 783,428,295 (EUR 759,550,162 as at December 31, 2021), thus decreasing by EUR 23,878,133 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, 2022, to EUR 651,422,862 (EUR 677,434,553 as at December 31, 2021).

This item has decreased by EUR 26,011,691 compared to the previous fiscal year. The main effect of this decline is the reduction in inventory as underlined by the “Changes in inventory of raw materials, ancillary materials, and consumables” item, whose variation in the fiscal year amounted to EUR 23,775,255 (as opposed to -29,042,541 in 2021).

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

SERVICE COSTS

“Service costs” recorded as at December 31, 2022, amounted to EUR 48,052,333 (EUR 41,117,674 as at December 31, 2021), with an increase by EUR 6,934,659 compared to the previous fiscal year. This item is mainly composed of: transportation costs, amounting to EUR 18,496,831; maintenance costs, amounting to EUR 4,073,894; and mechanical energy and fuel (gas) costs, amounting to EUR 8,503,133. During the 2022 fiscal year, utility costs increased by EUR 3,772,218 compared to the previous fiscal year. Utility costs recorded by the subsidiary Delna S.p.A. increased from EUR 1,777,120 in the 2021 fiscal year to

EUR 4,304,055 in the 2022 fiscal year, corresponding to a +142 variation (EUR 2,526,935).

The parent company ArcelorMittal C.L.N. Distribuzione Italia S.r.l., a low energy-consuming company, has recorded a 55% increase (EUR 1,406,420) in utility costs: from EUR 2,531,566 in the 2021 fiscal year to EUR 3,937,386 in the 2022 fiscal year.

Transportation costs in the 2022 fiscal year have increased by 10% (EUR 1,700,144) compared to the previous fiscal year. This variation is also ascribable to the energy crisis that has strongly impacted fuel costs.

COSTS FOR USE OF THIRD-PARTY ASSETS

As at December 31, 2022, the item amounted to EUR 3,957,217 (EUR 4,416,284 in the previous fiscal year) and is composed of miscellaneous leases – amounting to EUR 1,390,951 – and property lease fees paid for ongoing contracts amounting to EUR 2,674,018, of which EUR 1,025,018 for rental of the Caselette and Alpignano (Turin) facilities owned by the parent company.

EMPLOYEE COSTS

The “*Employee costs*” item amounted to EUR 39,949,596 (EUR 43,519,030 as at December 31, 2021) and includes all employee-related expenses: merit increases, promotions, automatic cost-of-living adjustments, unused holiday leave costs, statutory provisions, and collective bargaining agreements, also related to severance pay.

Description	2022	2021	Change
Salaries and wages	27,192,585	29,647,688	(2,455,103)
Social security expenses	9,317,674	10,015,392	(697,718)
Employee severance indemnity	1,901,692	1,793,334	108,358
Retirement and other post-employment benefits	39,063	40,690	(1,627)
Other costs	1,498,582	2,021,926	(523,344)
Total employee costs	39,949,596	43,519,030	(3,569,434)

The decrease by EUR 3,569,434 is ascribable to the decline in staff on a consolidated basis, amounting to 115 employees of which 103 related to the elimination of AcierPlus from the scope of consolidation and 12 related to staff reduction in current Group companies.

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 15,129,257, includes depreciation and impairment losses of tangible assets amounting to EUR 9,939,438 and amortization and impairment losses of intangible assets amounting to EUR 4,996,265, as well as EUR 193,554 in bad debt provision write-downs included among current assets.

The recorded decrease compared to the previous fiscal year was EUR 4,203,071.

Note that in the previous fiscal year the item included EUR 3,128,900 in real estate written down as it was held for sale.

OTHER MANAGEMENT EXPENSES

These costs amounted, as at December 31, 2022, to EUR 1,039,952 (EUR 1,315,325 as at December 31, 2021) and are composed as follows:

Description	2022	2021	Change
Indirect taxes	714,403	772,537	(58,134)
Membership fees	52,836	35,930	16,906
Other costs	272,713	506,858	(234,145)
Total other management expenses	1,039,952	1,315,325	(275,373)

The decrease in the “*Other costs*” item is ascribable to the contribution by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.. In fact, unlike the previous fiscal year, the parent company recorded lower management expenses (EUR 167,336 less).

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

Other financial income

Description	2022	2021	Change
Bank interest receivable	3,446	3,997	(551)
Other financial income	30,188	19,295	10,893
Total	33,634	23,292	10,342

Data for the “Other financial income” item remained essentially unvaried compared to the previous fiscal year. This item includes interest receivable from delayed customer payments.

INTEREST PAYABLE AND OTHER FINANCIAL CHARGES

The “*Interest payable and other financial charges*” item as at December 31, 2022, amounted to EUR 7,536,622 (EUR 5,192,797 as at December 31, 2021), with a EUR 2,343,825 increase compared to the previous fiscal year.

This change was affected by the deconsolidation of AcierPlus causing a EUR 2,240,321 loss.

Description	2022	2021	Change
Bank interest payable	5,162,589	4,134,145	1,028,444
Other interest and commissions	2,374,033	1,058,652	1,315,381
Total interest payable and other financial charges	7,536,622	5,192,797	2,343,825

VALUE ADJUSTMENTS OF INVESTMENTS

Revaluations of equity investments

As at December 31, 2022, the item amounted to EUR 0 (EUR 3,301,920 in the previous fiscal year). In the previous fiscal year the item included the positive change in fiscal year revenue recorded by Centro Servizi Metalli S.p.A., amounting to EUR 7,789,825. This amount was adjusted to the shares held (42.39%) in the company.

Revaluations of derivatives

As at December 31, 2022, the item amounted to EUR 829 (EUR 4,134 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, 2022, the item amounted to EUR 637,686 and includes the negative effect of the change in net equity of Centro Servizi Navali S.p.A. The write-down was based on the subsidiary's preliminary financial statements as at December 31, 2022, and adjusted to the shares held (44.54%) 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.

The item amounts to EUR 4,129,089 (7,138,927 as at December 31, 2021).

The effect on the "Income taxes" item is mainly ascribable to the results recorded in the 2021 fiscal year by the Group companies. In particular, income taxes recorded by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. amounted to EUR 3,951,401, of which EUR 3,690,116 in IRES taxes and EUR 933,145 in IRAP taxes, along with the positive effect of recording the return on tax consolidation and the reduction in deferred taxes net of prepaid taxes amounting to EUR 671,860:

Income taxes include:

- a) current taxes on income attributable to taxable income for the fiscal year;
- b) deferred and prepaid taxes.

Details of the composition of such item are provided below:

Description	2022	2021	Change
IRES (CIT) and other corporate taxes	3,971,633	6,849,173	(2,877,540)
IRAP	1,051,325	1,765,863	(714,538)
Total current taxes	5,022,958	8,615,036	(3,592,078)
Taxes carried forward from previous years	(625,285)	(79,054)	(546,231)
Deferred and prepaid taxes	(268,586)	(1,397,055)	1,128,469
Total income taxes	4,129,087	7,138,927	(3,009,840)

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 previous year %	Tax base previous year %	Tax prev. year	Tax rate current year %	Changes in tax base	Changes in tax base current yr.	Tax base current year	Tax current year
Bad debt provision	24.00%	1,257,347	301,763	24.00%	(18,114)	(4,347)	1,239,233	297,416
Provision for credit losses	24.00%	152,025	36,485	24.00%	26,075	6,259	178,100	42,744
Taxed provision for credit losses	24.00%	1,065,172	255,641	24.00%	-	-	1,065,172	255,641
Revaluation amortiz. in accordance with DL* n° 185/2008	27.90%	1,289,677	359,820	27.90%	(166,585)	(46,477)	1,123,092	313,343
Laurentine licensing and goodwill	27.90%	72,945	20,352	27.90%	388	108	73,333	20,460
Membership fees	24.00%	-	-	24.00%	2,000	480	2,000	480
Nuova Sabel goodwill	27.90%	40,001	11,160	27.90%	6,666	1,860	46,667	13,020
Environmental provision	27.90%	165,000	46,035	27.90%	(55,000)	(15,345)	110,000	30,690
Change in fair value of derivative	24.00%	5,590	1,342	24.00%	(5,590)	(1,342)	-	-
ACE (fund for economic growth) surplus	24.00%	293,606	70,465	24.00%	(293,606)	(70,465)	-	-
Deval. of fixed tangible assets held for sale	27.90%	88,546	24,704	27.90%	(88,546)	(24,704)	-	-
Solid waste collection tax	24.00%	-	-	24.00%	22,426	5,382	22,426	5,382
ENASARCO (Italian social security instit. for sales agents and representatives)	24.00%	-	-	24.00%	40,224	9,654	40,224	9,654
Stamp duty	-	-	-	24.00%	23,404	5,617	23,404	5,617
Payments to directors	-	-	-	24.00%	100,000	24,000	100,000	24,000
Costs subject to deferred taxes	24.00%	8,265	1,982	24.00%	7,139	1,715	15,404	3,697
Other - 2017	24%/27,9%	8,266	2,189	24%/27,9%	695	166	8,961	2,355
Write-off of accumulated amortization - Civ. Osimo	27.90%	3,059,330	853,553	27.90%	(97,638)	(27,241)	2,961,692	826,312
Total prepaid taxes	-	7,505,770	1,985,491	-	(496,062)	(134,680)	7,009,708	1,850,811

(*) Italian Decree-Law

Continues on p. 64

Continues from p. 63

Deferred tax liabilities on building conferral	27.90%	3,108,023	867,139	27.90%	(233,979)	(65,280)	2,874,044	801,859
FY19 division of capital gains into installments	24.00%	2,950,629	708,150	24.00%	(1,475,315)	(354,076)	1,475,314	354,074
FY18 division of capital gains into installments	24.00%	60,064	14,415	24.00%	(60,064)	(14,415)	-	-
FY21 division of capital gains into installments	24.00%	168,391	40,414	24.00%	(42,098)	(10,103)	126,293	30,311
FY22 division of capital gains into installments	24.00%	-	-	24.00%	327,670	78,641	327,670	78,641
Sitek-AMDSI merger	27.90%	250	70	27.90%	(250)	(70)	-	-
Former MG assets	27.90%	2,138	597	27.90%	(1,363)	(381)	775	216
Leases	31.40%	2,220,265	697,163	31.40%	(112,560)	(36,392)	2,107,705	660,771
Fair value variations of derivatives	27.90%	-	-	27.90%	7,055	1,693	7,055	1,693
Delna - Icopower Lease	-	-	-	27.90%	642	154	642	154
Total deferred taxes	-	8,509,760	2,327,948	-	(1,590,262)	(400,229)	6,919,498	1,927,719
Net deferred (prepaid) taxes	-	1,003,990	342,457	-	(1,094,200)	(265,549)	(90,210)	76,908

It is specified that deferred 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 2022 fiscal year are provided below.

	2022
Directors	780,000
Board of Statutory Auditors	52,500
Total	832,500

PAYMENTS TO EXTERNAL AUDITOR OR AUDITING FIRM

Details of the remuneration for the fiscal year recognized to PricewaterhouseCoopers S.p.A. (the auditor of the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.) for the auditing services for the 2022 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
2022 Audit	100,000	26,000

EMPLOYMENT DATA

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

2022 Workforce	AMCLN	DELNA	TAMAGNONE	AMCLN Group
Directors	13	-	-	13
Office workers	158	28	7	193
Manual workers	319	88	25	432
Temporary staff	22	-	-	22
TOTAL WORKFORCE	512	116	32	660

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

Workforce	2022	2021	Change in the scope of consolidation	Change
Directors	13	26	(12)	(1)
Office workers	193	229	(28)	(8)
Manual workers	432	479	(57)	10
Temporary staff	22	41	(6)	(13)
TOTAL WORKFORCE	660	775	(103)	(12)

The average workforce of the AMCLN Group has decreased from 775 in 2021 to 660 in 2022. The elimination of AcierPlus from the scope of consolidation affected the change between the two fiscal years by a total of 103 employees. Throughout the 2022 fiscal year, the Group companies have continued to pursue the improvement of production processes and services: the workforce has decreased by 12 employees.

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

No significant events implying a correction in the financial statements or additional Notes have been recorded.

Upon drawing attention to the event that occurred on October 13, 2022, when the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has notified Palescandolo Lavorazioni Siderurgiche S.r.l. (PALESCANDOLO) of its decision to exercise its right to sell shares held in Centro Servizi Navali S.p.A. (CSN), pursuant to the "Put option agreement" signed on April 9-13, 2018, we hereby state:

- that on February 28, 2023, PALESCANDOLO appeared before the Court of Milan, requesting the nullification of the "Put option agreement";
- that on April 6, 2023, AMCLN has filed its statement of defense to prove the groundlessness of the request made. The first hearing is set to take place on September 26, 2023,

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:

	Smallest group
Company name	Arcelor Mittal CLN Distribuzione Italia S.r.l.
City	Caselette
Tax code	11233970018
Place where the consolidated financial statements were filed	Torino

PLACE WHERE A COPY OF THE CONSOLIDATED FINANCIAL STATEMENTS IS AVAILABLE

Pursuant to Article 2427, paragraph 1, items 22-*quinquies* and 22-*sexies* 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 S.p.A. - 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, 2022:

Company	Contract type	N° of contracts	Transaction type	Obligation	Negative Fair Value	Positive Fair Value
AMCLN	IRC	1	0.226% + 3M Euribor	1,500,000	-	7,055
Total	Total	1			-	7,055

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

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

Under 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:

ArcelorMittal CLN Distribuzione Italia S.r.l.

Agenzia delle Entrate (Italian revenue service):

- Throughout the 2022 fiscal year the company has benefited from the tax credit granted by the Italian government to mitigate the increases in electrical energy and gas costs recorded following the outbreak of the Russia-Ukraine War and to facilitate investments in the scope of the so-called *Industry 4.0*. More specifically:

Tax credit	2022
Tax credit for utilities	228,769
Tax credit for sanitization	30,588
Tax credit for <i>Industry 4.0</i>	414,866
Total tax credit	674,223

Delna S.p.A.

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

- On July 7, 2022, the company cashed in an excise reimbursement for the fuel used to generate mechanical energy from January 1, 2021, to December 31, 2021, amounting to EUR 43,381. The reimbursement was booked on an accrual basis in the income statement for the fiscal year in concern.

Agenzia delle Entrate:

- Throughout 2022 the company has benefited from the tax credit granted by the Italian government to mitigate the increases in electrical energy and gas costs recorded following the outbreak of the Russia-Ukraine War. More specifically:

Decree-Law

Tax credit	Allocated amount booked in the 2022 fiscal year (EUR)	Amount used in the 2022 fiscal year (EUR)
Tax credit in favor of highly natural gas-consuming companies		
(trimester 1, 2022) pur. to Art. 15,1 of DL* n° 4 iss. on 01/27/2022	81,942	81,942
(trimester 2, 2022) pur.to Art. 5 of DL n° 17 iss. on 03/01/2022	133,446	133,446
(trimester 3, 2022) pur.to Art. 6, par. 2 of DL n° 115 iss. on 08/09/2022	148,072	148,072
(October and November 2022) pur.to Art. 1, par. 2 of DL n° 144 iss.on 09/23/2022	124,676	-
(December 2022) pur.to Art. 1 of DL n° 176 iss. on 11/18/2022	66,300	-
Tax credit in favor of highly energy-consuming companies		
(trimester 1, 2022) pur.to Art. 15 of DL n° 4 iss. on 01/27/2022	94,250	94,250
(trimester 2, 2022) pur.to Art. 4 of DL n° 17 iss. on 03/01/2022	99,061	99,061
(trimester 3, 2022) pur.to Art. 6, par. 1 of DL n° 115 iss.on 08/09/2022	128,132	128,132
(October and November 2022) pur.to Art. 1, par. 1 of DL n° 144 iss.on 09/23/2022	82,416	82,416
(December 2022) pur.to Art. 1, par. 1 of DL n° 176 iss. on 11/18/2022	44,828	-

(*) Italian Decree-Law

Tamagnone S.r.l.

Carbon Tax and Miscellaneous:

- Throughout the 2022 fiscal year the company has accrued a tax credit amounting to EUR 57,152 for the excise reimbursement of fuel consumed.
- Throughout the 2022 fiscal year the company has accrued a tax credit amounting to EUR 1,237 for the investment made (in the same fiscal year) for the purchase of an LNG-fueled vehicle.
- Throughout the 2022 fiscal year the company has benefited from the tax credit granted by the Italian government to mitigate the increases in electrical energy and gas costs recorded following the outbreak of the Russia-Ukraine War. More specifically:

Tax credit	2022
Tax credit - Utilities	1,235
Tax credit - Fuel	62,008
Tax credit - Liquefied Natural Gas	41,475
Total tax credit	163,107

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 remarks and the values contained in the Financial Statements are consistent with the accounting records and correctly represent the administrative facts as they occurred.

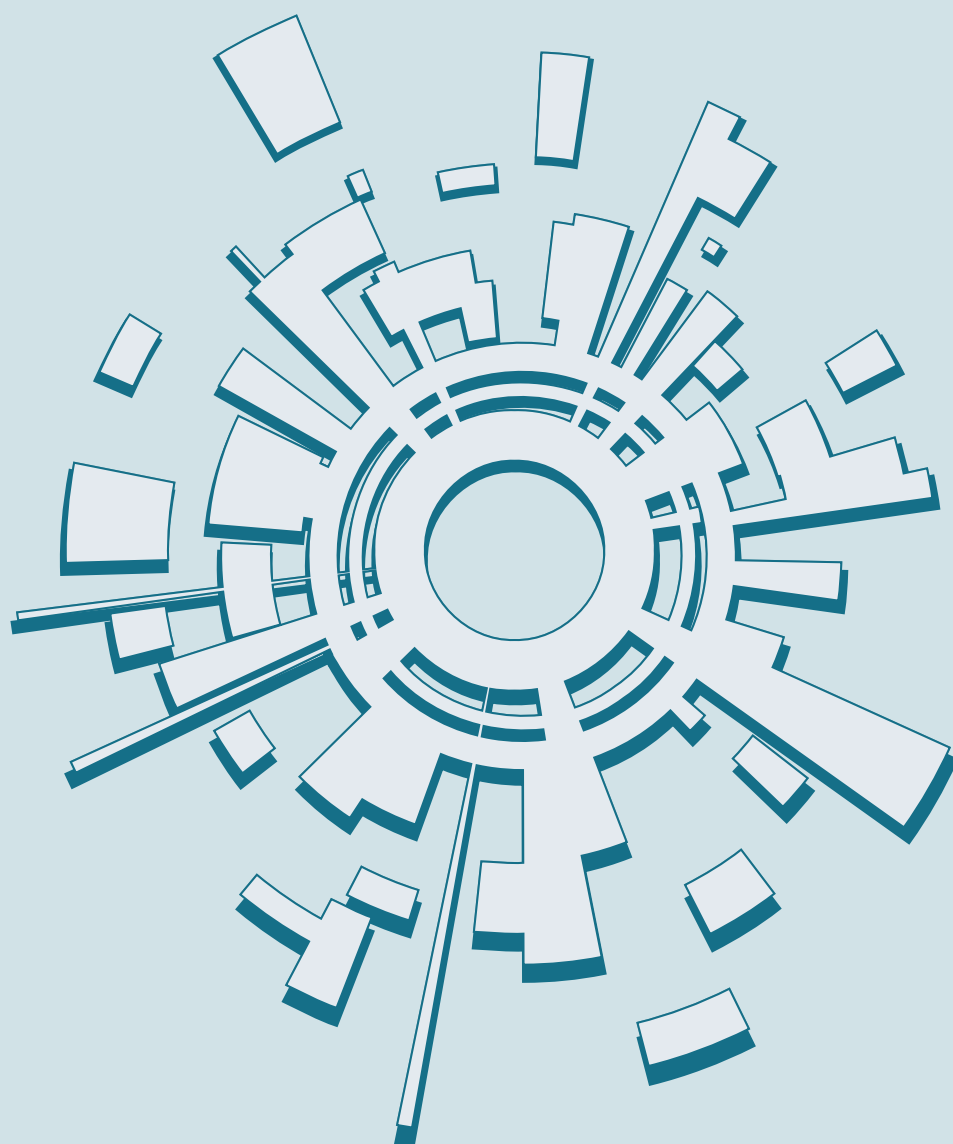
Caselette, April 21, 2023

On behalf of the Board of Directors

The Chairman

Mr. Gabriele Perris Magnetto

ARCELORMITTAL CLN
DISTRIBUZIONE ITALIA S.R.L.



REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022



**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39
OF 27 JANUARY 2010**

ARCELORMITTAL CLN DISTRIBUZIONE ITALIA GROUP

**CONSOLIDATED FINANCIAL STATEMENTS AS OF 31
DECEMBER 2022**

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
ArcelorMittal CLN Distribuzione Italia Srl

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ArcelorMittal CLN Distribuzione Italia Srl and its subsidiaries (the "AMCLN Group" or the "Group"), which comprise the balance sheet as of 31 December 2022, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with the Italian laws governing the criteria for their preparation.

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 this report. We are independent of ArcelorMittal CLN Distribuzione Italia Srl (the "Company") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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 consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate ArcelorMittal CLN Distribuzione Italia Srl or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed 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 the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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;

- We evaluated 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;
- We obtained 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 on the consolidated financial statements.

We communicated 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of ArcelorMittal CLN Distribuzione Italia Srl are responsible for preparing a report on operations of the AMCLN Group as of 31 December 2022, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the AMCLN Group as of 31 December 2022 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the AMCLN Group as of 31 December 2022 and is prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 5 May 2023

PricewaterhouseCoopers SpA

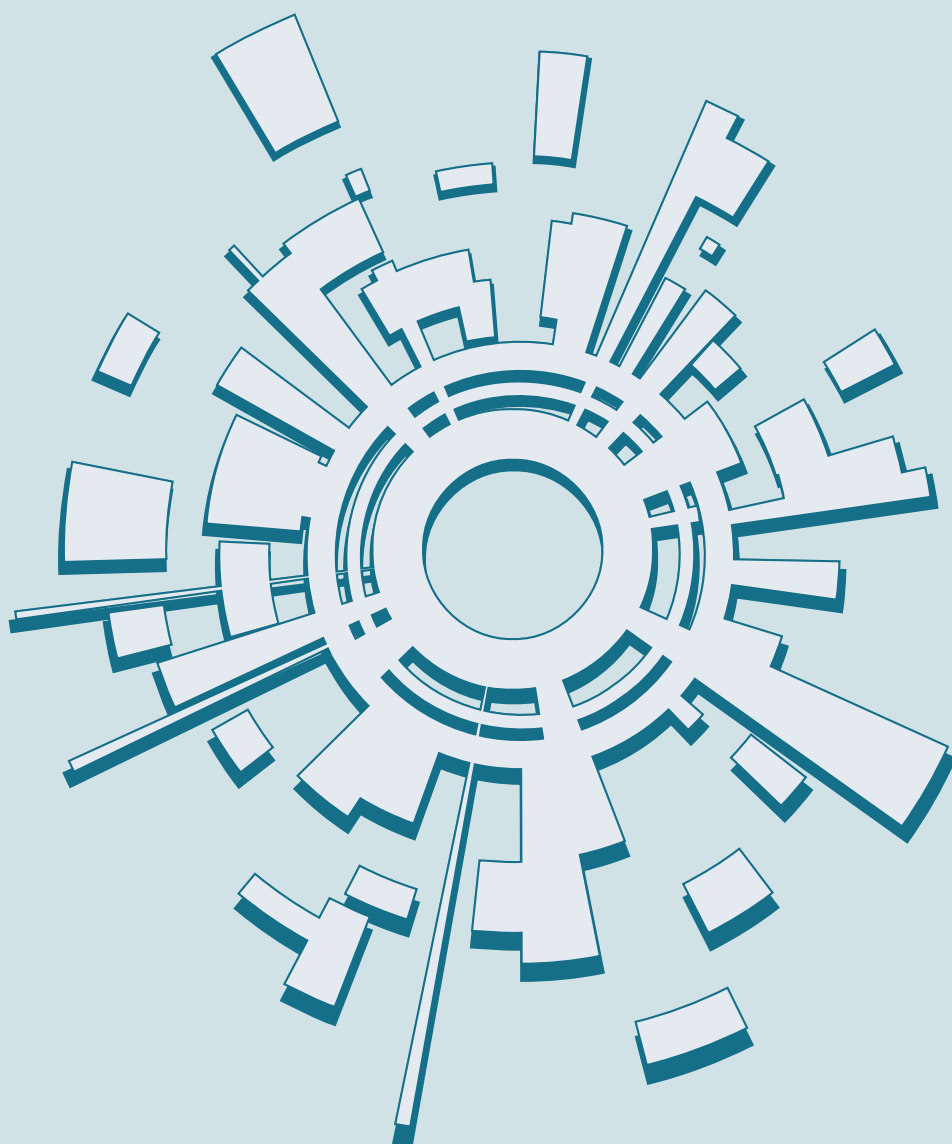
Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

ARCELOMITTAL CLN

DISTRIBUZIONE ITALIA S.R.L.



Corso Susa 13/15

10040 Caselette TO

ITALY

arcelormittalcln.com

Graphic Design
MASSI CORPORATION