

ArcelorMittal CLN



CONSOLIDATED FINANCIAL STATEMENTS

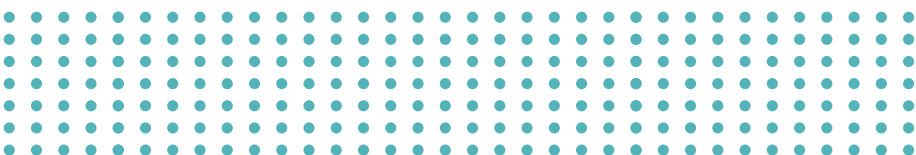
AS AT 31
DICEMBRE
2021



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

**CONSOLIDATED
FINANCIAL
STATEMENTS**

**A S A T 3 1 D E C E M B E R
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CORPORATE BODIES

ARCELORMITTAL CLN DISTRIBUZIONE ITALIA S.R.L.

BOARD OF DIRECTORS

Chairman	Gabriele Perris Magnetto
Chief Executive Officer	Gabriele Perris Magnetto
Chief Executive Officer	Nicolas Vallorz Cesare Alessandro Viganò Ramesh Kumar Kothari Paul Stephan Brettnacher Cedric Bouzar

BOARD OF AUDITORS

Chairman	Mauro Messi
Statutory Auditors	Maria Venturini Paolo Burlando
Substitute Auditors	Alessandra Odorisio Luca Longobardi

AUDITING COMPANY

PricewaterhouseCoopers S.p.A.

MANAGEMENT REPORT



MANAGEMENT REPORT

In the fiscal year ended on December 31, 2021, the Group recorded a profit amounting to EUR 17,021 thousand (Group losses as at December 31, 2020, amounted to EUR 10,866 thousand), net of taxes amounting to EUR -7,139 thousand (EUR +1,163 thousand as at December 31, 2020). 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 60,005 profit (non-controlling interest losses as at December 31, 2020, amounted to EUR 42,840).

The AMCLN Group thus recorded a EUR 17,021 thousand profit, thanks to sales revenue and service revenue amounting to EUR 777,277 thousand (EUR 488,270 thousand as at December 31, 2020).

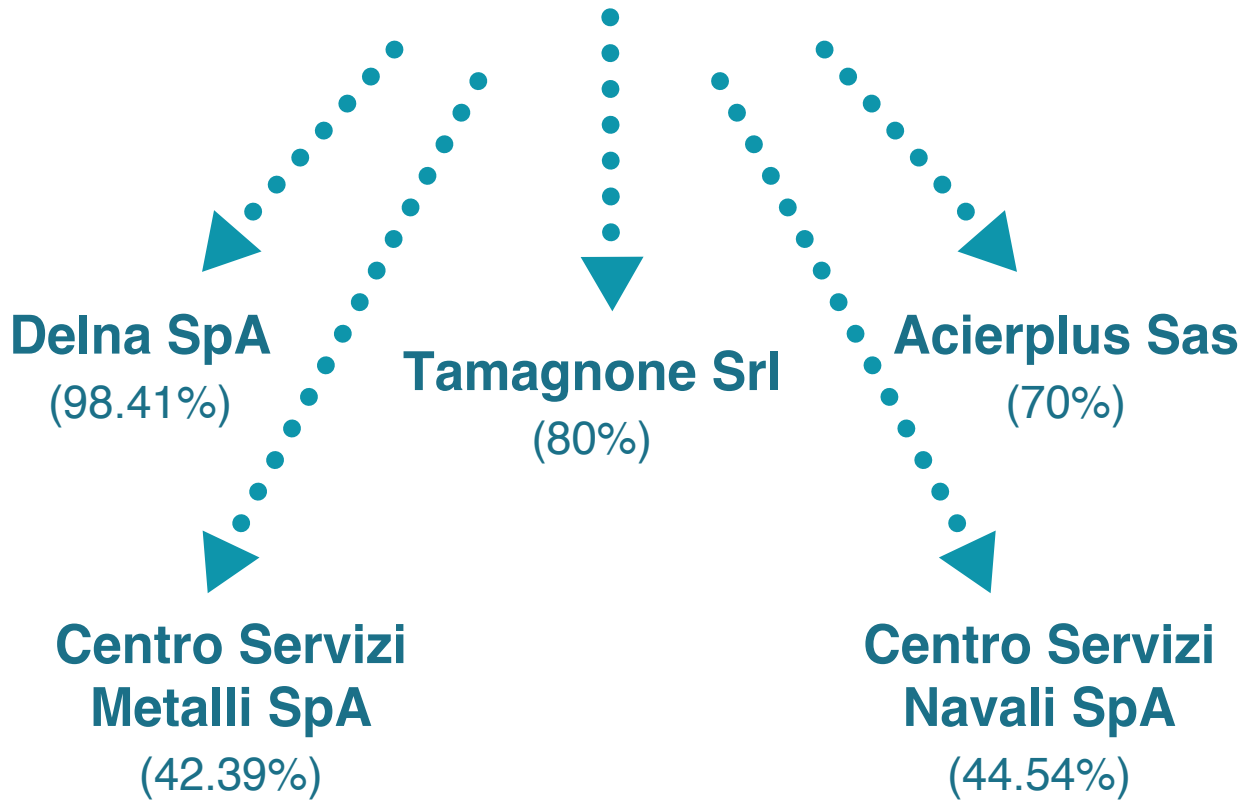
The parent company ArcelorMittal CLN Distribuzione Italia S.r.l., born in 2015 as a joint-venture of Italian suppliers of the ArcelorMittal Group and CLN Group, proves to be – in terms of sales volume and market share – among the main actors in the carbon steel supply in Italy.

The AMCLN Group operates in the following business sectors:

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

The following graph shows the Group's corporate structure as at December 31, 2021. It is specified that Acierplus S.A.S., Delna S.p.A., and Tamagnone S.r.l. were consolidated using a line-by-line approach, while Centro Servizi Metalli S.p.A. and Centro Servizi Navali S.p.A. only affect the Group equity.

AMCLN
Distribuzione Italia Srl



We believe that a comprehensive understanding of the results achieved by your Group in 2021 calls for a summary of the market in which it has operated.

THE STEEL MARKET

In 2021 world steel production was above 1,9 billion metric tons, with a 3,6% increase compared to the previous fiscal year (WSA data).

A countertrend was recorded by China, which has, in any case, exceeded the billion-ton mark (1,033 billion metric tons) – though with a 3% decrease in production compared to the previous fiscal year – and has a market share currently around 54% of total world production output (WSA data).

In Europe (EU-27), production output reached 152 million metric tons, with an increase (+15.4%) compared to the previous fiscal year – penalized by COVID-19, especially in the second trimester of 2020 – and a market share of around 8% of total world production output (WSA data).

Italian production has also increased (+19.7%) and amounted to 24,4 million metric tons after the downwards trend in the past few years – given the negative effects of the pandemic and the relevant reduction in production output of the former ILVA plant in Taranto, falling below 4 million metric tons (Federacciai data). After the first semester – distinguished by a relevant increase in prices, with a maximum price recorded between the end of June and the beginning of July – steel prices have strongly decreased in the second semester of 2021, given the negative combination of a reduction in regular consumption and apparent demand.

The price stabilization phase was accelerated by the reduction in repurchase intention within the supply chain and by the increase in imports from third countries that – despite the quotas and tariffs for compensation purposes (safeguard clause) – recorded significant increases in terms of flat steel product output: +50% compared to 2020 and +30% compared to 2019,

The increase in coil prices in the first semester of 2021 was about +400 €/metric ton, with an outstanding speed and frequency recorded mostly in the second trimester of 2021. A downwards trend was recorded, instead, in the second semester, and especially the fourth trimester, of the fiscal year (about -200 €/metric ton).

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

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

INCOME STATEMENT, BALANCE SHEET, AND CASH FLOW PERFORMANCE

The 2021 fiscal year ended with a turnover of EUR 786,5 million and an EBITDA amounting to EUR 47,7 million.

RECLASSIFIED INCOME STATEMENT AMCLN GROUP

(EUR/000)	31/12/2021	31/12/2020
Turnover	786,487	489,892
Gross operating income (EBITDA)	47,726	10,790
<i>% turnover</i>	<i>6.07%</i>	<i>2.20%</i>
Operating earnings (EBIT)	26,937	(6,574)
<i>% turnover</i>	<i>3.42%</i>	<i>(1.34%)</i>
Fiscal year result	(5,331)	(5,559)
Value adjustments	2,615	61
Earnings before tax (EBT)	24,220	(12,073)
<i>% turnover</i>	<i>3.08%</i>	<i>(2.46%)</i>
Income taxes	(7,139)	1,164
Net Profit for the Group and third parties (EAT)	17,081	(10,909)
<i>% turnover</i>	<i>2.17%</i>	<i>(2.23%)</i>

RECLASSIFIED BALANCE SHEET AMCLN GROUP

(EUR/000)	31/12/2021	31/12/2020
Net trade receivables	137,855	71,714
(Net trade payables)	(228,670)	(161,024)
Ending inventory	94,157	65,474
Other current assets (liabilities)	549	(5,085)
NET WORKING CAPITAL	3,891	(28,921)
Net tangible fixed assets	74,968	86,842
Net intangible fixed assets	16,083	20,135
Non-current equity investments and receivables	15,819	13,420
Reserves	(7,182)	(5,412)
Deferred tax assets/(Liabilities)	(317)	(1,712)
NET INVESTED CAPITAL	103,262	84,352
SHAREHOLDER EQUITY	50,878	33,791
NON-CONTROLLING INTEREST	475	415
GROUP SHAREHOLDER EQUITY	50,403	33,376

(Liquid assets)	(17,332)	(18,218)
(Financial receivables due from other companies)	(7,074)	(7,149)
(Intercompany financial receivables)	(820)	(1,456)
Short-term loans	58,423	61,435
MLT loans	19,186	15,949
NET FINANCIAL DEBT	52,384	50,561
BORROWINGS	103,262	84,352

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 2021	Year 2020
<i>ROE</i>	33.57%	(32.28%)

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 2021	Year 2020
<i>ROI</i>	26.09%	(7.79%)

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

The indicator summarizes the potential of sales to produce revenue.

	Year 2021	Year 2020
<i>ROS</i>	3.42%	(1.34%)

Equity/Capex

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

	Year 2021	Year 2020
<i>Equity/Capex</i>	48.81%	39.57%

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 2021	Year 2020
<i>Curr. Assets/Curr. Liabilities</i>	0,88	0,72

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

Indicator of fixed assets covered by equity

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

Upon assessing such ratio, we have excluded "Financial receivables due from other companies" 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 2021	Year 2020
<i>Equity/Fixed Assets</i>	47.16%	27.72%

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)

Esprime in misura sintetica la redditività aziendale, intesa come remunerazione dei mezzi propri investiti dagli azionisti.

	Year 2021	Year 2020
<i>ROE</i>	47.73%	(7.83%)

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.

<i>ROI</i>	• • • • •	Year 2021	• • • • •	Year 2020	• • • • • • • • •
		42.31%		0.98%	

Return On Sales (Revenue from Sales)

The indicator summarizes the potential of sales to produce revenue.

<i>ROS</i>	• • • • •	Year 2021	• • • • •	Year 2020	• • • • • • • • •
		10.03%		0.26%	

Mezzi Propri/Capex

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

<i>Equity/Capex</i>	• • • • •	Year 2021	• • • • •	Year 2020	• • • • • • • • •
		61.58%		45.16%	

Current ratio

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

<i>Current Assets/Current Liabilities</i>	• • • • •	Year 2021	• • • • •	Year 2020	• • • • • • • • •
		1.05		0.70	

Indicator of fixed assets covered by equity

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

Upon assessing such ratio, we have excluded "Financial receivables due from other companies" 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".

<i>Equity/Fixed Assets</i>	• • • • •	Year 2021	• • • • •	Year 2020	• • • • • • • • •
		77.53%		36.90%	

MAIN RISKS AND UNCERTAINTIES THE WHICH GROUP IS EXPOSED TO

FINANCIAL RISKS

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

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

BUSINESS RISK

The AMCLN Group is exposed to certain risks related to its supply and end markets, indirectly affected by the ongoing warfare between Russia and Ukraine. 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 mineral, 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 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 31 December 2021 is represented by the book value of the receivables shown in the financial statements.

The Group adopts specific trade policies aimed at monitoring the solvency of its clients, and implements disposal of receivables with factoring companies and

securitization vehicles, mainly based on agreements without recourse, thus transferring the related risk.

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

LIQUIDITY RISK

The main factors affecting the liquidity status of the AMCLN Group are: on one hand, the resources generated and absorbed by operations management; on the other hand, those used in investments made for development and debt service. 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, 2021, the liquid assets (including restricted portfolio securities amounting to EUR 7,1 million) amounted to EUR 24,4 million, whereas short-term payables owed to banks and other lenders amounted to EUR 48,4 million and payables due in over 12 months amounted to EUR 19,2 million. Throughout the fiscal year, the Group has continued to constantly draw from internal cash flow to optimize cash pooling among Italian subsidiaries.

INTEREST RATE RISK

The Group recurrently performs disposal of receivables through prepaid invoices, cash orders subject to collection, and 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

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

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

national labor unions and employer's organizations (last updated on April 6, 2021).

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

- Provision of appropriate PPE to its employees (face masks, gloves, safety goggles, etc.);
- Availability and mandatory use of hand sanitizers;
- Cleaning and sanitation (daily and weekly) of both the workspaces and the equipment;
- Social distancing and smart working, when possible;
- Cancellation of all missions and meetings involving the physical presence of employees.

ENVIRONMENT AND SAFETY

Your Group carries out its business in compliance with the provisions in force concerning the protection of the environment in the sectors it belongs to. In particular, we point out that the activity carried out – given the materials employed, the energy consumption, and 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 declarations of conformity 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 in compliance with the provisions in force concerning the protection of the environment as well as occupational health and safety.

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

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

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

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

Throughout 2021, 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.

Nel corso del 2021, si è continuato ad operare per migliorare ulteriormente i risultati in materia di sicurezza, al fine di conseguire il principale obiettivo di “zero infortuni” tramite le seguenti principali direttrici di attività:

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

In addition, the Safety Policy adopted and promoted by the Group states that the protection of health and safety is to be considered a priority and a specific responsibility of the entire workforce, as well as a constant commitment to be applied to all activities. The Group works towards 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 2021 fiscal year, 2 injuries have been recorded at ArcelorMittal CLN Distribuzione Italia S.r.l. facilities, and 5 out of a total of 7 plants owned by the parent company have met the “zero accidents” target set by the company for occupational safety. In 2021, the subsidiary Delna S.p.A. has recorded two minor injuries, while the subsidiary Tamagnone S.r.l. has reached the “zero accidents” goal.

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 arguments, but are considered something real, concrete, and tangible, most of all by the supervisors. This is the only way for the latter to believe in the project and become fundamental and essential actors in the path 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 the event;

- 3 - analysis of accidents and hazardous situations in order to reduce opportunities for injury;
- 4 - assessment of the risks per individual activity;
- 5 - safety inspections to monitor the correct application 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 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 shifted from the OHSAS 18001 to the ISO 45001 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	31/12/2021	31/12/2020	Change
Amcs Woippy	403	0	403
Arcelor Planos Sagunto S.A.	0	789	(789)
ArcelorMittal Atlantique & Lorraine	50	802	(752)
ArcelorMittal Avellino e Canossa S.p.A.	124,963	16,368	108,595
ArcelorMittal Belgium S.A.	205	205	0
ArcelorMittal Bremen GmbH	11,843	3,913	7,930
ArcelorMittal Centres De Services	1,500	1,500	0
ArcelorMittal Commercial Italy S.r.l.	12,014	12,014	0
ArcelorMittal Distribution Solution France S.A.	39,431	0	39,431
ArcelorMittal Distribution Solution Italy srl	28,508	416,611	(388,103)
ArcelorMittal España S.A.	923	18,377	(17,454)
ArcelorMittal FCE Itlay S.r.l.	0	43	(43)
ArcelorMittal Finanziaria	0	610	(610)
ArcelorMittal Flat Carbon Europe S.A.	536	6,972	(6,436)
ArcelorMittal France Sas	8,032	18,492	(10,460)
ArcelorMittal Italia S.p.A.	312	317,752	(317,440)

Description	31/12/2021	31/12/2020	Change
ArcelorMittal Logistics Italia S.r.l.	858,457	302,418	556,039
ArcelorMittal Mediterranee SASU	16,757	6,812	9,945
ArcelorMittal Tb Lorraine	2,034	2,034	0
ArcelorMittal Tb Gent	4,750	4,750	0
C.L.N. Coils Lamiere Nastri S.p.A.	442,605	930,928	(488,323)
C.S.N. S.p.A.	915	7,686	(6,771)
C.T.L. S.r.l. Centro Taglio Laser	401,508	224,246	177,262
Cellino S.r.l.	1,947	181,819	(179,872)
Celmac S.r.l.	(7,478)	525,282	(532,760)
Coskunuz MA S.R.L.	(3,485)	900	(4,385)
Delfo Polska S.A.	313,782	14,353	299,429
DMW Sud Africa	2,000	2,000	0
Dp Metal Processing Polska Z.O.O.	94,205	60,504	33,701
Eurostamp S.A.S.	68,366	20,651	47,715
Fam MA Automotive S.A.	(1,572)	(1,572)	0
MA Automotive Deutschland GmbH	7,955	64,917	(56,962)
MA France	84,168	61,261	22,907
MA S.r.l.	14,163,006	15,815,620	(1,652,614)
MW Aftermarket S.r.l.	104,499	82,101	22,398
MW France S.A.	(760)	7,456	(8,216)
MW Italia S.r.l.	6,643	1,144	5,499
MW Romania S.A.	0	5,261	(5,261)
O.M.V. S.p.A.	0	552,233	(552,233)
P.M.C. Automotive Melfi S.r.l.	1,695	1,707	(12)
Proma Poland Sp Z.O.O.	18,132	9,380	8,752
Solustil La Boisse	(555)	111,501	(112,056)
Total receivables due from related companies	16,808,294	19,809,840	(3,001,546)

Description	31/12/2021	31/12/2020	Change
Aperam Stainless Italy S.r.l.	0	27,535	(27,535)
Aperam Stainless Services	0	4,622	(4,622)
ArcelorMittal Avellino e Canossa S.p.A.	110,469	0	110,469
ArcelorMittal Centres De Services	0	63,055	(63,055)
ArcelorMittal Commercial Italy S.r.l.	94,911,747	60,614,976	34,296,771
ArcelorMittal Distribuzione Sol. IT	13,443	308,248	(294,805)
ArcelorMittal Flat Carbon Europe S.A.	1,735,337	19,837,263	(18,101,926)
ArcelorMittal International Luxemboug S.A.	33,934		33,934
ArcelorMittal Italia S.p.A.	0	562,155	(562,155)
ArcelorMittal Italy Services S.r.l.	66,149	26,751,776	(26,685,627)

Description	31/12/2021	31/12/2020	Change
Acciaierie d'Italia S.p.A.	63,324,879	0	63,324,879
ArcelorMittal Logistics Italia S.r.l.	532,715	493,068	39,647
B Lux Steel	0	10,241	(10,241)
C.L.N. Coils Lamiere Nastri S.p.A.	9,991,860	6,416,721	3,575,139
C.T.L. S.r.l. Centro Taglio Laser	0	46,916	(46,916)
DP Metal Processing	15,064	22,394	(7,330)
Eurostamp S.A.S.	11,509	17,155	(5,646)
Gonvarri Italia S.p.A.	82,805	81,179	1,626
I.D.E.S.T. S.A.R.L.	0	165,126	(165,126)
MA S.r.l.	1,318,218	3,524,876	(2,206,658)
Magnetto Automotive Deuscheland GMBH	50,176	0	50,176
MA France S.A.	915	0	22,535
MW Italia S.r.l.	16,399	17,191	(792)
MW S.r.l.	1,391	0	1,391
Total payables owed to related companies	172,238,630	118,964,497	53,274,133

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year, the Group has paid particular attention to developing innovative solutions and improving processes, with a focus on improving the quality of products and services offered as well as efficiency and productivity. Throughout the 2021 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 Monza 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 INSTRUMENTS AND FINANCIAL

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

BUSINESS OUTLOOK

It is reported that the initial months of 2022 have been distinguished, once again, by the ongoing COVID-19 pandemic. This has led the government authorities of the different nations involved to extend the restriction measures in force at the end of 2021,

It is also reported that as well as having caused strong tension in the worldwide geopolitical balance, the Russian invasion of Ukraine – starting on February 24 – has implied a general aggravation of the steel production situation in Europe, especially due to the import of cast iron – that Ukraine is a large exporter of – and steel slabs. We hereby specify that the company has no trade relationships with Russian and/or Ukrainian suppliers and customers.

Despite such a situation of extreme uncertainty, we have not identified – at present – indicators of threat to business continuity in the next 12 months. Throughout the next fiscal year, the Group should pursue its strengthening path and reach the goals defined upon presentation of the 2022 Budget

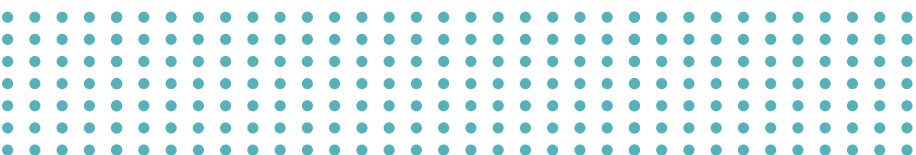
Caselette, 2 May 2022.

On behalf of the Board of Directors

The Chairman

Mr. Gabriele Perris Magnetto

CONSOLIDATED FINANCIAL STATEMENTS 2021



CONSOLIDATED BALANCE SHEET

ASSETS (Amounts in EUR)	31/12/2021	31/12/2020
RECEIVABLES from SHAREHOLDERS	-	-
FIXED ASSETS		
I) Intangible fixed assets		
Start-up and expansion costs	-	-
Development costs	-	-
Industrial patents and intellectual property rights	67,081	106,519
Concessions, licenses, trademarks, and similar rights	181,508	201,732
Goodwill	14,778,125	19,347,098
Fixed assets under construction and advance payments	49,233	46,233
Other	1,006,977	433,599
Total intangible fixed assets	16,082,924	20,135,181
II) Tangible fixed assets		
Land and buildings	37,034,391	43,688,564
Plant and machinery	33,901,006	36,515,059
Industrial and commercial equipment	901,217	1,012,012
Other tangible assets	1,137,864	1,407,755
Fixed assets under construction and advances	1,993,209	4,219,012
Total tangible fixed assets	74,967,687	86,842,402
III) Long-term financial assets		
Equity investments in:		
associate companies	15,714,042	13,315,254
parent companies	-	-
other companies	104,960	104,960
<i>Total long-term equity investments</i>	<i>15,819,002</i>	<i>13,420,214</i>
Receivables:		
due from associate companies	-	-
due from parent companies	-	-
due from other companies	7,073,990	7,149,090
<i>Total receivables</i>	<i>7,073,990</i>	<i>7,149,090</i>
Other securities	-	-
Own shares in treasury	-	-
Total long-term financial assets	22,892,992	20,569,304
Total fixed assets	113,943,603	127,546,887
CURRENT ASSETS		
I) Inventory		
Raw materials, ancillary materials, and consumables	82,518,705	53,476,163
Work in progress and semi-finished goods	1,984,957	1,784,327
Goods being made to order	-	-
Finished products and goods	9,653,268	10,213,348
Acconti	-	-

<i>CURRENT ASSETS</i>	31/12/2021	31/12/2020
Total Inventory	94,156,930	65,473,838
II) Receivables		
Trade receivables		
third parties due within 12 months	120,223,908	51,337,767
related parties due within 12 months	16,808,294	19,809,840
third parties after more than 12 months	149,138	206,729
Due from associate companies		
within 12 months	1,493,487	1,815,330
after more than 12 months	-	-
Due from parent companies		
within 12 months	-	-
after more than 12 months	-	-
Tax receivables		
within 12 months	12,574,774	7,132,570
after more than 12 months	905,827	112,766
Prepaid taxes		
within 12 months	2,710,326	1,961,576
after more than 12 months	-	-
Due from other debtors		
within 12 months	2,166,390	998,179
after more than 12 months	-	1,487
Total receivables	157,032,144	83,376,244
III) Short-term financial assets		
Holdings in associate companies	-	-
Holdings in parent companies	-	-
Other holdings	-	-
Active derivatives	-	-
Other securities	200,000	-
Total short-term financial assets	200,000	-
IV) Liquid Assets		
Bank and postal deposits	17,089,461	18,123,829
Cash and cash equivalents on hand	42,795	94,447
Total liquid assets	17,132,256	18,218,276
V) Assets held for sale	3,375,104	-
Total current assets	271,896,434	167,068,358
ACCRUED INCOME AND PREPAID EXPENSES		
Accrued income and prepaid expenses	294,950	1,377,452
Total accrued income and prepaid expenses	294,950	1,377,452
TOTAL ASSETS	386,134,987	295,992,697

LIABILITIES (Amounts in EUR)	31/12/2021	31/12/2020
NET EQUITY		
I) Share capital	60,010,000	60,010,000
II) Share premium account	-	-
III) Revaluation reserves	-	-
IV) Legal reserve	103,377	103,377
V) Reserve for own shares in treasury	-	-
VI) Statutory reserve	-	-
VII) Other reserves:		
- Capital account reserve	1,964,156	1,964,156
- Consolidation reserve	952,167	952,167
- Derivative reserve	(4,180)	(10,037)
- Merger surplus reserve	167,364	167,364
- Unrealized gains on foreign currency translation reserve	(426,002)	(426,002)
- Capital gains on equity reserve	1,532,790	1,532,790
VIII) Profits (losses) carried forward	(30,917,937)	(20,051,698)
IX) Profits (losses) for the fiscal year	17,021,416	(10,866,239)
TOTAL NET EQUITY of the Group	50,403,151	33,375,878
Non-controlling interest	475,248	415,149
TOTAL NET EQUITY	50,878,399	33,791,027
PROVISIONS FOR RISKS AND CHARGES		
Provision for post-employment benefits and similar obligations	399,794	393,363
Provisions for taxes, even deferred	3,027,076	3,673,501
Provisions for passive derivatives	6,418	18,383
Other provisions	3,317,446	1,210,564
Total provisions for risks and charges	6,750,734	5,295,811
EMPLOYEE SEVERANCE INDEMNITY RESERVE	3,457,881	3,789,874
PAYABLES		
Debenture loans	-	-
Convertible debentures	-	-
Owed to shareholders for borrowings		
within 12 months	10,000,000	12,000,000
after more than 12 months	-	10,000,000
Owed to banks		
within 12 months	48,127,457	39,434,568
after more than 12 months	17,778,473	15,948,716
Owed to other lenders		
within 12 months	296,000	-
after more than 12 months	1,407,990	-
Advances paid	5,941	-

PAYABLES	31/12/2021	31/12/2020
Trade payables		
third parties due within 12 months	56,425,667	42,059,311
related parties due within 12 months	172,238,630	116,218,152
third parties after more than 12 months	-	2,746,345
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	3,001,698	1,521,860
after more than 12 months	25,663	51,327
Welfare and social security payables		
within 12 months	2,983,472	2,656,591
after more than 12 months	-	-
Other payables		
within 12 months	6,617,223	6,443,480
after more than 12 months	-	-
Total payables	318,908,214	249,080,350
ACCRUED LIABILITIES AND DEFERRED INCOME	-	-
Issued at premium	-	-
Other accrued liabilities and deferred income	6,139,759	4,035,635
Total accrued liabilities and deferred income	6,139,759	4,035,635
TOTAL LIABILITIES	386,134,987	295,992,697

CONSOLIDATED INCOME STATEMENT

(Amounts in EUR)	2021	2020
A) PRODUCTION VALUE		
Revenues from sales and services	777,277,109	488,269,691
Changes in inventory: work in progress, semi-finished goods and finished products	(359,451)	(7,661,615)
Changes in goods being made to order	-	-
Own work capitalized	-	-
Other revenue and income	9,569,126	9,284,008
Total production value	786,486,784	489,892,085

B) PRODUCTION COSTS	2021	2020
Costs of raw materials, ancillary materials, consumables and goods	677,434,553	341,628,794
Service costs	41,117,674	32,045,848
Costs for use of third-party assets	4,416,284	4,404,637
Employee costs:		
Salaries and wages	29,647,688	27,281,466
Social security expenses	10,015,392	9,285,468
Employee severance indemnity	1,793,334	1,815,160
Pensions and post-retirement benefits	40,690	32,715
Other costs	2,021,926	2,046,469
Total employee costs	43,519,030	40,461,278
Depreciation, amortization, and impairment losses:		
Amortization of intangible fixed assets	5,118,962	5,140,651
Depreciation of fixed assets	10,852,820	11,817,447
Other write-downs of fixed assets	3,128,900	-
Write-down of receivables and liquid assets	231,646	138,734
Total depreciation, amortization, and impairment losses	19,332,328	17,096,831
Changes in inventory: raw materials, ancillary materials, consumables and goods	(29,042,541)	59,770,027
Allocation to risk provisions	1,252,923	-
Other provisions	204,586	266,922
Other management expenses	1,315,325	791,976
TOTAL PRODUCTION COSTS	759,550,162	496,466,313
Difference between production value and production costs	26,936,622	(6,574,228)
C) FINANCIAL INCOME AND CHARGES		
Income from equity investments:		
associate companies	-	-
parent companies	-	-
other companies	-	-
Total income from equity investments	-	-
Other financial income:		
- income from receivables booked under fixed assets		
associate companies	-	-
parent companies	-	-
other companies	1,227	37
Total income from receivables booked under fixed assets	1,227	37
- income from securities booked under fixed assets other than equity investments	-	-
- income from securities booked under current assets other than equity investments	-	-

C) FINANCIAL INCOME AND CHARGES	2021	2020
- Other financial income:		
other financial income not included above	15,616	16,570
interest and commission from parent companies	-	-
interest and commission from other companies and miscellaneous income	6,449	5,400
Total other financial income not included above	23,292	22,007
Total other financial income	23,292	22,007
Interest payable and other financial charges:		
associate companies	-	-
parent companies	-	-
other Group companies	-	-
other companies	5,192,797	5,581,000
Total interest payable and other financial charges	5,192,797	5,581,000
Gains and losses on exchange rates	(161,980)	32
Total financial income and charges	(5,331,485)	(5,558,961)
D) VALUE ADJUSTMENTS OF INVESTMENTS		
Revaluations:		
of equity investments	3,301,920	536,288
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	4,134	7,179
of securities booked under current assets	3,306,054	543,467
Write-downs:		
of equity investments	690,843	482,894
of long-term financial assets	-	-
of securities booked under current assets	-	-
of derivatives	-	-
Total write-downs	(690,843)	(482,894)
Total adjustments made to the value of investments	2,615,211	60,573
RESULT BEFORE TAX	24,220,348	(12,072,616)
Current taxes	8,615,036	272,503
Taxes related to previous fiscal years	(79,054)	4,979
Prepaid and deferred taxes	(1,397,055)	(1,441,019)
Income taxes for the fiscal year	7,138,927	(1,163,537)
PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP AND THIRD PARTIES	17,081,421	(10,909,079)
Profits (losses) attributable to non-controlling interest	60,005	(42,840)
PROFITS (LOSSES) FOR THE FISCAL YEAR ATTRIBUTABLE TO THE GROUP	17,021,416	(10,866,239)

(Amounts in EUR)	2021	2020
Financial flow from operating activities (indirect method)		
Profits (losses) for the fiscal year	17,081,421	(10,909,079)
Income taxes	7,138,927	(1,163,537)
Interest paid/(interest earned)	5,169,506	5,558,924
(Dividends)	-	-
Capital (gains)/losses arising from transfer of assets	(255,730)	(686,260)
Profits (losses) for the fiscal year before income taxes, interest, dividends and gains/losses from transfers	29,134,124	(7,199,952)
<i>Adjustments for non-monetary items that did not have a contra-entry in the net working capital</i>		
Provisions	4,398,207	2,220,816
Amortizations of fixed assets	15,971,782	16,958,098
Write-downs for impairment losses	3,819,743	-
Revaluations	(3,301,920)	-
Other upwards (downwards) adjustments for monetary items	5,952	(7,179)
Other upwards (downwards) adjustments for non-monetary items	(595,782)	-
Financial flow before changes in the net working capital	49,431,916	11,971,783
<i>Changes in net working capital</i>		
Decrease/(increase) in inventory	(28,683,092)	67,431,641
Decrease/(increase) in receivables from clients	(66,131,402)	558,739
Increase/(decrease) in trade payables	67,640,489	12,268,107
Decrease/(increase) in accrued income and prepaid expenses	1,082,502	860,958
Increase/(decrease) in accrued and deferred liabilities	2,104,124	(1,137,087)
Other changes in net working capital	(14,055,940)	3,716,231
Financial flow after changes in the net working capital	11,388,597	95,670,372
<i>Other adjustments</i>		
Interest received/(paid)	(4,477,427)	(4,305,649)
(Income taxes paid)	34,934	(820,791)
Dividends received	212,288	-
(Use of provisions)	(3,275,277)	(3,997,664)
Other receipts/payments	-	-
Operating financial flow (A)	3,883,115	86,546,268
Financial flow deriving from investments		
<i>Tangible Fixed Assets</i>		
(Investments)	(7,701,220)	(8,257,659)
Disinvestments	2,947,078	1,044,546

(Amounts in EUR)	2021	2020
<i>Intangible Fixed Assets</i>		
(Investments)	(968,088)	(256,816)
Disinvestments		
<i>Long-term investments</i>		
(Investments)	-	-
Disinvestments	75,100	
<i>Non-fixed financial assets</i>		
(Investments)	(200,000)	
Disinvestments	-	3,500,000
Financial flow from investments (B)	(5,847,130)	(3,969,929)
Financial flow deriving from financing activities		
<i>Third party means</i>		
Increase (decrease) of payables to banks	12,187,228	(82,645,585)
Increase (decrease) of payables to other lenders	1,703,990	(158,919)
Capitalization of borrowings		
Refund of borrowings	12,000,000	
Increase (decrease) of payables to other lenders	(13,639,463)	
Increase)/(Decrease) of intragroup financial receivables	626,240	463,184
Increase/(Decrease) of intragroup financial payables	(12,000,000)	10,000,000
<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)	877,995	(72,341,320)
Increase (decrease) in liquid assets (A ± B ± C)	(1,086,020)	10,235,019
Liquid assets at the beginning of the fiscal year	18,218,276	7,983,257
of which:		
bank and postal deposits	18,123,829	7,935,151
cash and cash equivalents on hand	94,447	48,106
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

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

NOTES
TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS



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, 2021, 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 more extensively illustrated in the annual financial report, it is presumed that – despite the difficult economic and financial context – no significant uncertainties on business continuity endure, considering the actions planned by administration and targeted towards improvement of the Group’s economic/financial conditions.

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

The Notes to the Consolidated Financial Statements have the purpose of illustrating, analyzing, and in certain cases integrating the data included in the latter, and include the information required by articles 2427 and 2427-bis of the Civil Code, Article 38 of Decree-Law n° 127/91, and other provisions of the Civil Code and earlier laws related to financial statements. Moreover, the Notes provide all the complementary information deemed necessary to provide the most 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 pursuant to 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, 2021, 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 difference emerging upon acquisition between the elimination of the book value of shares held in a company included in the area of consolidation and the corresponding portion of net equity is attributed, where possible, to the elements of the assets and liabilities of such company. Any remaining amount is treated as follows:
 - if positive, it is recorded under the “goodwill” item of intangible fixed assets and is amortized on a straight-line basis in relation to its expected consolidate 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 such method:

I. the consolidated financial statements only include the net equity portion owned by the subsidiary, including the fiscal year result;

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

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

Other fixed assets included in the equity, including ones owned by non-operating companies, irrelevant assets, or assets whose consolidation would have 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, 2021, deducible from the parent company's financial statements for the fiscal year and the consolidated financial statements as at the same date is described in the Net Equity section.

SCOPE OF CONSOLIDATION

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

Parent company

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

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 (Torino)	20,000	80.00%
Acierplus S.a.s.	Impasse des Prairies, Z.I. Nord, Arnas (FR)	1,001	70.00%

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

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

ACCOUNTING PRINCIPLES

The criteria set out in Article 2426 of the Civil Code used in the preparation and evaluation of the financial statements as at December 31, 2021, 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 with reference to the acquisition of companies or other corporate transactions, and is amortized according to its useful life. Useful life is estimated at the time of initial recognition and is not changed in subsequent fiscal years. If it is not possible to estimate its useful life, the goodwill is amortized over a period of 10 years.

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

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

- Time horizon of five years as a reference for the analytical estimate of future cash flows (arising from the most recent business plan approved by the Board of Directors);
- A growth rate of 2.00%, determined on the basis of the expected long-term inflation rate in Italy;
- An 8.18% cash flow discounting rate, determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy).

ANCILLARY CHARGES RELATED TO FINANCING

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

TANGIBLE FIXED ASSETS

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

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

For fixed assets that became operational during the fiscal year, the rates are reduced to 50%, assuming that the purchases are homogeneously distributed over the fiscal year.

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

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

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

Lease agreements 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 on the basis of the useful life of fixed assets subject to lease, with the related interest payable booked as financial charges or the related deferred tax assets allocated.

LONG-TERM FINANCIAL ASSETS

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

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

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

INVENTORY

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

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

RECEIVABLES

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

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

The Group implements disposal transactions on its trade receivable portfolio by means of securitization and factoring operations. In certain cases, transfers can take place according to the "with recourse" procedure, thus the Group continues

to be subjected to the risk of insolvency of the transferring debtor. In this case, the receivables are not written off from the financial statements.

LIQUID ASSETS

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

ACCRUALS AND DEFERRALS

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

PROVISIONS FOR RISKS AND CHARGES

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

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

EMPLOYEE SEVERANCE INDEMNITY RESERVE

Employee severance indemnity is calculated in accordance with the related legislation and represents fixed payables, though not collectable, accrued in favor of employee contracts as at the date of the financial statements. Severance indemnity is subject to revaluation by means of official indicators. Eventual welfare and social security reserves other than severance indemnity and integrating complementary social security reserves that the company pays in pursuant to collective bargaining agreements are booked in the “Post-employment benefits and similar obligations” item in the income statement.

PAYABLES

Payables are recorded according to the amortized cost method, with the exception of payables for which the effects of the application of the amortized cost criteria are irrelevant (namely, where the transaction costs, commission paid between the parties, and any other difference between the initial value and the value at maturity are irrelevant or expire in less than 12 months).

In accordance with the materiality concept, payables were not discounted if the interest rate deducible from the contractual terms was not significantly different from the actual interest rate.

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

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

REVENUE

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

COSTS

Costs and expenses are booked on an accrual basis.

INTEREST RECEIVABLE AND PAYABLE, INCOME AND CHARGES

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

INCOME TAX FOR THE FISCAL YEAR

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

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

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

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

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

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

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

CONVERSION CRITERIA FOR FOREIGN CURRENCY CONVERSION

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

COMMITMENTS, GUARANTEES, AND RISKS

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

DERIVATIVES

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

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

l) Intangible fixed assets

Intangible fixed assets as at December 31, 2021, amounted to EUR 16,082,924, (EUR 20,135,181 as at December 31, 2020).

Description	31/12/2021	31/12/2020	Change
Start-up and expansion costs	-	-	-
Industrial patent rights and intellectual property rights	67,081	106,519	(39,438)
Concessions, licenses, trademarks and similar rights	181,508	201,732	(20,224)
Goodwill	14,778,125	19,347,098	(4,568,973)
Fixed assets under construction and advance payments	49,233	46,233	3,000
Other	1,006,977	433,599	573,378
Total intangible fixed assets	16,082,924	20,135,181	(4,052,257)

Changes in the intangible fixed assets recorded during the 2021 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	Other cost changes	Historical cost	Amortized cost	Net value
Goodwill	46,062,422	(26,715,324)	19,347,098		(4,568,973)			46,062,422	(31,284,297)	14,778,125
Industrial patent rights and use of intellectual property	364,098	(257,579)	106,519	19,100	(58,538)			383,198	(316,117)	67,081
Concessions, licenses, trademarks etc.	3,097,065	(2,895,333)	201,732	98,133	(142,486)		24,129	3,195,198	(3,013,690)	181,508
Start-up and expansion costs	23,656	(23,656)						23,656	(23,656)	
Other goods	5,026,324	(4,592,725)	433,599	847,855	(348,964)	74,488		5,948,666	(4,941,689)	1,006,977
Fixed assets under construction	46,233		46,233	3,000				49,233		49,233
Total	54,619,798	(34,484,617)	20,135,181	968,088	(5,118,962)	74,488	24,129	55,662,374	(39,579,450)	16,082,924

Goodwill as at December 31, 2021, amounting to EUR 14,778,125, 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, 2021, are shown below:

Description	31/12/2020	Increase	Amortization	Devaluation	31/12/2021
Goodwill	15,590,498	-	(3,685,065)	-	12,475,914
Consolidation differences	3,756,600	-	(883,908)	-	2,302,211
Total Goodwill	19,347,098	-	(4,568,973)	-	14,778,125

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

In particular, goodwill is subjected annually to an impairment test to verify its recoverability. The valuation carried out by the Directors of the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. took into consideration a time horizon of five years for the estimate of future cash flows based on the most recently approved multi-year plans, and used a growth rate of 2.0% determined on the basis of the expected long-term inflation rate in Italy, and an 8.18% cash flow discounting rate determined on the basis of an unlevered approach in line with the method for calculating cash flows, using specific parameters of the company/reference country (Italy). These analyses did not give rise to write-downs of the goodwill recorded in the financial statements.

II) Tangible fixed assets

As at December 31, 2021, tangible fixed assets amounted to EUR 74,967,687 (EUR 86,842,402 as at December 31, 2020), broken down as follows:

Description	31/12/2021	31/12/2020	Change
Land and buildings	37,034,391	43,688,564	(6,654,173)
Plants and machinery	33,901,006	36,515,059	(2,614,054)
Industrial and commercial equipment	901,217	1,012,012	(110,795)
Other tangible assets	1,137,864	1,407,755	(269,890)
Fixed assets under construction and advance payments	1,993,209	4,219,012	(2,225,804)
Total tangible fixed assets	74,967,687	86,842,402	(11,874,716)

Changes in tangible fixed assets occurred throughout 2021 are outlined as follows:

Cost description	Net initial value	Movements for the fiscal year				Net final value
		Investments	Divestments	Amortization	Other changes	
Land and buildings	43,688,564	827,974	(6,262,637)	(1,472,019)	252,509	37,034,391
Plants and machinery	36,515,059	6,246,962	(341,144)	(8,572,872)	53,000	33,901,006
Industrial and commercial equipment	1,012,012	204,721	(2,340)	(313,176)		901,217
Other tangible assets	1,407,755	234,567	(9,705)	(494,753)		1,137,864
Fixed assets under construction and advance payments	4,219,012	429,997	(2,057,153)		(598,647)	1,993,209
Totale	86,842,402	7,944,221	(8,672,979)	(10,852,820)	(293,138)	74,967,687

Purchases for the year, amounting to EUR 7,944,220, are mainly ascribable to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l., and are broken down as follows:

- EUR 476,750 for the revamping of the slitter (mod. 2000) at the Caselette plant, EUR 252,884 for the revamping of the roller leveler (mod. 2000) at the Marcon plant, EUR 347,850 for the purchase of two Cerrato overhead cranes (30 and 8 metric tons) used at the Caselette plant.
- EUR 2,642,506 for the investment in the Slitter 1650 system used at the Monza;

As for the subsidiary Delna S.p.A., it has continued – throughout the 2021 fiscal year – to renovate the coil storage areas, recording a total expense of EUR 755,378, and has continued to perform operations to improve the production output of the cutting and pickling systems, amounting to a EUR 1,447,463 expense.

As for the subsidiary Tamagnone S.r.l., the company's most relevant acquisition amounted to EUR 132,393 for the purchase of 2 tractor trailers.

III)) Long-term Financial assets

Equity investments

Description	31/12/2021	31/12/2020	Change
In associate companies	15,714,042	13,315,254	2,398,789
In other companies	104,960	104,960	-
Total long-term equity investments	15,819,002	13,420,214	2,398,789

The “equity investments in associate companies” item encompasses investments made throughout the previous fiscal years by the parent company in the associate company Centro Servizi Metalli S.p.A. – whose share capital it owns 42.39% of – and in the joint venture company Centro Servizi Navali S.p.A. – whose share capital it owns 44.54% of. The value of equity is adjusted to the pro rata of net equity of the companies as at December 31, 2021:

Description	Valuation	31/12/2021	31/12/2020
Centro Servizi Metalli S.p.A.	Equity	13,575,595	10,485,963
Centro Servizi Navali S.p.A.	Equity	2,138,447	2,829,291
Total equity investments in associate companies		15,714,042	13,315,254

The “equity investments in other companies” item has remained unvaried throughout the fiscal year and amounts, as at December 31, 2021, to EUR 104,960. Details of the item are outlined below:

Description	Valuation	31/12/2021	31/12/2020
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	100,000	100,000
Consorzio Alpignano Industrial	Cost	1,000	1,000
Consorzio API Formazione	Cost	1,651	1,651
C.O.N.A.I.	Cost	1,224	1,224
Consorzio API Formazione	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 7,073,990, includes: a EUR 7,061,000 term deposit as a guarantee for a line of credit granted by 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); and loans granted by Delna to its employees amounting to EUR 8,700,

CURRENT ASSETS

I) Inventory

Description	31/12/2021	31/12/2020	Change
Raw materials, ancillary materials, and consumables	82,518,705	53,476,163	29,042,542
Work in progress and semi-finished goods	1,984,957	1,784,327	200,630
Goods being made to order	-	-	-
Finished products and goods	9,653,268	10,213,348	(560,080)
Advance payments	-	-	-
Total Inventory	94,156,930	65,473,838	28,683,092

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, 2021, would have been higher by EUR 81,975,422. With the implementation of the FIFO method, the change in inventory in the income statement would have been positive by EUR 71,230,477 (gross of taxes).

II) Receivables

Variations in the item compared to the fiscal year ended on December 31, 2020, are outlined as follows:

Description	31/12/2021	31/12/2020	Change
Trade receivables	137,181,340	71,354,336	65,827,005
Due from associate companies	1,493,487	1,815,330	(321,843)
Tax receivables	13,480,601	7,245,336	6,235,264
Deferred tax assets	2,710,326	1,961,576	748,751
Due from other debtors	2,166,390	999,666	1,166,724
Total Receivables	157,032,144	83,376,244	73,655,900

The breakdown of receivables by maturity is outlined as follows:

Description	Within 12 months	Over 12 months	Total
Trade receivables	137,032,202	149,138	137,181,340
Due from associate companies	1,493,487	-	1,493,487
Tax receivables	12,574,774	905,827	13,480,601
Deferred tax assets	2,710,326	-	2,710,326
Due from other debtors	2,166,390	-	2,166,390
Total receivables by maturity	155,977,179	1,054,965	157,032,144

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 UE	Total
Trade receivables	130,500,011	5,628,449	1,052,879	137,181,340
Due from associate companies	1,493,487	-	-	1,493,487
Tax receivables	12,689,723	790,878	-	13,480,601
Deferred tax assets	1,985,490	724,836	-	2,710,326
Due from other debtors	2,015,478	150,912	-	2,166,390
Total receivables by geographical area	148,684,189	7,295,075	1,052,879	157,032,144

TRADE RECEIVABLES

Receivables from trade debtors, amounting to EUR 137,181,340 as at December 31, 2021, including receivables from other related parties amounting to EUR 16,808,294, are shown net of the bad debt provision amounting to EUR 2,670,948 as at December 31, 2021,

Description	Within 12 months	Over 12 months	Total
Due from third parties	120,223,908	149,138	120,373,046
Due from other related companies	16,808,294	-	16,808,294
Total trade receivables	137,032,202	149,138	137,181,340

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

Bad debt provision as at December 31, 2020	2,950,764
Appropriations	231,646
Uses/other net variations	(511,462)
Bad debt provision as at December 31, 2021	2,670,948

Receivables transferred without recourse to securitization and factoring that were paid off increased from EUR 96,585,990 as at December 31, 2020, to EUR 141,413,177 as at December 31, 2021.

The receivables from related companies as at December 31, 2021, amounted to EUR 16,808,294. The table below summaries existing relations at the end of the fiscal year:

Description	31/12/2021	31/12/2020	Change
Amcs Woippy	403	-	403
Arcelor Planos Sagunto S.A.	-	789	(789)
ArcelorMittal Atlantique & Lorraine	50	802	(752)
ArcelorMittal Avellino e Canossa S.p.A.	124,963	16,368	108,595
ArcelorMittal Belgium S.A.	205	205	-
ArcelorMittal Bremen GmbH	11,843	3,913	7,930
ArcelorMittal Centres De Services	1,500	1,500	-
ArcelorMittal Commercial Italy S.r.l.	12,014	12,014	-
ArcelorMittal Distribution Solution S.A. S.	39,431	-	39,431
ArcelorMittal Distribution Solution Italy srl	28,508	416,611	(388,103)
ArcelorMittal España S.A.	923	18,377	(17,454)
ArcelorMittal FCE Itay S.r.l.	-	43	(43)
ArcelorMittal Finanziaria	-	610	(610)
ArcelorMittal Flat Carbon Europe S.A.	536	6,972	(6,436)
ArcelorMittal France Sas	8,032	18,492	(10,460)
ArcelorMittal Italia S.p.A.	312	317,752	(317,440)
ArcelorMittal Logistics Italia S.r.l.	858,457	302,418	556,039
ArcelorMittal Mediterranee SASU	16,757	6,812	9,945
ArcelorMittal Tb Lorraine	2,034	2,034	-
ArcelorMittal Tb Gent	4,750	4,750	-
C.L.N. Coils Lamiere Nistri S.p.A.	442,605	930,928	(488,323)
C.S.N. S.p.A.	915	7,686	(6,771)
C.T.L. S.r.l. Centro Taglio Laser	401,508	224,246	177,262
Cellino S.r.l.	1,947	181,819	(179,872)
Celmac S.r.l.	(7,478)	525,282	(532,760)
Coskuno MA S.R.L.	(3,485)	900	(4,385)
Delfo Polska S.A.	313,782	14,353	299,429
DMW Sud Africa	2,000	2,000	-

Description	31/12/2021	31/12/2020	Change
Dp Metal Processing Polska Z.O.O.	94,205	60,504	33,701
Eurostamp S.A.S.	68,366	20,651	47,715
Fam MA Automotive S.A.	(1,572)	(1,572)	-
MA Automotive Deutschland Gmbh	7,955	64,917	(56,962)
MA France	84,168	61,261	22,907
MA S.r.l.	14,163,006	15,815,620	(1,652,614)
MW Aftermarket S.r.l.	104,499	82,101	22,398
MW France S.A.	(760)	7,456	(8,216)
MW Italia S.r.l.	6,643	1,144	5,499
MW Romania S.A.	-	5,261	(5,261)
O.M.V. S.p.A.	-	552,233	(552,233)
P.M.C. Automotive Melfi S.r.l.	1,695	1,707	(12)
Proma Poland Sp Z.O.O.	18,132	9,380	8,752
Solustil La Boisse	(555)	111,501	(112,056)
Total receivables due from related companies	16,808,294	19,809,840	(3,001,546)

RECEIVABLES DUE FROM ASSOCIATE COMPANIES

Receivables from associate companies as at December 31, 2021, amounted to EUR 1,493,487 (EUR 1,815,330 as at December 31, 2020) and strictly included the receivables due to the parent company from the joint venture company Centro Servizi Navali S.p.A.:

Description	31/12/2021	31/12/2020	Change
Centro Servizi Navali S.p.A.	1,493,487	1,815,330	(321,843)
Total receivables due from associate companies	1,493,487	1,815,330	(321,843)

Such receivables as at December 31, 2021, include EUR 975,966 in trade receivables and EUR 839,364 in financial receivables that represent an interest-bearing loan from shareholders with an annual interest rate of 2.50% + 3m Euribor with a maturity by 30/06/2022.

Description	Trade receivables	Financial receivables	Total
Centro Servizi Navali S.p.A.	688,293	805,194	1,493,487
Total receivables due from associate companies	688,293	805,194	1,493,487

TAX RECEIVABLES

Tax receivables as at December 31, 2021, amounted to EUR 13,480,601. This item mainly includes EUR 9,494,297 in VAT on reimbursements ascribable to the parent company, which has requested the reimbursement of the VAT receivables generated by the growing number of clients benefiting from VAT exemption.

VAT receivables generated without recourse to securitization and factoring amounted to EUR 28,590,047 as at December 31, 2021, of which EUR 27,631,646 were paid off.

The upwards change in tax receivables amounted to EUR 6,235,265 compared to December 31, 2020.

PREPAID TAXES

The "Prepaid taxes" item, amounting to EUR 2,710,326, is calculated from the appropriations against certain liabilities charged to the Group according to realistic estimates of their definition and of some items for which the fiscal standards impose a distribution over more than one fiscal year.

In particular, we hereby underline that we have considered items representing events that will be realized in the short term and thus we consider covered by the taxable income that shall be realized. We invite you to consult the table of taxes deferrals in the final pages of these Notes in order to obtain details related to the movement which took place during the fiscal year.

RECEIVABLES DUE FROM OTHER DEBTORS

As at December 31, 2020, receivables due from other debtors amounted to EUR 2,166,390, as opposed to EUR 999,666 in the previous fiscal year.

The portion of such item amounting to EUR 579,295 is composed of receivables from social security institutions and referring to the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.

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

IV) Liquid assets

Liquid assets amounted to EUR 17,132,256 and consist mainly of bank deposits made by ArcelorMittal CLN Distribuzione Italia S.r.l. – amounting to EUR 11,932,089 – and by the subsidiary Delna S.p.A. – amounting to EUR 4,725,161. The item is composed as follows:

Description	31/12/2021	31/12/2020	Change
Bank and postal deposits	17,089,461	18,123,829	(1,034,368)
Cash and cash equivalents on hand	42,795	94,447	(51,652)
Total liquid assets	17,132,256	18,218,276	(1,086,020)

ACCRUED INCOME AND PREPAID EXPENSES

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

Description	31/12/2021	31/12/2020	Change
Accrued income	58,335	84,171	(25,836)
Prepaid expenses	236,615	1,293,281	(1,056,666)
Total accrued income and prepaid expenses	294,950	1,377,452	(1,082,502)

LIABILITIES

NET EQUITY

Description	31/12/2020	Destination of the previous fiscal year result	Other movements	Fiscal year result	31/12/2021
Share capital	60,010,000	-	-	-	60,010,000
Legal reserve	103,377	-	-	-	103,377
Other reserves	4,180,438	-	5,857	-	4,186,295
Profits (losses) carried forward	(20,051,698)	(10,866,239)	-	-	(30,917,937)
Profits (losses) for the fiscal year	(10,866,239)	10,866,239	-	17,021,416	17,021,416
Total net equity of the Group	33,375,878	-	5,857	17,021,416	50,403,151

The share capital is fully subscribed and paid in as at December 31, 2021, 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 5,857 – 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. the fiscal year	13,598	46,751
Derecognition of consolidated shareholding value	-	(30,640)
Fiscal year result and Net Equity achieved by consolidated subsidiaries	2,136	33,396
Consolidation adjustments	(884)	3,026
Deconsolidation Q1 - Prorena-Canessa	-	(154)
IAS 17 adjustments	1,424	3
Write-off of Acierplus (Biars) devaluation	-	3,906
Reclassification of Acierplus badwill	-	(3,906)
Contribution of Acierplus assets	-	(4,635)
Write-off of A+ amortization on AM capex recovery	(1,592)	-
Changes in equity of associate companies	2,399	3,131
Consolidated financial statements	17,081	50,878
Non-controlling interest	60	475
Consolidated financial statements for the Group	17,021	50,403

PROVISIONS FOR RISKS AND CHARGES

Description	31/12/2021	31/12/2020	Change
Provisions for post-employment benefits and similar obligations	399,794	393,363	6,431
Provisions for taxes, even deferred,	3,027,076	3,673,501	(646,425)
Provisions for passive derivatives	6,418	18,383	(11,965)
Other provisions	3,317,446	1,210,564	2,106,883
Total provisions for risks and charges	6,750,734	5,295,811	1,454,923

PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS

Provisions for post-employment benefits and similar obligations amounted to EUR 399,794 and include indemnities accrued in favor of sales agents in accordance with contractual agreements or legislation.

PROVISIONS FOR TAXES, EVEN DEFERRED

The “Provisions for taxes, even deferred” item was allocated against temporary differences between the fiscal year result and the taxable base that have emerged for the individual companies, and amounted to EUR 3,027,076 as at December 31, 2021.

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

PROVISIONS FOR PASSIVE DERIVATIVES

As at December 31, 2021, the item 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, 2021, the “Other provisions” item amounted to EUR 3,317,446 and consists of the risk provisions related to the parent company (EUR 2,294,095), the subsidiary Acierplus S.A.S. (EUR 98,351), and Delna S.p.A. (EUR 925,000).

EMPLOYEE SEVERANCE INDEMNITY RESERVE

The reserve – amounting to EUR 3,457,881 – reflects the indemnity accrued by the employees of the Group companies.

Severance indemnity as at 31/12/2020	3,789,874
Uses and other changes	(2,125,327)
Appropriations	1,793,334
Severance indemnity as at 31/12/2021	3,457,881

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 (Italian social security institution) or paid to other supplementary pension funds selected by the individual employees.

PAYABLES

As at December 31, 2021, payables amounted to EUR 318,908,214. The changes compared to the previous fiscal year are outlined as follows:

Description	31/12/2021	31/12/2020	Change
Owed to shareholders for borrowings	10,000,000	22,000,000	(12,000,000)
Owed to banks	65,905,930	55,383,284	10,522,646
Owed to other lenders	1,703,990	-	1,703,990
Advance payments	5,941	-	5,941
Trade payables	228,664,297	161,023,808	67,640,489
Owed to associate companies	-	-	-
Tax payables	3,027,361	1,573,187	1,454,174
Welfare and social security payables	2,983,472	2,656,591	326,881
Other payables	6,617,223	6,443,480	173,743
Total payables	318,908,214	249,080,350	69,827,864

Payables are valued according to the amortized cost criterion and, where 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	10,000,000	-	10,000,000
Owed to banks	48,127,457	17,778,473	65,905,930
Owed to other lenders	296,000	1,407,990	1,703,990
Advance payments	5,941	-	5,941
Trade payables	228,664,297	-	228,664,297
Owed to associate companies	-	-	-
Tax payables	3,001,698	25,663	3,027,361
Welfare and social security payables	2,983,472	-	2,983,472
Other payables	6,617,223	-	6,617,223
Total payables	299,696,088	19,212,126	318,908,214

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

Description	Italia	Area UE	Area extra-UE	Totale
Owed to shareholders for borrowings	10,000,000	-	-	10,000,000
Owed to banks	65,009,705	896,225	-	65,905,930
Owed to other lenders	1,703,990	-	-	1,703,990
Trade payables	227,611,219	3,340,605	(2,287,527)	228,664,297
Advance payments	5,941	-	-	5,941
Tax payables	2,835,115	192,246	-	3,027,361
Welfare and social security payables	2,983,472	-	-	2,983,472
Other payables	5,595,643	1,021,581	-	6,617,223
Total payables by geographical area	315,745,085	5,450,657	(2,287,527)	318,908,214

PAYABLES OWED TO SHAREHOLDERS FOR BORROWINGS

The “Payables owed to shareholders for borrowings” item, amounting to EUR 10,000,000, are the financial payables owed by the parent company to its shareholder CLN S.p.A. for the sum borrowed in June 2020,

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, 2021, with an indication of the short-term portion (expected repayment within the following year) and the medium/long-term portion (repayment scheduled for later than one year).

Description	31/12/2021	31/12/2020	Change
Payables owed to banks for advances on invoices/overdraft	10,868,921	11,035,448	(166,527)
Payables owed to banks for short-term lines of credit	34,120,887	21,767,132	12,353,755
Payables owed to banks for medium/long-term loans – short-term portion	3,137,649	6,631,988	(3,494,339)
Payables owed to banks for medium/long-term loans – long-term portion	17,778,473	15,948,716	1,829,757
Short-term lease payables	296,000	-	296,000
Medium/long-term lease payables	1,407,990	-	1,407,990
Total payables owed to banks and other lenders	67,609,920	55,383,284	12,226,636

The change in the Group's financial indebtedness is recorded to be mainly affected by the increase in short-term borrowings. This reflects the increase in transactions in the last trimester of the 2021 fiscal year compared to the same period in 2020. 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 remained essentially unvaried compared to the previous fiscal year. 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 12,353,755, 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 balance to pay throughout the 2022 fiscal year, and has fallen by EUR 3,494,339 compared to December 31, 2020;
- "Payables owed to banks for medium/long-term loans – long-term portion": the item – amounting to EUR 17,778,473 – has increased by EUR 1,829,757, given the effect of new borrowings stipulated by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.– as described more in depth hereinafter;
- "Lease payables": the item includes a EUR 1,703,990 balance including short and medium/long term instalments. In June 2021, the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. has signed a lease agreement with the company SardaLeasing (a member of the BPER group) to fund the purchase of the 1650 Slitter installed at the Monza plant.

As more appropriately represented hereunder, the Group has continued the activity begun in the previous fiscal years to lengthen maturity through a growth in medium/long-term financial debt.

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

Company	Counterparty	Original payable	Date of Stipulation	Type	Duration	Rate applied	Residual value as at 31/12/2021	of which:		
								Short-term	Long-term	
AMCLN	Banca Popolare di Milano	5,000,000	15/09/2017	Unsecured loan	4 years	1.75%+ EUR360 3M	967,003	967,003	-	
AMCLN	Banca Carige	4,000,000	30/09/2021	Unsecured loan	4,5 years	1.6%+ EUR360 3M (*)	3,998,625	499,502	3,499,123	
AMCLN	Banca IFIS	8,000,000	01/12/2021	Unsecured loan	5 years	3.25%+ EUR360 3M	7,976,000	- 7,444	7,983,444	
DELNA	Banca Popolare Emilia Romagna	1,500,000	11/02/2019	Unsecured loan	5 years	Derivative (**)	1,203,884	299,501	681,031	
DELNA	Banca Credito Cooperativo Carate Brianza	1,500,000	14/01/2019	Unsecured loan	5 years	Fixed rate 1.5%	1,208,905	298,813	688,910	
DELNA	Banca Popolare di Sondrio	3,000,000	31/07/2020	Unsecured loan	6 years	Fixed rate 1.10%	3,000,000	588,505	2,265,376	
DELNA	Banco di Desio e della Brianza S.p.A.	2,500,000	02/09/2020	Unsecured loan	6 years	Fixed rate 1.10%	2,500,000	491,769	1,764,364	
ACIERPLUS	Société Générale	1,000,000	22/07/2020	COVID-19 PGE	5 years	Fixed rate 0.21%	1,000,000	-	896,225	
							26,500,000	21,854,417	3,137,649	17,778,473

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

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

Nominal interest rate 0.650%

Price index -0.300%

Amortization Spread +0,950 p.p.

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

A description of the loans in being as at December 31, 2021, is provided as follows:

- Unsecured Loan (EUR 5,000,000) granted to ArcelorMittal CLN Distribuzione Italia S.r.l. on 15 September 2017 by Banca Popolare di Milano. The loan was granted with a duration of 48 months, with a three-month Euribor +1.75% spread. This loan is repayable in trimestral installments starting from December 31, 2018. As at December 31, 2021, the residual amount is EUR 967,003 for the portion due within 2022. The application fees amounted to EUR 5,000. The loan was booked at amortized cost.
- Unsecured loan (EUR 4,000,000) granted to AMCLN S.r.l. on September 30, 2021, by Banca Carige. The loan was granted with a 48-month duration, with a 6-month Euribor +1.6% spread. This loan is repayable in trimestral installments starting from September 30, 2022. As at December 31, 2021, the residual amount is EUR 499,502 for the portion due in more than 12 months and EUR 3,499,123 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 instalments, 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 instalments starting on February 28, 2023. As at December 31, 2021, the covenants were complied with, and the residual amount was EUR 7,976,000: EUR 7,983,444 for the portion due in more than 12 months, and EUR 7,444 for the portion related to amortized cost due in the 2022 fiscal year. The application fees amounted to EUR 24,000. The loan was booked at amortized cost.
- Loan undertaken on February 11, 2019, by BPER Banca S.p.A. and granted to Delna S.p.A., originally amounting to EUR 1,500,000, with a 60-month duration. As mentioned, an Interest Rate Swap derivative was agreed with the same financial institution to hedge the interest rate risk inherent to the loan. Repayment of the loan, on a delayed trimestral basis, started on February 18, 2020. As at December 31, 2021, the residual amount was EUR 681,031 for the

portion due in over 12 months and EUR 299,501 for the portion due in 2022,

- Loan undertaken on January 14, 2019, by Banca di Credito Cooperativo di Carate Brianza and granted to Delna S.p.A., originally amounting to EUR 1,500,000, with a 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, 2021, the residual amount was EUR 688,910 for the portion due in over 12 months and EUR 298,813 for the portion due in 2022,
- 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 duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount has begun on November 2, 2021, through 20 instalments on a delayed trimestral basis. As at December 31, 2021, the residual amount was EUR 2,265,376 for the portion due in over 12 months and EUR 588,505 for the portion due in 2022,
- 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 a guarantee of Banca del Mezzogiorno – Mediocredito Centrale S.p.A. through the Fondo di Garanzia per le Piccole e Medie Imprese – issued in accordance with Italian Law n° 662/1996 et seq. and the related enforcement decrees – with a nominal value of EUR 2,500,000, at a 1.10% fixed interest rate, undertaken on September 2, 2020 by Banco di Desio e della Brianza S.p.A., with a duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount is broken down into 20 instalments on a delayed trimestral basis and has begun on September 10, 2021. As at December 31, 2021, the residual amount was EUR 1,764,364 for the portion due in over 12 months and EUR 491,769 for the portion due in 2022,
- “COVID-19 PGE” (French government-guaranteed) loan granted on July 22, 2020, by Société Générale to Acierplus S.A.S., with a nominal value amounting to EUR 1,000,000, at a 0.21% fixed interest rate, undertaken on July 22, 2020, by Société Générale, with a duration above 60 months, and with 4 trimestral pre-amortization instalments. The repayment of the loan amount is broken down into 20 instalments on a delayed trimestral basis and has begun on December 31, 2021. The residual amount as at December 31, 2021, is EUR 896,000.

TRADE PAYABLES

Trade payables as at December 31, 2021, amounted to EUR 228,664,297, with an increase compared to the EUR 161,023,808 recorded as at December 31, 2020. The components by maturity as at December 31, 2021, are outlined below:

Description	Within 12 months	Over 12 months	Total
Trade payables	56,425,667	-	56,425,667
Owed to other related companies	172,238,630	-	172,238,630
Total trade payables	228,664,297	-	228,664,297

“Payables owed to other related companies”, comprised entirely of trade payables and the related transactions made at normal market conditions, shifted from EUR 118,964,497 to EUR 172,238,630 (of which EUR 171,520,799 ascribed to the parent company).

The following table summarizes the most significant relations as at December 31, 2021, compared to those existing as at December 31, 2020:

Description	31/12/2021	31/12/2020	Change
Aperam Stainless Italy S.r.l.	-	27,535	(27,535)
Aperam Stainless Services.	-	4,622	(4,622)
ArcelorMittal Avellino e Canossa S.p.A.	110,469	-	110,469
ArcelorMittal Centres De Services	-	63,055	(63,055)
ArcelorMittal Commercial Italy S.r.l.	94,911,747	60,614,976	34,296,771
ArcelorMittal Distribuzione Sol. IT	13,443	308,248	(294,805)
ArcelorMittal Flat Carbon Europe S.A.	1,735,337	19,837,263	(18,101,926)
ArcelorMittal International Luxemboug S.A.	33,934	-	33,934
ArcelorMittal Italia S.p.A.	-	562,155	(562,155)
ArcelorMittal Italy Services S.r.l.	66,149	26,751,776	(26,685,627)
Acciaierie d'Italia S.p.A.	63,324,879	-	63,324,879
ArcelorMittal Logistics Italia S.r.l.	532,715	493,068	39,647
B Lux Steel	-	10,241	(10,241)
C.L.N. Coils Lamiere Nastri S.p.A.	9,991,860	6,416,721	3,575,139
C.T.L. S.r.l. Centro Taglio Laser	-	46,916	(46,916)
DP Metal Processing	15,064	22,394	(7,330)
Eurostamp S.A.S.	11,509	17,155	(5,646)
Gonvarri Italia S.p.A.	82,805	81,179	1,626
I.D.E.S.T. S.A.R.L.	-	165,126	(165,126)
MA S.r.l.	1,318,218	3,524,876	(2,206,658)

Description	31/12/2021	31/12/2020	Change
Magnetto Automotive Deutschland GMBH	50,176	-	50,176
MA France S.A.	22,535	-	22,535
MW Italia S.r.l.	16,399	17,191	(792)
MW S.r.l.	1,391	-	1,391
Total payables owed to related companies	172,238,630	118,964,497	53,274,133

TAX PAYABLES

Tax payables as at December 31, 2021, amounted to EUR 3,027,361 and are broken down as follows:

Description	31/12/2021	31/12/2020	Change
Payables to internal revenue service for employee IRPEF (withholding income tax)	1,422,360	1,366,913	55,447
Payables to internal revenue service for self-employed worker IRPEF	11,883	20,805	(8,922)
Payables to internal revenue service for IRAP (Italian regional tax on productive activities)	1,292,459	0	1,292,459
IRPEF tax on severance indemnity revaluation	38,720	(2,451)	41,171
Other	107,694	77,143	30,551
VAT payables	154,245	110,777	43,468
Total tax payables	3,027,361	1,573,187	1,454,174

WELFARE AND SOCIAL SECURITY PAYABLES

“Welfare and social security payables”, amounting to EUR 2,983,472, include the following items:

Description	31/12/2021	31/12/2020	Change
INPS (Italian social security institution)	1,778,844	1,631,761	147,083
Previdapi (complementary pension fund for SME directors)	200,810	206,750	(5,939)
Previdapi (complementary pension fund for SME directors)	74,419	83,358	(8,939)
INAIL (Italian institution for occupational health and safety insurance)	18,092	-	18,092

Description	31/12/2021	31/12/2020	Change
Payables to INPS for layoff instalments	44,069	44,069	-
Deferred compensation for tax purposes	807,032	642,314	164,718
Pension fund for directors	13,816	21,226	(7,410)
Other	46,390	27,113	18,112
Total welfare and social security payables	2,983,472	2,656,591	326,881

OTHER PAYABLES

The “Other payables” item, amounting to EUR 6,617,223 as at December 31, 2021, is composed as follows:

Description	31/12/2021	31/12/2020	Change
Payables to employees for compensation	3,151,328	3,458,488	(307,159)
Payables to other creditors	483,980	297,337	186,643
Payables to employees for deferred compensation	2,981,915	2,687,656	294,259
Total other payables	6,617,223	6,443,480	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, 2021, the item amounted to EUR 6,139,759 and is composed as follows:

Description	31/12/2021	31/12/2020	Change
Donations	50,000	50,000	-
Solid waste collection tax	72,482	91,243	(18,761)
Insurance costs	144,945	91,191	53,754
Energy deduction bonus	228,887	121,108	107,779
Tax credit for the Industry 4,0	942,181	-	942,181
Deferrals for Acierplus contributions	4,635,477	3,596,514	1,038,963
Bank expenses	61,728	51,760	9,968
Other minor expenses	4,059	33,819	(29,760)
Total accrued liabilities and deferred income	6,139,759	4,035,635	2,104,124

The “Accrued liabilities and deferred income” item is mainly composed of the deferral for contributions received by Acierplus S.A.S. from the ArcelorMittal Group to hedge investments made for the renovation of its production plants. The amount of the contribution received as at December 31, 2021, is EUR 4,635,477: such deferral is booked net of amortization of the currently operating assets.

OBLIGATIONS, GUARANTEES, AND POTENTIAL LIABILITIES

In relation to the provisions of Article 2427, paragraph 1, item 9 of the Italian Civil Code, we hereby state that potential obligations, guarantees, and liabilities not resulting from the balance sheet have not been recorded.

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, 2021, amounted to EUR 777,277,109 (EUR 488,269,691 as at December 31, 2020), with an upwards shift by EUR 289,007,417 (+59.2%) compared to the previous fiscal year.

The breakdown by geographical area is outlined as follows:

Area	2021	2020	Change
Italy	725,524,901	451,339,780	274,185,121
Overseas	51,752,208	36,929,911	14,822,296
Total by geographical area	777,277,109	488,269,691	289,007,417

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	693,375,068	24,033,435	8,116,398	-	725,524,901
Overseas	36,498,885	318,550	470,847	14,463,926	51,752,208
Total by business category	729,873,953	24,351,985	8,587,245	14,463,926	777,277,109

OTHER REVENUE AND INCOME

The "Other revenue and income" item as at December 31, 2021, amounted to EUR 9,569,126 (EUR 9,284,008 as at December 31, 2020) and is composed as follows:

Description	2021	2020	Change
Sale of scrap and waste	8,681,906	4,686,370	3,995,536
Excise reimbursement	159,233	146,540	12,693
Damage reimbursement	182,409	2,760	179,649
Issues for risk provisions	-	795,833	(795,833)
AM contribution (Acierplus)	-	1,542,951	(1,542,951)
AM contribution for assets (Acierplus)	-	1,122,131	(1,122,131)
Capital gains from transfer of assets	255,815	686,260	(430,445)
Lease liabilities	262,050	262,050	-
Other income	27,713	39,113	(11,401)
Other revenue and income	9,569,126	9,284,008	285,118

It should be noted that in 2021 the French subsidiary Acierplus S.A.S. has no longer benefited from the contribution received by the ArcelorMittal Group as required by the agreements underlying the sale of the business unit from the ArcelorMittal Group to Acierplus S.A.S. at the end of 2016. These agreements established that the ArcelorMittal Group should bear the losses incurred by Acierplus S.A.S. during the renovation of the plants transferred in the transaction, up to a pre-set maximum amount and no later than the 2020 fiscal year end.

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:

Description	Importo	Natura
A.5) - Other revenue and income	255,815	Capital gains on the sale of assets
Total	255,815	

This item includes the capital gains from the sale of assets generated in 2021, which amounted to EUR 255,815.

PRODUCTION COSTS

Description	2021	2020	Change
Costs of raw materials, ancillary materials, and consumables	677,434,553	341,628,794	335,805,759
Costi per servizi	41,117,674	32,045,848	9,071,826
Costs for use of third-party assets	4,416,284	4,404,637	11,647
Employee costs	43,519,030	40,461,278	3,057,752
Depreciation, amortization, and impairment losses	19,332,328	17,096,831	2,235,497
Changes in inventory of raw materials, ancillary materials, and consumables	(29,042,541)	59,770,027	(88,812,568)
Risk provisions	1,252,923	-	1,252,923
Other appropriations	204,586	266,922	(62,336)
Other management expenses	1,315,325	791,976	523,350
Production costs	759,550,162	496,466,313	263,083,849

“Production costs” as at December 31, 2021, amounted to EUR 795,550,162 (EUR 496,466,313 as at December 31, 2020), thus increased by EUR 263,083,849 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, 2021, to EUR 677,434,553 (EUR 341,628,794 as at December 31, 2020).

This item has increased by EUR 335,805,759 compared to the previous fiscal year. Its main effect is the upwards change in raw material prices recorded in the 2021 fiscal year. For further details on the market trends, please refer to the Management Report.

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

SERVICE COSTS

“Service costs” recorded as at December 31, 2021, amounted to EUR 41,117,674 (EUR 32,045,848 as at December 31, 2020), with an increase by EUR 9,071,826 compared to the previous fiscal year.

This item is mainly composed of: transportation costs, amounting to EUR 16,796,687; maintenance costs, amounting to EUR 2,310,437; and mechanical energy and fuel (gas) costs, amounting to EUR 4,730,915.

COSTS FOR USE OF THIRD-PARTY ASSETS

As at December 31, 2021, the item amounted to EUR 4,416,284 (EUR 4,404,637 in the previous fiscal year) and is composed of miscellaneous leases – amounting to EUR 1,567,624 – and rental fees paid for ongoing contracts amounting to EUR 2,848,661, of which EUR 1,000,000 for rental of the Casette and Alpignano (Turin) facilities owned by the parent company.

EMPLOYEE COSTS

The “Employee costs” item amounted to EUR 43,519,030 (EUR 40,461,278 as at December 31, 2020) and includes all employee-related expenses: merit increases, promotions, automatic cost-of-living increases, unused vacation costs, statutory provisions, and collective bargaining agreements, also related to severance pay.

Description	2021	2020	Change
Salaries and wages	29,647,688	27,281,466	2,366,222
Social security expenses	10,015,392	9,285,468	729,924
Employee severance indemnity	1,793,334	1,815,160	(21,826)
Pensions and post-employment benefits	40,690	32,715	7,975
Other costs	2,021,926	2,046,469	(24,543)
Total employee costs	43,519,030	40,461,278	3,057,752

The upwards change – EUR 3,057,752 – is ascribable to the reduced recourse to the Cassa Integrazione Guadagni “COVID-19” (COVID-19 social safety net) throughout 2021 compared to the previous fiscal year. The average workforce including contract workers – for the 2021 fiscal year fell by 37 employees.

DEPRECIATION, AMORTIZATION, AND IMPAIRMENT LOSSES

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

The item, amounting to EUR 19,332,328, includes depreciation, amortization, and impairment losses of tangible assets amounting to EUR 10,852,820 and of intangible assets amounting to EUR 5,118,962.

Furthermore, the item includes EUR 3,128,900 in real estate written down as it was held for sale, and EUR 231,646 in bad debt provision write-downs included among current assets.

OTHER MANAGEMENT EXPENSES

These costs amounted, as at December 31, 2021, to EUR 1,315,325 (EUR 791,976 as at December 31, 2020) and are composed as follows:

Description	2021	2020	Change
Indirect taxes	772,537	709,811	62,726
Membership fees and scholarships	35,930	22,136	13,794
Other costs	506,858	60,029	446,829
Total other management expenses	1,315,325	791,976	523,349

The increase in the item is ascribable to the contribution by the parent company ArcelorMittal CLN Distribuzione Italia S.r.l. In fact, unlike the previous fiscal year, extraordinary situations with a relevant impact on the income statement – amounting to EUR 188,422 – have occurred.

COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

In relation to the provisions of Article 2427, paragraph 1, item 13 of the Italian Civil Code, no costs of exceptional size or incidence have been recorded.

FINANCIAL INCOME AND CHARGES

Other financial income

Description	2021	2020	Change
Bank interest receivable	3,997	2,134	1,863
Other financial income	19,295	19,873	(578)
Total	23,292	22,007	1,285

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, 2021, amounted to EUR 5,192,797 (EUR 5,581,000 as at December 31, 2020), with a EUR 388,203 decrease compared to the previous fiscal year due to the reduced use of lines of credit and borrowings in the 2021 fiscal year compared to the previous fiscal year.

Description	2021	2020	Change
Bank interest payable	4,134,145	4,630,229	(496,084)
Other interest and commissions	1,058,652	950,771	107,881
Total interest payable and other financial charges	5,192,797	5,581,000	(388,203)

VALUE ADJUSTMENTS OF INVESTMENTS

Revaluations of equity investments

As at December 31, 2021, the item amounted to EUR 3,301,920 and includes the positive change in fiscal year revenue recorded by Centro Servizi Metalli S.p.A., amounting to EUR 7,789,825. The revaluation was thus adjusted on the basis of 42.39% shares held in the company.

Revaluations of derivatives

As at December 31, 2021, the item amounted to EUR 4,134 (EUR 7,179 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, 2021, the item amounted to EUR 690,843 and includes the negative effect of the change in net equity of Centro Servizi Navali S.p.A., amounting to EUR 1,551,235. The write-down was thus adjusted on the basis of 44.54% shares held in the company.

INCOME TAXES

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

The item amounts to EUR 7,138,927 (-1,163,537 as at December 31, 2020). 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 7,301,914, of which EUR 6,024,856 in IRES taxes and EUR 1,591,001 in IRAP taxes.

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	2021	2020	Change
IRES (CIT) and other corporate taxes	6,849,173	209,559	6,639,614
IRAP	1,765,863	62,944	1,702,919
Total current taxes	8,615,036	272,503	8,342,533
Taxes carried forward from previous years	(79,054)	4,979	(84,033)
Deferred and prepaid taxes	(1,397,055)	(1,441,019)	43,964
Total income taxes	7,138,927	(1,163,537)	8,302,464

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 previous year	Tax rate current year %	Changes in tax base	Changes in tax base current year	Tax base current year	Tax current year
Bad debt provision	24.00%	1,195,400	286,896	24.00%	61,947	14,867	1,257,347	301,763
Provision for credit losses	24.00%	131,673	31,601	24.00%	20,352	4,884	152,025	36,485
Taxed provision for credit losses	24.00%	1,161,872	278,849	24.00%	(96,700)	(23,208)	1,065,172	255,641
Revaluation amortization in accordance with Decree-Law n° 185/2008	27.90%	1,289,677	359,820	27.90%	-	-	1,289,677	359,820
Laurentine licensing and goodwill	27.90%	67,056	18,708	27.90%	5,889	1,643	72,945	20,351
CIOCCA goodwill	27.90%	380,714	106,219	27.90%	(380,714)	(106,219)	-	-

	Tax rate previous year %	Tax base previous year	Tax previous year	Tax rate current year %	Changes in tax base	Changes in tax base current year	Tax base current year	Tax current year
Nuova Sabel goodwill	27.90%	33,334	9,300	27.90%	6,667	1,860	40,001	11,160
Environmental provision	27.90%	212,341	59,243	27.90%	(47,341)	(13,208)	165,000	46,035
Change in fair value of derivative	24.00%	13,420	3,221	24.00%	(7,830)	(1,879)	5,590	1,342
ACE (fund for economic growth) surplus	24.00%	82,775	19,866	24.00%	210,831	50,599	293,606	70,465
2016 (A+) Revaluation	28.00%	1,650,630	462,176	26.50%	108,807	28,834	1,759,437	491,010
2017 (A+) Losses	28.00%	621,808	174,106	26.50%	(453,272)	(120,116)	168,536	53,990
Deval. of fixed tangible assets held for sale Altre 2017	27.90%	-	-	27.90%	88,546	24,704	88,546	24,704
2019 (A+) Losses	28.00%	512,270	143,436	28.00%	-	-	512,270	143,436
2020 (A+) Losses	28.00%	-	-	26.50%	137,365	36,402	137,365	36,402
Other (previous fiscal years)	24.00%	8,253	1,979	24.00%	12	3	8,265	1,982
Other - 2017	27.90%	24,387	6,156	24%/27.9%	(16,121)	(3,967)	8,266	2,187
Write-off of accumulated amortization – Civ. Osimo	27.90%	-	-	27.90%	3,059,330	853,553	3,059,330	853,553
Total prepaid taxes		7,385,610	1,961,576	-	2,697,768	748,752	10,083,378	2,710,326
Deferred tax liabilities on building conferral	27.90%	3,342,002	932,419	27.90%	(233,979)	(65,280)	3,108,023	867,139
FY19 division of capital gains into instalments	24.00%	4,425,944	1,062,226	24.00%	(1,475,315)	(354,076)	2,950,629	708,150
FY18 division of capital gains into instalments	24.00%	120,130	28,831	24.00%	(60,066)	(14,416)	60,064	14,415
FY21 division of capital gains into instalments	24.90%	-	-	24.00%	168,391	40,414	168,391	40,414
Sitek-AMDSI merger	27.90%	1,000	279	27.90%	(750)	(209)	250	70
Former MG assets Leasing	27.90%	4,182	1,167	27.90%	(2,044)	(570)	2,138	597
Leases	31.40%	2,905,106	912,203	31.40%	(684,841)	(215,040)	2,220,265	697,163
2016 (A+) Revaluation	33.33%	1,614,149	538,049	33.33%			1,614,149	538,049
2017 (A+) Revaluation	28.00%	708,311	198,326	26.50%	(140,553)	(37,247)	567,758	161,079
Total deferred taxes		13,120,824	3,673,500		(2,429,157)	(646,424)	10,691,667	3,027,076
Net deferred (prepaid) taxes		5,735,214	1,711,924		(5,126,925)	(1,395,176)	608,289	316,750

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

OTHER INFORMATION

PAYMENTS TO DIRECTORS AND STATUTORY AUDITORS

Details of the payments to ArcelorMittal CLN Distribuzione Italia S.r.l. directors and statutory auditors for the 2021 fiscal year are provided below.

Directors	780,000
Board of Statutory Auditors	46,000
Total	836,000

PAYMENTS TO EXTERNAL AUDITOR OR AUDITING FIRM

Details of the remuneration for the fiscal year recognized to PricewaterhouseCoopers S.p.A. (auditor of the parent company ArcelorMittal CLN Distribuzione Italia S.r.l.) for the auditing services for the 2021 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
2021 Audit	100,000	26,000

EMPLOYMENT DATA

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

Workforce 2021	AMCLN	ACIERPLUS	DELNA	TAMAGNONE	AMCLN Group
Directors	13	12	1	-	26
Office workers	165	28	29	7	229
Manual workers	314	57	83	25	479
Temporary staff	35	6	-	-	41
TOTAL WORKFORCE	527	103	113	32	775

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

Workforce	2021	2020	Change
Directors	26	29	(3)
Office workers	229	252	(23)
Manual workers	479	505	(26)
Temporary staff	41	26	15
TOTAL WORKFORCE	775	812	37

The average workforce of the AMCLN Group has decreased from 812 in 2020 to 775 in 2021. Throughout the 2021 fiscal year, the Group companies have continued the rationalization process and adjustment of staff to its production processes. Such reorganization has implied an additional downsizing by 37 people.

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

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

INFORMATION ON ASSETS AND BORROWINGS ALLOCATED TO SPECIFIC DEALS

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

AGREEMENTS NOT RESULTING FROM THE BALANCE SHEET

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

SIGNIFICANT EVENTS OCCURRED AFTER THE FISCAL YEAR END

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

The initial months of 2022 were once again distinguished by the measures designed to fight the effects of the COVID-19 pandemic. Nevertheless, the company has continued its regular activity without any kind of limitation to reach the business purpose.

It is worth highlighting that:

- on February 9, 2022, the company has completed the transfer of the Bologna plant by way of the notary acknowledgement by the notary public Babbini (file n° 39,020) in Bologna;

- on February 28, 2022, the company has signed a share purchase agreement with Industeel Belgium S.A. related to the transfer of shares held in Centro Servizi Metalli S.p.A., whose closing date is planned to be May 9, 2022;

- in March 2022, negotiations for the transfer of shares held in Acier Plus S.A.S. have begun; the transfer is expected to be completed in June 2022,

As well as having caused strong tension in the worldwide geo-political balance, the Russian invasion of Ukraine – starting on February 24 – has implied a general aggravation of the steel production situation in Europe, especially due to the import of cast iron – that Ukraine is a large exporter of – and steel slabs. We hereby specify that the company has no trade relationships with Russian and/or Ukrainian suppliers and customers.

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

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

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

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

PLACE WHERE A COPY OF THE CONSOLIDATED FINANCIAL STATEMENTS IS AVAILABLE

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

INFORMATION ON THE FAIR VALUE OF DERIVATIVES

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

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

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

The following table shows the information required for ongoing contracts as at December 31, 2021:

Company	Contract type	N° of contracts	Transaction type	Obligation EUR	Negative Fair Value	Positive Fair Value
AMCLN	IRS	1	Cap Option on 6m Euribor	5,000,000	(829)	-
DELNA	IRC	1	0.226% + Euribor 3m	1,500,000	(5,589)	-
Total	Total	2			(6,418)	-

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

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

Delna S.p.A.

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

- on September 18, 2021, the company cashed in an excise reimbursement for the fuel used to generate mechanical energy from January 1, 2020 to December 31, 2020, amounting to EUR 27,790. The reimbursement was booked on an accrual basis in the income statement for the fiscal year in concern.

CSEA – Fund for energy and environmental services:

- on December 23, 2021, the sums granted as incentives in the 2019 fiscal year, amounting to EUR 155,474 cashed in in the previous fiscal years, was published in the Registro Nazionale degli Aiuti (register of government funding opportunities);
- in the financial statements as at December 31, 2021, energy costs are booked net of the “energivore” bonus for highly energy-consuming companies (EUR 113,296) granted for the 2021 fiscal year in the form of an electricity bill discount.

Fondimpresa (Italian fund for continuous learning):

- on November 26, 2021, the company collected continuous learning funding amounting to EUR 12,245, booked on an accrual basis in the income statement for the fiscal year in concern;
- for the funds received, please refer to the guidelines of the “Trasparenza” (transparency) section of the Registro Nazionale degli Aiuti di Stato (Italian register of state funding), which provides a general framework of funding granted by public entities.

Tamagnone S.r.l.

Carbon Tax and Miscellaneous:

- throughout the 2021 fiscal year the company has accrued a tax credit amounting to EUR 115,842 for the excise reimbursement of fuel consumed.
- throughout the 2021 fiscal year, the company has received funding from the Liguria Regional Administration amounting to EUR 5,892 for traffic issues related to the Morandi Bridge collapse.
- throughout the 2021 fiscal year, the company has received, moreover, an incentive for the upgrade of its vehicle fleet amounting to EUR 9,710, related to an investment made in the 2018 fiscal year to purchase the natural gas-fueled Iveco truck (license plate n° FV939FV).

These Financial Statements which consists of a Balance Sheet, Income statement, Financial Statement and Notes to the Financial Statements provide a true and correct representation of the Balance Sheet, Cash Flow Statement, and Income Statement for the fiscal year, and correspond to the accounting records. There are no other considerations to be made on the content of the financial statement items and the accounting principles adopted. The remarks and the values contained in these Notes are consistent with the accounting records and correctly represent the administrative facts as they occurred

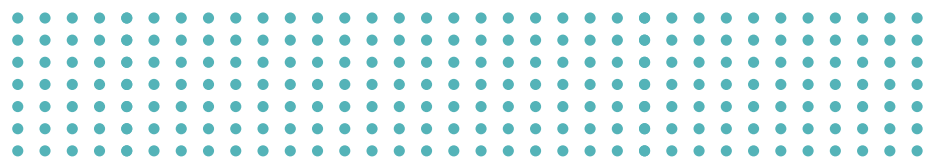
Caselette, 2 May 2022.

On behalf of the Board of Directors

The Chairman

Mr. Gabriele Perris Magnetto

REPORT
ON THE AUDIT
OF THE
CONSOLIDATED
FINANCIAL
STATEMENTS





**INDEPENDENT AUDITOR'S REPORT 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 2021**



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 2021, 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 2021, 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.

Other Matters

The consolidated financial statements of the AMCLN Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 21 June 2021,

PricewaterhouseCoopers SpA

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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 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 2021, 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 2021 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 2021 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, 6 June 2022

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

edited by

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