



ArcelorMittal

ArcelorMittal Hunedoara S.A.

**REPORT OF THE
BOARD OF DIRECTORS**

regarding the Financial Statements for the year 2025, issued in accordance with the Ministry of Public Finance Order no. 1802/2014 for the approval of the accountancy regulations in compliance with the EU directives, with subsequent amendments

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General Information

NAME	ArcelorMittal Hunedoara S.A. (hereinafter referred to as "the Company")
	In 2003, the Company's majority stake was purchased by ArcelorMittal Holdings AG (formerly known as LNM Holdings NV, LNM Holdings AG and Mittal Steel Holdings AG), under the privatization agreement no 49/28.10.2003 concluded with the Authority for Privatization and Management of State Ownership ("APAPS"), currently the Authority for State Assets Recovery ("AAAS"). Pursuant to the above mentioned, the name of the Company was successively changed from S.C. Siderurgica Hunedoara S.A. to S.C. Ispat Siderurgica S.A., S.C. Mittal Steel Hunedoara S.A. and ArcelorMittal Hunedoara S.A.
COMPANY TYPE	Joint stock Company incorporated in 1991
EQUITY	<ul style="list-style-type: none"> • RON 19.856.622,80 subscribed and paid up capital • 198,566,228 issued shares • Shares with a nominal value of RON 0.10 per share
RECORDINGS	<ul style="list-style-type: none"> • Registered at the Trade Registry of the Hunedoara Tribunal , under number J20/41/1991 • Unique Registration number 2126855
MAIN ACTIVITY	<p>Production of ferrous metals under primary form and under form of ferro alloys. (CAEN code 2410)</p> <p>The Company specializes in production of round billets and europrofiles together with mining sections and angles.</p>
TRADING MARKET	BVB_ AeRO_ from 26.05.2015
FINANCIAL AUDITOR	BDO Audit SRL
SHARES & SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
REGISTERED OFFICE	Soseaua Hunedoara -Santuhalm ,no.4, Hunedoara, postal code 331111, Romania

1. ANALYSIS OF THE ACTIVITY OF ARCELORMITTAL HUNEDOARA S.A.

Health & Safety

The Company's primary objective is to provide our employees and subcontractors with a working environment in which they can carry out their tasks in complete safety. The Zero Accident objective is an integral part of our corporate culture and is a daily issue for our teams and management.

Safety management is based on different pillars upon which we construct a strong internal culture:

- a) Safety organization
- b) Performance control, standards and procedures
- c) Awareness, training and collective mobilization programs

Our Group has formulated a 11-year health and safety program - called "TCT - D Program", which has been deployed in three phases. The first phase was implemented in 2018. The second phase started in 2019 and focused on active participation, from the "me" to the "us", to reach the "Interdependence" stage of the Bradley curve based on a collective approach. TCT – D - aiming to mitigate observed weaknesses and generate maturity progress. In 2024, 6534 hours of training was completed for TCT – D Program.

In 2025 the Company has continued the "Foreman Project" - focus on foreman's activity - to raise the safety awareness of their teams and to implement a safety culture change on the shopfloor.

In 2025 the Company have continued " DSS+ Program" in collaboration with "Dupont Sustainable Solutions to reach Target: Zero Accidents. Wave 1 & Wave 2 was completed 100% and the implementation of Wave 3 in AM Hunedoara has started.

In addition to Safety culture, we introduced Shared Vigilance & Safety Visit with collective mobilization, among its suppliers.

With all these put in place, AM Hunedoara succeeded in maintaining zero fatalities and zero Frequency rate in 2025.

Operations and Business Performance

During the year the Company continued to encounter unsustainable challenging market conditions, shaped by persistently high electricity costs, limited government support and increasing competitive pressure from imports, which had a significant impact upon the Company's possibility to remain competitive on the domestic, European and international markets and which have lead to almost 60% decline (60kt vs 145kt)in the orders and shipment volume vis-a-vis last year. Production ran only for 6 months

Under the consultations conducted with the Trade Union within the Company, no viable solutions were identified for maintaining Company's activity in an economically sustainable manner.

The lack of prospects for remedying Company's status based on the current available data and the need to take urgent measures to limit the losses and to adapt to the economic difficulties, it was decided for permanent cessation of activities from 12/09/2025 and implementation of technical unemployment and Voluntary Retirement Scheme.

Production and Shipment Volume

Crude steel production was 59.7kt, 60% lower than last year due to depressed market with lower prices and higher cost resulting in 60% decrease in the shipment (58kt) compared to last year.

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Net Result

For the year ended 31 December 2025, the Company incurred a net loss of RON 256 million, compared to 111,5 million in the prior year. This net result was primarily affected by net impairment provision of 218 million Ron.

The operational results were heavily affected by high energy prices and deterioration of performance from continuous peakshavings operations. The drastic fall in production due to non-operation for almost six months also affected non-absorption of fixed cost. On top, the dipping sales prices and rising input prices affected the operational results with a deep price cost squeeze.

- Fixed Cost optimisation

The Company continued to take steps to control and optimize various fixed costs during the year which was affected by overall inflationary trend in all areas: labor, materials and services.

- Cash Flow and working capital

The cash flow of the Company was adversely affected by the operational result. However, working capital was better managed with inventory optimization and receivables management. Capex spend in the year was also minimised.

Outlook for 2026

Considering the permanent closure of production in the Company, the objective is to minimize the fixed cost, implement the balance VRS and finalise the sale of assets of the Company as early as possible.

Risk Management

The main risks the Company is exposed to are: market risk, credit risk, liquidity risk, operational risk, risk related to taxation and economic environment risk. Market risk - includes exchange rate risk, interest rate risk and price risk.

Exchange rate Risk

Currency risk is the risk that the value of a monetary asset will fluctuate due to variations in exchange rates.

In 2024, the Company carried out business transactions both in Romanian currency (RON) and foreign currencies. The abnormal currency fluctuations during the year had a big impact in the profitability of the market.

Interest rate risk



The Company's income and cash flows from operations are substantially independent from the changes in the market interest rates.

Price risk

Price risk is the risk that the value of a product will fluctuate due to changes in market prices. Considering the fact that the Company has a large range of products sold in different geographical regions both national and international, it was favorably affected by price risk in 2024.

Credit risk

Credit risk is the risk that the customers will fail to pay for the products sold to them, which will cause the Company to record a financial loss. Considering the fact that, other than the group companies all customers of the Company are covered by credit insurance. Where the Company pays in advance, they are covered by bank guarantees and letter of credits. All these minimize the credit risk for the Company.

Liquidity risk

Liquidity risk is associated to difficulties encountered by the Company in obtaining the funds necessary to fulfill outstanding commitments.

The Company vigorously monitors the working capital situation and ensures collection or rotation of inventory in due time to meet the payment obligations timely.

Operational risk

Operational risk represents the likelihood to incur direct or indirect losses due to a large number of factors associated with all the processes of the business or other external factors (other than credit, market and liquidity risk).

The Company's objective is to manage operational risk in a balanced way to foster growth and limit financial losses.

Tax Risk

During the year, the Company made various transactions with affiliates. The pricing for the transactions has been made at arms' length following the required norms and methods. In case of tax audits, the Company is ready to produce all documents that have been prepared to arrive at those prices. Based on this, the Company does not estimate any potential risk related to transfer pricing policy to create any provision. However, interpretation and the practical implementation of tax regulations may vary and there may arise situation, that the tax authorities could adopt a position different from that of the Company's.

As per the new regulation vide Law no. 431/2023 regarding Pillar II taxation, after application of the CbCR safe harbor rules, the Company's simplified ETR tests) $\geq 15\%$ and hence no top-up tax is due in Romania. The Company will file GloBE Information Return within due time.

Investments and CAPEX

The Company has spent an amount of RON 3.853.081 in Capex in 2025. Among these, are cylinders, revamping of reheating furnace, moulds and others. These investments catered to increase the performance and efficiency of production and to ensure reliability of the steel shop and rolling mill.

Human Resources

End of 2025 total own employees were 128 compared with 544 in 2024, decrease with approx. 76%

The structure of education among our employees is presented below:

EDUCATIONAL QUALIFICATION	FTE	%
Elementary class (Upto 10)	1	1%
Professional degree	24	19%
High School	44	34%
Technical degree	0	0%
Foreman degree	12	9%
Graduation	7	5%
University	40	31%

The employment relationships are regulated by the Individual Labor Contracts and by the Collective Labor Contract. The Collective Labor Contract for 2025 was concluded for one year and was registered at Labour Inspectorate .

Due to the economic context that ArcelorMittal Hunedoara faced we were forced to apply economic unemployment in Jan, March, April, and then starting with September to fully stopped the production activity .

We have applied VSS scheme, 206 FTE from 263 eligible already left in 2025.

Description of relations between managers and employees and any conflicting elements that characterize these relations.

The industrial relations of the Company remained cordial and peaceful throughout the year. Even the news were perceived bad , management of the company efficiently communicate to people each step permanently . People understood the hard situation and even the production was fully stopped we did not face riots/strikes.



The company provides a positive working environment and offers equal opportunities to all of its employees irrespective of gender.

Climate Change Risk

The Company recognizes the financial risk related to climate change and are taking various steps to reduce emissions.

Environment

The Company produces a wide range of steel products which meet all the current requirements of the important markets, both from the point of view of quality of products & services, and environmental protection.

When we speak about steel we have to think about it as environmentally friendly as it is fully recyclable.

Moreover, it can be recycled indefinitely without affecting the environment.

We all understand the importance of protecting the environment not only because developing steel industry is directly dependent on a good management of natural resources, but also because protecting the environment is essential for the current standard of life of humankind, as well as for the future generations. This is why besides producing steel we try to obtain a balance among economic and social performances and environmental protection.

These ideas are supported by the environmental policies. The Company is engaged in managing its goods responsibly, focusing on producing high quality products that do not affect the environment, as well as maintaining a low impact upon the environment by re-using and recycling them.

Another goal of the Company is to improve continuously the environment performances, by monitoring systematically the environment factors as well as an efficient usage of natural, energy and soil resources.

This will strengthen the performance of the Company's business and it will offer a sustainable future to all involved parties, employees, clients, suppliers, shareholders or interested parties.

The Company has the Integrated Environmental Authorization no 2/02.07.2015, as revised on 20.04.2023 and valid until 01.07.2026, issued by Hunedoara Environmental Protection Agency.

2. SHAREHOLDERS' INFORMATION

As at 31 December 2025, ArcelorMittal Hunedoara S.A. had 198.566.228 shares, and the percentage wise holdings are given below:

The nominal value of the share was RON 0.1

Shareholders	Value of shares	%
ArcelorMittal Switzerland AG	191.654.424	96.52
Legal persons	5.940.295	2.99
Natural persons	971.509	0.49
Total	198.566.228	100

3. SUBSIDIARY

The Company does not have any subsidiary.

4. CORPORATE GOVERNANCE

The Board of Directors

- By EGMS Resolution dated 17.10.2025 , approval of the implementation of the Civil sentence no. 535/CA/2024 issued by the Hunedoara Tribunal final by Civil Decision no. 63/13.05.2025 issued by the Alba Court of Appeal as follows:

Approval of the reduction of the Company's share capital from Lei 133,721,114.6 to Lei 19,856,622.8 and of the cancellation of a number of 1,138,644,918 shares issued by the Company within the capital increase approved by the Decision of the Extraordinary General Meeting of Shareholders of 08.12.2023 and which currently held by the majority shareholder ARCELORMITTAL HOLDINGS A.G.

Following the approval, the share capital of ArcelorMittal Hunedoara S.A. will be lei 19,856,622.8 divided into 198,566,228 registered shares worth lei 0.1 each

On 27 March 2025 Mr. Risto Naumov was appointed member of the Board of Directors. The composition of the Board of Directors are as follows:

1. Mr. Augustine Kochuparampil – President of the Board
2. Mr. Jeyachandran Rajasekaran, Board Member;
3. Mr.Risto Naumov , Board member;

The activity of the Board of Directors:

During the year 2025 a total number of 13 Board meetings took place in accordance with the statutory provisions. The presence of Board members at the meetings in 2025 was in accordance with the legal requirements. All meetings of 2025 were chaired by the Chairman of the Board of Directors.

Executive Management of the Company

The executive management of the Company by the end of 2025 was composed of the following managers:

General Manager – Mihaela Craciun

Finance Manager – Amit Dasgupta

Steel Shop Manager – Adrian Toma

Rolling Mill Manager – Adrian Soie

Purchase Manager – Gabriela Arin

Human Resource Manager – Gabriela Flori

Sales Manager – Ansari Shakeel

Safety Manager – Florin Nedelcu



Internal Control and Risk Management

Internal Control

The Company's internal control system comprises audit and compliance by ArcelorMittal in-house Internal audit Division supplemented by management governance cell. The internal auditors independently evaluate the adequacy of internal controls and audit majority of the business areas. Independence of the audit and compliance is ensured by the direct reporting of Internal Audit Division to the group ArcelorMittal Audit Committee. The Company's management governance cell ensures the following checks and controls are in place.

Internal control inside the Company checks:

- Compliance with Romanian regulations
- Following the management decisions
- Good functioning of internal activity
- Efficient use of resources
- Prevention and control of not reaching set targets
- Supervision of management accounting and financial results of the entity

Following the control actions, no breach of the law, regulations and procedures was signaled. Proposals and recommendations for improvement working procedures were made during the control activities.

Risk Management

A disciplined approach to risk is important in a diversified organization like the Company's in order to ensure that we are executing according to the Company's strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate.

Risk assessment and risk management are the responsibility of management. The ArcelorMittal Group has defined guidelines with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risks. At the end of each quarter, the Risk committee of the company develop a list of major risks along with the action plan to mitigate such risks. The management has a dedicated quarterly meeting with the risk Committee to review and discuss specific risk topics in greater detail.

Compliance Policies and Guidelines

The Company has adopted during the past years the ArcelorMittal Group Compliance Policies, Procedures and Guidelines, including, among others, the Code of Business Conduct, Antitrust Rules, Insider Dealing, Anti-Corruption Procedure, Human Rights Policy, Economic Sanctions Guidelines, Conflict of Interest, Data Protection, which include a series of mandatory rules for management and employees in order to protect the Company's and its shareholders' interest and market integrity. The Compliance Policies provide clear rules including, but not limited to compliance with legal requirements and internal procedures, anti-corruption guidelines, conflict of interest, information privacy, inside information, prohibited transactions, insiders' trading, etc.

Corporate Social Responsibility

The Company is committed to participate and support community projects. During 2025, the following projects were funded:

- Part sponsorship of events to Local University for motivating engineering students
- High schools, elementary schools, kindergarten endowments and events

5. FINANCIALS

Accounting

According to art. 10 (2) of the Law 82/1991, republished in 2008, as subsequently amended ("Law no 82/1991"), the accounting is organized in a distinct department run by a Finance Director and a Chief Accountant.

For the purpose of preparing the balance sheet, all elements of asset and leased goods were counted as per Ministry of Public Finance Order no. 1802/2014, as subsequently amended.

The Balance Sheet was prepared on the basis of the trial balance of the accounts of 31.12.2025, put in agreement with the balances in the analytical balances, concluded after recording all the documents regarding the financial accounting operations pertaining to 2025.

Reserves

Reserves include 0 RON representing revaluation reserve (132.808.572 RON in 2024) and 5.720.046 RON are legal reserves made according to Law no. 31/1991, and 1,282,176 RON other reserves.

Provisions

The provisions made as at 31.12.2025 amount to 12,060,711 RON of which end of 2024 was 3,202,857 RON represents provisions for pensions and other similar liabilities.

Liabilities

The total current liabilities of the Company amount to 626,049,912 RON, of which 618,148,794 RON are liabilities to ArcelorMittal group companies including to ArcelorMittal Treasury, 31,335,578 RON to other suppliers of raw materials, materials and services, 1,477,728 RON to the State Budget and Social Insurance Budget.

Liabilities include LT loan from ArcelorMittal Investment in amount of €43 mln. The interest rate it's 3MEURIBOR+1.42%

Turnover

In 2025, the Company's turnover amounted to 216,755,405 RON and 511.583.777 Ron in 2024.

The table below presents some indicators drawn from the analysis of the assets, liabilities, profit and loss and cash flows:

Presentation of the financial ratios

	2024	2025
<i>Liquidity Indicator</i>		
Current ratio	0.95	0.25
Acid test ratio	0.67	0.15
<i>Risk indicators</i>		
Gearing ratio (%)	123	
<i>Activity ratios</i>		
Stock Rotation ratio	7.88	
Number of days of stock (days)	77.2	
Stock rotation customer (days)	33.7	
Stock rotation supplier (days)	85.7	
Rotation of fixed assets (no. rotations)	1.28	
Rotation of total assets (no. rotations)	0.83	
<i>Profitability Ratios</i>		
Return on Equity (%)	-64%	
Margin on Sales (%)	-22%	
Profit/(Loss) per share (RON)	-0.08	

Profit & loss account

in RON

Indicators	2024	2025
Turnover	511.583.777	216.755.405
Operating Result	(91,788,938)	(247,439,165)
Financial charges	(14.462.425)	(5,989,395)
Net Income/(Loss)	(106.251.364)	(253,428,560)



1% minimum income tax	(5.289.809)	(2,619,511)
Net Income/(Loss)	(111.541.173)	(256,048,072)

Balance Sheet

In RON

PARTICULARS	2024	2025
<u>FIXED ASSETS</u>	400.070.614	-
Out of which:		
Intangible assets	755.040	-
Property, Plant and Equipment	400.070.614	909.720
FINANCIAL ASSETS	94.527	-
CURRENT ASSETS	213.240.709	157.266.637
Out of which:		
Inventories	62.830.977	64,059,488
Receivables	44.461.027	19,847,225
Petty cash and bank account	105.948.706	73,258,922
Prepaid expenses	557.382	101,002
TOTAL ASSETS	614.718.277	158.117.958
Equity	174.090.459	(479,934,267)
Out of which:		
Share Capital	292.106.623	19,856,623
Own shares		
Reserves	139.810.794	7,002,222
Retained Earnings	(146.285.784)	(250,745,040)
Result for the year	(111.541.173)	(256,106,470)
<u>CURRENT LIABILITIES</u>	223.538.661	626,049,912
Out of which:		
Other liabilities, tax liabilities, social insurance liabilities	4.032.404	1,477,728
Trade payables	183.839.729	97,391,077
<u>Short Term payables (Overdraft)</u>	35.566.340	32.335.578

PARTICULARS	2024	2025
<u>Long term payables (loan)</u>	213.886.300	-
<u>Advance income</u>	0	-
<u>Provisions</u>	3.202.857	12,060,711
TOTAL LIABILITIES	614.718.277	638.110.623

6. OTHER SIGNIFICANT INFORMATION

Legal Cases

- 6.1 Case file no. 5054/2/2017 - settled by High Court of Justice through Ruling 3635/24.06.2025 the court partially rejected the higher appeal submitted by the tax authorities and annulled the principal tax liabilities in amount of RON 6,785,182 representing VAT along with ancillary tax liabilities, as follows: (i) VAT of RON 4,875,753 related to scrap materials purchased from AMTP Roman; (ii) VAT of RON 1,909,429 related to the price differences granted by AM HD to AMTP Roman (and admitted the higher appeal submitted by the tax authorities in regard to the VAT in amount of RON 1.860.220 and related ancillary tax liabilities, assessing the fact that they are due by AM Hunedoara). This ruling is final and binding. The Company submitted the refund request no. 46351412025 on 03 December 2025 asking the refund of tax liabilities amounting RON 6,785,182, representing VAT and 45.8% of the late-payment interest related to this amount, and the court fees of RON 50,200. As of the date of this letter, the refund requests have not been settled, the legal deadline for their resolution expiring on 19 January 2026. After the refund of the principal tax liabilities the Company is also entitled to ask for related interests.
- 6.2 Case file no. 9779/2/2017 - The Bucharest Court of Appeal issued the Ruling no. 52/11.02.2020 deciding the annulment of the Settlement Decision no. 66/22.12.2017, the Tax Assessment Decision no. F-MC 348/29.07.2016 and the Tax Audit report F-MC 21/29.07.2016 in regard to the amount of RON 2,902,359 representing VAT, regarding the return of recyclable materials purchased by AM Hunedoara from AMTP Roman and to the services purchased by AM Hunedoara from AM Luxembourg in 2015. The decision of the Bucharest Court of Appeal was appealed by the tax authorities in front of the High Court of Cassation and Justice which rendered the ruling no.5595/22.11.2022 deciding to reject the appeal filed by the tax authorities which were also obliged to pay court fees in amount of RON 17,264. This ruling is final and binding. The Company requested the enforcement of the above court judgments, respectively the refund of RON 2,902,359 representing VAT, submitting the Refund request no. 31301152024/15.04.2024 which has not been settled by the tax authorities although the settlement deadline expired on 1.06.2024. After the refund of the principal tax liabilities the Company is also entitled to ask for related interests.

7 SUBSEQUENT EVENTS

Subsequent to cessation of production in September ,2025, the M&A team of the Group has succeeded in finalization of a sale deal of all assets of the Company with a buyer (UMB Steel SRL) and the Assets Purchase Agreement (APA) was signed on 17.02.2026, which was approved by the Shareholders meeting on 09.02.2026. Currently all the necessary steps are going on for the final Closing Agreement of the sale.

8 ACKNOWLEDGEMENT

The Company's Directors express their appreciation to the executive management, employees, unions, customers, suppliers and other stakeholders for their contribution and support all through these years and wish to express their sincere thanks towards all concerned.



Chairman of the Board

Mr. Augustine Kochuparampil

25th March, 2026

