ArcelorMittal South Africa Limited
(Incorporated in the Republic of South Africa)
(Registration Number 1989/002164/06)
Share Code: ACL
ISIN: ZAE000134961
("ArcelorMittal South Africa" or the "Company")

UPDATE: FINAL WIND DOWN DECISION RELATING TO THE LONG STEEL BUSINESS ("LONGS BUSINESS")

On the 6 February 2025 shareholders were informed that the commencement of the Longs Business wind down implementation plan, which was initially scheduled to start by end-January 2025, had been delayed by approximately one month to enable:

- Fulfilment of the higher-than-anticipated outstanding order book, prioritising automotive and seamless tube customers; and
- Continuing discussions with the South African Government on the future of the Longs Business with an announcement expected in the second half of February 2025.

Since then, there has been extensive ongoing engagement with Government and certain stakeholders to find solutions to avoid the wind down of the Longs Business and ArcelorMittal South Africa acknowledges Government's engagement during this process.

Regrettably the parties have not been able to find timely solutions required to defer the wind down of Longs Business. In particular, the progress with the identified priorities is as follows:

Scrap advantage over iron ore: The scrap export tax has not been removed and the Preferential Pricing System, allowing steel producers using Electric Arc Furnaces a substantial unfair advantage remains in place, despite evidence from an independent Econometrix study(1) on the damaging impact of the scrap Price Preference System and export tax.

Port and rail efficiency: There has been no further progress regarding these matters. Transnet has declined to negotiate improved tariffs.

Reduction in energy prices: A further application was made for a negotiated pricing agreement in terms of the current policy. This application has not been supported by Eskom and no progress has been made in this regard.

Implementing trade measures: Duties have not been implemented as anticipated and the provisional safeguard on Hot Rolled Coil (HRC) has been allowed to lapse.

The structural elements leading to the wind down of the Longs Steel Business remain unaddressed despite extensive discussions. Since early 2024 when negotiations began, these conditions have not merely remained static but have worsened. The situation has deteriorated significantly since our discussions began.

Electricity costs are set to increase by 12.74% from 1 April 2025, further undermining our competitive position at a time when energy costs are already prohibitive. Concurrently, Transnet has announced proposed rate increases across its service portfolio, which would further elevate logistics costs that are already uncompetitive by international standards. On the regulatory front, the crucial safeguards on Hot Rolled Coil have been allowed to lapse , leaving the industry vulnerable to intensified import competition without adequate protection. Despite our repeated submissions of evidence demonstrating the adverse impacts of current policies, we have received no formal communication from either the dtic or National Treasury regarding the removal of the export tax or review of the Price Preference System. This continued policy inaction, combined with deteriorating cost structures, has accelerated the decline in operating conditions beyond what was initially assessed earlier this year.

Accordingly, the Board and Management hereby notify shareholders that the Company has no option but to implement the final wind down of the Longs Business. It is envisaged that the shutdown of the blast furnace~~s~~ will commence in the first week of March, with the last steel produced in late-March / early-April 2025. The final wind down into care and maintenance will be fully implemented in Q2 2025.

The Company is disappointed that all our efforts over the last year have not translated into a sustainable solution. We were unable to avoid what will be a significant negative impact on the economy, the loss of approximately 3,500 direct and indirect jobs and potentially significantly more throughout the value chain (at an estimated 80,000 jobs and small businesses), and a detrimental impact on the local community in Newcastle.

As previously advised, as difficult as these decisions are, it will allow the Flats Business to be better positioned to achieve sustainability.

(1) Econometrix (2025) https://www.econometrix.co.za

Vanderbijlpark
28 February 2025

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Absa Bank Limited (acting through its Corporate and Investment Banking division)