
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F

(Mark One)

- Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934
- or
- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended 31 December 2025
- or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
- or
- Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number: 001-32734

TERNIUM S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg
(Jurisdiction of incorporation or organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
American Depositary Shares	TX	New York Stock Exchange
Ordinary Shares, par value \$1.00 per share	TX	New York Stock Exchange*

***Ordinary shares of Ternium S.A. are not directly listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

2,004,743,442 ordinary shares, par value \$1.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated Filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Please send copies of notices and communications from the Securities and Exchange Commission to:

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CERTAIN DEFINED TERMS

In this annual report, unless otherwise specified or if the context so requires:

- References to "shares" are to ordinary shares, par value \$1.00, of Ternium S.A.; and references to "ADSs" are to the American Depositary Shares, which are evidenced by American Depositary Receipts;
- References to "billions" are to thousands of millions, or 1,000,000,000;
- References to "Exiros" are to Exiros B.V., a Dutch corporation, and its subsidiaries under the brand "Exiros";
- References to "finished steel products" are to steel products other than steel slabs;
- References to "San Faustin" are to San Faustin S.A., a Luxembourg société anonyme and Ternium S.A.'s indirect controlling shareholder;
- References to "Techgen" are to Techgen S.A. de C.V., a Mexican *sociedad anónima* de capital variable, 48% indirectly owned by Ternium, 22% indirectly owned by Tenaris, and 30% indirectly owned by Tecpetrol International S.A., a wholly owned subsidiary of San Faustin;
- References to "Tecpetrol" are to Tecpetrol International S.A., a wholly owned subsidiary of San Faustin;
- References to "Tenaris" are to Tenaris S.A., a Luxembourg société anonyme and a shareholder of Ternium S.A.;
- References to "Tenigal" are to Tenigal S.R.L. de C.V., a Mexican *sociedad de responsabilidad limitada de capital variable*, 51% indirectly owned by Ternium and 49% indirectly owned by Nippon Steel Corporation, or NSC;
- References to "Ternium," the "company," "we," "us" or "our" are to Ternium S.A. and its consolidated subsidiaries;
- References to "Ternium Argentina" are to Ternium Argentina S.A., an Argentine *sociedad anónima* and a subsidiary of Ternium S.A.;
- References to "Ternium Brasil" are to Ternium Brasil S.A., a Brazilian *sociedade anonima* and a subsidiary of Ternium S.A.;
- References to "Ternium Investments" are to Ternium Investments S.à r.l., a Luxembourg *société à responsabilité limitée*, and a wholly owned subsidiary of Ternium S.A.;
- References to "Ternium S.A." are exclusively to Ternium S.A., a Luxembourg *société anonyme*;
- References to "tons" are to metric tons; one metric ton is equal to 1,000 kilograms, 2,204.62 pounds or 1.102 U.S. (short) tons; and
- References to "Usiminas" are to Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS, a listed Brazilian *sociedade anonima* controlled by Usiminas' control group, which is composed of Ternium Investments, Ternium Argentina, and Tenaris's subsidiary, Confab Industrial S.A. (all of which conform the T/T Group); and Usiminas' pension fund, Previdência Usiminas. For further information on our investment in Usiminas, see Item 4. "Information on the Company—C. Organizational Structure—Other Investments-Usiminas" and note 3 to the consolidated financial statements included in this annual report.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

We prepare our consolidated financial statements in accordance with IFRS Accounting Standards (International Financial Reporting Standards) as issued by the International Accounting Standards Board and in conformity with IFRS Accounting Standards as adopted by the European Union (“EU”). IFRS differs in certain significant aspects from generally accepted accounting principles in the United States, commonly referred to as U.S. GAAP. Additionally, this annual report includes certain non-IFRS alternative performance measures such as “Net Cash” and “Free Cash Flow”. The reconciliation of non-IFRS alternative performance measures to the most directly comparable IFRS measures is included in Exhibit 15.1. We publish consolidated financial statements presented in increments of a thousand U.S. dollars. This annual report includes our audited consolidated financial statements for the years ended December 31, 2025, 2024 and 2023.

Currencies

In this annual report, unless otherwise specified or the context otherwise requires:

- “dollars,” “U.S. dollars,” “USD”, “US\$” or “\$” each refers to the United States of America dollar;
- “Mexican pesos” or “MXN” each refers to the Mexican peso;
- “Argentine pesos” or “ARS” each refers to the Argentine peso; and
- “Brazilian reais” or “BRL” each refers to the Brazilian real.
- “Colombian pesos” or “COP” each refers to the Colombian peso.

On December 31, 2025, the U.S. dollar sell exchange rate in Mexico (as published by *Banco de México*, the Mexican central bank) was MXN17.9667=\$1.00; the U.S. dollar sell exchange rate in Brazil (as published by *Banco Central do Brasil*, the Brazilian central bank) was BRL5.5024=\$1.00; the U.S. dollar sell exchange rate in Argentina (as published by *Banco Central de la República Argentina*, the Argentine central bank) was ARS1,459=\$1.00; and the U.S. dollar average exchange rate in Colombia (as published by *Banco de la República*, the Colombian central bank) was COP3,757=\$1.00. Those rates may differ from the actual rates used in preparation of the company’s consolidated financial statements. We do not represent that any of these currencies could have been or could be converted into U.S. dollars or that U.S. dollars could have been or could be converted into any of these currencies.

Rounding; Comparability of Data

Certain monetary amounts, percentages and other figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Our Internet Site Is Not Part of this Annual Report

We maintain an Internet website at www.ternium.com. Information contained in or otherwise accessible through our Internet website is not a part of this annual report. All references in this annual report to this Internet site are inactive textual references to this URL, or “uniform resource locator” and are for your informational reference only. We assume no responsibility for the information contained on our website.

Industry Data

Unless otherwise indicated, industry data and statistics (including historical information, estimates or forecasts) in this annual report are contained in or derived from internal or industry sources believed by Ternium to be reliable. Industry data and statistics are inherently predictive and are not necessarily reflective of actual industry conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Such data and statistics have not been independently verified, and the company makes no representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report and any other oral or written statements made by us to the public may contain “forward-looking statements” within the meaning of and subject to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. This annual report contains forward-looking statements, including with respect to certain of our plans and current goals and expectations relating to Ternium’s future financial condition and performance, which are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment in Ternium’s securities.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. “Key Information,” Item 4. “Information on the Company,” Item 5. “Operating and Financial Review and Prospects” and Item 11. “Quantitative and Qualitative Disclosures about Market Risk.”

We use words such as “aim,” “will continue,” “will likely result,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “should,” “will pursue,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and words and terms of similar substance to identify forward-looking statements, but they are not the only way we identify such statements. All forward-looking statements are based on management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied by those forward-looking statements. These factors include the risks related to our business discussed under Item 3. “Key Information—D. Risk Factors,” and among them, the following:

- uncertainties about steel consumers’ behavior in the markets in which Ternium operates and sells its products;
- steel price changes and trends in the countries in which Ternium operates;
- the activities, in the markets in which Ternium operates, of existing and new competitors whose presence may affect Ternium’s customer mix, revenues and profitability;
- increases in the prices of raw materials, slabs, energy or other inputs, or other events affecting supply and demand of raw materials, slabs, energy or other inputs;
- economic, political, social and regulatory developments and conditions in the countries in which Ternium owns facilities or in other countries, which may impact Ternium’s business activities or investments;
- continuing or renewed inflation or deflation, and fluctuation of foreign exchange rates in the countries in which Ternium operates;
- volatility in interest rates;
- performance of financial markets globally and in the countries in which Ternium operates;
- contingencies associated with Ternium’s acquisition of a participation in Usiminas’ control group; failure or delay in completing Ternium’s strategy for Usiminas, or fully maximizing combined competitive strengths; the operating and financial performance of Usiminas and the Brazilian economy in general; and the trading price of Usiminas’ ordinary and preferred shares;
- changes to applicable laws and regulations, including changes relating to tax, trade and foreign exchange matters, or the imposition of new or additional tariffs, quotas or other trade barriers or trade sanctions;
- regional or general changes in asset valuations;
- uncertainties as to the result of our iron ore exploration activities, the successful exploitation of our mines and ability to maintain iron ore and pellets product rates over time, the actually recoverable mineral resources and reserves and actual mine life, and our ability to maintain good relationships with local communities;
- our ability to successfully implement our business strategy, the impact of past or future acquisitions on Ternium’s operations or profits, and our ability to timely complete our strategic growth projects;
- international conflicts, public health epidemics and other political, social or economic conditions and developments in the countries in which we operate; and
- other factors or trends affecting the steel and mining industries generally and our financial condition in particular.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses or other occurrences or developments that may affect Ternium's financial condition and results of operations could differ materially from those that have been estimated. You should not place undue reliance on forward-looking statements, which speak only as of the date of this annual report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of changes of circumstances or management's estimates or opinions, new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved].

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all other information contained in this annual report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on Ternium's business, financial condition and results of operations, which could in turn affect the price of Ternium S.A.'s shares and ADSs.

Risks Relating to the Steel Industry

A downturn in global or regional economic activity would cause a reduction in worldwide or regional demand for steel, which would have a material adverse effect on the steel industry and Ternium.

Steel demand is sensitive to trends in cyclical industries, such as the construction, automotive, appliance and machinery industries, which are significant markets for Ternium's products and are also affected by national, regional or global economic conditions. For example, the surge in U.S. trade action in 2025 has created significant uncertainty in global markets and has contributed to a reduction in Mexico's apparent steel demand, which fell by approximately 10% year-over-year in 2025. A continued downturn in economic activity would reduce the demand for steel products, which would have a negative effect on the steel industry generally and specifically on our business and results of operations. For more information on the imposition of tariffs on steel imports into the United States, see "Certain Regulatory Risks and Litigation Risks - International trade actions or regulations and trade-related legal proceedings could adversely affect Ternium's sales and revenues and the overall business" and for further information on the investment climate and economic activity in Mexico, see "Risks Relating to the Countries in Which Ternium Operates – Mexico - Changes in existing trade arrangements between Mexico and the United States and controversies and disputes between USMCA member countries could adversely impact Ternium's results of operations and net results".

Ongoing geopolitical tensions involving Iran, the United States and Israel present significant risks to the global economy. Escalation of this conflict could disrupt energy markets and increase raw material costs. These developments could adversely affect Ternium's sales, results of operations and net results. While we monitor these risks closely, we cannot predict the duration of this conflict or its ultimate impact on our company.

A protracted fall in steel prices or price volatility would have a material adverse effect on the results of Ternium.

Steel prices are volatile and are sensitive to trends in steel demand and raw material costs, such as steel scrap, iron ore and metallurgical coal costs. Historically, the length and nature of business cycles affecting steel demand and raw material costs have been unpredictable. Steel prices have fluctuated significantly in response to market trends, costs of raw materials and world events (including, in recent years, the COVID-19 pandemic and international armed conflicts, such as the Russia-Ukraine war). For instance, U.S. prices of hot-rolled coils bottomed in 2020 at \$485 per ton, peaked at \$2,135 per ton in 2021, and then showed significant volatility between 2022 and 2025. A protracted fall in steel prices could result in lower revenues, adversely affecting Ternium's operating results.

Furthermore, if raw material costs decline, the resulting reduction in steel production costs would not be immediately reflected in Ternium's operating results as we would first consume existing inventories acquired prior to such raw material cost decrease (first in - first out accounting methodology). Similarly, we may be unable to recover, in whole or in part, increased costs of raw materials and energy through increased selling prices on steel products, or it may take considerable time to do so.

Regional or worldwide excess steel production capacity may lead to unfair trade practices in the international steel markets and/or to intense competition, hampering Ternium's ability to sustain adequate profitability.

The steel industry is affected by economic cycles, as well as by regional or worldwide production overcapacity. Historically, the steel industry has suffered, especially during downturn cycles, from substantial overcapacity. Over the last several years, overcapacity has been particularly severe in China.

Excess steel production capacity may require several years to be absorbed by demand and, consequently, may contribute to an extended period of depressed margins and industry weakness. Unfair trade practices in the international trade of steel products tend to increase during downturn cycles and as a result of production overcapacity. Unfair trade practices may result in the imposition by some countries (that are significant producers and consumers of steel) of tariffs, antidumping and countervailing duties, or other trade measures and may cause fluctuations in international steel trade. The imposition of such trade remedies or temporary tariffs on major steel exporters in significant steel-producing countries could in turn exacerbate pressures in other markets, including those to which Ternium is exposed, as exporters target such other markets to compensate, at least partially, for the loss of business resulting from the imposition of trade remedies or tariffs. As a result, overcapacity can lead to lower sales and lower margins for Ternium and drive unfair trade practices in products that compete with Ternium's products, diminishing our market share. While trade remedies and tariffs may mitigate the effects of unfair trade practices in some countries, such practices could shift to other markets adversely affecting Ternium's operations and results.

China is the largest steel-producing country in the world, accounting for more than half of worldwide crude steel production, and Chinese exports of steel products to many countries, including exports to Europe, the United States and Mexico, have been subject to the imposition of antidumping and countervailing duties and other trade measures. The prolonged decline in apparent demand for finished steel products in China has been causing aggressive Chinese steel export offers, exerting downward pressure on sales and margins of steel companies operating in other markets and regions, including those to which we are exposed. China's exports of semifinished and finished steel products increased from 53 million tons in 2020 to 117 million tons in 2024 and are estimated to have expanded further in 2025. This expansion in Chinese exports caused a surge of low-priced steel imports in the Brazilian domestic steel market, adversely affecting Brazilian steel producers, including Usiminas. A downturn in global or regional economic activity could encourage unfair steel trade practices adversely affecting the steel industry and Ternium's business and results of operations. For further information, see Item 4. "Information on the Company—B. Business Overview—Regulations—Trade Regulations".

Sales may fall as a result of fluctuations in industry inventory levels or disruptions in Ternium customers' supply chains.

Inventory levels of steel products held by our customers can vary significantly from period to period, as they either draw from existing inventory or accumulate further inventory in response to market conditions and prospects. As a result, purchased volumes may be irregular. In addition, supply chain disruptions could reduce customer demand for steel products. For example, in 2021, a global disruption in the automotive industry supply chain severely affected vehicle production and, in turn, affected our steel sales due to a global shortage of semiconductors; and in 2023, disruptions in the supply chain of the Argentine industry, due to constraints in the import of raw materials and intermediate goods in a context of tight foreign exchange restrictions, negatively impacted manufacturing activity and, as a result, steel demand in the country. Fluctuations in steel inventory levels and disruptions in customers' supply chains can temporarily affect the demand for, and price of, steel products and, accordingly, Ternium may not be able to increase or maintain its current levels of sales volume or prices.

Intense competition could cause Ternium to lose its market share and adversely affect its revenues.

The market for steel products is highly competitive, particularly with respect to price, quality and service. In both global and regional markets, Ternium competes against other global and local producers of steel products, which in some cases have greater financial and operating resources or direct and indirect governmental support. Competition could result in declining margins and lower sales. Competitors could use their resources in a variety of ways that may affect Ternium negatively, including by making additional acquisitions, implementing modernization programs, expanding their production capacity or investing more aggressively in product development, among others. To the extent that competitors become more efficient, our sales could suffer as operations confront stronger competition and

could fail to preserve their current share of the relevant geographic or product markets. In addition, there has been a trend toward steel industry consolidation among competitors, and current competitors in the steel market could become larger competitors in the future. For further information on competition and investments in the steel industry, see Item 4. “Information on the Company—B. Business Overview—Competition.”

Moreover, Ternium and other steelmakers compete against suppliers of alternative materials, including aluminum, wood, concrete, plastic and ceramics. Competition from alternative materials could adversely affect the demand for, and consequently the market prices of, certain steel products and, accordingly, could affect our sales volumes and revenues.

Price fluctuations, shortages or disruptions in the supply of raw materials, slabs, energy and other inputs could adversely affect Ternium’s profitability.

The manufacture of steel products requires substantial amounts of steelmaking raw materials, slabs, energy and other inputs from domestic and foreign suppliers. Ternium’s raw materials and inputs include large quantities of slabs, iron ore, metallurgical coal, pulverized coal for injection, scrap, ferroalloys, refractories, natural gas, electricity, oxygen and other gases consumed in operating blast and electric arc furnaces, as well as downstream facilities. The availability and pricing of raw materials, slabs, energy and other inputs used in our operations are subject to multiple factors, including market conditions, government regulations or intervention, including import controls and international sanctions, allocation by suppliers, interruptions in production, or other events that can affect continuity of supply and prices, such as wars, natural disasters, chronic climate changes, accidents and epidemics.

Purchased slabs are a key component of Ternium’s production process. Industry consolidation and integration of slab making facilities into finished steel products have been reducing the availability of slabs in the global market. For example, ArcelorMittal gradually integrated its slab facility in Lázaro Cárdenas, Mexico, with its steel processing facilities in other locations. In addition, in 2021 it started-up a new hot-rolling mill in Lázaro Cárdenas that led to a further integration of its slab facility at that site. Furthermore, in 2023 it acquired Companhia Siderúrgica do Pecém (CSP), a Brazilian slab maker that used to be a significant supplier of slabs in the international markets.

Additionally, the wave of trade sanctions imposed by the United States, the United Kingdom, and the European Union, among other countries and international organizations, following the Russian invasion of Ukraine, against certain Russian institutions, companies and citizens, resulted in a disruption to the global supply of slabs and other inputs consumed in the steel production process. The resolution of the Russian-Ukraine armed conflict and its consequences in the global markets is still uncertain. New international sanctions against Russian steel companies or citizens could result in slab scarcity and/or increases in slab prices in the market, which could have a material adverse effect on Ternium’s business and results of operations.

We have usually been able to procure sufficient supplies of raw materials, slabs, energy and other inputs to meet our production needs; however, we could be unable to procure adequate supplies in the future. Any protracted interruption, discontinuation or other disruption of the supply of main inputs used in our operations (including as a result of strikes, lockouts, sanctions and other trade restrictions, accidents or natural disasters, armed conflicts, worldwide price fluctuations, the availability and cost of transportation, global epidemics or other factors) would result in lost sales and/or lower margins, and would have a material adverse effect on our business and results of operations. For further information related to effects of global events see “A downturn in global or regional economic activity would cause a reduction in worldwide or regional demand for steel, which would have a material adverse effect on the steel industry and Ternium”. For further information related to the consolidation trend in the steel industry see Item 4. “Information on the Company—B. Business Overview—Competition.”

Ternium depends on a limited number of key suppliers.

We depend on a limited number of key suppliers for the provision of certain key inputs. For example, Ternium Argentina and Ternium Brasil purchase most of their iron ore from Vale, a Brazilian company, and Ternium Mexico is also expected to begin relying on steady iron ore supplies from Vale once its steelmaking facilities in Pesquería, Mexico, start operations. There is a trend in the industry towards consolidation among suppliers of raw materials, slabs and other inputs. We have entered into long-term contracts for the supply of some (but not all) of our principal inputs and expect that such agreements will be maintained and, depending on the circumstances, renewed. However, if any key supplier fails to deliver, or if existing contracts cannot be renewed in the future, or if applicable regulations or sanctions limit or prohibit purchases from certain suppliers, we could face limited access to certain raw materials, slabs, energy or other inputs, or could be subject to higher costs and delays resulting from the need to obtain our input requirements from other suppliers.

Risks Relating to Ternium's Business and Growth Strategy

Past or future acquisitions or other significant investments could have an adverse impact on Ternium's operations or profits, and Ternium may not realize the benefits it expects from these business decisions.

A key element of Ternium's business strategy is to identify and pursue growth-enhancing opportunities. As part of that strategy, Ternium regularly considers acquisitions, greenfield and brownfield projects and other significant investments. Since its formation, Ternium has acquired and made significant investments in steelmaking and steel processing assets and businesses in Argentina, Brazil, Colombia, Venezuela, Central America, Mexico and the United States, including the acquisition of Mexican steel companies Hylsamex and Grupo Imsa (now Ternium Mexico), the acquisition of the then main integrated producer of flat steel in Argentina, Aceros Paraná (which then merged with Propulsora and three other steel industry companies and is now Ternium Argentina); the purchase of Brazilian steel slab producer CSA, and the acquisition of a participation in the control group of Usiminas, Brazil's largest flat steel producer. In addition, the company built a new industrial center in Pesquería, Mexico, and it recently completed new downstream facilities and is advancing the construction of a new steelmaking plant in this site, projects that constitute the largest expansion plan in the company's history. For information on significant investments, see Item 4. "Information on the Company—B. Business Overview—Our Business Strategy and —Capital Expenditure Program".

Each acquisition, investment and growth project depends on market and financing conditions. We must necessarily base any assessment of potential acquisitions or organic investments on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Our acquisitions or other investments may not perform in accordance with expectations and could have an adverse impact on our operations and profits. For information on additional risks related to significant investments, see "Ternium's strategic growth projects could be delayed, the cost of those projects could increase, or Ternium's competitiveness could be affected, if the operations of certain suppliers of heavy equipment are disrupted by geopolitical risk, adversely affecting Ternium's growth opportunities and profitability".

In addition, we may fail to find suitable acquisition targets, or to consummate our acquisitions under favorable conditions, or to successfully integrate any acquired businesses into our operations, realize expected synergies or accomplish the business objectives that were foreseen at the time of deciding any such investment. Moreover, Ternium may also acquire, as part of future acquisitions, assets unrelated to its business, and we may not be able to integrate them or sell them under favorable terms and conditions. Integration of any acquired businesses would require a significant amount of time and resources from management and employees. Finally, the existence of other minority shareholders at any acquired company, could delay or prevent us from completing our strategy or fully maximizing our combined competitive strengths. For further information, see "Risks Relating to the Structure of Ternium S.A. - Existence of other shareholders in Ternium S.A.'s subsidiaries and associates could delay or prevent us from completing our strategy." These risks could have an adverse impact on the ongoing business and a material adverse effect on our financial condition and results of operations.

Furthermore, acquisitions may be subject to challenges or investigations by governmental authorities, including antitrust and consumer-protection authorities. The costs of complying with authorization or investigation procedures may be significant. Also, antitrust authorities are looking very closely at the effects of acquisitions and may deny authorizations, impose conditions that may result in significant costs or deprive Ternium from the advantages and expected synergies of acquisitions, or initiate investigations upon challenges brought by third parties. In addition, authorities or courts may change prior interpretations of applicable regulations or take a different view as to the application of certain requirements. In particular, in the case of acquisitions of listed companies, authorities may impose unexpected requirements that could result in incremental costs or financial obligations. For example, Ternium's acquisition of a participation in Usiminas in 2012 was challenged as to the applicability of certain tag-along tender offer requirements, resulting in a longstanding conflict that is still pending final resolution. For further information, see "Certain Regulatory Risks And Litigation Risks -Ternium faces a significant loss contingency in Brazil in connection with its acquisition of a participation in the control group of Usiminas", and note 25(i)(a) "Provision for ongoing litigation related to the acquisition of a participation in Usiminas", to our consolidated financial statements included in this annual report. Challenges to acquisitions or other investments, failure to obtain, or conditions imposed for the granting of, authorizations, or differing interpretations as to applicable regulation and requirements may block or delay transactions, or significantly increase transaction costs, which could have an adverse effect on our financial condition and results of operations.

The construction of Ternium’s new steel slab facility in Mexico could be delayed and its cost could increase, if the operations of certain suppliers of heavy equipment are disrupted by geopolitical risk or our commercial relationship with them is otherwise affected, adversely impacting Ternium’s growth opportunities and profitability.

We are building new steelmaking facilities in our industrial center in Pesquería, as part of our plan to advance the continued integration of our industrial system and reinforce our position as a leading steel supplier in the region. The project is expected to be completed in the fourth quarter of 2026. For information on significant investments, see Item 4. “Information on the Company—B. Business Overview—Our Business Strategy and —Capital Expenditure Program”.

The proper execution of this project relies, among other factors, on timely manufacturing, delivery and commissioning of the equipment ordered, or to be ordered, for these new facilities. The imposition of government requirements, sanctions or tariffs as a result of trade or other geopolitical conflicts may prevent some of our suppliers of heavy equipment from shipping the equipment, or may result in shipping delays, or may limit our purchases or payments of products to such suppliers, and we may not be able to promptly procure such equipment from an alternative facility of such supplier or from other suppliers, or we may be required to purchase equipment at increased prices, which could result in increased expenses and/or a delayed execution of our growth plans, adversely affecting Ternium’s profitability and net worth.

Ternium may be required to record a significant charge to earnings if it must reassess its goodwill, other amortizable intangible assets, investments in non-consolidated companies, property, plant and equipment and other long-lived assets, including deferred tax assets.

In accordance with IFRS, management must test our assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets subject to testing include goodwill, intangible assets, investments in non-consolidated companies, property, plant and equipment and other long-lived assets. In addition, management must test for impairment goodwill at least once a year, whether or not there are indicators of impairment. Management also must test deferred tax assets to assess its recoverability over time. IFRS requires Ternium to recognize a charge in an amount equal to any impairment.

We review periodically the recoverability of our investments. As of December 31, 2025, goodwill in connection with our Mexican subsidiaries amounted to \$662 million and the carrying value of our investment in non-consolidated companies amounted to \$563 million. If Ternium’s management determines in the future that the goodwill from its acquisitions, its investments in non-consolidated companies or the carrying value of its property, plant and equipment and other long-lived assets are impaired or if deferred tax assets are not recoverable, Ternium will be required to recognize a charge against earnings, which could materially adversely affect our results of operations and net worth.

In the past, Ternium recorded impairment charges several times. More recently, for example, in the fourth quarter of 2025, we recorded a \$19 million impairment charge of certain mining and fixed assets from Las Encinas. For further information on impairment charges, see notes 4(e)(2) and 4(f) to our consolidated financial statements included in this annual report.

In the third quarter of 2025, we assessed the recoverability of Usiminas’ accumulated deferred tax assets and recognized a \$405 million write-down of such deferred tax assets as an income tax charge. In addition, in the fourth quarter of 2025, we assessed the recoverability of Las Encinas’ accumulated deferred tax assets and recognized a \$23 million write-down of such deferred tax assets as an income tax charge. For further information on deferred tax assets write-downs, see note 11 to our consolidated financial statements included in this annual report.

Any further write-downs to or revaluation of Ternium’s assets or investments could have a material adverse effect on Ternium’s results of operations or net worth.

If Ternium does not comply with laws and regulations designed to combat corruption in countries in which it sells its products, it could become subject to fines, penalties or other sanctions and to private lawsuits, which may adversely affect Ternium’s sales and profitability.

We conduct our business in certain countries known to experience governmental corruption. Although Ternium is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that employees, representatives, associates or other persons may take actions that violate applicable laws and regulations that generally prohibit the offering or making of improper payments to any individual, including government officials, for the purpose of obtaining an undue benefit or undue advantage or keeping business, including laws relating to the 1997 Organization For Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business

Transactions such as the U.S. Foreign Corrupt Practices Act and other anti-corruption laws adopted by the main countries in which we operate (including Mexico, Argentina, the United States, Brazil and Colombia), which impose strict criminal liability on companies for corrupt practices undertaken by their employees or representatives. In addition, we cannot give any assurance that we will detect all illegal activity that may have been conducted before the acquisition at any acquired business, and which may result in successor liability or losses for Ternium.

Labor disputes could result in work stoppages and disruptions to Ternium's operations negatively impacting our results.

A substantial majority of Ternium's employees at its manufacturing subsidiaries are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to or during the negotiations leading to new collective bargaining agreements, during wage and benefits negotiations or, occasionally, during other periods for other reasons. Ternium's subsidiaries could also suffer plant stoppages or strikes if they were to implement cost reduction plans. From time to time, we take measures to increase competitiveness, and none of the measures taken in the past have resulted in significant labor unrest. However, we cannot assure that the labor situation will remain stable or that future measures will not result in labor actions against Ternium companies.

Labor conflicts in Mexican mining companies remain a concern, in some cases stemming from disputes over profit-sharing, known as PTU (Participación de los Trabajadores en las Utilidades), after the introduction in recent years of certain regulatory reforms. While Ternium's mining companies have not been subject to strikes, the possibility of labor conflicts cannot be ruled out if, for example, profitability declines and PTU-related payments weaken.

Any future stoppage, strike, disruption of operations or new collective bargaining agreements could result in lost sales and could increase our costs, thereby affecting our results of operations. For further information on the geographic distribution of employees, see Item 6. "Directors, Senior Management and Employees—D. Employees".

Changes in exchange rates or any limitation in Ternium's ability to hedge against exchange rate fluctuations could adversely affect Ternium's business and results.

Our operations expose us to the effects of changes in foreign currency exchange rates and changes in foreign exchange regulations. A significant portion of Ternium's transactions is carried out in currencies other than the U.S. dollar. As a result of this foreign currency exposure, exchange rate fluctuations impact Ternium companies' results as reported in their income statements and statements of financial position. In the ordinary course of business, Ternium companies may see fit to enter into exchange rate derivatives agreements to manage exposure to exchange rate changes. Future regulatory or financial restrictions in the countries where we operate may reduce our ability to manage our exposure to exchange rate fluctuations, and thus could cause an adverse impact on our results, financial condition or cash flows. For information concerning the effect of the changes in exchange rates on our business and results, see Item 5. "Operating and Financial Review and Prospects—Overview".

Cybersecurity threats could have a material adverse effect on Ternium's business and results of operations.

Ternium relies on information technology and operational technology systems to run its business and manufacturing operations. Digital technologies have an increasingly significant role across the business. Although we devote significant resources to protect our systems and data, and periodically monitor external developments and available information on threats and security incidents, we have experienced and we expect to continue to experience cybersecurity threats and incidents, including actual or potential unauthorized access to data and systems, attempts to compromise credentials or firewall infrastructure, malware and ransomware, loss or destruction of data, computer viruses, or other malicious code, phishing, spoofing and/or other cyberattacks. Cybersecurity threats and incidents often arise from numerous sources, many of which fall beyond our control, such as fraud or malice from third parties, including fraud involving business email, failures of computer servers or other accidental technological failure, electrical or telecommunication outages and may target us or our service providers.

Cybersecurity threats and incidents, such as phishing attacks, attempts to compromise user credentials, attempts to compromise firewall infrastructure, fake websites, impersonation and whaling, continued to increase throughout 2025 in number and sophistication. Experts agree that cyberattacks are increasing in sophistication and frequency, partly attributable to the rise in artificial intelligence, and call for a global response to cybersecurity threats, and regulators are placing increased focus on cybersecurity and its effects.

Cyber ecosystem risk is becoming more problematic. According to the World Economic Forum's 2025 Global Cybersecurity Outlook, weaknesses in supply chains are the biggest threat to cybersecurity mainly because companies often lack visibility into suppliers that may adopt lower security standards, spreading risks across the entire system. In

addition, geopolitical tensions and the rise of artificial intelligence are introducing new and more sophisticated risks. Regulations vary widely across countries, including requirements relating to the safeguarding, processing, and cross-border transfer of personal information and notifications of security incidents. Compliance obligations may increase over time and result in additional costs; non-compliance or a significant incident could result in governmental investigations, fines, penalties, or other sanctions. At the same time, the shortage of skilled cybersecurity professionals has become increasingly acute, particularly in relation to emerging technologies, such as artificial intelligence.

During 2025, we have not experienced any cybersecurity incident impacting business-critical IT systems that has had a material adverse effect on our financial condition or results of operations.

In this context, we continue to seek to improve cybersecurity controls, processes and procedures to monitor, detect, evaluate and respond to hacking, malware infection, cybersecurity compromise and other risks. In addition, we carry out cybersecurity awareness and ethical phishing campaigns aimed at protecting us against cyber threats. Given the rapidly evolving nature of cyber threats, there can be no assurance that the systems and measures that we have put in place to prevent or limit the effects of cyber incidents or attacks and the mitigation actions adopted in connection with such attacks will be sufficient to prevent or detect such incidents or attacks, or to avoid a material adverse effect on our systems. While we continue to attempt to mitigate these risks, there remains the risk of additional known or unknown threats, including theft, misplacement or loss of data, programming errors, employee errors and/or dishonest behavior that could potentially lead to the compromising of sensitive information, improper use of our systems or networks, as well as unauthorized access, use, disclosure, modification or destruction of such information, systems and/or networks.

The circumvention or breach of Ternium's systems and measures for protecting against cybersecurity risks could result in disruptions to its business and operations (including but not limited to, defective products, production downtimes or loss of productivity), access to financial reporting systems, loss of access to critical data or systems, misuse or corruption of critical data and proprietary information (including intellectual property and customer data), as well as damage to its reputation with customers and the market, failure to meet customer requirements, customer dissatisfaction and/or regulatory fines and penalties (including for inadequate protection of personal data and/or failure to notify the competent authorities for such breach) or other financial costs and losses. In addition, failure to adequately and timely monitor and evaluate our hardware and software systems and applications to prevent or manage technology obsolescence risks may result in increased costs, operational risk of service failure, and the loss of technology competitiveness and reputation.

Our dependence on third parties for certain services and technologies increases our exposure to cybersecurity and business interruption risk. Compromise of a supplier, contractor, cloud or software provider, or other external partner could adversely affect our systems or data, even if our own defenses are not directly breached. We may not always have the ability to prevent or mitigate such third-party incidents.

In addition, given that cybersecurity threats are increasing in frequency and sophistication, and techniques change rapidly, we may be required to devote additional resources in the future to enhance our protective measures or to investigate and/or remediate any cybersecurity vulnerabilities and there can be no assurance that our efforts will be sufficient to prevent or detect all threats or to avoid material adverse effects on our business, results of operations, cash flows, or financial condition. Ternium does not currently maintain cybersecurity insurance and the property damage and general liability insurance Ternium carries may not cover damage arising or resulting from cyber events or may not be adequate to cover all losses. Moreover, any investigation of a cyberattack would take time before completion, during which Ternium would not necessarily know the extent of the actual or potential harm or how best to remediate it, and certain errors or actions could be repeated or compounded before being duly discovered and remediated (all or any of which could further increase the costs and consequences arising out of any cyberattack).

Furthermore, in response to the increase in the number and sophistication of ransomware attacks, regulatory agencies in the U.S. and other jurisdictions have implemented regulations to prevent victims from making ransomware payments and to deter third parties from facilitating or processing such payments to cyber actors, which could limit our ability to respond to certain attacks (such as ransomware attacks) in the manner we might otherwise consider.

For information regarding Ternium's cybersecurity risk management and strategy, see Item 16K. "Cybersecurity".

The physical risks resulting from climate change, including extreme weather conditions and shifts in weather patterns may adversely impact Ternium's business, results of operations and net worth.

Ternium's business has been, and in the future could be, affected by severe weather conditions in areas where operations are carried out, which could materially damage our production facilities and general infrastructure or affect the normal course of business, and result in a material adverse effect on Ternium's financial results. Extreme weather events and natural disasters, such as hurricanes, cyclones, droughts, floods and fires could affect businesses' operations, workforce, markets, infrastructure, raw materials and assets. For example, in 2024, a power outage caused

by a supercell storm disrupted operations at Ternium's San Nicolás unit in the Buenos Aires province, Argentina. In addition, in the last few years, low water levels at the Paraguay and Paraná waterways disrupted on several occasions the supply of iron ore from Brazil's iron ore mines in the Pantanal Region (Mato Grosso do Sul state) to Ternium Argentina, requiring from time to time the procurement of higher-cost iron ore from alternative sources and an increase of iron ore inventories.

The communities surrounding our main operation sites in Argentina, Brazil and Mexico are vulnerable to flooding due to extreme weather events. For example, in the past, certain operations in Brazil and Argentina experienced intense rainfall affecting personnel access to the facilities. In addition, Mexico has experienced both intensified drought and episodes of extreme rain tied to tropical systems, each challenging access and logistics. As Ternium Mexico's facilities are located in water stressed areas, its operations in the country could be affected by water shortages and/or increased water costs, including as a result of measures taken by local governments to prevent or deal with critical situations caused by severe droughts. For example, in response to severe droughts affecting the Monterrey metropolitan area in 2022, authorities imposed emergency measures to protect drinking water supply and suspended new freshwater use concessions.

Extreme weather conditions can also disrupt Ternium's supply chain. For example, in 2024, Hurricane Beryl disrupted vessel traffic at the Port of Brownsville by diminishing the water level at the port. This negatively affected the supply of slabs to Ternium's processing facilities in Mexico for approximately two months, which in turn impacted our shipments of finished steel products.

Extreme weather events and natural disasters could result in damage to property, delays in production or shipments and, in extreme cases, death or injury to persons. Any of the foregoing could create liability for Ternium.

Changing weather patterns may prompt governments to introduce regulations that limit access to critical resources. For example, in Mexico, in December 2025, a new law was enacted that resulted in significant changes to the management and distribution of water, including restrictions on the transfer of water concessions. The Mexican government has also launched a national plan to tackle water scarcity that, among other initiatives, is reviewing water concessions. Although these measures did not have a significant impact on Ternium's operations to date, future changes to water allocation or pricing in Mexico, or elsewhere, could adversely affect Ternium's operations and financial condition.

Additionally, the effects of climate change, such as changes in precipitation patterns, sustained high temperatures and heat waves, and rising sea levels may result in increased operating costs or capital expenditures, due to supply shortages or damage to facilities, personnel evacuation, increased insurance premiums or reduced availability of insurance, decreases in revenue derived from lower sales, the potential for power reliability constraints during heat events resulting in disruption of operations or lower production levels, negative impact on workforce and write-offs and/or early retirement of assets, all of which could adversely affect our financial condition, results of operations and cash flows.

Although Ternium maintains business interruption, property damage and general liability insurance, the amount of insurance is contingent upon the specific type of climate risk involved and may be less than the related loss.

Risks Relating to the Mining Activities

Ternium Mexico has equity interests in two iron ore mining companies located in Mexico: a 100% interest in Las Encinas and a 50% interest in Consorcio Peña Colorada S.A. de C.V. ("Consorcio Peña Colorada"). In addition, Usiminas holds a 70% equity interest in Mineração Usiminas, a mining company located in Brazil. For information related to the risks of doing business in Mexico and Brazil see "Risks Relating to the Countries in Which Ternium Operates". In addition, Ternium's mining activities are subject to the following risks:

Operational accidents and unexpected natural catastrophes may damage the environment, destroy properties and affect production or cause injuries and death, which would adversely impact Ternium's operations and profitability, and result in material liabilities.

Las Encinas, Consorcio Peña Colorada and Mineração Usiminas carry out extractive, processing and logistical operations. Liabilities associated with such mining activities include those resulting from tailings and sludge disposal, effluent management, iron ore pulp and fines transportation, and rehabilitation of land disturbed during the mining processes. The operations involve the use, handling, storage, discharge and disposal of hazardous substances and bulk material, and the use of natural resources. The iron ore mining industry is generally subject to significant risks and hazards, including environmental pollution, such as spilling or emissions of polluting substances or other hazardous materials; operational incidents, such as open-cut pit wall failures, rock falls, tailings dam breaches or incidents from the storage, transportation or use of explosives; transportation incidents, involving mobile equipment or machinery,

slurry pipes and cable transportation; and may also be subject to unexpected natural catastrophes including heavy rain and hurricanes and, in Mexico, high seismic activity. This could result in environmental damage, damage to or destruction of properties and facilities, personal injury or death, and delays in production. For example, in January 2022, unusually heavy rains damaged internal roads and drainage systems, affecting Mineração Usiminas' iron ore production and shipments during that month.

Tailings dams at our mining operations meet the strictest international seismic standards. However, additional investments may be approved and implemented if deemed necessary based on observations or recommendations from our own assessments or from leading consultants engaged periodically. Notwithstanding the foregoing, we cannot guarantee that failures or breaches will not occur in any tailings dam even when meeting the strictest international seismic standards. For further information, see Item 4. "Information on the Company - B. Business Overview - Mining".

Mineração Usiminas, Las Encinas and Consorcio Peña Colorada may also be subject to claims under federal and local laws and regulations for air pollution, toxic torts, natural resource damages and other damages, as well as for the investigation and clean-up of soil, surface water, sediments, groundwater and other natural resources. Claims for damages and reclamation may arise out of current or former conditions at sites that Ternium owns, leases or operates or at inactive sites that it currently owns, leased-land sites and third-party waste disposal sites. We may be held responsible for other sites in the future. Ternium also could be subject to litigation for alleged bodily injuries arising from claimed exposure to hazardous substances allegedly used, released, or disposed of by Ternium. Environmental damages caused by mining operations may result in costs and liabilities that could materially and adversely affect Ternium's margins, cash flow and profitability. Third-party claims based on environmental or physical damage may exceed the limit of liability of the insurance policies that Ternium may have in place.

Governmental concessions could be subject to changes or termination; permits and rights of use and occupancy could be difficult to obtain or maintain and taxes or royalties applicable to the mining industry could increase, all of which could adversely affect Ternium's mining activities and operating costs.

Mining activities are subject to specific regulations and depend on concessions and authorizations granted by governmental authorities. Increased government intervention or amendments to applicable laws and regulations as well as claims or legal actions from native or local communities or other third parties, may alter the terms pursuant to which mining companies are required to pursue exploration, mining and ore processing activities. Selected mining technologies, additional infrastructure requirements, new taxes and/or royalties may be imposed on mining activities, leading to unexpected capital expenditures, higher costs or a reduction in mineral reserves and/or resources.

In 2023, a reform to the Mexican Mining Law, National Waters Law, and related environmental statutes tightened requirements across the mining life cycle, including: awarding concessions exclusively through public bidding; shortening concession terms; mandating prior consultation with Indigenous and Afro-Mexican communities; imposing additional closure, tailings, and financial assurance obligations; and strengthening cancellation, transfer, and collateral rules. Although such reforms have not had a significant impact on Ternium's mining operations in Mexico, future regulatory changes may adversely affect Ternium's operations and financial condition, the full impact of which we cannot assess or predict.

Iron ore exploration and exploitation concessions in Brazil and Mexico as well as water concessions in Mexico may be revoked if the competent government authorities determine that mining companies have not complied with their obligations under the respective concession terms and agreements. If the security situation in Mexico worsens in its mining areas, Ternium may be unable to comply with the requirements to maintain its mining concessions.

Furthermore, the exploration and exploitation of mines require securing rights to use and occupancy of surface land. Although regulations frequently include mechanisms intended to facilitate access to such rights, in some cases it may be difficult to reach and maintain agreements with native or local communities or landowners, or such agreements may be excessively onerous.

If Las Encinas, Consorcio Peña Colorada or Mineração Usiminas cannot secure surface rights on acceptable terms, their mining activities may be compromised.

Ternium's reserve and resource estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves and resources uneconomical to mine or cause Ternium to revise its reserve or resource estimates.

Mineral reserves and resources are estimated quantities of ore that Ternium has determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and resources and in projecting potential future rates of mineral production, including factors beyond our control. Reserve and resource calculations involve estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve and resource estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Reserve and resource estimates also depend on assumptions relating to the economic viability of extraction, which are established through the application of a life of mine plan for each operation or project providing a positive net present value on a forward-looking basis, using forecasts of operating and capital costs based on historical performance, with forward adjustments based on planned process improvements, changes in production volumes and in fixed and variable proportions of costs, and forecasted fluctuations in costs of raw material, supplies, energy and wages. These forecasts and projections involve assumptions and estimations that, although Ternium believes are reasonable at the time of estimating its reserves and resources, may change in the future and may fail to anticipate geological, environmental or other factors or events that could make it difficult or unprofitable to mine certain ore deposits.

For further information on Ternium's resource and reserve estimations see Item 4. "Information on the Company - B. Business Overview - Mining - Iron Ore Mineral Reserves and Resources".

In addition, our reserve and resource estimates are of in-place material after adjustments for mining depletion and mining losses and recoveries, with no adjustments made for metal losses due to processing. As a result, no assurance can be given that the indicated amount of ore will be recovered from our reserves and resources, or that it will be recovered at the anticipated rates, or that extracted ore will be converted into saleable production over the mine life at levels consistent with its reserve and resource estimates. Reserve or resource estimates may vary in the future, and results of mining and production subsequent to the date of an estimate may lead to future revisions of estimates. Estimates of mine life may require revisions based on actual production figures, changes in reserve and resource estimates and other factors. For example, fluctuations in the market prices of minerals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates, mining duties or other factors may affect Ternium's mine life projections. Certain reserves and resources may have a low level of projected profitability. If market price fluctuations or changes in operating and capital costs increase the cost to explore, locate, extract and process iron ore, making it uneconomical to mine, we may be required to lower our reserve or resource estimates. In addition, the mining of certain reserves and resources depend on our ability to reach agreements with local communities, the failure of which could result in a decrease in reserve and resource estimates.

Exploration activities are subject to uncertainties as to the results of such exploration; even if the exploration activities result in the discovery of ore deposits, the effective exploitation of such deposits remains subject to several risks.

Exploration activities are highly speculative, involve substantial risks and may be unproductive. Ternium may incur substantial exploration costs that may not yield the expected results. Failure to find sufficient and adequate ore resources could adversely affect our business. In addition, even if ore deposits are discovered, exploitation activities may be delayed for a long time during which market conditions may vary. Significant resources and time must be invested to establish ore resources through exploration, define the appropriate processes, obtain environmental licenses, concessions and permits (including water usage permits), acquire land, build the necessary facilities and infrastructure for greenfield projects and obtain the ore or extract the metals from the ore. If a project is not economically feasible by the time it can be exploited, we may incur substantial write-offs.

Inability to complete activities required to maintain iron ore and pellets production rates over time could negatively affect the mining segment's net sales.

Mining requires continuous investment and activities to sustain production rates such as the design of mining projects, the granting of environmental permits, the development of iron ore reserves and/or tailings dams, and the successful execution of civil works. For example, Mineração Usiminas must construct dry stacking deposits, which involve securing permits for new stockpile areas and filtered waste facilities. Similarly, Consorcio Peña Colorada is required to develop a dry stacking facility.

In addition, a large share of Mineração Usiminas' iron ore reserves and resources are made of an iron ore quality called "Compactos", which cannot be processed in its current facilities or may be processed at substantially lower rates.

Processing “Compactos” iron ore at a rate similar to or higher than current processing rates, would require significant capital expenditures in new equipment and facilities. If Mineração Usiminas does not approve or fails to timely develop the project, or fails to obtain the required governmental approvals or to secure key supply agreements on reasonable terms, including for logistics and energy services, Mineração Usiminas’ iron ore shipments will stop once the reserves of other iron ore qualities are depleted.

If Las Encinas, Consorcio Peña Colorada or Mineração Usiminas are unable to complete activities required to maintain iron ore production rates over time, the mining segment’s net sales and operating results could be negatively affected.

Expected costs and capital expenditure requirements for exploration, exploitation or restoration activities may vary significantly and affect Ternium’s financial condition and expected results of operations.

Ternium may be subject to increased costs or delays relating to the acquisition of equipment for the exploration and exploitation of ore deposits, or restoration of exhausted mines. Moreover, we may face increasing costs or capital expenditure requirements related to several factors, including changes in environmental regulations, diminished iron ore reserve grades, deeper pits and operational sections of our mines, iron ore deposits within the pit area that are more difficult to locate or extract, additional maintenance works in dams, tailings and waste piles, and ponds, and increased energy supply requirements that may be difficult to obtain. Adverse mining conditions and other factors related to the operation of the mine and mining facilities during their life cycle, whether permanent or temporary, may lead to a significant increase in projected capital expenditures and costs and may affect our ability to produce the expected quantities of mineral, negatively affecting our financial condition and expected results of operations.

Difficulties or disturbances in the relationship with local communities may adversely affect Ternium’s mining activities and results of operations, and increasing violence and crime in Mexico could result in temporary or even permanent shutdown of our Mexican mining operations.

Local communities, groups or individuals living or owning land near the areas where we operate may take actions to oppose or interfere with our mining activities. Even if a community has an agreement in place with Ternium, internal disputes within that community could result in blockades to disrupt our mining operations or iron ore transportation, or in legal proceedings to suspend mining activity. Although we make significant efforts to maintain good relationships with all communities, actions taken by them (or by interest groups within those communities), including requesting the authorities to revoke or cancel concessions or permits, may hamper our ability to conduct mining activities as planned, prevent us from complying with agreements or commitments with the government, or significantly increase the cost of exploring and/or exploiting the mines, thereby adversely affecting our business and results of operations.

Mexico

In the past, Ternium’s mining operations in Mexico have faced actions by certain native or local communities demanding higher compensation or other benefits, and some seeking to stop mining activities. Although attempted legal actions have not succeeded, under Mexican law judges can preemptively suspend environmental or other permits or concessions and take certain other measures to protect the “ejidos” (land jointly owned by native communities) until the claim is resolved. An adverse court decision suspending or revoking permits, or a blockade or occupation of our facilities, could adversely impact Ternium’s mining activities and results of operations.

In recent years, violence in Mexico has intensified, including in the region where Ternium’s mining operations are located. In the municipality of Aquila, where Las Encinas carries its main mining operations, security has worsened due to criminal groups seeking territorial control and the exploitation of economic resources. In addition, in 2022, a long-standing internal dispute between two differentiated groups of a native community prevented the election of community representatives and stirred a great deal of turmoil. In January 2023, two main community leaders went missing, which triggered a still ongoing investigation by the Attorney General’s office. The ensuing crisis forced Las Encinas to keep its main mining operation idled during the first half of 2023. Similarly, the Jalisco area, where Consorcio Peña Colorada operates, is not exempt from the presence of criminal groups and, consequently, security has also deteriorated in such region.

If violence and conflict persist or escalate in the regions where Ternium has its mining operations, Ternium’s mining activities in Mexico may be partially or totally suspended, or even permanently shut down.

Risks Relating to the Structure of Ternium S.A.

Changes in applicable tax regulations and resolutions of tax disputes could negatively affect our financial results.

Ternium is subject to tax laws in multiple jurisdictions where it operates. The integrated nature of Ternium's worldwide operations can give rise to conflicting views from tax authorities as to the allocation of taxable profits among jurisdictions, including in relation to transfer pricing. Most of the jurisdictions in which Ternium operates have adopted double tax treaties, which provide a framework for mitigating the risk of double taxation on Ternium's results. However, in cases of double taxation, outcomes remain uncertain due to potential divergent interpretations across jurisdictions, and the available dispute resolution mechanisms to address conflicting claims can be very lengthy.

In recent years, tax authorities have increased their scrutiny of corporate tax filings. Following the 2015 OECD Base Erosion and Profit Shifting (BEPS) Action Plan addressing issues of base erosion transparency, coherence and substance, most of the countries in which Ternium operates implemented anti-avoidance measures and enhanced transparency rules.

In the European Union the Anti-Tax Avoidance Directive, or ATAD, was adopted in 2016, followed by ATAD II, aimed at preventing tax avoidance and ensuring that taxes are paid where profits are generated and economic activities take place.

In 2019, the OECD launched a two-pillar initiative aimed at addressing profit shifting through a global tax framework. Pillar One seeks to allocate taxing rights to jurisdictions where consumption takes place, while Pillar Two introduces a global minimum taxation standard, as well as new tax dispute resolution processes. Pillar One remains under discussion and its implementation timeline is uncertain. The European Union adopted in 2022 the Pillar Two directive, introducing a global minimum taxation regime for multinational groups, which became effective for Ternium in 2024. The United States, in 2025, withdrew its support for the OECD Global Tax Deal, rejecting key provisions of the agreement.

Ternium's interpretation of tax laws may differ from those of tax authorities. Adverse determinations may result in additional taxes, penalties or interest, negatively affecting our profitability and financial condition. Significant uncertainty remains as to the adoption of new regulations that might result from ongoing initiatives like those launched by the OECD and the EU in relation to international taxation that may increase effective tax rates, compliance costs, and controversy risk, and could negatively impact our financial condition, results of operations and cash flows.

Dividend payments depend on the results of operations and financial condition of Ternium S.A.'s subsidiaries and could be affected by legal, contractual or other limitations or tax changes.

Ternium S.A. is a holding company and conducts its operations through subsidiaries. Dividends or other intercompany transfers of funds from those subsidiaries are Ternium S.A.'s primary source of funds to pay expenses, debt service and dividends and to repurchase shares or ADSs.

The ability of our subsidiaries to pay dividends and make other payments to shareholders will depend on their results of operations and financial condition. If earnings and cash flows of our operating subsidiaries are substantially reduced, Ternium S.A. may not be in a position to meet its operational needs or pay dividends. In addition, dividends and other payments could be restricted by applicable corporate and other laws and regulations, including those imposing foreign exchange controls or restrictions on the transfer of money to foreign accounts or the payment of dividends, and agreements and commitments of such subsidiaries. For example, Argentine regulations have significantly impaired Ternium Argentina's ability to transfer dividends abroad and, therefore, since 2022 Ternium Argentina has resorted to the payment of dividends in kind using U.S. dollar-denominated Argentine sovereign bonds and other securities. For information on exchange controls in Argentina, see note 30(i) "Foreign exchange restrictions in Argentina" of Ternium's audited consolidated financial statements included in this annual report; and "—Risks Relating to the Countries in Which Ternium Operates – Argentina: Exchange controls in Argentina could negatively impact Ternium Argentina's operations, preventing Ternium from importing raw materials, paying dividends or transferring cash surpluses abroad, as a result of its inability to access the foreign exchange market".

Ternium S.A.'s ability to pay dividends to shareholders is subject to legal and other requirements and restrictions in effect at the holding company level. For example, Ternium S.A. may only pay dividends out of net profits, retained earnings and distributable reserves and premiums, each as defined and calculated in accordance with Luxembourg law and regulations. In addition, dividend distributions (which are currently imputed to a special tax reserve and are therefore not subject to Luxembourg withholding tax) may be subject to Luxembourg withholding tax if current Luxembourg tax law were to change or if the special tax reserve were to be exhausted.

Ternium S.A.'s controlling shareholder may be able to take actions that do not reflect the will or best interests of other shareholders.

As of February 27, 2026, San Faustin beneficially owned 65.03% of Ternium S.A.'s share capital and Tenaris, which is also controlled by San Faustin, held 11.46% of Ternium S.A.'s shares and voting rights. Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, (RP STAK), holds voting rights in San Faustin sufficient in number to control San Faustin. As a result, RP STAK is indirectly able to elect a substantial majority of the members of Ternium S.A.'s board of directors and has the power to determine the outcome of most actions requiring shareholder approval, including, subject to the requirements of Luxembourg law, the payment of dividends. The decisions of the controlling shareholder may not reflect the will or best interest of other shareholders. In addition, Ternium S.A.'s articles of association permit its board of directors to waive, limit or suppress preemptive rights in certain cases. Accordingly, Ternium S.A.'s controlling shareholder may cause its board of directors to approve in certain cases an issuance of shares for consideration without preemptive rights, thereby diluting the minority interest. See "Risks Relating to Ternium S.A.'s ADSs – Holders of shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases".

Existence of other shareholders in Ternium S.A.'s subsidiaries and associates could delay or prevent us from completing our strategy.

Ternium S.A. does not own 100% of the interests in certain of its subsidiaries. As of February 27, 2026, 26.0% of Ternium Argentina was held by the Administración Nacional de la Seguridad Social, or ANSeS, Argentina's governmental social security agency, and 11.4% was publicly held. In addition, 23.9% of Usiminas' ordinary shares and 98.1% of its preferred shares were publicly held. Furthermore, Ternium holds a 51% ownership interest in Tenigal (with NSC holding the remaining 49%); a 50% equity interest in Consorcio Peña Colorada (with ArcelorMittal holding the remaining 50%); and a 48% equity interest in Techgen. The existence of other shareholders in these companies could prevent Ternium from taking actions that, while beneficial to the company, might not be beneficial to each relevant subsidiary or associate considered separately. As a result, Ternium could be delayed or prevented from completing its strategy or fully maximizing its competitive strengths.

Risks Relating to the Countries in Which Ternium Operates

Negative economic, political, social and regulatory developments in certain markets where a significant portion of Ternium's operations and assets are located could disrupt its manufacturing activity, hurt Ternium's shipment volumes or prices, or increase its costs, thereby adversely affecting its results of operations and financial condition.

Ternium's results of operations are subject to the risks of doing business in emerging markets, principally in Mexico, Brazil and Argentina, and have been, and could in the future be, affected from time to time to varying degrees by economic, political, social, regulatory and legal developments, such as nationalization, expropriation, or forced divestiture of assets; restrictions on production, domestic sales, imports and exports; travel or trade bans; interruptions in the supply of essential energy inputs; restrictions on the exchange or transfer of currency; inability or increasing difficulties to repatriate income or capital or to make contract payments; inflation; devaluation; or other events, including wars and other international conflicts, natural disasters, chronic climate changes and public health epidemics; civil unrest and local security concerns that threaten the safe operation of its facilities and operations; direct and indirect price controls; tax increases and changes (including retroactive) in the interpretation, application or enforcement of tax laws and other claims or challenges; cancellation of contract rights; and delays or denial of governmental approvals. Both the likelihood of such occurrences and their overall effect upon Ternium vary greatly from country to country and are not predictable. Realization of these risks could have an adverse impact on the results of operations and financial condition of Ternium's subsidiaries located in the affected countries and, depending on their materiality, on the results of operations and financial condition of Ternium as a whole.

Mexico

Ternium has significant manufacturing operations and assets in Mexico and a significant share of its sales are made to customers in this country. In addition, a significant portion of Ternium's sales in Mexico are directed to the Mexican manufacturing industry, which in turn exports a large share of its production to the U.S. market. Our business could be materially and adversely affected by economic, political, social and regulatory developments in Mexico.

Political, economic and social conditions, and increased government intervention in Mexico could negatively impact Ternium's business and results of operations.

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation and other economic problems. Furthermore, the Mexican economy tends to be affected by changes in the economic environment in the United States, including changes to trade conditions. In addition, actions and policies adopted by the Mexican government could have a significant impact on the economy and market conditions affecting Ternium's operations in Mexico.

During 2024, the Mexican Congress approved constitutional reforms aimed at restructuring the judicial system and increasing state control over key sectors, including energy, telecommunications, and natural resources. The implementation and interpretation of these reforms, as well as any related legislative or regulatory actions, may create uncertainty for businesses operating in Mexico. It is uncertain whether the Mexican federal government or its decentralized agencies will introduce further energy market reforms or adopt measures that could adversely affect the Mexican economy, our operations and the operations of Techgen, which supplies electricity for most of our Mexican operations. Certain reforms in areas such as labor and environmental policy have been flagged as potential risks to the operating climate, and investment projects in sectors including energy and telecoms face delays amid uncertainty over reform rollouts. In addition, security conditions and logistics pose additional operational risks.

A deterioration in Mexico's economy, the re-emergence of social instability or political unrest, increased government intervention, exchange-rate and financial market volatility, energy supply constraints, or other adverse political, economic or social development, could adversely affect our business, results of operations, financial condition or liquidity. Adverse economic conditions in Mexico could also result in higher inflation and interest rates coupled with reduced opportunities for funding or refinancing, reduced domestic consumption of our products, decreased operating results and delays in the completion of ongoing and future capital expenditures.

Violence and crime in Mexico could negatively impact Ternium's business and operations.

Mexico continues to face high levels of violent crimes. Security issues could affect our day-to-day operations and could also result in an economic slowdown, reducing domestic demand for Ternium's products and thereby adversely affecting our business. A deterioration of the security situation or an increase in violent crimes could result in significant obstacles or additional costs to the implementation of our growth plans in Mexico, including delays in the completion of capital expenditures. Notably, the regions where Ternium's mining operations are located remain subject to a high level of violent crime, which has resulted in a continued deterioration of security conditions in the region. For more information on the events affecting our mining operations in Mexico, see "– Risks Relating to Ternium's Mining Activities – Difficulties in relationships with local communities may adversely affect Ternium's mining activities and results of operations, and increasing violence and crime in Mexico could result in temporary or even permanent shutdown of Ternium's Mexican mining operations."

Changes in existing trade arrangements between Mexico and the United States and controversies or disputes between USMCA member countries could adversely impact Ternium's results of operations and net results.

Mexico maintains a significant trade relationship with the United States through the USMCA, which over time has fostered regional supply-chain integration contributing to Mexican economic growth. However, a wave of U.S. trade measures against several of its trading partners in 2025, including Mexico, has created significant uncertainty.

Early in 2025, the U.S. government imposed a 25% tariff under Section 232 of the Trade Expansion Act on virtually all steel and steel derivative imports, revoking previously negotiated country-specific exemptions and quota arrangements. Section 232 of the U.S. Trade Expansion Act authorizes the imposition of trade measures on imports of certain goods that are considered to threaten national security. In June 2025, the U.S. government increased Section 232 tariffs on steel products and a wide range of derivative steel products from 25% to 50%.

The U.S. also expanded Section 232 measures beyond steel. In April 2025, the U.S. government imposed a 25% Section 232 tariff on imported automobiles manufactured outside the United States, also covering critical auto parts, including engines, transmissions, powertrain components, and electrical systems, and in November 2025 imposed a 25% Section 232 tariff on imported medium- and heavy-duty trucks and their parts and a 10% tariff on buses. Vehicles and parts that meet USMCA requirements are subject to this tariff only on their non-U.S. content and for auto parts, the tariff will apply once the government implements a formal process to exempt U.S.-origin content. Mexico is the seventh largest vehicle manufacturer worldwide, and a large share of Mexican manufactured vehicles are sold into the U.S. market. These measures could make U.S. produced steel more attractive for Ternium's industrial customers in Mexico and could adversely affect demand for Ternium's steel products in the country.

In addition, in 2025, the U.S. government imposed tariffs under the International Emergency Economic Powers Act (IEEPA), on those products imported from Mexico and Canada that do not meet USMCA preferential rules of origin and on a wide range of imported goods from various other jurisdictions. These tariffs were rescinded on February 24, 2026, following a U.S. Supreme Court decision invalidating the use of the IEEPA to authorize these tariffs. On that same date, the U.S. government implemented a new, temporary, 10% global tariff on all countries pursuant to Section 122 of the Trade Act of 1974.

In March 2026, the U.S. government announced investigations under Section 301(b) of the Trade Act of 1974 into alleged unfair trade practices and excess production by Mexico and 15 other jurisdictions. If the investigation finds that the jurisdiction engaged in unfair trade practices, the United States Trade Representative has the authority to impose tariffs, among other measures.

This surge in U.S. trade measures and its associated unpredictability is affecting market prices and dynamics, supply chains and cost structures and, together with other potential trade measures, could result in a prolonged or escalated trade conflict.

Moreover, the first USMCA joint review is scheduled for July 1, 2026, allowing the three member countries to assess the agreement and propose revised terms. Unless the parties agree to an extension, the USMCA would expire in 2036. The parties have already engaged in preliminary consultations to identify priorities, resolve trade differences, and submit joint strategies before the formal joint review begins. Amendments to, or the termination of, current trade agreements between Mexico and the United States could materially and adversely affect Ternium's shipments, results of operations and financial condition.

The introduction of U.S. tariffs on Mexican exports has reduced competitiveness of Mexican products in the U.S. market, adversely affecting several of Ternium's customers and, consequently, Ternium's steel shipments in the country. In addition, uncertainty surrounding trade rules and the status and results of the USMCA 2026 review process has discouraged foreign investment in Mexico. In this context, Mexico's apparent steel demand decreased by approximately 10% year-over-year in 2025.

Should the United States and Mexico fail to reach a new trade agreement on reasonable terms, economic activity in Mexico could be further weakened, negatively impacting Ternium's business and financial condition.

Argentina

A significant portion of Ternium's sales are made in Argentina mainly through its subsidiary, Ternium Argentina. Ternium Argentina's business could be materially affected by economic, political, social, fiscal and regulatory developments in Argentina. For more information on Ternium's sales in Argentina, see Item 4. "Information on the Company—B. Business Overview —Sales—Southern Region."

Economic and political conditions in Argentina, which on several occasions resulted in economic uncertainties and recession, may adversely affect Ternium's business, financial condition and results.

Ternium's business and results of operations in Argentina depend on local macroeconomic conditions, among other factors. Over the past years, the Argentine economy and capital investment have been affected by political, economic and financial uncertainties as well as government intervention in, or limitations to, the conduct of business in the private sector and other government measures affecting investors' confidence. Steel shipments to the Argentine domestic market were severely affected in different opportunities over the last decades.

Critical reforms, including tax reforms, are required to modernize the regulatory framework and strengthen competitiveness. It remains uncertain whether such reforms will be implemented and whether they would achieve their intended effects.

Argentina confronts a demanding debt maturity schedule alongside limited international reserves at the Central Bank. While the country has benefited from external support, including the International Monetary Fund's Extended Fund Facility and swap arrangements with the United States and China, adverse political or economic developments could impair the country's capacity to refinance its debt, which could significantly worsen Argentina's economic conditions.

Ternium's business and results of operations in Argentina could be adversely affected by rapidly changing economic, political and social conditions in Argentina, or by the Argentine government's policy response to such conditions.

Inflation may undermine economic growth in Argentina and impact Ternium's costs, thereby adversely affecting its results of operations and financial position.

Argentina has a history of high and volatile inflation rates, which in the past, have undermined the Argentine economy and the government's ability to stimulate economic growth. Consumer price inflation in Argentina, as reported by INDEC, the Argentine statistics and census bureau, was 211% in 2023, 118% in 2024 and 32% in 2025. A high inflation economy has undermined and could continue to undermine Argentina's foreign competitiveness in international markets and negatively affect economic activity and employment levels. Argentine inflation rate volatility makes difficult to predict the extent to which future economic conditions may impact the activity levels and results of operations of Ternium Argentina.

Taxes on Argentine companies have been increasing over time; a further increase of the tax burden could adversely affect Ternium's results of operations, net results and financial condition.

In the past, the sustained and significant devaluation of the Argentine peso against the U.S. dollar coupled with high inflation rates resulted in a material reduction of the real value that Ternium Argentina could deduct as cost of sales or cost of financial investments for tax purposes, thus creating artificial gains that were subject to income tax. Inflation adjustment for tax purposes is limited and subject to significant restrictions. For example, inflation adjustment of inventories and other current assets is permitted only if the consumer price inflation rate surpasses 100% in a 36-month period up to the close of the relevant fiscal year and, in the past, inflation adjustment has been further limited. If inflation rates remain high and limitations to inflation adjustment are reinstated, Ternium Argentina could be subject to increased tax burden. Furthermore, because inflation adjustment of cash positions generated during the current fiscal year is not permitted, high nominal interest rates, which are normally expected in high inflation scenarios, materially overstate the financial income of such cash positions for tax purposes.

In 2023, a federal tax agency resolution limited several taxpayers' ability to request tax credit refunds. Consequently, Ternium Argentina started to systematically accumulate value added and income tax credits, which reached \$154 million, as of December 31, 2024. Although such resolution was repealed early in 2025, and Ternium Argentina has been able to gradually reduce such tax credits, we cannot ensure that the federal tax agency will not adopt similar resolutions or measures in the future having the effect of collecting taxes in excess of applicable tax rates, thus increasing Ternium Argentina's tax burden. As of December 31, 2025, accumulated value added and income tax credits amounted to \$26 million.

Other federal, provincial and municipal taxes on Ternium Argentina's operations have been imposed or increased over the last years, including the introduction of a tax on dividend distributions, which is still effective, and the introduction of a tax on the purchase of foreign currency for the payment of imports of certain raw materials and intermediate goods, which was subsequently lifted in December 2024. Moreover, the Municipality of Ramallo, where Ternium Argentina's San Nicolás unit is located, has repeatedly increased the safety and hygiene supervision levy to levels that Ternium believes were disproportionate to the services actually provided.

Ternium cannot predict whether future legislation, or any new tax regime or reform could result in a further increase of the tax burden on its operations in Argentina, which would adversely affect Ternium's results of operations, net results and financial condition.

Exchange controls in Argentina could negatively impact Ternium Argentina's operations, preventing Ternium from importing raw materials, paying dividends or transferring cash surpluses abroad, as a result of its inability to access the foreign exchange market.

From time to time, Argentina has taken measures to reduce the volatility of the ARS/\$ exchange rate and has implemented formal and informal restrictions on capital inflows and outflows. Between September 2019 and December 2023, the government imposed significant restrictions on foreign exchange transactions. The Milei administration has lifted many of the restrictions and further deregulation is expected. However, as of the date of this annual report the scope and timing of pending changes towards a more flexible foreign exchange regime remain unknown. For more information on our foreign exchange restrictions in Argentina, see note 30(i) "Foreign exchange restrictions in Argentina" to our consolidated financial statements included in this annual report.

Foreign exchange controls currently restrict companies from purchasing and transferring foreign currency abroad for saving purposes, limiting Ternium Argentina's ability to hold excess cash reserves in foreign bank accounts. Accordingly, Ternium Argentina holds its cash and financial investments in the Argentine financial system. As of December 31, 2025, Ternium Argentina's cash and cash equivalents and other investments amounted to \$803 million, a large portion of which consisted of U.S. dollar-denominated sovereign bonds issued by the Argentine government and payable in U.S. dollars. In the past, Argentine sovereign bonds showed a significant level of volatility.

In the past, Argentine authorities limited the import of goods and services by controlling the access to the foreign exchange market, negatively affecting the operations of Ternium Argentina, its customers and suppliers. Although such restrictions have been lifted by the current administration, Ternium cannot assure that imports of goods or services are not limited or conditioned again in the future, which would adversely affect Ternium's sales and net results.

Access to the official exchange market is permitted for payment of dividends out of results for fiscal years as of 2025. However, access to the official exchange market for dividend payments out of results for fiscal years preceding 2025 continues to require prior Argentine Central Bank approval, which is seldom, if ever, granted.

If the current administration does not further relax currency controls or if currency control systems are tightened or reinstated, local demand for steel products and/or Ternium Argentina's operations or sales could be adversely affected, Ternium Argentina could be exposed to the risk of losses arising from fluctuations in the ARS/\$ exchange rate, and Ternium Argentina's ability to make payments to foreign suppliers or creditors (which could disrupt Ternium Argentina's operations), pay dividends or royalties abroad, or fund investments or other activities offshore could be impaired.

Brazil

Ternium has significant manufacturing operations and assets located in Brazil and holds a majority stake in the control group of Usiminas, one of Brazil's leading steel producers. Ternium also owns Ternium Brasil, a company that has a slab making facility in Rio de Janeiro and exports most of its production, primarily to other Ternium subsidiaries. Ternium's results and net worth could be materially and adversely affected by economic, political, social, fiscal and regulatory developments, as well as security concerns in Brazil.

Changing economic policies and political conditions in Brazil, which on several occasions in the past resulted in economic uncertainty, recession and political instability, may occur in the future, thereby adversely affecting Ternium's business results and financial condition.

The Brazilian economy has been characterized by frequent and occasionally extensive intervention by the Brazilian government, including changed monetary, taxation, credit, tariff and other policies to influence the course of the country's economy. The Brazilian government's actions to control inflation and implement other policies have involved hikes in interest rates, wage and price controls, foreign exchange controls and devaluation, freezing of bank accounts, capital controls and restrictions on imports. Such policies may adversely affect our results of operations, net worth and financial condition.

The Brazilian economy has been affected by inflation, energy shortages, illiquid lending markets and other political, diplomatic, social and economic developments. Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected public and investor confidence, which resulted in economic deceleration. For example, Brazil has experienced heightened economic and political instability derived from various investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the Lava Jato investigation, which negatively impacted the Brazilian economy and political environment and contributed to a decline in market confidence in Brazil. In addition, operational risks in Brazil include challenges related to infrastructure, supply chain disruptions, and labor disputes. Companies also face risks related to strikes and labor disputes, which can disrupt operations and lead to financial losses.

The Brazilian judicial system is known for its procedural delays and the unpredictability of outcomes. Companies often face lengthy judicial, arbitral, and administrative proceedings, which can be further complicated by the possibility of appeals and the need for judicial guarantees; and the enforcement of judicial decisions may be challenging.

Uncertainty over whether the Brazilian government will change policies or regulations affecting economic, political or social factors may contribute to economic instability in Brazil. We cannot predict whether political instability will arise in the future nor its effect on the Brazilian economy and, consequently, on the results of operations and financial conditions of our businesses in Brazil.

Taxes on Brazilian companies have been increasing over time; a further increase of the tax burden could adversely affect Ternium's results of operations, net results and financial condition.

Brazilian companies operate within a complex and evolving tax environment characterized by frequent regulatory changes and high compliance costs. Over recent years, the overall tax burden on corporations in Brazil has steadily increased, driven by adjustments in federal, state, and municipal tax regimes.

Changes in tax laws and regulations at federal, state and municipal level, such as the ongoing tax reform debates and recent legislation imposing a tax on dividends, can result in increased tax liabilities and compliance costs, creating uncertainties for businesses.

In recent years, the government of the Rio de Janeiro state, where Ternium Brasil's plant is located, has implemented measures that have effectively increased the tax burden on businesses, particularly through adjustments in the ICMS (Imposto sobre Circulação de Mercadorias e Serviços), service taxes, and sector-specific levies. These changes reflect the state's efforts to address fiscal imbalances and generate additional revenue. A further increase in taxation at the state level could materially and adversely affect Ternium's results of operations and net results.

In addition, tax disputes can result in substantial financial liabilities and require extensive legal resources to resolve. We cannot predict whether the new tax regime would result in a net tax burden increase for our operations in Brazil. Any increase in the applicable tax burden or tariffs would affect our consolidated cash flow and profitability. Also, tax disputes are a common source of legal uncertainty for Brazilian companies. The interpretation of tax laws by authorities can vary, leading to disputes over tax liabilities. In the past, Ternium's Brazilian subsidiaries faced several tax-related legal challenges, including disputes over the collection of federal, state and municipal taxes, transfer pricing, and the deductibility of certain expenses.

Ternium cannot predict whether future legislation, or any new tax regime or reform could result in a further increase of the tax burden on its operations in Brazil, which would adversely affect Ternium's results of operations, net results and financial condition.

Inflation may undermine economic growth in Brazil and impact Ternium's costs, which could adversely affect its results of operations and financial position.

High levels of inflation have in the past undermined the Brazilian economy and the government's ability to stimulate economic growth. Our results of operations and financial position could be negatively impacted, as BRL-denominated costs (mainly labor-related costs) may increase, thereby affecting cost-competitiveness. Inflationary pressures may also lead to the imposition of additional government policies to combat inflation and hinder access to Brazilian capital markets, which could adversely affect the business and the ability to finance operations and capital expenditures, making it impossible to estimate with reasonable certainty our future results of operations.

Certain Regulatory Risks and Litigation Risks

Ternium faces a significant loss contingency in Brazil in connection with its acquisition of a participation in the control group of Usiminas.

Ternium is party to a longstanding lawsuit filed in Brazil by Companhia Siderúrgica Nacional ("CSN") and various entities affiliated with CSN against Ternium Investments, Ternium Argentina, and Tenaris's subsidiary, Confab, all of which compose the T/T Group under the Usiminas shareholders agreement. The entities named in the CSN lawsuit acquired a participation in Usiminas in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition or BRL28.8 and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group. Ternium Investments and Ternium Argentina's respective shares in the offer would be 60.6% and 21.5%.

The first court dismissed CSN's lawsuit in September 23, 2013, the court of appeals affirmed the first court's decision in February 2017 and the Superior Court of Justice (SCJ) rejected CSN's appeal in March 2023, but, in June 2024, the SCJ reversed by majority its 2023 decision, ordering Ternium Investments, Ternium Argentina and Confab to pay CSN an indemnification in connection with the acquisition by the T/T Group of a participation in Usiminas in January 2012, allowing CSN to keep its Usiminas shares. In August 2024, the T/T Group filed a motion for clarification against the SCJ decision, which was partially denied and partially granted in December 2024. The SCJ amended the monetary adjustment mechanism and capped attorney's fees, thereby lowering the aggregate amount that would be payable if CSN ultimately prevails in the claim. During 2025, Ternium filed a number of appeals, including appeals to the Supreme Federal Tribunal. The Company cannot predict the ultimate resolution on the matter. For further information see note 25(i)(a) "Provision for ongoing litigation related to the acquisition of a participation in Usiminas", to our consolidated financial statements included in this annual report.

International trade actions or regulations and trade-related legal proceedings could adversely affect Ternium's sales and revenues and the overall business.

International trade-related administrative proceedings, legal actions and restrictions pose a constant risk for international operations and sales throughout the world. Our steel processing activities require steel products, including significant quantities of steel slabs, from different foreign steel suppliers for our operations in Mexico, Colombia, Argentina and Brazil. These countries may impose or increase duties on steel products imports, thereby increasing Ternium's production costs.

On the other hand, trade liberalization, including through free trade agreements and government policy, can reduce certain input costs and increase access to foreign markets. However, greater trade liberalization in the domestic markets in which we participate increases competition. For example, during 2024, the Argentine government took several measures to streamline the import of goods, which resulted in an increase of unfairly traded imports of manufactured products affecting Ternium's customers in the steel value chain.

International markets have faced heightened uncertainty in 2025 amid significant shifts in the global trade framework, especially those originating in the United States. This situation has particularly affected the Mexican market, where industrial supply chains are deeply integrated with those of the United States. U.S. trade measures have weakened steel demand in Mexico in 2025 and may continue to do so. Newly imposed or threatened import restrictions in other jurisdictions may prompt trade diversion into other steel markets in Latin America. Such diversion could put downward pressure on local prices and volumes in key markets for us, including Brazil and Argentina, and diminish business opportunities for local industrial manufacturers, thus weakening economic activity and reducing demand for Ternium's products.

In addition to tariff policies, trade-related measures can increase our operating risk. For example, in April 2025 the U.S. government, following a Section 301 investigation into China's maritime sector, imposed fees on maritime transportation services on Chinese-owned, operated, flagged and built vessels. Although this action was suspended, effective November 10, 2025, for one year, if reinstated or expanded it could eventually elevate freight and insurance costs, lengthen delivery lead times, or alter routing options thereby affecting Ternium's cost structure in the medium to long term.

In recent years, steel exports from China have surged as a consequence of weaker domestic demand. At the same time, the number of antidumping, countervailing, safeguard measures and other trade restrictive actions against Chinese steel exporters has risen substantially, prompting Chinese steel exporters to seek alternative markets for their products. For example, flat steel imports in Brazil surged approximately 40% in 2023, 10% in 2024 and 30% in 2025, mainly due to the import of low-priced Chinese steel products. In response, the Brazilian government has recently imposed antidumping tariffs on certain Chinese steel imports. For more information on Brazilian tariffs, see Item 4. "Information on the Company-B. Business Overview Regulations-Trade Regulations". Continued increases in steel imports under unfair trade conditions could erode our sales in domestic markets. Any resulting market share losses may not be fully offset by increased exports to other markets, which could adversely affect our results of operations.

Countries or regional blocs may impose restrictive import duties and other restrictions on imports under trade laws, such as national security, environmental and intellectual property regulations. For example, Ternium has been affected by U.S. tariffs on steel imports under Section 232 of the Trade Expansion Act of 1962, which have altered trade flows and relative pricing in North America. For more information on U.S. tariffs, see Item 4. "Information on the Company-B. Business Overview Regulations-Trade Regulations", and "Risks Relating to the Countries in Which Ternium Operates – Mexico - "Changes in existing trade arrangements between Mexico and the United States and controversies or disputes between USMCA member countries could adversely impact Ternium's results of operations and net results".

In addition, Mexico has raised tariffs on imports from countries with which it does not have free trade agreements. If any of the products imported by Ternium Mexico, such as steel slabs, were to fall within the scope of these raised tariffs, our cost of goods sold could rise, supply optionality could narrow and our sales and operating results would be negatively affected. Other governments may also adopt, renew, expand or reinterpret tariffs, quotas, import licensing, minimum price regimes, standards-based barriers, carbon-related border adjustments or sanctions that restrict trade in steel or steelmaking inputs, impact logistics and customs clearance or introduce delays and compliance burdens.

The timing, scope and nature of trade-related restrictions potentially affecting our sales and those of our customers are unpredictable. Tariffs and trade restrictions on exports could adversely impact our or our customers' ability to sell products and, as a result, the overall business and our profit margins and financial condition could suffer. Antidumping and countervailing duties, as well as safeguard measures can prevent or severely limit exports to relevant markets, require the posting of cash deposits, result in retroactive duty assessments, and create prolonged uncertainty given

periodic administrative reviews and scope determinations. Several export destinations that are relevant to Ternium, such as the United States, have imposed safeguard duties and other protective measures on a wide range of steel products. Domestic producers have filed petitions seeking antidumping and/or countervailing duties against steel imports. Some of these actions have led, or may lead, to restrictions on our steel products sales in certain steel markets and result in lower profit margins. For example, in 2025 the U.S. Department of Commerce issued final affirmative antidumping and countervailing duty determinations concerning imports from ten countries, including Brazil and Mexico, resulting in the imposition of duties on certain corrosion-resistant steel products. Additional investigations, duty orders or extensions and changes to existing measures are largely unpredictable and could further limit our access to or growth in certain markets, increasing costs and reducing our sales volumes and profitability.

The cost of complying with environmental regulations, potential product and environmental liabilities in a context of increasing environmental awareness, as well as governmental measures driven by social pressure to address environmental concerns, may affect Ternium's steel production or processing operations, or may increase Ternium's operating costs, negatively impacting Ternium's business, financial condition, results of operations and prospects.

Steelmaking and mining activities are subject to a wide range of local, provincial and national laws, regulations, permit requirements and decrees relating to the protection of human health and the environment, including laws and regulations relating to hazardous materials and radioactive materials and environmental protection governing air emissions, water discharges and waste management due to the risks inherent in the steel and mining industries. Over the past several years, environmental requirements have become more complex and stringent, leading to higher compliance costs. Future changes in applicable standards, permit conditions or enforcement practices, as well as the adoption of new policies or technologies, could require additional investments or operating adjustments, increase costs, or constrain production.

We are required to obtain and maintain certain permits, licenses and authorizations from local, provincial or federal authorities for purposes of conducting operations. Failure or delay to obtain or renew such permits, licenses or authorizations, or to comply with their terms, may result in delays, fines, penalties, closure orders or requirements to halt or curtail our operations, negatively affecting our results.

Environmental laws and regulations in some jurisdictions impose strict liability for damages to natural resources or threats to public health and safety without regard to negligence or fault. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. Such laws and regulations may expose Ternium to liability for the conduct of, or conditions caused by, third parties or for actions that complied with applicable laws at the time they were performed adversely affecting our business, financial condition, results of operations and prospects.

Our sites and operations may also be subject to claims under federal and local laws and regulations on liability arising from damages to natural resources, release of toxic substances or other environmental damages, as well as claims for the investigation and clean-up of soil, surface water, sediments, groundwater and other natural resources. Claims for damages may arise from current conditions or from historical activities at active or inactive sites that Ternium currently owns, leases or operates or at leased-land sites and third-party waste disposal sites. We may also face claims alleging exposure to hazardous substances allegedly used, released, or disposed of by Ternium. Environmental damages caused by steel and mining operations may result in costs and liabilities that could materially and adversely affect Ternium's margins, cash flow and profitability. Third-party claims for environmental or physical damages may not be fully covered by the insurance policies that Ternium may have in place or such insurance coverage may be subject to exclusions (including gross negligence or willful misconduct), or may be contested by insurers, canceled or otherwise unavailable.

In addition, increasing public awareness on environmental matters put pressure on governmental authorities to adopt measures or take initiatives that show concern for such matters, including by inspecting, monitoring or sanctioning local industries. We face risks from administrative proceedings and litigation alleging noncompliance with applicable laws, regulations or permits, which may be shaped by political or social pressures and driven by public policy agendas focused on environmental concerns. The use of state power and the legal system to promote such agendas can result in significant financial liabilities and operational disruptions. Even if we comply with environmental regulations, we cannot assure that governmental authorities will not request Ternium to suspend or close its operations, which would disrupt production, adversely affecting Ternium's business and results of operations. For example, the city and metropolitan area of Monterrey in Nuevo León, Mexico, evidence unsatisfactory air quality indexes most days of the year, mainly because of human factors and an arid surrounding soil enclosed by hills. From time to time, particularly when the quality of the air is below acceptable rates, public opinion focuses on this matter and Ternium's local operations become subject to further scrutiny. In January 2024, in response to media's intense coverage of air quality issues in Monterrey and public opinion focus on the matter, the local authority inspected our Guerrero steelmaking

facility. Although authorities concluded that the plant was in compliance with air emissions standards, air pollution remains a subject of local concern. More recently, the Mexican Federal Environmental Protection Office (Profepa) National Water Commission (Conagua) ordered a temporary closure of the wastewater discharge of Ternium Mexico's plant in Puebla alleging incompliance with water discharge permits and made certain unfounded allegations against Ternium Mexico. While Ternium Mexico maintains programs and practices designed to promote compliance with all applicable environmental and regulatory requirements and this measure has not had a material adverse impact on Ternium Mexico's operations, this situation evidences the risk of disruption to our operations arising from increased governmental intervention and the adoption of sanctioning measures influenced by social and political pressures.

While we incur and will continue to incur expenditures to comply with applicable laws and regulations, there always remains a risk that environmental incidents or accidents may occur that may negatively affect our operations or reputation, trigger investigations or litigation resulting in an obligation to pay damages or incur remediation costs, or that governmental authorities or a court order requests Ternium to suspend or close its operations.

Some of the activities for which Ternium supplies products, such as production of food cans, construction and the automotive industry, are subject to inherent risks that could result in death, personal injury, property damage or environmental pollution, and result in product liability risks that could extend to liability for damages caused by such products. Furthermore, products are also sold to, and used in, certain safety-critical appliances. Actual or claimed defects in such products may give rise to claims for losses suffered by customers and expose Ternium to financial losses from claims for damages. The insurance we maintain will not be available in cases of gross negligence or willful misconduct. In other cases, our insurance may not be adequate or available to cover a claim, its coverage may be limited, canceled or otherwise terminated, and the amount of insurance may be less than the loss incurred or the resulting impact on our enterprise value.

Climate change legislation and increasing climate regulatory requirements aimed at transitioning to a lower-carbon economy, together with increasing stakeholder expectations for reduced carbon emissions, could result in unexpected capital expenditures and costs, negatively affect Ternium's competitiveness, reducing its market share and results of operations, and hampering its ability to access adequate financial resources.

Regulatory, investor, customer, and social scrutiny of greenhouse gas (GHG) emissions and climate-related impacts has increased in many jurisdictions. Governments and regulators in multiple jurisdictions have adopted, or are considering adopting, laws, regulations and policies aimed at reducing emissions, promoting the transition to a lower-carbon economy and expanding climate and sustainability-related disclosures. Government initiatives include carbon taxes or carbon-pricing systems (including the CBAM), "cap-and-trade" systems (like the E.U. Emissions Trading System) and measures promoting renewable energy sources, or electric vehicles. These regulations are complex, evolving and, in some cases, inconsistent or conflicting across jurisdictions, increasing compliance burdens, costs, and legal risks. Climate-related regulatory uncertainty, including changes to disclosure regimes and emissions-related requirements, may further increase compliance complexity and costs. In addition, governments may adopt more stringent or abrupt policy, legal, technological, or market measures to meet climate objectives.

The Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Parliament and subsequently approved by the Council of the EU in November 2022. The CSRD introduced detailed sustainability reporting requirements for large listed companies, requiring them to regularly disclose information on their environmental, social, and governance impact. However, certain EU member states, including the Grand Duchy of Luxembourg, did not transpose the CSRD into national law by the required deadline. On February 26, 2025, the European Commission put forward the Omnibus I and Omnibus II simplification packages, aimed at reducing administrative burdens, cutting red tape, and boosting EU competitiveness in the sustainability regulatory framework. Omnibus I proposed substantive amendments to the CSRD and to the Corporate Sustainability Due Diligence Directive, significantly narrowing their scope and simplifying reporting obligations. Omnibus II complemented these efforts by targeting simplifications to the CBAM and the InvestEU Regulation. On February 24, 2026, the Council of the EU gave its final approval to the Omnibus I package, formally signing off on the simplification of sustainability reporting and due diligence requirements. EU Member States are required to transpose the CSRD-related amendments into national law by March 19, 2027.

Ternium's industrial system includes two main technological routes to produce steel: the blast furnace/basic oxygen furnace route (BF/BOF) and the direct reduction/electric arc furnace route (DRI/EAF). The BF/BOF route has a significantly higher carbon emission intensity than the DRI/EAF route. Although several initiatives and pilot projects seek to significantly reduce the BF/BOF route carbon emission intensity, no technology has yet achieved sufficient readiness level, nor is there any technology available at scale or economically feasible. There is no assurance that such technologies will be available on the timelines, costs, or performance levels necessary to meet evolving policy requirements or market expectations.

Ternium is developing several projects aimed at reducing carbon emission intensity. These projects could experience delays or higher-than-anticipated costs or may not yield the expected results. In addition, the adoption of any new technology could require significant investments and could potentially lead to a reduction in the useful life of current equipment and the recognition of losses from accelerated depreciation. These issues affect most steel companies, as the BF/BOF route currently represents more than 70% of global steelmaking production capacity.

Ternium's steel production costs could be affected by initiatives from government or international organizations to reduce GHG emissions, including carbon taxes or carbon-pricing systems, "cap-and-trade" systems or other measures to avoid carbon leakage or promote the use of renewable energy sources.

In 2013, Mexico approved carbon taxing rules applicable to fossil fuels (setting a zero tax on natural gas) and in 2019 the government implemented a pilot program for the adoption of an Emissions Trading System aimed at reducing GHG emissions, by setting a cap on emissions and allowing for the trade of emission certificates. For the time being, the regulation for setting such system or determine allowances has not been fully implemented.

In addition, several Mexican state governments where Ternium operates have either established or are in the process of introducing carbon taxes on top of those imposed under the federal tax regime and the Emissions Trading System. For instance, in October 2024, Monclova proposed a tax on GHG emissions generated within the state, and in April 2025, Puebla introduced a similar initiative. Later, in November 2025, Nuevo León advanced a proposal to broaden the scope of local carbon taxation. As of the date of this annual report, the potential impact of these or other future legislative changes may have on Ternium's operations and profitability cannot be determined.

In Argentina, the 2017 tax reform introduced a tax on certain fossil fuels, excluding natural gas, with exemptions for metallurgical coal and petrochemical coke when used as inputs in an industrial process, other than for energy generation. Effective March 2018, the tax on fossil fuels is scheduled to increase 10% annually until 2028, when it is expected to reach an average of approximately \$10 per ton of carbon dioxide equivalent emitted.

Although existing carbon pricing mechanisms do not currently materially limit or penalize our GHG emissions, new carbon pricing mechanisms could increase our production costs.

The Brazilian Congress approved an initiative to introduce an emission trading scheme for industry processes and power generation facilities. If implemented in a manner applicable to Ternium Brasil's and Usiminas' operations, this scheme could result in additional costs and adversely affect our profitability and net results.

If progress in significantly reducing emissions in the coming years is deemed insufficient, or if emerging technologies to reduce carbon emission intensity of the BF/BOF do not become commercially available or economically viable, the likelihood of abrupt policy interventions may increase as governments may attempt to meet their environmental goals by adopting policy, legal, technology, and market changes in the potential transition to a low-carbon global economy. In addition to incremental production costs, the adoption of new climate change legislation in the countries in which we operate could result in higher production and compliance costs, unexpected capital expenditures, constraints on certain processes or products, and adverse effects on our competitiveness, market share, and results of operations. Furthermore, shifts in customer preferences and failure to respond to stakeholders' demand for climate-related measures and environmental standards could adversely affect the ability or willingness of our customers or suppliers to do business with us, harm our reputation, erode stakeholder support, and restrict or reduce access to financial resources.

Risks Relating To Ternium S.A.'s ADS

The market price for Ternium S.A.'s ADS could be highly volatile.

Volatility in the price of Ternium S.A.'s ADS may be caused by factors within or outside of its control and may be unrelated or disproportionate to Ternium's operating results. In particular, the announcement of potentially adverse developments, such as proposed regulatory changes, new government investigations or the commencement or threat of litigation against Ternium, as well as the announcement of transactions, investments, or changes in strategies or business plans of Ternium or its competitors, could adversely affect the trading price of Ternium S.A.'s ADS, regardless of the likely outcome of those developments. Broad market and industry factors could adversely affect the market price of Ternium S.A.'s ADS, regardless of their actual effect on operating performance. The trading price of Ternium S.A.'s ADSs could also suffer as a result of developments in emerging markets. Although Ternium S.A. is organized as a Luxembourg corporation, it has substantial assets with operations in Mexico, Brazil, Argentina and Colombia. Financial and securities markets for companies with a substantial portion of their assets and exposure in Latin America are, to varying degrees, influenced by political, economic and market conditions in emerging market countries. Although market conditions are different in each country, investor reaction to developments in one country

can have significant effects on the securities of issuers with assets and exposure in other emerging markets, including Mexico, Brazil, Argentina and Colombia. See “Risks Relating to the Countries in Which Ternium Operates.”

Holders of shares or ADSs may not have access to as much information about Ternium S.A. as they would in the case of a U.S. domestic issuer.

There may be less publicly available information about Ternium S.A. than is regularly published by or about U.S. domestic issuers. Also, corporate and securities regulations governing Luxembourg companies may not be as extensive as those in effect in other jurisdictions, and U.S. securities regulations applicable to foreign private issuers, such as Ternium S.A., differ in certain respects from those applicable to U.S. domestic issuers. Furthermore, IFRS, the accounting standards in accordance with which Ternium S.A. prepares its consolidated financial statements, differ in certain material aspects from U.S. GAAP. For a summary of the significant ways in which Ternium S.A.’s corporate governance practices differ from the corporate governance standards required for domestic companies by The New York Stock Exchange (“NYSE”), see Item 16.G “Corporate Governance.”

Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders.

Certain shareholders’ rights under Luxembourg law, including the right to participate and vote at general meetings of shareholders, to include items on the agenda for the general meetings of shareholders, to receive dividends and distributions, to bring actions, to examine books and records and to exercise appraisal rights may not be available to holders of ADSs, or may be subject to restrictions and special procedures for their exercise, as holders of ADSs only have those rights that are expressly granted to them in the deposit agreement. The Bank of New York Mellon, or BNY Mellon, as depositary under the ADS deposit agreement, through its custodian agent, is the registered shareholder of the deposited shares underlying the ADSs and therefore only the Depositary can exercise the shareholders’ rights in connection with the deposited shares. For example, if Ternium S.A. makes a distribution in the form of securities, the Depositary is allowed, at its discretion, to sell the right to acquire those securities on your behalf and to instead distribute the net proceeds to you. Also, under certain circumstances, such as Ternium S.A.’s failure to provide the Depositary with voting materials on a timely basis, you may not be able to vote at general meetings of shareholders by giving instructions to the Depositary. If the Depositary does not receive voting instructions from the holder of ADSs by the prescribed deadline, or the instructions are not in proper form, then the Depositary shall deem such holder of ADSs to have instructed the Depositary to vote the underlying shares represented by ADSs in favor of any proposals or recommendations of Ternium S.A. (including any recommendation by it to vote such underlying shares on any given issue in accordance with the majority shareholder vote on that issue) for which purposes the depositary shall issue a proxy to a person appointed by Ternium S.A. to vote such underlying shares represented by ADSs in favor of any of proposals or recommendations of Ternium S.A. Under the ADS deposit agreement, no instruction shall be deemed given and no proxy shall be given with respect to any matter as to which Ternium S.A. informs the Depositary that (x) it does not wish such proxy given, (y) substantial opposition exists, or (z) the matter materially and adversely affects the rights of the holders of ADSs.

Holders of shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases.

Pursuant to Luxembourg corporate law, existing shareholders of Ternium S.A. are generally entitled to preferential subscription rights (preemptive rights) in the event of capital increases and issues of shares against cash contributions. Under Ternium S.A.’s articles of association, the board of directors has been authorized for a five-year period to waive, limit or suppress such preemptive subscription rights. The validity period of such authorization will expire in May 2030. Notwithstanding the waiver of any preemptive subscription rights, for as long as the shares of Ternium S.A. are listed on a regulated market, any issuance of shares for cash within the limits of the authorized share capital shall be subject to the preemptive subscription rights of existing shareholders, except (i) any issuance of shares for, within, in conjunction with or related to, an initial public offering of the shares of Ternium S.A. on one or more regulated markets (in one or more instances); (ii) any issuance of shares against a contribution other than in cash; (iii) any issuance of shares upon conversion of convertible bonds or other instruments convertible into shares of Ternium S.A.; provided, however, that the preemptive subscription rights of the then-existing shareholders shall apply in connection with any issuance of convertible bonds or other instruments convertible into shares of Ternium S.A. for cash; and (iv) any issuance of shares (including by way of free shares or at discount), up to an amount of 1.5% of the issued share capital of Ternium S.A., to its directors, officers, agents, employees, its direct or indirect subsidiaries or its affiliates (collectively the “Beneficiaries”), including without limitation, the direct issuance of shares or upon the exercise of options, rights convertible into shares or similar instruments convertible or exchangeable into shares, issued for the purpose of compensation or incentive of the Beneficiaries or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit). For further details, see Item 10. “Additional Information—B. Memorandum and Articles of Association”.

Holders of ADSs in the United States may, in any event, not be able to exercise any preemptive rights, if granted, for shares underlying their ADSs unless additional shares and ADSs are registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, with respect to those rights or an exemption from registration requirements of the Securities Act is available. Ternium S.A. intends to evaluate, at the time of any rights offering, the costs and potential liabilities associated with the exercise by holders of shares and ADSs of the preemptive rights for shares, and any other factors it considers appropriate at the time, and then to make a decision as to whether to register additional shares. Ternium S.A. may decide not to register any additional shares, requiring a sale by the Depositary of the holders' rights and a distribution of the proceeds thereof. Should the Depositary not be permitted or otherwise be unable to sell preemptive rights, the rights may be allowed to lapse with no consideration to be received by the holders of the ADSs.

It may be difficult to obtain or enforce judgments against Ternium S.A. outside Luxembourg.

Ternium S.A. is a société anonyme organized under the laws of the Grand Duchy of Luxembourg, and most of its assets are located in other jurisdictions. Furthermore, most of its directors and officers reside in other jurisdictions. As a result, investors may not be able to effect service of process upon Ternium S.A. or its directors or officers. Investors may also not be able to enforce against Ternium S.A. or its directors or officers in the investors' domestic courts, judgments predicated upon the civil liability provisions of the domestic laws of the investors' home countries. Likewise, it may be difficult for investors not domiciled in Luxembourg to bring an original action in a Luxembourg court predicated upon the civil liability provisions of other securities laws, including U.S. federal securities laws, against Ternium S.A., its directors or its officers. There is also uncertainty with regard to the enforceability of original actions of civil liabilities predicated upon the civil liability provisions of securities laws, including U.S. federal securities laws, outside the jurisdiction where such judgments have been rendered; and enforceability will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction.

Item 4. Information on the Company

Overview

Ternium is a leading steel producer in the Americas, providing advanced steel products to a broad range of manufacturing industries and the construction sector. We continue to invest in steelmaking technologies to support improvements in operational efficiency and reduce emissions intensity. We also support the development of our communities, especially through educational programs.

We operate with a firm commitment to excellence in the environmental and energy performance of our plants in order to improve operational efficiency and to contribute positively to the communities where we operate. Our energy efficiency program drives continuous improvement in operational performance. In addition, we collaborate across our value chain to analyze and implement initiatives that reduce the carbon footprint of all operations.

At Ternium, the health and safety of our people is of paramount importance. We are committed to providing a safe workplace while promoting well-being and healthy lifestyles. We have standardized management systems and make significant investments in safety projects. We train our employees and our suppliers' personnel, ensuring alignment with our safety vision and objectives.

We provide our employees with opportunities to grow and reach their full potential. A comprehensive range of training programs supports innovation, continuous improvement, and excellence in performance. We are committed to compliance with all applicable anti-discrimination laws.

We recognize that the success of our industrial project is intrinsically linked to the inclusive development and growth of neighboring communities. Ternium has funded, built and manages two technical schools that provide advanced technical education. The company runs community programs focused on education, offering scholarships and internships for students, and training activities for teachers. We contribute to improving school infrastructure through funding, construction projects, and volunteer activities. Beyond education, we sponsor artistic, social, and sporting events, reinforcing our commitment to community engagement.

We strive to differentiate ourselves from competitors through the excellence and quality of our products, services, and processes, as well as through the professionalism of our people. Our focus remains on the continuous improvement of our plants and processes, alongside the development of cutting-edge technologies and superior products.

Transparency in management and communication is a core value in our relationships with employees, customers, suppliers, and neighboring communities. We are committed to building a culture of transparency and integrity in everything we do, supported by robust policies, codes of conduct and procedures designed for this purpose. As part of

this commitment, our Business Conduct Policy training program is mandatory for all personnel, ensuring alignment with our values and reinforcing ethical practices across the organization.

Ternium contributes to the United Nations Sustainable Development Goals (SDGs). We report progress toward our objectives using internationally recognized standards, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the guidelines of worldsteel. We also follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate-related reporting.

The company monitors stakeholder needs through tailored interaction formats. Engagement with employees includes meetings, surveys, and annual performance evaluations. Management leads quarterly presentations with Q&A sessions, while our annual Safety Day features meetings dedicated to operational safety topics.

We work closely with customers and suppliers to strengthen the steel value chain, with the ProPymes program serving as a cornerstone for open dialogue and long-term partnerships. We use various tools to gather valuable insights into supplier priorities and concerns, participate in sustainability surveys and client audits, and provide performance information to platforms such as Carbon Disclosure Project and EcoVadis.

Our industrial plants communicate with local communities, sharing relevant information with neighbors, the media and other interested constituencies. Management holds regular presentations to community leaders to share updates on the company's outlook and address their concerns.

We maintain regular communication with shareholders in compliance with applicable regulations, focusing on performance, outlook and other matters of interest.

We actively participate in industry associations, promoting collaboration, exchange of best practices, and development of steel industry standards.

A. History and Development of the Company

The Company

Ternium S.A. is a *société anonyme* organized under the laws of the Grand-Duchy of Luxembourg established on December 22, 2003. Its registered office is located at 26 Boulevard Royal – 4th floor, L-2449 Luxembourg. Its agent for U.S. federal securities law purposes is Ternium U.S.A. Incorporated, located at 2200 West Loop South, Suite 945, Houston, TX 77027, United States.

Ternium

Ternium's origins began in September 1961 with the founding of Propulsora Siderúrgica ("Propulsora") by San Faustin's predecessor in Argentina. Propulsora began its operations as a producer of cold-rolled coils in December 1969 and in the early 1990s began to evolve through a series of strategic investments aimed at transforming Propulsora into an integrated steel producer. In 1993, Propulsora merged with Aceros Paraná S.A. (a company formed by the Argentine government in connection with the privatization of Sociedad Mixta Siderúrgica Argentina ("Somisa"), at that time the main integrated producer of flat steel in Argentina) and three other affiliated steel industry companies. After the merger, Propulsora changed its name to Siderar, and later to Ternium Argentina. San Faustin held a controlling interest in Siderar, with the remainder being held mainly by Usiminas, certain former employees of Somisa, and public investors.

In December 1997, a consortium formed by San Faustin, Ternium Argentina, Usiminas, Hylsamex S.A. de C.V. ("Hylsamex"), and Siderurgica Venezolana S.A. ("Sivensa"), won the bid in the privatization of a controlling interest in Sidor C.A. ("Sidor"), the largest steel company in Venezuela.

As part of a multiple-step corporate reorganization in 2005, San Faustin reorganized its investments in steel manufacturing, processing and distribution businesses by contributing to Ternium S.A. San Faustin's controlling interests in Ternium Argentina and other subsidiaries, in exchange for shares of Ternium S.A. In addition, Usiminas and Sivensa exchanged their interests in Ternium Argentina, Sidor and other subsidiaries for shares of Ternium S.A. In 2005, we acquired, together with Ternium Argentina, an indirect 99.3% interest in the Mexican company Hylsamex and its subsidiaries.

On January 11, 2006, Ternium S.A. launched an initial public offering of 24,844,720 ADSs, each representing 10 shares, in the United States, and subsequently granted the underwriters of Ternium S.A.'s initial public offering an option to purchase up to 3,726,708 additional ADSs to cover over-allotments in the sale of the ADSs.

On December 28, 2006, Ternium acquired an additional 4.85% interest in Ternium Argentina from CVRD Internacional S.A., thereby increasing our ownership interest in Ternium Argentina to 60.93%.

On April 29, 2007, Ternium acquired Grupo Imsa through a cash tender offer and a cash redemption. Grupo Imsa was renamed Ternium Mexico and, effective March 31, 2008, Hylsamex merged with and into Ternium Mexico. In connection with this merger, Ternium Argentina acquired, and currently holds, a 28.73% participation in Ternium Mexico.

In April 2008, the National Assembly of Venezuela declared Sidor of public and social interest, and authorized the Venezuelan government to expropriate the company and its assets. On May 7, 2009, Ternium completed the transfer of its entire 59.7% interest in Sidor to Corporación Venezolana de Guayana, a Venezuelan state-owned entity.

On August 25, 2010, Ternium completed the acquisition of a 54% ownership interest in Ferrasa and, indirectly, in its wholly-owned Colombian subsidiaries, Siderúrgica de Caldas S.A.S. and Perfilamos del Cauca S.A.S. On April 7, 2015, Ternium acquired the remaining 46% minority interest in Ferrasa. Through this investment, Ternium expanded its business and commercial presence in Colombia. In 2017, Ferrasa was renamed Ternium Colombia.

In November 2010, Ternium and NSC established Tenigal, with each company holding 51% and 49% participations, respectively. Tenigal completed the construction of a hot dip galvanizing plant in the vicinity of Monterrey City, Mexico, which commenced production in the third quarter of 2013. Tenigal was designed to produce high grade and high quality galvanized and galvanized automotive steel sheets, including outer panel and high strength qualities.

On January 16, 2012, Ternium S.A.'s subsidiaries, Ternium Investments and Ternium Argentina (together with its wholly-owned subsidiary Prosid Investments S.A., or "Prosid", and Ternium S.A.'s affiliate, Confab Industrial S.A., a subsidiary of Tenaris, or TenarisConfab), joined the existing control group of Usiminas, a leading steel company in the Brazilian flat steel market, through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively, and formed the so-called Ternium/Tenaris (T/T) Group.

On October 30, 2014, Ternium Investments acquired 51.4 million additional ordinary shares of Usiminas. On April 20, 2016, Ternium Investments subscribed to 7.0 million preferred shares of Usiminas and Ternium Argentina, together with Prosid, subscribed to an aggregate 1.5 million preferred shares of Usiminas. On July 19, 2016, Usiminas' extraordinary general shareholders' meeting homologated a capital increase, and Ternium Investments acquired 62.6 million additional ordinary shares, and Ternium Argentina and Prosid acquired an aggregate 13.8 million additional ordinary shares.

On September 7, 2017, Ternium S.A. acquired a 100% ownership interest in thyssenkrupp Slab International B.V or tkSI, and its wholly-owned subsidiary CSA from thyssenkrupp AG, or tkAG. Through this investment, Ternium significantly expanded its steel slabs production capacity. As part of this process, CSA was renamed Ternium Brasil Ltda. and tkSI was absorbed by Ternium S.A.'s fully-owned subsidiary, Ternium Internacional España S.L.

On July 3, 2023, Ternium Investments and Ternium Argentina, together with TenarisConfab, acquired from the NSC Group, pro rata to their then participations in the T/T Group, 68.7 million ordinary shares of Usiminas, increasing Ternium's participation in the Usiminas control group to 51.5%. A new shareholders' agreement was entered into as a result of that transaction, and we began to fully consolidate Usiminas in July 2023.

On February 10, 2026, Ternium Investments acquired from the NSC Group their remainder participation in the Usiminas control group, totaling 153.1 million ordinary shares, increasing Ternium's participation in the Usiminas control group from 51.5% to 83.1%. As a result, the T/T group currently holds an aggregate participation of 92.9% in Usiminas' control group, with Previdência Usiminas holding the remainder 7.1%.

Pursuant to the Usiminas shareholders agreement, Ternium Investments has the right to nominate a majority of the members of Usiminas' board of directors, the CEO and all other members of Usiminas' board of officers.

B. Business Overview

Our Business Strategy

Three main drivers compose Ternium's business strategy: a focus on sophisticated value-added products, the pursuit of strategic growth opportunities and a relentless quest for competitive industrial operations. Ternium aims to enhance stakeholder value by further consolidating its position as a leading steel producer in Latin America and a strong player in the Americas, while increasing its differentiation and strengthening its competitiveness.

We believe Ternium has built competitive advantages in its main steel markets. Our industrial presence and network of distribution centers and commercial offices increase Ternium's ability to offer differentiated logistics and stock management services. In addition, our integrated connectivity platform covering the entire customer relationship process enables Ternium to provide a better and faster response to its customers' needs.

Ternium works together with small and medium-sized customers and suppliers in Argentina and Mexico, through the ProPymes program, to help them prosper. The development of SMEs and a collaborative industrial network have strengthened Ternium's value chain. This effort has led to a virtuous cycle of improved competitiveness, increased exports and import substitution of manufactured products.

Ternium's differentiation initiatives have also included investments in state-of-the-art technologies. As part of this strategy, Ternium Mexico has built its industrial center in Pesquería, Mexico (the "Pesquería Industrial Center"), which currently comprises a hot-rolling mill, a cold-rolling mill, two galvanizing facilities, a painting line, a push-pull pickling line and finishing facilities. In 2022, Ternium began the deployment of a new downstream project in the Pesquería Industrial Center. The project includes a push-pull pickling line and new finishing lines, already in operation, and a hot-dip galvanizing line and a cold-rolling mill, which recently began operations and are ramping up production. Mexico has a competitive and innovative manufacturing sector and its favorable geographic location provides a competitive logistics base to reach several steel markets. These projects are consistent with Ternium's strategy to strengthen its competitive position in order to replace imports in the Mexican market, and better serve its customers with a broader and more technologically advanced product portfolio. Complementing its processing technology upgrade, Ternium has expanded its product research and development infrastructure in order to enhance its capabilities and speed up the development of a broader product portfolio, particularly in the high-end steel segment, to better serve its industrial customers.

In addition, Ternium is building new steel slab-making facilities in the Pesquería Industrial Center, with operations expected to commence by the fourth quarter of 2026. The new facilities, consisting of an electric-arc-furnace-based steel shop and a DRI module, are expected to produce the highest specification steels, necessary for the most demanding applications of the automotive industry, and to comply with USMCA's melted and poured rules of origin. Mexico has an attractive steel market with significant demand for advanced steel products, and foreign steel producers cover approximately half of the flat steel demand in the country. We believe that Ternium is well positioned in Mexico to compete with foreign producers and gradually substitute imports, as we have built a solid differentiation strategy, supported by Ternium's unique industrial presence, as well as by its market competitiveness.

In Brazil, the second largest steel market in Latin America, Usiminas is one of the main producers of flat steel products. The country's manufacturing sector accounts for a significant share of Usiminas' sales, providing ample opportunities for the offering of value-added products and services. Management focus is on the streamlining of Usiminas' industrial system, with the aim at increasing its productivity.

Ternium Argentina has a significant presence in the Argentine steel market, the third largest in Latin America. The country's manufacturing customers account for approximately half of the local flat steel consumption, providing ample opportunities for the offering of value-added products and services. Ternium has a solid differentiation strategy in Argentina built on its industrial integration in the country, which allows it to offer customized products and value-added services.

In Colombia, the fourth largest steel market in Latin America, Ternium has the capacity to produce long products and to process and distribute flat and long steel products. Other facilities with finishing lines and service centers in Guatemala, El Salvador, Nicaragua and Costa Rica enable Ternium to maintain a vast presence in the region.

Focus on sophisticated steel products. The incorporation of new technologies, the development of new advanced steel products, and the integration of our industrial system are elements of a strategy aimed at increasing the participation of higher margin value-added products in Ternium's sales mix. The Pesquería Industrial Center strengthened our positioning in the high-end market sector, strengthening our positioning for a gradual substitution of imported steel in

key industrial segments. The start-up of our new hot-rolling mill in this industrial center in 2021 represented a technological leap forward in Mexico's steel production capacity. The recently completed downstream project in the site has expanded our advanced high-strength and ultra high-strength steel production capabilities for the automotive, transport and heavy machinery industries. The new steel slab mill under development in the site will integrate with aforementioned downstream facilities. For more information on Ternium's product research and development efforts, see "—Research and Development; Product Development." For further information on Ternium's capital expenditures, see "—Capital Expenditure Program."

Pursuit of strategic growth opportunities. We have a history of strategically growing our businesses through acquisitions and organic growth. We intend to continue identifying and actively pursuing growth-enhancing strategic opportunities to consolidate Ternium's presence in its main markets and expand it to the rest of the Americas. We also intend to increase our industrial system integration, broaden our offerings of value-added products, and enhance our production and distribution capabilities. For example, in 2017 Ternium acquired a steel producer, renamed Ternium Brasil, with facilities located in the state of Rio de Janeiro, Brazil, with annual production capacity of 5.0 million tons of high-end steel slabs. With this acquisition, total crude steel production capacity of Ternium's industrial system in 2017 increased to 12.4 million tons, or by approximately 70%. The acquisition of the Rio de Janeiro facility triggered the construction of the new hot-rolling mill in Pesquería, Mexico, with annual production capacity of 4.4 million tons which started up in 2021. This new facility enabled the integration of the Rio de Janeiro slab facility with Ternium's industrial system in Mexico. Furthermore, the recently inaugurated downstream facilities and the new steel shop under construction in the Pesquería industrial center are expected to place Ternium in an even better position to take advantage of attractive market opportunities in Mexico. For further information on Ternium's capital expenditures, see "—Capital Expenditure Program."

Enhancement of Ternium's competitive position. In addition to developing a full range of steel products and delivering differentiated services to Ternium's customer base, we aim to enhance our competitive position by seeking excellence in operational performance. Our quest for operational excellence relies on the cross implementation of Ternium's managerial, commercial and production best practices. Ternium has centralized management of industrial engineering and automation, occupational, health and safety (OH&S) and the environment. This centralized functions facilitate the improvement of production processes through best practices, the coordinated deployment of new technologies and access to strong internal technical support.

Ternium's broad range of value-added products and the services offered to customers in major steel markets, such as just-in-time delivery and inventory management, are supported by our service center, distribution, sales and marketing networks. Ternium's products and services can be offered to its customer base in a coordinated way, as its industrial system runs on a unified IT platform. Ternium has integrated its processes with those of its customers and suppliers through our digital marketplace, "Ternium Activo". Most of our customers' orders are placed through this platform, contributing to the improvement of their management processes.

Environmental, Social and Governance

Ternium aims to create value for all its stakeholders. Our main efforts focus in the areas of occupational health and safety, environmental management, human resources, community relations, and the value chain, and aim at ensuring a sustainable operation in the long-term.

Environment.

We are committed to achieving excellence in environmental and energy performance across our operations to contribute positively to the communities where we operate.

Our climate strategy includes reducing the emission intensity rate per ton of hot-rolled steel by 15% by 2030 compared to the 2023 baseline, covering Scopes 1, 2, and 3 (categories 1 and 10) as measured under the GHG Protocol. We aim to achieve a 40% share of renewable energy in the purchased electricity used in the production of up to hot-rolling steel by 2030, while improving energy efficiency across all industrial operations. In parallel, we are collaborating across the value chain to reduce GHG emissions and developing strategies and projects with the ambition of achieving carbon neutrality in Ternium's products and operations, taking into account technological feasibility and local market conditions.

In the last five years, we have advanced our climate change governance framework through the creation of a dedicated decarbonization committee under the oversight of the board of directors. We integrated climate-related risks into our risk analysis process, and incorporated a scenario analysis to evaluate asset vulnerability to physical risks. In addition,

we implemented an internal carbon price for investment projects. Furthermore, we strengthened our emissions management system by securing third-party verification of emissions under ISO 14064-1 and the GHG Protocol, introduced advanced data processing and GHG inventory systems, to enhance granularity and analysis, collecting primary supplier data to account for Scope 3 emissions, and expanding our GHG inventory to include Scope 3 categories. We also obtained ISO 50001 certification for our processes.

We are advancing our decarbonization initiatives through the inauguration of a wind farm in Argentina. In Mexico, we continue the development of a low emission intensity EAF-DRI project in Pesquería. In addition, we are implementing energy efficiency projects across our facilities. In Brazil, we are progressing with the scrapyard project to increase the scrap ratio in the BOF process, aimed at reducing emissions intensity. For further information on Ternium's capital expenditures, see Item 4. "Information on the Company—B. Business Overview—Capital Expenditure Program."

We seek to manage the environmental impact of our operations by focusing on pollution prevention, making efficient use of resources, and reducing water withdrawal in water-stressed areas. We actively promote circular economy practices and develop new markets for steelmaking co-products, while preserving biodiversity within our areas of influence. Environmental considerations are integrated into the company's decision making, and we foster stewardship across our industry and value chain. In addition, we work to raise environmental awareness among our employees and the communities where we operate.

We are implementing our 2020–2030 Environmental Investment Plan, with anticipated investments totaling \$556 million, which includes enhancements in environmental monitoring and the deployment of technologies aimed at improving environmental performance. Our facilities and processes are designed to incorporate water stewardship practices, including closed-loop water systems and the use of treated wastewater. We are also promoting alternative uses for co-products generated during the steelmaking process, achieving ISO 14001 certification across major facilities, and are working to align environmental concepts and management practices across all production units in the countries where Ternium operates.

For further information on environmental regulations, see Item 4. "Information on the Company —B. Business Overview — Regulations - Environmental Regulation". For a description of some of the risks associated with the environment, health and safety, see Item 3. "Key Information—D. Risk Factors."

Health and safety.

Ternium prioritizes providing its employees with a safe workplace and promoting employee well-being and healthy lifestyles.

We are committed to promoting a strong health- and safety culture across the company and to extend applicable best practices across our value chain. Our efforts include the implementation of preventive measures, particularly in high-risk activities, and initiatives promoting awareness and behaviors that support the physical and mental well-being of our employees. Our aim is to establish a workplace free from fatalities and severe injuries and maintain high standards of safety across all our operations.

We have developed a five-year process safety program to achieve an integrated risk management. We certified our main facilities under ISO 45001. Our preventive actions include the implementation of planned and random inspections, the introduction of tools such as the Task Rejection preventive tool, the introduction of the High-Risk Task Certification Program as well as the Safe Supplier program. In addition, we have enhanced employee training and safety awareness with regular communications from management on safety topics, including initiatives such as Safety Day. In addition, we actively participate in industry-wide health and safety initiatives, such as worldsteel's Safety Day. We have also implemented ergonomics practices across all locations.

People and diversity.

Our people are at the heart of our industrial project and the foundation of our achievements. We aim to provide them opportunities for development and to fulfil their potential. We promote diversity, equity and inclusion, and rejecting any form of discrimination based on gender, sexual orientation, ethnic origin, color, age, religion or political belief.

We are committed to cultivating an inclusive and engaging work environment that attracts and retains the talent necessary for the company's long-term sustainability. At the same time, we promote a culture of industrial and technological excellence, foster innovation, and ensure equal opportunity and fair treatment for all employees.

We are leveraging technology and data to simplify human resources processes, anticipate people's needs, and design effective human resources programs. Corporate mechanisms are designed to ensure that personnel selection is based on individual knowledge and skills, while training initiatives at all levels enhance employee capabilities. We also maintain corporate programs such as the Lean In Together initiative and Maternity Mentoring, which promote fair and equitable treatment across the organization.

Community.

The development and inclusive growth of the communities where we have our operations is integral to the success of our industrial project. Our community activities focus on support for education and opportunities based on merit, with technical education seen as an engine for growth, transformation and social mobility.

We are committed to improving education at all levels in both our immediate and broader communities, with a particular focus on technical training. At the same time, we encourage creativity and innovation through cultural initiatives that preserve and promote community identity and heritage. In addition, we provide support in response to community needs, including in areas such as health and education. We engage in initiatives to strengthen local healthcare institutions and expand access to medical services.

We built and operate two technical schools, in Pesquería, Mexico, and Santa Cruz, Brazil. In addition, we modernize public technical school facilities and laboratories, and reinforce technical high school curricula including mathematics, certified training, internships and projects. Furthermore, we have implemented STEM education programs in primary and secondary schools and support academic excellence by granting financial awards to high school and undergraduate students. Beyond education, we promote culture through events such as Latin American film festivals, photography exhibitions, and music performances, while contributing to community health through the management of medical facilities in Mexico (NOVA Hospital), vaccination campaigns, and the promotion of healthy lifestyles.

Commercial positioning and the value chain.

Excellence and quality in our products, services, processes, and the professionalism of our people are our principal competitive advantages. We are focused on the continued operational improvement of our plants and processes and the development of technologies and products.

We seek to enhance Ternium's competitiveness by offering a comprehensive product range, pursuing operational excellence and developing differentiated commercial services supported by a strong distribution network. At the same time, through the ProPymes Program, we are working to support and strengthen our value chain by promoting productivity, improvements and import substitution, facilitating increases in the export capacity of small and medium size enterprises (SMEs), and encouraging investments in capital goods.

We are driving the integration of Ternium's industrial system through the development of new products, the improvement of commercial services, and the expansion of our distribution network. At the same time, we are investing in research and development capabilities and participating in external industrial projects, while incorporating SMART technologies throughout our production processes. Through the expansion of the ProPymes program, we collaborate on industrial and product quality projects, develop training courses tailored to SME needs in partnership with local institutions, provide financial assistance for technological improvements and facilitate connections between SMEs and the financial sector. In addition, we support SMEs in identifying business opportunities and expanding their end-markets, strengthening the competitiveness of our entire value chain.

Integrity.

Transparency in management and communications is a fundamental value in our relationship with our stakeholders, customers, employees, suppliers, and the communities of which we are a part. We are committed to building a culture of transparency and integrity in everything we do.

We are committed to ensuring compliance with the law as a guiding principle in all of Ternium's relationships, while guaranteeing transparency in information and decision-making processes. Our efforts focus on enhancing ethical behavior and promoting compliance across the company, encouraging employees to act fairly, loyally and honestly in line with Ternium's core values. At the same time, we work to mitigate risks associated with specific functions, countries, governments, and third-party transactions.

We have reinforced our compliance framework through the creation and regular update of Ternium's Business Conduct program, designed to train executives and individuals in positions assessed for risk regarding expected conduct. In collaboration with Ternium University, we developed and update e-learning and training courses on the Code of Conduct and Business Conduct Policy for all employees. Our efforts also include the design and periodic update of a risk matrix that considers the nature of functions, operating countries, and affiliated third parties, as well as the annual execution of Sarbanes-Oxley audits and internal compliance control procedures. In addition, we have established procedures to avoid the purchase of conflict minerals and developed standards and approval processes for services contracted to third parties, ensuring integrity and transparency across our operations.

Our Products

Ternium produces mainly finished and semi-finished steel products and iron ore, which are sold either directly to steel manufacturers and steel processors or to end-users after different value-adding processes. We also produce electricity and sell unused balances to the Mexican and Brazilian electric grids.

In the steel segment, steel products include slabs, billets and round bars (steel in its basic, semi-finished state), plates, hot-rolled coils and sheets, bars and stirrups, wire rods, cold-rolled coils and sheets, tin plate, hot dipped galvanized and electrogalvanized coils and sheets, and pre-painted sheets, steel pipes and tubular products, beams and roll formed products. Steel sheets can be further processed into a variety of sheets (blanks), with different shapes such as trapezoidal, parallelogram, figured (platinum), corrugated and other tailor-made products to serve Ternium's customer requirements. Other products in the steel segment include electricity and pig iron.

In the mining segment, iron ore is sold as lump, concentrates (sinter feed and pellet feed fines) and pellets.

Steel products

Slabs, billets and round bars: These products are semi-finished steel forms with dimensions suitable for its processing into specific product types. Slabs are processed into hot-rolled flat products. The use of slabs is determined by their dimensions and by their chemical and metallurgical characteristics. Billets are processed into long steel products, such as wire rods, bars, and other shapes. Round bars are processed into seamless tubes.

Plates: These products are used in a variety of applications in infrastructure, shipbuilding, civil construction (including bridges, sheds and buildings), maritime platforms, large diameter tubes, road and mining machinery and equipment, sugar and alcohol plants and power generation plants, including wind towers. Plates can be heat treated depending on the desired application.

Other hot-rolled products: Hot-rolled flat products are used by a variety of industrial consumers in applications such as the manufacturing of wheels, auto parts, pipes, gas cylinders and containers. They are also directly used for the construction of buildings, bridges and railroad cars, chassis of trucks and automobiles, and agricultural machinery. Hot-rolled flat products can be supplied as coils, strips or as sheets cut to a specific length. These products also serve as inputs for the production of cold-rolled products. Merchant bars include specific shape features, such as rounds, flats, angles, squares and channels, which are used by customers to manufacture a wide variety of products such as furniture, stair railings and farm equipment. Reinforcing bars (rebars) and stirrups, obtained from the mechanical transformation of rebars, are used to strengthen concrete highways, bridges and buildings. Rods are commonly drawn into wire products or used to make bolts and nails. Wire rod can be produced in different qualities according to customers' demands.

Cold-rolled products: Cold-rolled products are applied mainly to the automotive, home appliance and capital goods industries, as well as to galvanizers, steel drum manufacturers, distributors and service centers. Cold-rolled coils are sold as coils or cut into sheets or blanks to meet customers' needs. These products also serve as inputs for the production of coated products.

Coated products: Galvanized sheets are produced by adding a layer of zinc to cold-rolled coils, which are afterwards cut into sheets. Galvanized sheets are used in the automotive, construction, home appliances and energy industries. Galvanized coils can also be further processed with a color coating to produce pre-painted sheets, resulting in a product that is mainly sold for building coverings, manufacturing of ceiling systems, panels, air conditioning ducts, refrigerators, air conditioners, washing machines and several other uses. Ternium also offers a distinctive type of galvanized product with coating composition that contains approximately 55% aluminum and 44% zinc to improve product performance for the construction industry, including rural, industrial and marine sites. Tinplate, given its resistance to corrosion and its mechanical and chemical characteristics, is mainly sold to the packaging industry for food canning, sprays and paint containers. Tinplate is produced by coating cold-rolled coils with a layer of tin.

Roll-formed and tubular products: These products include tubes for general use, structural tubes, tubes for mechanical applications, conduction tubes, conduction electrical tubes, oil tubes and pre-engineered metal building systems. Tubular products, uncoated or galvanized, have applications in several sectors, including home accessories, furniture, scaffolding, automotive, bicycles, hospital equipment, posts for wire mesh garden and poultry tools, handrails, guard-rails, agricultural machinery, industrial equipment, conduction of water, air, gas, oil, high-pressure liquids and special fluids, internal building electrical installations, road implements, irrigation pivots and conveyor belts rollers. Beams, including C and Z section steel profiles (purlings) and tubular section beams, are obtained by roll-forming of steel strips and have applications in window frames, stilts, mainstays, crossbeams, building structures, supports, guides and crossbars for installing windows, doors, frames and boards. Other products include insulated panels, roofing and cladding, roof tiles and steel decks. Obtained from the mechanical transformation of flat steel, uncoated, galvanized or pre-painted, these products are used mainly in the construction industry in warehouses, commercial and industrial refrigeration installations, grain storage, poultry and porcine confinement facilities, roofing and side walls for buildings, and terraces and mezzanine floorings. Pre-engineered metal building systems are steel construction systems designed for use in low-rise non-residential buildings, and are constructed from the mechanical transformation of flat steel such as frames, secondary steel members, roofs and walls panels, as well as finishing and accessories.

Other products: Other products include mainly electricity and pig iron. Pig iron is a semi-finished product obtained in the blast furnace that is mostly used as metallic charge in the steel shop for the production of crude steel, and also marketed to other steel producers and to manufacturers of iron-based cast products.

Within each of the basic product categories, there is a range of different “items” of varying qualities and prices that are produced either to meet the particular requirements of end users or sold as commodity items.

Iron ore products

Lumps, concentrates (sinter feed and pellet feed fines) and pellets: These products are raw materials used for the production of steel. Lump ore is coarse ore with a diameter of between 32 and 6.3 millimeters, sinter feed is iron ore with a diameter of between 6.3 and 0.15 millimeters and pellet feed is iron ore with a diameter of less than 0.15 millimeters.

Lump iron ore is used in the production of steel without any further process. The sinter feed has to be agglomerated via a sintering process to enable its use in the blast furnace as sinter. The pellet feed has to be pelletized to enable its use in the blast furnace or DRI processes. Pellet feed can also be sinterized. In Mexico, Las Encinas and Peña Colorada ship most of the pellets to Ternium Mexico’s steelmaking facilities and they also market non-pelletizable iron ore fines, if any, to other steel manufacturers. In Brazil, Mineração Usiminas ships lumps and concentrates to Usiminas’ steel manufacturing operations, and ships mainly concentrates to other steel manufacturers.

Production Facilities and Processes

Ternium’s aggregate production capacity of steel slabs and billets as of December 31, 2025, calculated based on management estimates of standard productivity, product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process, was approximately 15.4 million tons. Ternium’s aggregate production capacity of finished steel products, calculated based on the same criteria as for steel slabs and billets production, was approximately 22.3 million tons. Usiminas’ production capacity of iron ore lumps, sinter feed and pellet feed was 9.0 million tons as of December 31, 2025, and production capacity for iron ore pellets in Mexico as of December 31, 2025, was 4.0 million tons.

Steel production facilities, service centers and distribution centers

The following table provides an overview, by type of asset, of production capacity as of December 31, 2025:

Production asset	Units (#)	Nominal capacity (thousand tons per year) ¹					Total
		Ternium Mexico/Tenigal	Usiminas	Ternium Argentina	Ternium Brasil	Other	
Coke Plant ²	8		600	1,040	1,800		3,440
Sinter Plant	5		6,300	1,480	5,700		13,480
Direct Reduced Iron Plant	3	2,710					2,710
Blast Furnace ³	5		3,800	2,210	5,300		11,310
Electric Arc Furnace	5	4,190				260	4,450
Basic Oxygen Furnace	10		4,800	3,500	5,200		13,500
Vacuum Degassing	5	840	2,000	1,200	3,200		7,240
AHF Plant	3		1,900		3,000		4,900
Thin Slab Continuous Caster	1	2,460					2,460
Slab Continuous Caster ⁴	7		3,800	2,300	5,000		11,100
Billet Continuous Caster	3	1,640				255	1,895
Hot-rolling Mill (plates)	1		1,000				1,000
Hot-rolling Mill (hot-rolled coils)	6	9,910	5,900	2,890			18,700
Skin-Pass Mill	7	4,000	1,300	990			6,290
Hot-rolling Mill (long products)	5	1,190				780	1,970
Pickling Line ⁵	14	5,940	4,380	1,910			12,230
Cold-Rolling Mill (Tandem or Reversing) ⁵	12	3,900	4,100	1,840			9,840
Electrolytic Cleaning	6	1,940	500	230			2,670
Annealing Line	14	1,430	2,700	1,330			5,460
Temper Mill	9	2,040	1,600	2,020			5,660
Tension-Leveling / Inspection Line	18	1,480	2,300	1,150			4,930
Electro-Tinplating line	1			160			160
Hot Dip Galvanizing Line ⁵	15	2,390	1,000	640		385	4,415
Electro-Galvanizing Line	2		360	110			470
Color-Coating Line	9	810		120		210	1,140
Slitter	44	2,530	500	420		340	3,790
Cut to length	52	780	1,300	1,000		220	3,300
Roll forming Line	34	510		540		240	1,290
Panel Line	4	80					80
Profile Line	15	140		60		135	335
Tube Line ⁶	24	520	100	190		60	870
Wire drawing Lines	12					100	100
Wire Mesh Lines	2					40	40
Rebar Processing Lines ⁷	47					190	190

¹ In this annual report, annual production capacity is calculated based on management estimates of standard productivity, product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.

² Usiminas' nominal coke production capacity was adjusted to reflect the shut-down of coke battery #4 in December 2023.

³ Usiminas' nominal pig iron production capacity was adjusted to reflect the shut-down of blast furnace #1 in December 2023, and Ternium Argentina's nominal pig iron production capacity was adjusted to reflect the shut-down of blast furnace #1 in 2015.

⁴ Usiminas’ nominal slab production capacity of 5 million tons per year was adjusted to reflect a lower pig iron nominal capacity in operation and Ternium Argentina’s nominal slab production capacity was adjusted to reflect a lower adjusted production capacity of pig iron.

⁵ In the first quarter of 2026, Ternium Mexico inaugurated new cold-rolling and hot dip galvanizing facilities in its industrial center in Pesquería, Mexico. For more information see “Mexico” in this section.

⁶ In the first quarter of 2026, Ternium Argentina acquired Tubos Argentinos S.A., a producer of welded pipes in Argentina. For more information see “Argentina” in this section.

⁷ Includes shears, straighteners, stirrup benders and shaping centers.

Mexico. Ternium Mexico has 12 steel production and/or processing units in Mexico, consisting of three integrated steel-making plants (two of which produce long steel products and one that produces flat steel products and includes two steel service centers); five downstream flat steel processing plants, combining hot-rolling, cold-rolling and/or coating facilities (three of which include steel service centers); and four steel service centers. In addition, Ternium Mexico has twelve distribution centers, or DCs, in Mexico, aimed at serving customers mainly in the construction sector, and Tenigal owns a galvanizing facility located in the Pesquería Industrial Center.

The following table sets forth key items of information regarding Ternium Mexico’s principal production units in Mexico:

Unit	Type of plant				Location
	Upstream ¹	Downstream ²	Service center	Distribution center	
Guerrero	X	X	X		San Nicolás d.I.G., Nuevo León
Apodaca	X	X			Apodaca, Nuevo León
Puebla	X	X			Puebla, Puebla
Juventud		X	X		San Nicolás d.I.G., Nuevo León
Churubusco		X	X		Monterrey, Nuevo León
Monclova		X			Monclova, Coahuila
Universidad		X			San Nicolás d.I.G., Nuevo León
Pesquería		X	X		Pesquería, Nuevo León
Apodaca Industrial			X		Apodaca, Nuevo León
Apodaca Comercial			X		Apodaca, Nuevo León
Edificios Metálicos			X		Ciénega de Flores, Nuevo León
San Luis			X		San Luis, San Luis Potosí
DC Chihuahua				X	Chihuahua, Chihuahua
DC Tijuana				X	Tijuana, Baja California
DC Noreste				X	Apodaca, Nuevo León
DC Puebla				X	Puebla, Puebla
DC Guadalajara				X	Guadalajara, Jalisco
DC México				X	Tultitlán, Estado de México
DC Culiacán				X	Culiacán, Sinaloa
DC Veracruz				X	Veracruz, Veracruz
DC Mérida				X	Mérida, Yucatán
DC Tuxtla				X	Tuxtla Gtz, Chiapas
DC León				X	León, Guanajuato
DC Villahermosa				X	Villahermosa, Tabasco

¹ “Upstream” refers to a type of steel plant that includes at least steelmaking facilities.

² “Downstream” refers to a type of steel plant that includes hot-rolling, cold-rolling and/or steel coating facilities.

Guerrero unit: Located in the metropolitan area of Monterrey, Nuevo León, Mexico, the Guerrero unit produces hot-rolled and cold-rolled coils for the industrial, construction and home appliance sectors and for further processing in other Ternium Mexico's units. It also produces slitted and cut-to-length products for the industrial sector and profiles and tubes for the industrial and construction sectors. This unit includes two steel service centers, and an integrated facility based on direct reduced iron ("DRI"), mini-mill steelmaking and rolling mill technologies that uses iron ore pellets and steel scrap as main raw materials. The facility sources all of the iron ore from Ternium Mexico's mining operations. Ternium's procurement policy for these products is described in greater depth in Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs."

Apodaca unit: Located in Nuevo León, Mexico, the Apodaca unit produces billets and rebar for the construction industry. It is an integrated facility based on mini-mill steelmaking technology that uses steel scrap as its main raw material. Ternium's procurement policy for scrap is described in greater depth in Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs."

Puebla unit: Located in Puebla, Mexico, the Puebla unit produces rebar, wire rod and round bar mainly for the construction and industrial sectors, including high-carbon, low-carbon and micro-alloyed wire rod. It is an integrated facility based on DRI and mini-mill steelmaking technologies that uses iron ore pellets and steel scrap as main raw materials. The facility sources all of the iron ore from Ternium Mexico's mining operations. Ternium's procurement policy for these products is described in greater depth in Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs."

Juventud unit: Located in Nuevo León, Mexico, the Juventud unit produces galvanized and color-coated coils for the construction, home appliance and other industries; and has a steel service center that produces slitted and roll-formed products, panels and tubes for the construction and industrial sectors. This plant processes cold-rolled coils received from Ternium Mexico's units in Nuevo León.

Churubusco unit: Located in Nuevo León, Mexico, the Churubusco unit produces hot-rolled and cold-rolled coils for the industrial, construction, automotive and home appliance sectors and for further processing in other Ternium Mexico's units. It also has a steel service center that produces slitted and cut-to-length products for the industrial sector. The facility sources its requirements of slabs from Ternium Brasil, from third party Mexican producers and from the international markets. Ternium's procurement policy for slabs is described in greater depth in Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs."

Monclova unit: Located in Coahuila, Mexico, the Monclova unit produces galvanized and color-coated coils for the industrial, automotive and home appliance industries. This plant processes cold-rolled coils mainly received from Ternium Mexico's units in Nuevo León.

Universidad unit: Located in Nuevo León, Mexico, and across the street from the Guerrero unit, the Universidad unit produces galvanized and color coated coils for the construction, home appliance and industrial sectors. This plant, which also has pickling lines and a cold-rolling mill, processes hot-rolled coils received from Ternium Mexico's units in Nuevo León.

Pesquería Industrial Center: Located in Nuevo León, Mexico, the Pesquería Industrial Center produces hot-rolled, cold-rolled, galvanized and color coated coils for the automotive and home appliance industries, among other industrial sectors. It also has a push-pull pickling line and a finishing center that produces slitted and cut-to-length products for the industrial sector. The hot-rolling mill processes slabs sourced from Ternium Brazil as well as from third parties. The cold-rolling mill processes hot-rolled coils sourced from the hot-rolling mill and also from Ternium Mexico's Churubusco and Guerrero units, as well as from third parties.

In the first quarter of 2026, we inaugurated a new galvanizing line and a new cold rolling mill with annual capacities of 0.6 and 1.6 million tons, respectively. By year-end 2026, we expect to inaugurate a new slab mill with an annual capacity of 2.6 million tons, which will include an electric-arc-furnace and direct reduction iron facilities. These projects are consistent with Ternium's strategy to strengthen its competitive positioning in order to replace imports in the Mexican market, better serve its customers with a broader and more technologically advanced product portfolio, accelerate our progress toward achieving our decarbonization target and maintain compliance with the USMCA's 'melted and poured' requirements. For further information on Ternium's capital expenditures, see Item 4. "Information on the Company—B. Business Overview—Capital Expenditure Program."

Apodaca Industrial unit: Located in Nuevo León, Mexico, the Apodaca Industrial unit is a steel service center that produces slitted and cut-to-length products for industrial customers. This plant processes coated coils mainly received from Ternium Mexico's units in Nuevo León.

Apodaca Comercial unit: Located in Nuevo León, Mexico, the Apodaca Comercial unit is a steel service center that produces slitted and roll-formed products, profiles and tubes for the construction industry. This plant processes coated coils mainly received from Ternium Mexico’s units in Nuevo León.

Edifícios Metálicos unit: Located in Nuevo León, Mexico, the Edifícios Metálicos unit is a steel service center that produces metal building systems for commercial construction. This plant processes plates procured from the local and international markets and coils received from Ternium Mexico’s units in Nuevo León.

San Luis unit: Located in San Luis Potosí, Mexico, the San Luis unit is a steel service center that produces slitted and cut-to-length products for the home appliance and other industries. This plant processes coated coils received from Ternium Mexico’s units in Nuevo León.

Brazil. In Brazil, Ternium Brasil has a steel slab-making plant and Usiminas has eight steel production and/or processing units, consisting of one integrated flat steel-making plant (including a steel service center); one downstream flat steel production plant, combining hot-rolling and cold-rolling facilities; and seven steel service centers. In addition, Usiminas has seven distribution centers, or DCs, in Brazil, five customer warehouses and two ports, aimed at better serving its customers in the country.

The following table sets forth key items of information regarding Ternium Brasil’s and Usiminas’ principal production locations and production units:

Unit	Type of plant			Distribution Center	Location
	Upstream	Downstream	Service Center		
Rio de Janeiro	X				Santa Cruz, Rio de Janeiro
Ipatinga	X	X	X		Ipatinga, Minas Gerais
Cubatão		X			Cubatão, São Paulo
Guarulhos			X		Guarulhos, São Paulo
São Paulo				X	São Paulo, São Paulo
Santo André				X	Santo André, São Paulo
Betim			X	X	Betim, Minas Gerais
Santa Luzia			X	X	Santa Luzia, Minas Gerais
Cabo do Santo Agostinho			X		Cabo do Santo Agostinho, Pernambuco
Taubaté			X	X	Taubaté, São Paulo
Porto Alegre			X	X	Porto Alegre, Rio de Janeiro
Caxias do Sul				X	Caxias do Sul, Rio Grande do Sul

Rio de Janeiro unit: Located in the State of Rio de Janeiro, Brazil, this unit produces slabs for further processing in other Ternium units in Mexico and Argentina, and for sale to third parties. The Rio de Janeiro unit includes an integrated facility based on blast furnace and basic oxygen furnace technologies, supplemented with a sinter plant, coking batteries and a power plant. It uses metallurgical coal and iron ore pellets, lumps and fines as main raw materials. The facility sources all of its coal needs from the international markets (shipped to its own port on the Atlantic Ocean coastline), and its iron ore needs from the local market (shipped to its own yards through a railroad system). Ternium’s procurement policy for these products is described in greater depth in Item 4. “Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs.”

Ipatinga unit: Located in Minas Gerais, Brazil, the Usiminas’ Ipatinga unit produces plates and hot-rolled, cold-rolled, hot-dipped galvanized and electrogalvanized coils for the automotive, oil and gas and machinery and equipment industries, and for further processing in Usiminas’ service centers. It also produces slitted and cut-to-length products for the industrial sector and profiles and tubes for the industrial and construction sectors. The Ipatinga unit is an integrated facility based on blast furnace and basic oxygen furnace technologies, supplemented with a sinter plant, coking batteries, a co-product plant and a power plant. It uses metallurgical coal and iron ore pellets, lumps and fines as main raw materials. The facility sources all of its coal needs from the international markets and its iron ore needs from Mineração Usiminas and other Brazilian mining companies, which are shipped to the facilities through railroad. Usiminas’ procurement policy for these products is described in greater depth in Item 4. “Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs.”

Cubatão unit: Located in São Paulo, Brazil, the Usiminas’ Cubatão unit produces hot-rolled and cold-rolled coils for the automotive, oil and gas and machinery and equipment industries, and for further processing in Usiminas’ service centers. The facility sources its requirements of slabs from Ternium Brasil and from third parties. Usiminas’ procurement policy for slabs is described in greater depth in Item 4. “Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs.”

Service centers: In addition to the service center of the Ipatinga unit, the Usiminas’ Guarulhos and Taubaté units located in São Paulo, the Betim and Santa Luzia units located in Minas Gerais, the Cabo do Santo Agostinho unit located in Pernambuco and the Porto Alegre unit located in Rio Grande do Sul, Brazil, are steel service centers that produce slitted, cut-to-length and tubular products for industrial customers. These plants transform coated and uncoated coils received from Usiminas’ Ipatinga and Cubatão units.

Argentina. Ternium Argentina has ten steel production and/or processing units in Argentina, consisting of one integrated flat steel-making plant; four downstream flat steel processing plants, comprising cold-rolling, coating or tube-making facilities (three of which include steel service centers); and five additional steel service centers. In addition, Ternium has two DCs in Argentina, aimed at serving customers mainly in the construction sector.

The following table sets forth key items of information regarding Ternium Argentina’s principal production units in Argentina:

Unit	Type of plant				Location
	Upstream	Downstream	Service center	Distribution center	
San Nicolás	X	X			Ramallo, Buenos Aires
Canning		X	X		Canning, Buenos Aires
Haedo		X	X		Haedo, Buenos Aires
Florencio Varela		X	X		Florencio Varela, Buenos Aires
Ensenada		X			Ensenada, Buenos Aires
Rosario			X		Rosario, Santa Fe
Serviacero III			X		Ramallo, Buenos Aires
Sidercrom			X		Ramallo, Buenos Aires
El Talar			X		El Talar, Buenos Aires
San Luis			X		Justo Daract, San Luis
DC Rosario				X	Rosario, Santa Fe
DC El Talar				X	El Talar, Buenos Aires

San Nicolás unit: Located in the Province of Buenos Aires, Argentina, the San Nicolás unit produces slabs, hot-rolled, cold-rolled and tinplate coils for the construction, industrial, packaging and naval sectors, and for further processing in other Ternium Argentina units. The San Nicolás unit includes an integrated facility based on blast furnace and basic oxygen furnace technologies, supplemented with a sinter plant, coking batteries, a co-product plant, and a power plant. It uses metallurgical coal and iron ore lumps, pellets and fines as main raw materials. The facility sources all of its coal and iron ore needs from the international markets, shipped to its own port on the banks of the Paraná river. In addition, the facility sources its net requirements of steel products from the international market and Ternium Brasil. Ternium’s procurement policy for these products is described in greater depth in Item 4. “Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs.”

Canning and Haedo units: Located in the Province of Buenos Aires, Argentina, the Canning and Haedo units produce galvanized sheets, slitted and roll-formed products and profiles for the construction and home appliance sectors. In addition, the Canning facility produces color coated sheets for such markets. Both plants process cold-rolled coils received from the San Nicolás and Ensenada units.

Florencio Varela unit: Located in the Province of Buenos Aires, Argentina, the Florencio Varela unit produces electrogalvanized sheets, blanks and slitted products for the automotive, construction and other industries. This plant processes cold-rolled coils received from the San Nicolás and Ensenada units.

Ensenada unit: Located in the Province of Buenos Aires, Argentina, the Ensenada unit produces cold-rolled coils for the construction and industrial sectors and for further processing in Ternium Argentina's own facilities. This plant processes hot-rolled coils received from the San Nicolás unit.

Rosario unit: Located in the Province of Santa Fe, Argentina, the Rosario unit is a steel service center that produces tubes for the construction industry. This plant processes hot-rolled coils received from the San Nicolás unit.

Serviacero III unit: Located in the Province of Buenos Aires, Argentina, the Serviacero III unit is a steel service center that produces cut-to-length products for the construction and industrial sectors. This plant processes hot-rolled coils received from the San Nicolás unit.

Sidercrom unit: Located in the Province of Buenos Aires, Argentina, the Sidercrom unit is a steel service center that produces cut-to-length and slitted products for the packaging sector. This plant processes tinplate coils received from the San Nicolás unit.

El Talar and San Luis units: Acquired by Ternium Argentina in the first quarter of 2026, the El Talar unit, located in the Province of Buenos Aires and the San Luis unit, located in the Province of San Luis, Argentina, are steel service centers that produce welded pipes for the oil and gas and construction sectors. These plants process hot rolled flat products received from the San Nicolás unit, from Usiminas and from third parties.

In addition, Ternium Argentina owns and operates a wind farm in the Province of Buenos Aires, Argentina. For further information on Ternium's decarbonization strategy, see “—B. Business Overview—Environmental, Social and Governance —Minimizing our environmental footprint.”

Other countries. Ternium U.S.A., Ternium Colombia, Ternium del Atlántico and Ternium Guatemala have a total of 17 steel production and/or processing units in the United States, Colombia and Central America, consisting of one integrated steel-making plant, which produces long steel products in Colombia and includes a steel service center; one downstream long steel hot-rolling plant; two downstream flat steel processing plants, comprising coating facilities (one of which includes a steel service center and a DC); and thirteen steel service centers (which include thirteen DCs). In addition, Ternium has eight DCs aimed at serving customers mainly in the construction sector.

The following table sets forth key items of information regarding the principal production locations and production units:

Unit	Country	Type of plant				Location
		Upstream	Downstream	Service Center	Distribution Center	
Shreveport	USA		X			Shreveport, Louisiana
Manizales Steel	Colombia	X	X	X		Manizales, Caldas
Atlántico	Colombia		X			Palmar de Varela, Atlántico
Barranquilla	Colombia			X	X	Malambo, Atlántico
Bogotá	Colombia			X	X	Bogotá, Cundinamarca
Manizales	Colombia				X	Manizales, Caldas
Cali	Colombia			X	X	Puerto Tejada, Cauca
Itagüí	Colombia			X	X	Itagüí, Antioquía
DC Montería	Colombia				X	Montería, Córdoba
Villa Nueva	Guatemala		X	X	X	Villa Nueva, Guatemala
Huehuetenango	Guatemala			X	X	Huehuetenango, Huehuetenango
Jutiapa	Guatemala			X	X	Jutiapa, Jutiapa
Teculután	Guatemala			X	X	Teculután, Zacapa
Escuintla	Guatemala			X	X	Escuintla, Escuintla
Quetzaltenango	Guatemala			X	X	Quetzaltenango, Quetzaltenango
DC Zona 9	Guatemala				X	Guatemala, Guatemala
DC Petapa	Guatemala				X	Guatemala, Guatemala
DC Mazatenango	Guatemala				X	Mazatenango, Suchitepéquez
DC Petén	Guatemala				X	Petén, Petén
DC Cobán	Guatemala				X	Cobán, Alta Verapaz
DC Quiché	Guatemala				X	Quiché, Guatemala
San Salvador	El Salvador			X	X	San Salvador, San Salvador
San Miguel	El Salvador			X	X	San Miguel, San Salvador
Managua	Nicaragua			X	X	Managua, Managua
San José	Costa Rica			X	X	San José, Costa Rica

Shreveport unit: Located in Louisiana, United States, the Shreveport unit produces galvanized and color coated coils. It processes cold-rolled coils procured mainly from Ternium Mexico or the U.S. market.

Manizales Steel unit: Located in Caldas, Colombia, the Manizales Steel unit produces billets and rebar for the construction industry. It is an integrated facility based on mini-mill steelmaking technology that uses steel scrap as its main raw material. It also has a steel service center that produces customized rebar-based products for the construction industry. The facility sources all of its scrap and electricity needs from local suppliers. Ternium’s procurement policy for these products is described in greater depth in Item 4. “Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs.”

Atlántico unit: Located in Atlántico, Colombia, the Atlántico unit is a downstream processing steel mill that produces steel bar and coil for the construction industry. This plant processes steel billets purchased in the international market.

Barranquilla unit: Located in Atlántico, Colombia, the Barranquilla unit is a steel service center that produces slitted, cut-to-length, drawn wire, wire mesh and customized rebar-based products for the construction industry. This plant processes wire rod purchased in the international market, rebar received from the Manizales unit and rebar purchased in the international markets. Hot-rolled and cold-rolled coils are received mainly from the units in Nuevo León.

Bogotá unit: The Bogotá unit, located in Cundinamarca, Colombia, is a steel service center that produces customized rebar-based products for the construction industry. This plant processes rebar received from the Manizales Steel unit and rebar purchased in the international markets.

Cali unit: Located in Cauca, Colombia, the Cali unit is a steel service center that produces profiles, tubes, structural beams and rebar-based customized products for the construction industry. This plant processes hot-rolled and cold-rolled coils received mainly from units in Nuevo León, Mexico, and purchased in the international markets.

Itagüí unit: Located in Antioquia, Colombia, the Itagüí unit is a steel service center that produces drawn wire, wire mesh and customized rebar-based products for the construction industry. This plant processes wire rod purchased in the international markets, rebar received from the Manizales Steel unit and rebar purchased in the international markets.

Villa Nueva unit: Located in Guatemala, Guatemala, the Villa Nueva unit produces galvanized coils for the construction industry and for further processing in other units in Central America. It also has a steel service center that produces slitted, roll-formed and cut-to-length products, and profiles for the construction industry, and a steel retail distribution center. This plant processes hot-rolled, cold-rolled and coated coils received from Ternium Mexico’s units in the Nuevo León area and from the international markets.

Huehuetenango, Jutiapa, Teculután, and Quetzaltenango units: The Huehuetenango unit in Huehuetenango, the Jutiapa unit in Jutiapa, the Teculután unit in Zacapa and the Quetzaltenango unit in Quetzaltenango are steel service centers located in Guatemala that produce roll-formed products for the construction industry. These plants process coated steel coils mainly procured from Ternium Mexico or received from the Villa Nueva unit.

Escuintla unit: Located in Escuintla, Guatemala, the Escuintla unit is a steel service center that produces roll-formed products and profiles for the construction industry. This plant process hot-rolled and coated steel coils mainly procured from Ternium Mexico or received from the Villa Nueva unit.

San Salvador, San Miguel and Managua units: The San Salvador and San Miguel units, located in San Salvador, El Salvador, and the Managua unit, located in Managua, Nicaragua, are steel service centers that produce roll-formed products for the construction industry. These plants process coated coils received mainly from the Villa Nueva unit.

San José unit: Located in San José, Costa Rica, this is a steel service center that produces roll-formed and cut-to-length products for the construction industry. These plants process coated coils procured from Ternium Mexico or received from the Villa Nueva unit.

Mining Production Facilities

Mexico

Ternium has iron ore production facilities in Mexico. We have a 100% interest in Las Encinas, and a 50% interest in Consorcio Peña Colorada, and conduct its mining activities through these companies. In 2025, we recorded iron ore shipments of 3.3 million tons, all of which were destined to Ternium’s steelmaking facilities in Mexico. The following table provides an overview of Las Encinas’ and Consorcio Peña Colorada’s active mining operations:

Company	Mine	Location	Type of Mine
Las Encinas	Aquila	Aquila, Michoacán	Open pit
Las Encinas	Palomas	Pihuamo and Tecalitlán, Jalisco	Open pit
Consorcio Peña Colorada	Peña Colorada	Minatitlán, Colima	Open pit

In addition, Las Encinas owns El Encino and Cerro Nahuatl mines, and has operated the El Chilillo mine, all of which are substantially exhausted.

The following table provides an overview, by type of facility, of Ternium’s production capacity as of December 31, 2025:

Production facility	Las Encinas		Consorcio Peña Colorada⁽¹⁾	
	Quantity	Capacity⁽²⁾	Quantity	Capacity⁽²⁾
Crushing Plant ⁽³⁾	2	4,500	1	18,000
Grinding and concentration Plant ⁽³⁾	1	3,500	1	16,300
Pelletizing Line	1	1,900	2	4,100

(1) Figures correspond to total capacity. Ternium has a 50% interest in Consorcio Peña Colorada.

- (2) In thousands of tons per year. Crushing capacity for Las Encinas includes crushing lines located close to the Aquila and El Encino mines. In addition, Las Encinas operates at the Palomas mine, under a lease agreement, a crushing facility with annual capacity of 500,000 tons.
- (3) The capacity figures for the crushing and concentration plants refer to the plants' iron ore processing capacity. The plants' actual iron ore concentrate production depends on the iron ore grade of the processed material.

The following table provides a description of tailings dams in Mexico as of December 31, 2025:

Dam / section	Las Encinas			Consortio Peña Colorada ⁽¹⁾		
	Cerro Náhuatl	Alzada / 1	Alzada / 2	Guásimas	Arrayanal / 1	Arrayanal / 2
Type of structure	Downstream	Combined ⁽³⁾	Downstream	Combined ⁽⁴⁾	Downstream ⁽⁵⁾	Downstream
Status	Closing procedure	Stand by	Operative	Closing procedure	Operative	Operative
Deposits volume ⁽²⁾	9	11	6	54	26	21

- (1) Figures correspond to total capacity. Ternium has a 50% interest in Consortio Peña Colorada.
- (2) In million cubic meters.
- (3) Three out of six embankments were originally built upstream, and then reinforced to meet all requirements under the strictest international seismic standards.
- (4) Out of a total of eight embankments, one was built with a combination of downstream and centerline methodologies, one was built as a downstream starter dam and six were built with an upstream methodology. Consortio Peña Colorada has recently completed a project in the Guásimas tailings dam to comply with safety factors under a dynamic/post seismic condition under the strictest international seismic standards. For a description of risks, see Item 3. "Key Information-D. Risk Factors-Risks Relating to Ternium's Mining Activities-Operational accidents and unexpected natural catastrophes may damage the environment, destroy properties and affect production or cause injuries and death, which would adversely impact Ternium's operations and profitability, and result in material liabilities to Ternium."
- (5) Includes upstream embankments in non-relevant zones.

Location of Las Encinas and Consorcio Peña Colorada's Active Mines



Las Encinas

Las Encinas produces iron ore pellets and magnetite concentrate in Mexico. At present, Las Encinas operates the Aquila and Palomas open pit mines located in Michoacán and Jalisco, Mexico, respectively. Las Encinas has three crushing plants located close to each of the Aquila, the El Encino and the Palomas mines, the latter operated under a lease agreement, and a concentration and pelletizing plant located in Alzada, Colima, Mexico. Its major processing facilities (crushing, concentration and pelletizing facilities) include two primary crushers and a dry cobbing plant located in the Aquila mine, a crushing plant, which includes two primary crushers and pre-concentration with magnetic pulleys located at the El Encino mine, and a semi-mobile crushing plant, which includes primary crushers and pre-concentration with magnetic pulleys located at the Palomas mine, and horizontal and vertical ball mills and several stages of magnetic separation in the Alzada facilities. Las Encinas has two operational tailings dams in Alzada and an idled tailings dam located in Cerro Náhuatl.

The iron ore pre-concentrate is transported from the Aquila mine to a transfer station at Tecoman, Colima, by truck and from Tecoman to the Alzada facilities by rail and truck for processing in the concentration and pelletizing plant (located at approximately 160 kilometers from the Aquila mine). The iron ore extracted from the Palomas mine is currently processed in a crushing facility in the mine, and the crushed iron ore is transported from the Palomas mine to the Alzada facilities by truck for processing in the concentration and pelletizing plant in Alzada (located at approximately 60 kilometers from the Palomas mine). In addition, our plant located in Alzada may receive, from time to time, magnetite iron ore purchased by Las Encinas from other local concessionaires. The iron ore pellets produced in the Alzada facilities are transported by rail to Ternium Mexico's integrated facilities in Monterrey and Puebla, Mexico. The Aquila, El Encino and Palomas operations and the Alzada facilities receive electrical power from the Comisión Federal de Electricidad ("CFE"), the Mexican state-owned electric utility company.

Active mines

At the Aquila site, Las Encinas holds all the mining rights for the extraction of iron ore. The Aquila operations (including an open pit mine and crushing facilities) stand on 586 hectares, which are leased to Las Encinas by the local community of San Miguel de Aquila. The lease agreement allows Las Encinas to perform all mining activities, including the extraction of iron ore, necessary to exploit the ore within the area of the mining rights granted to Las Encinas by the Mexican federal authorities until the permanent closure of the mine. Las Encinas has operated this mine since 1998.

Aquila is a mine composed predominantly of magnetite ore with hematite traces, and sulphides, silicates and carbonates gangues. The form of mineralization is massive and disseminated (hornfels, endoeskarn), with mineralized breccia. The mine site is hosted along to a regional fault, between an intrusive granodiorite and limestone, and the shape of the deposit is a northeast-southwest mineralization, mainly controlled by geological structures.

At the Palomas Mine, Las Encinas holds mining rights for the extraction of iron ore over 376 hectares. The Palomas operations (an open pit mine) stand on an area owned by Las Encinas, which started operating this mine in 2017.

The Palomas mine is a iron skarn deposit hosted in calcareous and granitic rocks which exhibit alteration halos of varying intensity. Mineralization is massive, bordered by disseminated mineral. The ore body is situated in concordant tabular horizons with a northwest and southeast-oriented pseudo stratification and northeast-oriented dip. The mineralization is predominantly magnetite ore with hematite traces. The gangue mineral is composed of garnet, pyrite and calcite. The surrounding rocks are skarn (calcareous protolyte, clayey calcareous and Cretaceous sandy) or hornfels (clayey protolyte). The stratigraphic sequence is affected by dyke intrusions of monzonite and granite composition.

Mineral reserve estimates at Las Encinas mines are based on a long-term iron ore reference price of \$90 per dry metric ton for 62% ferrous CFR China, adjusted for grade, logistics, and other adjustments. Mineral resources are constrained within a Lerch & Grossmann pit shell, designed using the reference price for mineral reserves.

Areas under exploration

Las Encinas holds mining rights over other areas scattered throughout Michoacán, Jalisco and Colima, Mexico. Las Encinas has developed and may continue pursuing the development of small to mid-sized mining operations similar to Palomas, as a way to diversify its sources of iron ore and to make effective use of its mining rights in the region.

Exhausted mines

The El Chilillo open pit mine was operated until 2015. The El Chilillo mineral reserves were exhausted, the mine's operations were suspended and the land returned to the owners. Ternium has already completed the requisite restoration works and has filed the applicable report with the environmental authority.

The El Encino open pit and underground mine was operated until 2011. The El Encino mineral reserves were exhausted and the mine's operations have been suspended. Ternium continues to evaluate the steps required to proceed with its permanent closure. The crushing and transfer facilities at El Encino are still in operation and will remain active to receive, process and transfer to the Alzada pelletizing plant iron ore that Las Encinas buys from time to time from other local producers.

The Cerro Nahuatl open pit mine located in Colima, Mexico, operated until 2008. The Cerro Nahuatl mineral reserves were exhausted and the mine's operation has been suspended. Ternium is currently following the steps required to proceed with its permanent closure.

Consorcio Peña Colorada

Consorcio Peña Colorada, a company owned 50% by Ternium and 50% by ArcelorMittal, produces iron ore pellets and magnetite concentrate in Mexico. Consorcio Peña Colorada operates the Peña Colorada open pit mine as well as a concentrating facility and a two-line pelletizing facility. Consorcio Peña Colorada owns part of the property where its mine and processing facilities stand, and leases 1,204 hectares adjacent to the mine to store waste dump material and, in the future, to mine mineral reserves as part of the regular short-term and long-term life of mine plan.

Consorcio Peña Colorada has operated since 1974 and holds mining rights over 39,978 hectares. The Peña Colorada mine is a complex polyphase iron ore deposit. Several magmatic and hydrothermal events produced iron mineralization as skarns or skarnoids, and late dikes and faults that crosscut the mineralized bodies. The main mineralization events are a massive ore body and a disseminated ore body, within polymictic breccia zones. Mineral reserve estimates at the Peña Colorada mine are based on a long-term iron ore reference price of \$80 per dry metric ton for 62% ferrous CFR China, adjusted for grade, logistics, and other adjustments. Mineral resources are estimated based on the same long-term price forecast used for mineral reserves, increased by a revenue factor of 1.30 and adjusted upwards or downwards for mine specific factors and further adjusted for grade, logistics and other modifying factors.

The concentration plant is located at the mine in Minatitlán, Colima, and the pelletizing plant is located near the Manzanillo seaport on the Pacific coast in Colima, 50 kilometers from Minatitlán. Consorcio Peña Colorada's major processing facilities include a primary crusher, two autogenous mill, horizontal and vertical ball mills, several stages of

magnetic separation, tailings filter plant, drystack and two pelletizing lines. The concentrate is sent as a pulp through a 45 kilometers-long pipeline from the mine and mineral processing plant in Minatitlán to the pelletizing plant in Manzanillo.

Consortio Peña Colorada has an operational tailings dam in Arrayanal, Colima, and a tailings dam in the process of closure located in Guásimas, Colima, with limited use. A paste plant operates near the Arrayanal dam to help increase the solid content of tailings. The Peña Colorada mine and the pelletizing plant receive electrical power from CFE.

Ternium is required to buy from Consortio Peña Colorada half of the mine's annual production. For further information, see Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs—Mexico—Iron Ore." Iron ore concentrate and pellets sold to Ternium are shipped by rail from the mine to Ternium's facilities in Mexico or exported to third parties through the Manzanillo port.

Iron ore mineral resources and mineral reserves

In 2025, net sales of Ternium's mining segment in Mexico represented 3.0% of the company's consolidated net sales and were totally used internally for steel making. As of December 31, 2025, the property, plant and equipment value of Ternium's mining segment in Mexico represented 4.4% of the company's consolidated property, plant and equipment value. None of our iron ore mines is considered to be material on an individual basis.

The estimates of mineral resources and mineral reserves at our mines and projects have been prepared by qualified persons. The 2025 mineral resource and mineral reserve estimates at the Aquila and Palomas mining properties were audited by SRK Consulting (Peru) S.A. The 2025 mineral resource and mineral reserve estimates for the Peña Colorada mine were prepared by qualified persons who are employees of Consortio Peña Colorada. In addition, external qualified professionals and companies collaborate with management to validate findings in relevant areas such as geotechnics, geology and mining design.

Las Encinas and Consortio Peña Colorada have in place quality control and quality assurance processes and procedures to estimate mineral resources and mineral reserves. Las Encinas and Consortio Peña Colorada adopted internal procedures that describe the systems and processes to effectively manage mining activities. These procedures follow industry practices, are managed by experienced and qualified technical experts, and are regularly reviewed and updated.

In the field, information is managed by experienced professionals who follow specified procedures. Data derived from exploration drilling, field sampling, process tests, and product quality is subject to thorough sample security and integrity protocols, field and laboratory quality assurance and quality control processes, as well as data validation procedures. Quality control processes and procedures vary depending on the specific nature of the drilling, sampling program or laboratory analysis. Operational and historical data is subject to internal validation procedures. Compliance with such procedures is verified through internal database audits and spatial and statistical analysis.

Mineral resource and mineral reserve estimations are subject to normal industry risks, including metal prices, economic and market risks, metallurgical performance, and geological modeling. For geological risk, Ternium has modeling and estimation procedures following mining industry best practices, including drilling, core logging, sampling, and density protocols. For information on risks relating to the determination of mineral resources and mineral reserves, see "Risks Relating to Ternium's Mining Activities - Ternium's resource and reserve estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves and resources uneconomical to mine or cause Ternium to revise its resource or reserve estimates."

Iron ore mineral reserves

The table below details Ternium's estimated proven and probable iron ore mineral reserves in Mexico as of December 31, 2025. The classification of the iron ore mineral reserve estimates as proven or probable reflects the variability in the mineralization at the selected cut-off grade, the mining selectivity and the production rate and ability of the operation to blend the different ore types that may occur within each deposit.

Iron ore mineral reserves as of	December 31, 2025						December 31, 2024	
	Proven		Probable		Total		Total	
	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾
Las Encinas	12	32	6	30	18	31	20	30
Peña Colorada ⁽²⁾	53	20	63	19	116	20	122	20

- (1) Reported figures are for magnetic iron content.
- (2) Reported figures are for Peña Colorada's operation at Ternium's 50% ownership interest in Consorcio Peña Colorada.

Note: S-K 1300 definitions were followed for mineral reserve estimates. Reported figures are Run of Mine (ROM) based. References to tons are to wet metric tons.

The table below provides additional information on iron ore production and average estimated mine life:

Operations/Projects	% Ownership	In Operation Since	2025 Run of Mine Production (million tons)	2025 Saleable Production (million tons) ⁽¹⁾	Estimated Mine Life (Years) ⁽²⁾
Las Encinas ⁽³⁾	100	1970	3.5	1.6	5
Peña Colorada ⁽⁴⁾	50	1974	6.9	1.8	15

- (1) Saleable production consists of a mix of direct shipped ore, concentrate, pellet feed and pellet products which have an iron content of approximately 65% to 66%.
- (2) Mine life is calculated assuming the full utilization of the pellet plant and corresponds to the duration of mineral reserve estimates only.
- (3) 2025 includes exclusively the Aquila and Palomas mines. Run of mine production in 2025 was 3.5 million tons and in 2024 was 3.4 million tons.
- (4) Run of mine production in 2025 was 6.9 million tons and in 2024 was 3.9 million tons. Reported figures are for Peña Colorada's operation at Ternium's 50% ownership interest in Consorcio Peña Colorada. The year-over-year increase in run of mine production in 2025 was due to the impact on 2024 production of deferrals in mining preparation activities, as a result of a lengthier than expected environmental permit granting for tailings disposal.

The mineral reserve estimates were prepared in compliance with the requirements of the U.S. Securities and Exchange Commission (the "SEC") rules, under which:

- Reserves are the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination.
- Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches or working or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of reserves are well established.
- Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

The demonstration of economic viability is established through the application of a life of mine plan for each operation or project providing a positive net present value on a cash forward-looking basis. Economic viability is demonstrated using forecasts of operating and capital costs based on historical performance, with adjustments based on planned process improvements, changes in production volumes and in fixed and variable proportions of costs, and forecasted fluctuations in costs of raw material, supplies, energy and wages. Mineral reserve estimates are updated annually in order to reflect new geological information and current mine plan and business strategies. Our mineral reserve

estimates are of in-place material after adjustments for mining depletion and mining losses and recoveries, with no adjustments made for metal losses due to processing. For a description of risks relating to mineral reserves and mineral resource estimates, see Item 3. “Key Information—D.Risk Factors—Risks Relating to Ternium’s Mining Activities—Ternium’s reserve and resource estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves and resources uneconomical to mine in the future or cause Ternium to revise its reserve or resource estimates.”

Our mining leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all mineral reserves on the leased properties to be mined in accordance with current production schedules. Our mineral reserves may include areas where some additional community negotiations and regulatory approvals are still pending. However, based on the technical investigations conducted as part of our mine planning process, together with our knowledge and experience of the negotiation and approval frameworks, we expect pending authorizations and approvals to be obtained in the normal course of business and within the timeframe established by the current life-of-mine schedule.

Changes in iron ore mineral reserve estimates (2025 versus 2024)

Las Encinas’ iron ore mineral reserve estimates as of December 31, 2025 were 18 million tons on a run-of-mine basis (with an average magnetic iron grade of 31%), decreasing by 2 million tons (with 1 percentage point higher magnetic iron grade) compared to those recorded as of December 31, 2024. The year-over-year decrease was mainly due to the depletion of iron ore mineral reserves in 2025, partially offset by an increase in the mineral reserves at the Palomas mine resulting from the update of mining costs and of geotechnical parameters.

Peña Colorada’s iron ore mineral reserve estimates as of December 31, 2025 were 116 million tons on a run-of-mine basis (with an average magnetic iron grade of 20%) decreasing by 6 million tons compared to those recorded as of the end of 2024. The year-over-year change was mainly due to the depletion of iron ore mineral reserves in 2025 partially offset by an increase in the iron ore mineral reserve estimate resulting from the block model update. Reported figures are for Peña Colorada’s operation at Ternium’s 50% ownership interest in Consorcio Peña Colorada.

Iron Ore Mineral Resources

The following tables summarize Ternium’s mineral resources in its active mines in Mexico, as of December 31, 2025 and 2024.

Iron ore measured and indicated mineral resources as of	December 31, 2025						December 31, 2024	
	Measured		Indicated		Measured + indicated		Measured + indicated	
	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾
Las Encinas	—	—	—	—	—	—	—	—
Peña Colorada ⁽²⁾	17	24	36	21	53	22	42	22

Iron ore inferred mineral resources as of	December 31, 2025		December 31, 2024	
	Million tons	Fe % ⁽¹⁾	Million tons	Fe % ⁽¹⁾
Las Encinas	12	31	14	31
Peña Colorada ⁽²⁾	1	19	1	28

- (1) Reported figures are for magnetic iron content.
- (2) Reported figures are for Peña Colorada’s operation at Ternium’s 50% ownership interest in Consorcio Peña Colorada.

Note: S-K 1300 definitions were followed for mineral resource estimates. Mineral resources are constrained within an optimized pit shell and exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. References to tons are to wet metric tons.

Changes in iron ore mineral resource estimates (2025 versus 2024)

Las Encinas’ inferred iron ore mineral resource estimates as of December 31, 2025 were 12 million tons (with an average magnetic iron grade of 31%), decreasing by 2 million tons compared to those recorded as of December 31,

2024. The year-over-year change was mainly due to the reclassification from iron ore mineral resources to mineral reserves at the Palomas mine. For information on risks relating to the determination of mineral resources and mineral reserves, see “Risks Relating to Ternium’s Mining Activities - Ternium’s resource and reserve estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore resources and reserves uneconomical to mine or cause Ternium to revise its resource or reserve estimates.”

Peña Colorada’s measured and indicated iron ore mineral resource estimates as of December 31, 2025 were 53 million tons (with an average magnetic iron grade of 22%), increasing by 11 million tons compared to those recorded as of December 31, 2024. The year-over-year change was mainly due to an increase in iron ore mineral resource estimates, resulting from a pit shell update after revised price assumptions and the incorporation of additional drill hole information. Reported figures are for Peña Colorada’s operation at Ternium’s 50% ownership interest in Consorcio Peña Colorada.

Property, Plant and Equipment

The table below details the value of Ternium’s mining segment property, plant and equipment in Mexico as of December 31, 2025.

<i>In millions of U.S. dollars</i>	Property, Plant and Equipment
Las Encinas	173.4
Consorcio Peña Colorada	285.7

Brazil

Usiminas has a 70% interest in Mineração Usiminas, and conducts its mining activities in Brazil through this company. Ternium started to consolidate Usiminas in July 2023. In 2025, we recorded iron ore shipments of 9.6 million tons from Mineração Usiminas’ operations, which were destined to third parties and to Usiminas’ steelmaking facilities in Ipatinga. The following table provides an overview of Mineração Usiminas’ active mining operations:

Mine	Location	Type of Mine
Oeste	Itatiaiuçu, Minas Gerais	Open pit
Central	Itatiaiuçu, Minas Gerais	Open pit
Leste/Camargos ⁽¹⁾	Mateus Leme, Minas Gerais	Open pit

- (1) Friable ore at the Leste area has been exhausted at the end of 2023. The Camargos area is currently being evaluated as a potential source of friable ore for the Leste processing plant.

The following table provides an overview of Mineração Usiminas’ production capacity as of December 31, 2025:

Production facility	Capacity⁽¹⁾
Oeste Plant	2,900
Samambaia Plant	2,900
Flotation Plant	3,200
Leste Plant ⁽²⁾	1,000

- (1) In thousands of tons per year. Figures are based on the nominal design capacity of the plants.
- (2) Leste Plant did not operate in 2025. It is currently on stand-by pending the completion of feasibility assessments for the Camargos area.

In 2021, Mineração Usiminas implemented a dry stacking system to process tailings and, accordingly, tailings dams are no longer used. Mineração Usiminas had two tailings dams that were declared decommissioned, Somisa and Central, after it completed a closing procedure and fulfilled the legal requirements for obtaining such declaration. As of December 31, 2025, Mineração Usiminas had one inactive remaining tailings dam, Samambaia 0, with deposits volume of 8 million cubic meters and an additional one million cubic meter of sealing material used for decharacterization works. Samambaia 0 was built downstream and remains closed. In addition, Mineração Usiminas

has initiated the required legal steps to obtain the decommissioning declaration by Minas Gerais' authorities for its Samambaia 0 tailings dam.

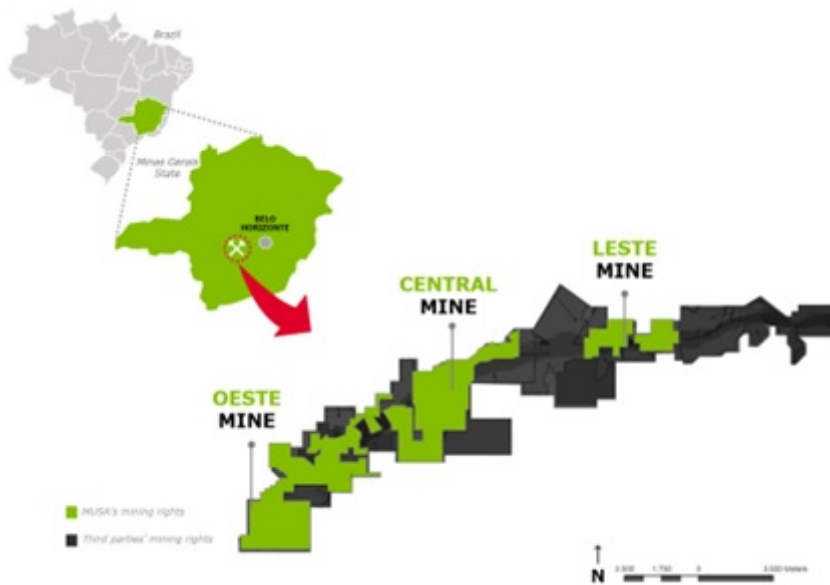
In addition to the Sambambaia 0 iron ore tailings dam, Mineração Usiminas has a sediment containment structure, the Oeste dike. This structure meets the requirements of the *Política Nacional de Seguridad de Barragens*, the national policy for dam safety. The Oeste dike is monitored by the company's geotechnical structure management systems, which comply with all applicable legal requirements, including the external audit carried out by an independent company.

Location of Active Mines

Oeste: Latitude 20° 9'40.00"S longitude 44°27'30.00"W.

Central: Latitude 20° 7'58.48"S longitude 44°24'48.35"W.

Leste/Camargos: Latitude 20° 7'16.73"S longitude 44°22'2.96"W.



Mineração Usiminas operates one crushing/classification plant located in the Leste mine, and three concentration plants located in the Oeste and Central mines. Its major processing facilities include crushers, mill, screens, cyclones, spiral classifier, spiral concentrators, jigs, magnetic concentrators, flotation cells, flotation columns, filters and a decanter.

Iron or lumps, sinter feed and pellet feed are transported by truck from the mines to railroad terminals. The iron ore destined to Usiminas' Ipatinga unit is transported by railroad from the Modal railroad terminals. Sinter feed and pellet feed destined to offshore customers, mainly from Asia, is transported by railroad to ports in the Atlantic Ocean coast. The facilities receive electrical power from CEMIG, a local electric utility company.

Active mines

Mineração Usiminas currently operates the Oeste and Central iron ore mines, while the Leste mine remains on standby. The Oeste, Central and Leste iron ore mines, together with their iron ore processing facilities, stand on 1,905 hectares, 1,250 hectares and 445 hectares, respectively. The environmental licences in force allow Mineração Usiminas to perform all mining activities necessary to exploit the ore located in every area where it has mining rights, until the permanent closure of the mines. Mineração Usiminas has operated these mines since 2010.

The Oeste and Central mines are composed predominantly of siliceous itabirite (friable, semi-compact and compact itabirite). The mineralization occurs as a tens of meters thick tabular or folded layers of banded iron formation. The mines are located on the iron formation which occurs between quartzite and phyllites in a kilometeric mountain range.

The Leste mine is composed predominantly of layers of siliceous itabirite (friable, semi-compact and compact itabirite) with interdigitated lenses of magnetite itabirite, which changes laterally to dolomite, and portions of clayey

iron formation that occurs close to the contact with the quartzites of the Cercadinho formation. This mine is also located on an iron formation, which occurs between quartzites and phyllites.

Mineral reserve and mineral resource estimates at Mineração Usiminas mines are based on an estimated long-term iron ore price of \$85 per dry metric ton for 62% iron content CFR China, adjusted by grade and other chemical elements content.

Iron ore mineral resources and mineral reserves in Brazil

In 2025, Mineração Usiminas' mining products shipments represented 4.3% of Ternium's consolidated net sales. As of December 31, 2025, the property, plant and equipment value of Mineração Usiminas represented 3.5% of Ternium's consolidated property, plant and equipment value. None of our iron ore mines is considered to be material on an individual basis.

The estimates of mineral resources and mineral reserves at our mines and projects have been certified by a qualified person with GE21 Consultoria Mineral Ltda ("GE21") contracted by Mineração Usiminas.

Mineração Usiminas adopted internal procedures that describe the systems and processes to effectively manage mining activities. These procedures follow industry practices, are managed by experienced and qualified technical experts, and are regularly reviewed and updated.

In the field, information is managed by experienced professionals who follow specified procedures. Data derived from exploration drilling, field sampling, process tests, and end product quality is subject to thorough sample security and integrity protocols, field and laboratory quality assurance and quality control processes, as well as data validation procedures. Quality control processes and procedures vary depending on the specific nature of the drilling, sampling program or laboratory analysis. Operational and historical data is subject to internal validation procedures. Compliance with such procedures is verified through internal database audits and spatial and statistical analyses.

Mineral resource and mineral reserve estimations are subject to normal industry risks, including metal prices, economic and market risks, metallurgical performance, and geological modeling. For geological risk, Mineração Usiminas has modeling and estimation procedures following mining industry best practices, including drilling, core logging, sampling, and density protocols. For information on risks relating to the determination of mineral resources and mineral reserves, see Item 3. "Key Information—D.Risk Factors—Risks Relating to the Mining Activities - Ternium's reserve and resource estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves and resources uneconomical to mine or cause Ternium to revise its reserve or resource estimates."

Iron ore mineral reserves in Brazil

The table below details Mineração Usiminas' estimated proven and probable iron ore mineral reserves as of December 31, 2025. The classification of the iron ore mineral reserve estimates as proven or probable reflects the variability in the mineralization at the selected cut-off grade, the mining selectivity and the production rate and ability of the operation to blend different ore types that may occur within each deposit. Mineral reserves are reported as Run of Mine (ROM). References to tons in mineral reserve figures are to wet metric tons. To be able to process compact itabirites, Mineração Usiminas would need to deploy a new project that requires new equipment and facilities and significant capital expenditures. This project is currently under analysis and has not been yet approved. For information on risks relating to this investment, see Item 3. "Key Information—D.Risk Factors—Risks Relating to the Mining Activities - Inability to complete activities required to maintain iron ore and pellets production rates over time could increase Ternium's steel production cost."

Iron ore mineral reserves ⁽¹⁾	December 31, 2025						December 31, 2024	
	Proven		Probable		Total		Total	
	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾
Friable itabirites	114	46	44	48	158	47	169	47
Compact itabirites	400	36	242	35	642	36	643	36
Mineração Usiminas	514	38	286	37	800	38	812	38

- (1) Mineral reserves are the economically viable portion of the measured and indicated mineral resources, based on a benchmark long-term iron ore price of \$85 per dry metric ton for 62% iron content CFR China. The mineral reserve reports were dated December 31, 2025. The cut-off grade was 30% Fe. Estimates were performed with the Studio NPVS 1.4.26.0 software. Mineral reserves included 30 million tons of iron ore with a 41% content of

compact stoke piles classified as indicated. The stock piles were estimated and classified based on topography survey and channel samples. GE21 recommends a systematic sampling be carried out to confirm the quality of the compact stock pile.

(2) Represents total iron content.

The table below provides additional information on iron ore production and average estimated mine life.

Operations/Projects	% Ownership ⁽¹⁾	In Operation Since	2025 Run of Mine Production (million tons)	2025 Saleable Production (million tons) ⁽²⁾	Estimated Mine Life (Years) ⁽³⁾
Friable itabirites ⁽⁴⁾	70	2011	21.5	9.2	5
Compact itabirites ⁽⁵⁾	70	n/a	n/a	n/a	34

(1) Corresponds to Usiminas' 70% interest in Mineração Usiminas.

(2) Saleable production consists of a mix of direct shipped ore, lump, sinter feed and pellet feed products which have an iron content of approximately 61%.

(3) Mine life is calculated assuming the full utilization of the concentration facilities and corresponds to the duration of ore mineral reserve estimates.

(4) Run of mine production in 2025 was 21.5 million tons and in 2024 was 20.8 million tons.

(5) To be able to process compact itabirites, Mineração Usiminas is required to deploy a new project that entails new equipment and facilities and significant capital expenditures, and estimated mine life will depend, among other factors, on actual processing capacity incorporated as part of such project. For information on risks relating to this investment, see Item 3. "Key Information—D.Risk Factors—Risks Relating to the Mining Activities - Inability to complete activities required to maintain iron ore and pellets production rates over time could increase Ternium's steel production cost."

Mineral reserve estimates are updated annually in order to reflect new geological information and current mine plan and business strategies. Our mineral reserve estimates are of in-place material after adjustments for mining depletion and mining losses and recoveries, with no adjustments made for metal losses due to processing. For a description of risks relating to mineral reserves and mineral reserve estimates, see Item 3. "Key Information—D.Risk Factors—Risks Relating to the Mining Activities—Ternium's reserve and resource estimates may differ materially from actually recoverable mineral quantities, or its estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves and resources uneconomical to mine in the future or cause Ternium to revise its reserve or resource estimates."

Mineração Usiminas' mining leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all mineral reserves on the leased properties to be mined in accordance with current production schedules. Our mineral reserves may include areas where some additional approvals remain outstanding but where, based on the technical investigations we carry out as part of our mine planning process and our knowledge and experience of the approvals process, we expect that such approvals will be obtained as part of the normal course of business and within the timeframe required by the current life of mine schedule.

Changes in iron ore mineral reserve estimates (2025 versus 2024)

Friable itabirite iron ore mineral reserve estimates as of December 31, 2025 were 158 million tons on a run-of-mine basis (with an average iron grade of 47%), decreasing by 11 million tons compared to those recorded as of the end of 2024. The decrease during 2025 was due to the mineral reserve depletion in the year.

Compact itabirite iron ore mineral reserve estimates as of December 31, 2025 were 642 million tons on a run-of-mine basis (with an average iron grade of 36%), decreasing by 1 million tons compared to those recorded as of the end of 2024. The decrease during 2025 was due to the use of compact itabirite in operation or waste disposal activities.

Iron Ore Mineral Resources

Mineral Resources include a 30 million-ton stock of compact itabirite, 41% iron content, classified as indicated. Stock pile size and iron content were estimated and classified based on topography surveys and samples. GE21 recommends a systematic sampling be carried out to confirm the quality of compact stock pile. The following tables summarize

Mineração Usiminas' mineral resources in its active mines as of December 31, 2025. Mineral resources are reported as Run of Mine (ROM). References to tons in mineral resource figures are to wet metric tons. Mineral resources are exclusive of mineral reserves.

Iron ore measured and indicated mineral resources ⁽¹⁾ as of	December 31, 2025						December 31, 2024	
	Measured		Indicated		Measured + indicated		Measured + indicated	
	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾
Friable itabirites	206	46	81	47	287	46	298	47
Compact itabirites	699	36	592	35	1,291	36	1,292	36
Mineração Usiminas	905	38	673	36	1,578	38	1,590	38

Iron ore inferred mineral resources as of	December 31, 2025		December 31, 2024	
	Million tons	Fe % ⁽²⁾	Million tons	Fe % ⁽²⁾
Friable itabirites	55	50	55	50
Compact itabirites	293	33	293	33
Mineração Usiminas	348	36	348	36

- (1) The mineral resource reports were dated December 31, 2025. The cut-off grade was 20% Fe. Estimates were performed with the Studio NPVS 1.4.26.0 software.
- (2) Represents total iron content.

Changes in iron ore mineral resource estimates (2025 versus 2024)

Friable itabirite iron ore mineral resource estimates as of December 31, 2025 decreased 11 million tons year-over-year to 287 million tons of measured and indicated mineral resource estimates and 55 million tons of inferred mineral resource estimates (with an average iron grade of 46% and 50%, respectively). The decrease in mineral resource estimates was due mainly to mineral resource depletion during the year. Inferred mineral resource estimates remained unchanged.

Compact itabirite iron ore mineral resource estimates as of December 31, 2025 decreased 1 million tons year-over-year to 1,291 million tons of measured and indicated mineral resource estimates and 293 million tons of inferred mineral resource estimates (with an average iron grade of 36% and 33%, respectively). The decrease in resource estimates was due to the use of compact itabirite in operation or waste disposal activities. Inferred mineral resource estimates remained unchanged.

Property, Plant and Equipment

Mineração Usiminas' property, plant and equipment value as of December 31, 2025 amounted to \$366.3 million.

Production process

Ternium specializes in manufacturing and processing finished steel products. In addition, Ternium extracts and processes iron ore and produces electricity.

Ternium's facilities use different technologies and have different levels of integration. The basic inputs for steel production are iron ore, metallurgical coal and energy. Iron ore is used in three different formats: fines, lumps and pellets. Ternium's steel production processes consume energy mainly in the form of natural gas, coal and electricity.

Iron ore extraction and processing. The iron production process begins with the extraction of iron ore from open pit mines owned and operated by Las Encinas and Peña Colorada in Mexico and Mineração Usiminas in Brazil. The mining process consists of removing the ore from the surface using explosives, loading it and transporting it by truck to the crushing facilities where it is crushed to a specified size.

After crushing, the ore goes through several stages of grinding and concentration. Grinding reduces the size of the ore, while concentration, using magnetic, densitometric and flotation methods, separates the iron from the tailings to

produce iron ore concentrate. This process is carried out using water as an auxiliary element. Excess water is then recovered through a filtration process. The iron ore concentrate is then shipped to our steel mills and third parties.

After the filtering process and by leaving the necessary humidity, pellets are formed using pelletizing disks. Pellets are separated according to their size and are then hardened in ovens and shipped to the steel producing facilities.

Steel production. Ternium produces semi-finished steel in the form of thin slabs, slabs, billets and round bars through the blast furnace and the electric arc furnace methods.

Under the blast furnace method, which is used in Brazil and Argentina, iron ore pellets, lumps, sinter (a mixture of iron ore fines and limestone produced in sinter facilities) and coke (a solid residue obtained from the distillation of coal produced in coking batteries) are mixed in the blast furnaces in a process that melts and reduces the iron ore, obtaining pig iron. The molten pig iron is then mixed with steel scrap and other products in a basic oxygen furnace through a process that removes impurities from the pig iron by injecting pure oxygen at high pressure into the molten metal, burning-off carbon and other elements. The molten steel is then cast using the continuous casting method, into slabs.

Under the electric arc furnace method, which is used in Mexico and Colombia, the iron metal charge is heated with other elements to obtain molten steel. The molten steel is then cast, using the continuous casting method, into billets and thin slabs. The iron metal charge in the Apodaca and Manizales plants is steel scrap, and the iron metal charge in the Monterrey and Puebla plants is a mix of DRI and steel scrap. The DRI results from the conversion of pellets in the DRI modules. One of Monterrey's DRI plants includes Hytemp® technology, which permits the hot discharge of the DRI to the electric arc furnace, generating significant energy savings and improving productivity.

Steel processing. Semi-finished steel is then processed into finished products using hot-rolling, cold-rolling, coating, tubing, paneling, slitting and cut-to-length facilities among other processes. In Mexico, Brazil and Argentina, Ternium processes steel slabs produced in Ternium Brazil and/or purchased in the marketplace, as in Mexico and Brazil its steel processing capacity is higher than its steel production capacity, and in Argentina its steel processing capacity utilization has been higher in recent years than its steel production capacity. Ternium may purchase hot-rolled, cold-rolled and coated products as well for further processing in its lines.

Thin-slabs, slabs and billets are processed in the hot-rolling mills in Mexico, Brazil, Argentina and Colombia to obtain hot-rolled products using different technologies. In the case of flat products, hot-rolled coils are obtained from thin or conventional slabs. Thin slab hot-rolling, a technology Ternium uses only in Mexico, requires less energy than conventional slab hot-rolling, as it does not require a roughing section at the mill and does not need to be reheated from room temperature to reach rolling temperature. In addition, in Brazil, Usiminas obtains plates from conventional slabs in a hot-rolled heavy plate line. In the production of long products, which is carried out in Mexico and Colombia, billets are reheated and taken to rolling temperature. The softened steel is processed in the rolling trains to obtain wire rods and rebars as finished long products and, depending on their final use, rebars can be further processed into stirrups and other customized shapes in our service centers in Colombia.

Depending on its final use, the hot-rolled coils are then heat-treated and/or pickled in Mexico, Brazil and Argentina, before being sent for sale as coils or cut into steel sheets. Alternatively, the hot-rolled coils may be sent to a cold-rolling mill where they are put under a deformation process at room temperature to reduce their thickness and obtain cold-rolled coils. Cold-rolled coils can be sold in crude form to the market (full hard) or processed in the reheating ovens, annealing bays and temper lines to modify their metallurgic and physical characteristics. The heat-treated products can be sold as coils or sheets or further processed by adding coatings.

Cold-rolled coils can be further processed into tinplate at Ternium Argentina's facility (by adding a thin layer of tin), into galvanized or electrogalvanized sheets at several of Ternium's facilities in Mexico, Argentina, the United States, Guatemala, and at Usiminas' facilities (by adding a thin layer of zinc to the products through different processes) or into pre-painted products. Some of these products can be further processed into slitted, cut-to-length and tailor-made products according to customers' needs at Ternium's service centers, which are located in several countries. In addition, coated, cold-rolled and hot-rolled coils can be further processed into tubular products, such as welded pipes, insulated panels and architectural panels, among other customized products.

Sales

Net Sales

As of December 31, 2025, the company was organized into two operating segments: Steel and Mining.

- The Steel segment includes the sales of steel products by Ternium S.A.'s subsidiaries, which comprises mainly slabs, hot and cold rolled products, coated products, roll-formed and tubular products, billets, bars and other products.
- The Mining segment includes the sales of mining products by Ternium S.A.'s subsidiaries, which comprises iron ore lumps, concentrates (sinter feed and pellet feed fines) and pellets, and encompasses the mining activities of Mineração Usiminas, Las Encinas and 50% of Peña Colorada.

For purposes of reporting geographical information, net sales are allocated based on customer's location. For further information, see note 5 to the consolidated financial statements included in this annual report.

Ternium primarily sells its steel products in Latin American countries and the southern United States, where it can leverage its strategically located manufacturing facilities to provide specialized products, delivery services to its customers and reduced freight costs. Ternium's consolidated net sales amounted to \$15.6 billion in 2025, \$17.6 billion in 2024 and \$17.6 billion in 2023. Ternium started to consolidate Usiminas in July 2023. For further information on our net sales, see Item 5. "Operating and Financial Review and Prospects—A. Results of Operations."

The prices of our steel products generally reflect international market prices for similar products adjusted to reflect regional conditions. We adjust prices for our products periodically in response to changes in the import prices of foreign steel, export prices, and supply and demand. For further information, see Item 5. "Operating and Financial Review and Prospects—Overview." The actual sales prices that we obtain for our products are also subject to the specifications, sizes and quantity of the products ordered.

The following table shows consolidated net sales, for the years indicated:

<i>Consolidated</i>	Net sales (million U.S. dollars)		
	For the year ended December 31,		
	2025	2024	2023
Steel Segment	15,041	17,220	17,281
Mining Segment	568	429	329
Total net sales	15,609	17,649	17,610

The following table shows the steel segment's net sales and shipments, for the years indicated:

<i>Steel Segment</i>	Net sales (million U.S. dollars)			Shipments (thousand tons)		
	For the year ended December 31,			For the year ended December 31,		
	2025	2024	2023	2025	2024	2023
Mexico	7,124	8,527	9,311	7,432	8,200	8,355
Brazil	3,695	4,005	2,279	3,943	3,941	2,014
Southern Region	2,326	2,401	3,569	2,180	1,806	2,271
Other Markets	1,590	1,958	1,853	1,506	1,674	1,573
Total Steel products	14,735	16,892	17,013	15,060	15,622	14,213
Other products	306	329	268			
Total Steel segment	15,041	17,220	17,281			

Note: other products include mainly electricity sales in Mexico and Brazil.

The following table shows the mining segment's net sales and shipments, for the years indicated:

<i>Mining Segment</i>	Net sales (million U.S. dollars)			Shipments (thousand tons)		
	For the year ended December 31,			For the year ended December 31,		
	2025	2024	2023	2025	2024	2023
Third parties	568	429	329	7,658	6,426	4,128
Intercompany	570	630	546	5,293	4,959	4,048
Total	1,138	1,059	875	12,951	11,385	8,176

Consolidated steel products sales

Mexico

Sales to customers in Mexico accounted for 48% of Ternium's consolidated net sales of steel products during 2025, 50% during 2024 and 55% during 2023. Most of Ternium's Mexican customers are located near its plants. Flat steel non-coated products are mainly sold in Mexico to construction companies, industrial customers in the automotive, packaging, electric motors and service center industries, as well as distributors. The principal segments in the Mexican coated steel market are construction, automotive, home appliances and manufacturing (air conditioning, lamps and furniture). Ternium serves industrial customers, who require high-quality specifications, as well as commercial customers through service centers and warehouses. Rebar and wire rod markets in Mexico are characterized by a large number of orders of small volume, and competition is largely based on price. The customer base for bar and rod products in Mexico consists primarily of independent dealers and distributors, who in turn retail the products to their customers in the construction industry. Ternium markets its tubular products mainly through Mexican independent distributors, and the balance is sold directly to industrial customers.

Brazil

Sales to customers in Brazil accounted for 25% of consolidated net sales of steel products during 2025, 24% during 2024 and 13% during 2023. In the first half of 2023, sales in Brazil consisted mainly of steel slabs shipped to Usiminas and other steel companies. In the second half of 2023, Ternium started to consolidate Usiminas' shipments, resulting in a significant increase in reported volumes in the country. Usiminas' steel product sales in Brazil target the automotive industry, the construction and agriculture sectors, the tube and pipe sector (related to liquids, gas transportation and distribution networks), the capital goods sector and the home appliances sector. The customer base in Brazil consists primarily of independent SME companies and distributors, which in turn process or retail products to their customers in different market sectors. In addition, Usiminas serves large industrial customers, such as customers in the automotive industry, which require customized products and services that Usiminas can provide through its service centers and finishing facilities.

Southern Region

Sales to customers in the Southern Region (which encompasses Argentina, Bolivia, Chile, Paraguay and Uruguay) accounted for 16% of Ternium's consolidated net sales of steel products during 2025, 14% during 2024 and 21% during 2023. The vast majority of sales in the Southern Region are made to customers in Argentina. Ternium's sales in this region are oriented toward the construction and agriculture sectors, the automotive industry, the packaging sector (for food, paints, sprays and petrochemicals), the tube and pipe sector (related to liquids and gas transportation and distribution networks), the capital goods sector and the home appliances sector.

The customer base in the Southern Region consists primarily of independent SME companies and distributors, which in turn process or retail products to their customers in different market sectors. In addition, Ternium serves large industrial customers, such as customers in the automotive industry, which require customized products and services that Ternium can provide through its service centers and finishing facilities.

Ternium's principal customers in the Southern Region are located near Ternium Argentina's production facilities in Argentina. Ternium's net sales in Argentina represent approximately 16% of our consolidated net sales. We also sell a small portion of our production to customers in Bolivia, Chile, Paraguay and Uruguay.

Other Markets

Sales to customers in other markets, which include mainly shipments to the United States, Colombia and Central America, accounted for 11% of Ternium's consolidated net sales of steel products during 2025, 12% during 2024 and 11% during 2023. Steel customers in the United States are served directly through the Shreveport plant and through Ternium International's Houston, Texas, commercial office. The Gulf Coast and a large portion of the West Coast in particular are regions for which our Mexican facilities have distribution advantages. Ternium's main markets in the United States are the construction industry and the energy related sectors.

Customers in Colombia are served directly through Ternium Colombia and Ternium del Atlántico. Ternium offers a variety of customized products through its various service centers in the country. Our main local markets are the construction industry and the energy related sectors.

Customers in Central America are served directly through Ternium's facilities in Guatemala, El Salvador, Nicaragua and Costa Rica. Ternium offers a variety of customized products through its various service and distribution centers in the region. Ternium's main market in Central America is the construction industry.

Consolidated mining products sales

Mineração Usiminas' shipments of iron ore are marketed mainly to Chinese steel producers and, to a lesser extent, to other foreign and Brazilian steel producers, as well as for internal consumption at the Ipatinga facility in Brazil. Las Encinas' and Consorcio Peña Colorada's iron ore shipments are destined mainly for internal consumption at the Guerrero and Puebla facilities in Mexico and surpluses, if any, are destined for the international market.

Marketing

Marketing of steel products

Ternium's marketing strategy in the steel segment is to expand higher margin value-added products and services in Ternium's sales mix. Over time, Ternium expects to increase its offerings of value-added products, such as cold-rolled sheets and coated and tailor-made products, and services, such as just-in-time deliveries and inventory management. In order to do so, Ternium has recently increased processing capacity and is advancing the construction of new steelmaking capacity, continue to work with its customers to anticipate their needs and develop customized products for particular applications.

A principal component of Ternium's marketing strategy is establishing lasting and close relationships with customers. This strategy allows Ternium to provide assistance to its customers in their use of steel products and to obtain information that can be applied to future product development. Ternium adapts its marketing strategy according to the different regions it serves. Its sales force specializes in different regional requirements, ranging from product specifications to transport logistics.

In order to strengthen Ternium's positioning in regional markets and offer services to customers, Ternium manages its exports from countries where it has manufacturing facilities through a network of commercial offices. Ternium operates through strategically located subsidiaries, providing customers with services and support. Ternium has extensive experience promoting steel products. Its marketing expertise helps us expand our position in current markets and develop new ones.

Mexico

Several local and foreign steel producers direct part of their sales efforts to the Mexican market and, as a result, Ternium engages in significant marketing efforts in this country. Ternium's steel customers in Mexico are in the construction, automotive, metal-mechanic and home appliances sectors, among other industries. In Mexico, we offer customized services through our network of service and distribution centers.

Through its service centers, located in northern and central Mexico, Ternium can cut and roll-form its products to specific client requirements. Customized products include metallic roofing, sheets and strips used in the automotive industry and cut-to-length products used in the home appliance and construction industries. Ternium has several distribution centers and commercial offices in the country, which provide services such as logistics, stock management and customer assistance, as well as analysis of businesses opportunities in their respective markets.

Ternium Mexico has a department focused on the development of small and medium-sized companies in Mexico under a program created by the Techint Group, a group of international companies controlled by San Faustin, for the development of its local customers and suppliers named Propymes. The objective of the program is to improve their competitiveness, increase their exports and allow them to substitute imports with local products. This program provides support for industrial, training and institutional requirements of the participating companies.

Ternium's experienced sales force specializes in the needs of each market sector and focuses on value-added products and services. In this competitive and end-user oriented market, the extensive use of well-known commercial brands allows customers to clearly recognize Ternium's products. Ternium seeks to increase its competitive advantage by providing value-added services, including the technical assistance related to steel use and production, and developing new steel products.

Brazil

Several local and foreign steel producers direct part of their sales efforts to the Brazilian market and, as a result, Ternium's subsidiary Usiminas engages significant marketing efforts in the country. Usiminas' steel customers are in the automotive, construction, metal-mechanic and home appliances sectors, among other industries. In Brazil, Usiminas offers customized services through its network of service and distribution centers. Delivery services are supported by its two port terminals, and by third-party freight carriers. Usiminas' service centers, located in the states of São Paulo, Minas Gerais, Pernambuco, Rio de Janeiro and Rio Grande do Sul, process steel coils according to customer requirements, including cut-to-length products, sheets, strips and tubes used in the automotive, civil construction, distribution, electro-electronic, machinery & equipment, home appliance and/or other industries. Usiminas seeks to increase its competitive advantages by providing value-added services, including technical assistance related to steel use and production, and developing new steel products.

Southern Region

Ternium's sales efforts in this region are oriented toward serving the specific needs of different market sectors, such as the construction industry, the automotive industry, the home appliances sector, the packaging sector (for food, paints, sprays and petrochemicals), the agricultural equipment and capital goods sector, the tube and pipe sector (related to liquids and gas transportation and distribution), and steel processors.

Through Ternium Argentina's service centers, Ternium can cut or roll-form its products to specific client requirements. Customized products include metallic roofing, blanks for vehicles, steel for agricultural machinery, different types of tinplate used to produce sprays and food containers, cut-to-length products used in the home appliance and construction industries, and welded pipes for the energy and construction sectors.

In this region, Ternium has commercial offices in Argentina and Uruguay. These offices provide services such as market development, analysis of businesses opportunities, and customer support in their respective countries. Propymes was implemented in Argentina in 2002, with the objective of promoting the local industry. This program provides support for industrial, training, commercial, financial, institutional and energy transition requirements of the participating companies.

Other Markets

Ternium's finished steel customers in other markets are mainly in the construction and energy-related industries in the United States, Colombia and Central America. In Colombia and Central America, we offer customized services through our network of service and distribution centers.

Through Ternium's facilities and service centers located in Colombia, Costa Rica, El Salvador, Guatemala, Nicaragua and the Southern United States, Ternium can cut, paint or roll-form its products to specific client requirements mainly in the construction industry. In addition, Ternium has a commercial office in Houston, Texas, which enables it to offer differentiated services to various customers.

Ternium's shipments can also be destined to steel markets outside the Americas. Sales to Europe, Asia and Africa are carried out mainly through Ternium's commercial office in Spain. This office is focused on trading activities, including the development of commercial and marketing activities.

Marketing of mining products

Mineração Usiminas' mining operations supply iron ore for internal consumption at the Ipatinga facility and to third parties in Brazil, and to Chinese and other customers in the international markets. Iron ore exports are delivered at a Brazilian port terminal or, depending on agreed upon commercial terms, at the port of destination. In the domestic market, customers collect the iron ore at a Brazilian railway terminal or at the mine. Las Encinas' and Consorcio Peña Colorada's mining activities are mainly aimed at supplying iron ore for internal consumption at the Guerrero and Puebla facilities in Mexico. Surplus production of iron ore, if any, is commercialized to third parties.

Competition

Steel

The steel industry operates predominantly on a regional basis, with large industry participants selling the bulk of their steel production in their home countries or regions, where they have natural advantages and are able to more effectively market value-added products and provide additional customized services. International trade of steel is also

relevant, despite the limitations associated with transportation costs, as well as the restrictive effects of protective tariffs and other trade restrictions. Historically, several large steel manufacturers have merged with each other or acquired steel companies in other parts of the world. This wave of consolidation has resulted in a number of large, global producers with significant operations in several regions and/or continents, contributing to the increasing globalization of the steel industry. Considered as a whole, however, the steel industry still remains considerably fragmented, compared with market conditions characterizing certain of our suppliers and customers, e.g. iron ore suppliers and the automotive industry.

The steel industry has been steadily consolidating over the past decades, including Ternium and some its competitors. However, the global steel market remains highly fragmented. In 2024, the most recent year for which statistics are available, the five largest steel producers, China Baowu Group, ArcelorMittal, Ansteel Group, NSC and HBIS Group, accounted for 18% of total worldwide steel production, compared to 15% for the five largest steel producers in 2000.

Historically, steel prices have exhibited significant volatility. Events that contribute to continuously volatile steel price cycles include spikes and decreases in raw material prices, new steelmaking capacity additions (at a pace higher than steel demand growth), the idling and restart of steelmaking capacity and adverse economic conditions. In the United States, for instance, prices of hot-rolled coils bottomed in 2020 to \$485 per ton, peaked at \$2,135 per ton in 2021, and then showed significant volatility. As of the end of 2025, the hot-rolled coils price in the United States was \$1,014 per ton.

Mexico

Ternium competes in the Mexican steel market with domestic, US and other foreign steel producers. According to the Mexican chamber of the iron and steel industry (Cámara Nacional de la Industria del Hierro y el Acero, or "Canacero"), imports of finished flat steel products into Mexico accounted for approximately 8.9, 10.3 and 10.2 million tons in 2025, 2024 and 2023, respectively.

Domestic competitors in the flat products market, some of which are also customers, are ArcelorMittal with a hot-rolling mill; Galvasid S.A. de C.V. (controlled by Grupo LM), a producer of galvanized and pre-painted coils; Zincacero S.A. de C.V. (controlled by Grupo Villacero), a producer of galvanized and pre-painted coils; Posco, a Korean steel company with a galvanizing facility; NUCOR-JFE, a joint venture between Nucor Corporation and JFE Steel Corporation that operates a galvanizing facility; Talleres y Aceros S.A. de C.V., or TYASA, which has a flat steel Castrip® mill, a reversing cold-rolling mill and a galvanizing facility; and Grupo Acerero S.A. de C.V., or GASA, which operates a plate mill. U.S. tariff measures on Mexico's steel exports have led to the diversion of products once destined for the U.S. market into the domestic market, thereby intensifying competitive pressures within the country.

Our largest foreign competitors in the flat products market are ArcelorMittal-NSC, a joint venture between ArcelorMittal and NSC that operates a plant in Calvert, Alabama, US; Nucor Corporation; Steel Dynamics Incorporated, US Steel, Cleveland Cliff Inc and Posco.

In the rebar market, Ternium has several competitors, some of the most important are Deacero, ArcelorMittal, Grupo Simec, controlled by Grupo ICH, TYASA, GASA and Gerdau Corsa. In the low-carbon wire rod market, Ternium's main competitors are Deacero, ArcelorMittal and, to a lesser extent, TYASA, GASA and Simec.

In the small diameter welded pipe market, Ternium's main competitors, which are also customers, are Productos Laminados de Monterrey S.A. de C.V., or Prolamsa and Grupo LM. Orders in this market are usually small and cover a wide range of product specifications.

Brazil

Usiminas competes in the Brazilian steel market with domestic and foreign steel producers. Usiminas' largest competitors in Brazil are ArcelorMittal, which has flat steel integrated and downstream facilities in the states of Espírito Santo and Santa Catarina; CSN, which has flat steel integrated and downstream facilities in the state of Rio de Janeiro and Paraná; and Gerdau S.A., which has flat steel integrated operations in the state of Minas Gerais, producing a wide variety of flat steel products. Flat steel imports in Brazil are mainly of Chinese origin, which, according to the Brazilian foreign trade statistics agency, accounted for approximately 70% of total imports in 2025. According to the Brazilian steel institute (Instituto Aço Brasil), imports of finished flat steel products into Brazil were approximately 4.0, 3.2 and 3.0 million tons in 2025, 2024 and 2023, respectively.

Southern Region

Within the Southern Region, Argentina accounts for the majority of Ternium's sales. Ternium Argentina is the main producer of flat-rolled steel products in Argentina. Its main competition in the Argentine flat steel market are imports, particularly from Brazil. In addition, Ternium participates in the neighboring flat steel markets of Paraguay, Bolivia, Chile and Uruguay.

Other Markets

Within other markets, Ternium's most significant markets for finished steel products are the southern United States, Colombia and Central America.

Through its Colombian subsidiaries, Ternium is the main flat steel processor in the country and is also one of the main long steel producers. Its main competitors in the Colombian steel market are Acerías Paz del Río, Diaco, Acerías de Colombia, Siderúrgica Nacional and Siderúrgica del Occidente, and it also faces competition from imports.

Ternium has a small participation in the U.S. steel market in comparison with U.S. domestic steel manufacturers. It successfully competes in the Gulf Coast and in a large portion of the West Coast where its facilities have logistical advantages.

Ternium maintains a significant position in the coated flat steel market of Central America, supported by logistical advantages provided by nearby facilities located in Costa Rica, El Salvador, Guatemala, Nicaragua and Mexico. In addition, Ternium keeps a presence in other markets in the Americas.

Mining

The majority of iron ore supplies to the international seaborne market come from Australia and Brazil, from the major global miners Vale, Rio Tinto BHP Billiton, Fortescue Metals Group and Anglo American, as well as from iron ore junior companies in these countries. Other iron ore producers are CSN and Gerdau in Brazil and ArcelorMittal in Brazil and Mexico. These companies are, at the same time, major steel producers and iron ore consumers. A share of the iron ore obtained by steelmaking companies in Brazil is made available for sale in the local and export markets. There are also other small Brazilian iron ore mining companies that sell their production mostly to local steel-making operations. In Mexico, only a small portion of the iron ore obtained by steelmaking companies is made available for sale in the Mexican or export market. There are also other small Mexican iron ore mining concessionaires that sell their production mostly to local steel-making operations.

Capital Expenditure Program

The main objectives of Ternium's current capital expenditure program are to:

- increase steel production and processing capacity;
- increase product range;
- reduce production costs;
- replace equipment;
- improve product quality, equipment reliability and productivity;
- provide enhanced customer services;
- comply with applicable safety and environmental standards; and
- advance Ternium's decarbonization roadmap.

Capital expenditures amounted to \$2.5 billion in 2025 and \$1.9 billion in 2024. In 2023, capital expenditures amounted to \$1.5 billion, including the consolidation of Usiminas' capital expenditures since July 2023. The main projects are described below.

Steel

Mexico. During 2025, capital expenditures in Ternium Mexico's steel operations and Tenigal amounted to \$2.0 billion, mostly related to the following projects:

- *New downstream facilities at the Pesquería Industrial Center.* During 2025, Ternium Mexico advanced the construction of new facilities in this industrial center. In the first quarter of 2026, we completed this project with the start-up of a new galvanizing line and a new cold-rolling mill, which have annual production capacities of 0.6 and 1.6 million tons, respectively. This followed the start-up of a 550 thousand tons per year pickling line and a finishing center.
- *New upstream facilities at the Pesquería Industrial Center.* Ternium Mexico made progress with the construction of a new steel mill, including an electric-arc-furnace-based steel shop with an RH degasser and a slab caster with two lines with total annual production capacity of 2.6 million tons and a DRI module with annual production capacity of 2.1 million tons. We expect to start-up these facilities by the end of 2026.
- *Other projects.* During 2025, Ternium Mexico advanced various environmental and safety projects in its facilities. Of note in the Churubusco unit, we continued advancing key improvement initiatives, including the replacement of the tanks and the revamping of two pickling lines, as well as the replacement of a crane. In the Guerrero unit, we made progress with an initiative to enhance the electric arc furnace's oxygen and lime injection system, with the installation of aspiration systems and the implementation of the control and regulation system for the direct reduction facilities. In the Puebla unit, we continued improving reliability and process performance through the installation of a new loop former with a pinch-roll system and an upgraded operational logic design.

Brazil. During 2025, Ternium Brasil's capital expenditures in its Rio de Janeiro facility amounted to \$136 million and Usiminas' capital expenditures in its steel operations amounted to \$186 million, mostly related to the following projects:

- *Usiminas' pulverized coal injection ("PCI") project.* This new equipment will feed blast furnace #3. Expected to be operational in the short term, this new equipment will allow for the partial replacement of coke with PCI to improve the blast furnace efficiency.
- *Usiminas' coke plant #2.* Usiminas is carrying out hot repair activities in battery #3 to gradually increase its productivity. This project is expected to be completed in 2028.
- *Usiminas' new gas storage facility.* Usiminas is carrying out the construction of this new facility for the storage of by-product gases. Expected to be operational in 2027, this new facility will enhance productivity by optimizing the utilization of by-product gases and reduce the consumption of natural gas.
- *Usiminas' environmental and safety projects.* During 2025, Usiminas advanced various environmental and safety projects in its facilities aimed at improving environmental and safety conditions throughout its main facilities.
- *Other projects at the Rio de Janeiro unit.* During 2025, we made progress in the development of several projects aimed at improving product quality and equipment reliability, reducing costs, and improving environmental and safety conditions. These projects included the incorporation of new regenerators in the blast furnaces, to mitigate equipment degradation and ensure operational stability; the pre-assembly of a converter shell, along with its fixed hood and duct, to increase the reliability of steelmaking operations; works to improve and increase the capacity of the scrap yard; the deployment of an automated slab surface inspection system at the continuous casters; and the gradual implementation of a cast house dust-collection system, and the structural rehabilitation of the converter pits.

Argentina. During 2025, Ternium Argentina's capital expenditures in its facilities amounted to \$126 million, mostly related to the following projects:

- *New wind farm mill in the Province of Buenos Aires.* Inaugurated in the fourth quarter of 2024, Ternium Argentina completed works in these facilities during the first quarter of 2025. With nominal power capacity of 99 megawatts, the new wind farm facility has enabled Ternium Argentina to replace most of the electricity purchased from third parties for its operations in the country.
- *Other projects.* During 2025, at the San Nicolás unit we made progress on the construction of a new transformer substation to strengthen power-supply reliability; the repair and refurbish of the blast furnace gas holder piston, to secure stable operation; and in upgrading the main motors and power drive systems of the cold rolling mill. At the Canning unit, we made progress on the installation of a premelt pot for the galvanizing line.

Mining

During 2025, Mineração Usiminas' capital expenditures amounted to \$19 million. Investments at Mineração Usiminas focused on the acquisition and replacement of mining equipment, studies in connection with the implementation of the Compactos Project and projects to support current operations.

Las Encinas' capital expenditures amounted to \$64 million in 2025, mainly related to preparation works at the iron ore body in the Aquila mine and exploration drilling aimed at enhancing the reliability and confidence of mineral resources and reserves.

Ternium's share in Consorcio Peña Colorada's capital expenditures amounted to \$73 million in 2025, mainly related to preparation works at the iron ore body in the Peña Colorada mine, progress made in the construction of a filtration and dry stacking plant, the acquisition of mining equipment and reinforcement works at a tailings dam.

2026 Capital Expenditures

Ternium's capital expenditures in 2026 are expected to be between \$1.9 and \$2.1 billion. The main capital expenditure projects during 2026 will relate to the following:

- *New facilities at the Pesqueria Industrial Center.* During the first quarter of 2026, we inaugurated a new cold-rolling mill and a new galvanizing facility. By year-end 2026, we expect to inaugurate a new steel shop.
- *Usiminas' coke plant #2.* During 2026, we expect Usiminas to make progress on the hot repair of battery #3 and, in addition, advance the pad up of battery #4, a project expected to be completed in 2029.
- *Usiminas' PCI project.* We expect this project to be completed during 2026.
- *Usiminas' new gas storage facility.* During 2026, we expect Usiminas to make progress in the construction of this facility.
- Several projects aimed at further improving environmental and safety conditions throughout our main facilities.

Raw Materials, Slabs, Energy and Other Inputs

The main inputs for Ternium's facilities are the following: in Mexico, slabs, iron ore, steel scrap, electricity and natural gas; in Brazil and Argentina, iron ore and metallurgical coal; and in Colombia, steel products, steel scrap and electricity. Below is a more complete description of the supply conditions for raw materials, slabs, billets, energy and other inputs at Ternium's facilities in these countries. For a description of some of the risks associated with Ternium's access to raw materials, slabs, energy and other inputs, see Item 3. "Key Information—D. Risk Factors—Risks Relating to the Steel Industry—Price fluctuations, shortages or disruptions in the supply of raw materials, slabs, energy and other inputs could adversely affect Ternium's profitability and —Risks Relating To Ternium's Business—The physical risks resulting from climate change, including extreme weather conditions and shifts in weather patterns may adversely impact Ternium's business, results of operations and net worth."

Ternium Mexico and Tenigal

In Mexico, the manufacturing of finished steel products relies on the supply of crude steel from its steelmaking facilities, which are based on the EAF technology, and on the purchase of steel slabs from third parties or from other Ternium subsidiaries. The mini-mill technology melts a variable combination of DRI and steel scrap to produce thin slabs, billets and round bars. The production process in Mexico requires extensive use of natural gas and electricity. Purchased slabs are the largest component of production costs; iron ore, scrap, electricity and natural gas costs are also significant.

Slabs. Ternium's Mexican subsidiaries have some non-integrated steel processing facilities that consume large quantities of slabs purchased from third-party suppliers or from Ternium Brasil and, from time to time, Ternium Argentina. Slab consumption could vary significantly from year to year in accordance with market conditions. Our Mexican subsidiaries purchased, either from third parties or from other Ternium facilities, 4.6 million, 5.8 million and 6.2 million tons of slabs in 2025, 2024 and 2023, respectively. Slab purchase prices are market-based. A new wave of international sanctions against Russian steel companies that have not been affected by current sanctions in connection with the Russia-Ukraine war could result in increased restrictions in the availability of steel slabs for Ternium Mexico's operations.

Iron ore. As described under “—Production Facilities and Processes—Mining Production Facilities” above, in Mexico Ternium owns interests in two mining companies: 100% of the equity of Las Encinas and a 50% equity stake in Consorcio Peña Colorada. Under our arrangement with Consorcio Peña Colorada, we are committed to off-take 50% of the annual production of the Peña Colorada mine. In 2025, 3.3 million tons of iron ore were shipped from these two companies to Ternium’s Mexican steel production facilities. In addition, from time to time, we purchase iron ore pellets from third parties. On average, we consume approximately 1.0 ton of iron ore to produce one ton of crude steel at our EAF facilities in Mexico.

Steel scrap. We source steel scrap from the Mexican market, through Ternium’s own steel scrap collecting and processing operations, and from the U.S. market. Steel scrap is purchased at market prices. On average, we consume approximately 0.5 tons of scrap to produce one ton of crude steel at our mini-mill facilities in Mexico.

Electricity. Electric arc furnaces consume large quantities of electricity. In Mexico, Ternium purchases electricity from Techgen S.A. de C.V., or Techgen, and CFE. Techgen owns a natural gas-fired combined cycle power plant in the Pesquería area of the State of Nuevo León, Mexico. Techgen is a joint venture company in which Ternium participates, and it contracts 78% of Techgen’s capacity of approximately 900 megawatts, or MW. As the capacity contracted by Ternium is significantly higher than the capacity currently required, Ternium resells unused electricity to the Mexican market. For further information on the Techgen investment, see “—C. Organizational Structure—Other investments—Techgen”. On average, we consume approximately 0.7 megawatts-hour, or MWH of electricity to produce one ton of crude steel at our mini-mill facilities in Mexico.

Natural gas. Natural gas is mainly used as a reducing agent for the production of DRI and for the reheating of slabs and billets before the hot-rolling process. Ternium has secured natural gas transportation capacity with Kinder Morgan and with Centro Nacional de Control del Gas Natural, the Mexican national center for natural gas control, on a private pipeline connecting the Pesquería Industrial Center with natural gas resources in the United States and on the Mexican natural gas transportation grid (*Sistema de Transporte y Almacenamiento Nacional Integrado de Gas Natural*), respectively. Ternium has also natural gas distribution agreements with Gas Industrial de Monterrey S.A. de C.V. (“GIMSA”), Compañía Mexicana de Gas S.A. de C.V. and Naturgy Mexico S.A. de C.V.

In addition, Ternium has two-year renewable agreements with NEG Natural S.A. de C.V. (“NEG”), a subsidiary of Mexican conglomerate ALFA, and with Maquarie Energy Mexico S. de R.L. de C.V. to supply natural gas to Ternium’s facilities in the Monterrey area of Mexico and to the Puebla unit, respectively. Natural gas prices in Mexico are mainly based on the Houston Ship Channel reference price plus transportation, distribution and service costs depending on the location of the delivery points in Mexico. On average, we consume approximately 8.3 million btu of natural gas to produce one ton of crude steel at our mini-mill facilities in Mexico.

Usiminas

Usiminas produces crude steel through the use of blast furnace technology. Usiminas’ manufacturing of finished steel products relies on the supply of steel slabs from its upstream facilities, and on the purchase of steel slabs from third parties and from Ternium Brasil. The principal raw materials used to produce steel are iron ore, metallurgical coal, pulverized coal and coke. The manufacturing process also requires significant quantities of electricity and natural gas.

Slabs. Usiminas has non-integrated steel processing facilities that consume large quantities of slabs. In addition, Usiminas’ integrated operations may require the purchase of slabs for downstream processing, to supplement its own production of crude steel, as it did in 2023 when its main blast furnace went through a relining process. Slab consumption can vary significantly from year to year in accordance with market conditions. Usiminas purchased and processed, either from third parties or from Ternium Brasil, 1.6 million, 1.6 million and 2.2 million tons of slabs in 2025, 2024 and 2023, respectively. Slab purchase prices are market-based.

Iron ore. As described under “—Production Facilities and Processes—Mining Production Facilities” above, Usiminas has a 70% equity participation in Mineração Usiminas. In 2025, 2.0 million tons of iron ore were shipped from Mineração Usiminas to Usiminas’ steel production facilities, representing 45% of its iron ore requirements. In addition, Usiminas purchases 0.5 million tons of iron ore pellets from third parties. Usiminas’ geographic location provides favorable access to high quality iron ore produced in Brazil’s iron ore mines in the southeast region. Usiminas consumes approximately 1.6 tons of iron ore to produce one ton of crude steel.

Metallurgical coal and related materials. Usiminas obtains its coke through the distillation in its coke ovens of metallurgical coal and petroleum coke. The facilities require different types of coal to produce coke. Usiminas also purchases other coal qualities, able to be injected in the blast furnace, and coke. Coal and coke are purchased under

long-term contracts and on the spot market from several major international suppliers based mainly in Australia, United States, Japan and Indonesia. Prices under contracts are determined in accordance with market conditions. Petroleum coke is purchased from Petróleo Brasileiro S.A., or Petrobras. Usiminas consumes approximately 0.5 tons of metallurgical coal and third-party coke to produce one ton of crude steel.

Electricity. Usiminas consumes large quantities of electricity for its manufacturing activities. A share of the electricity required by Usiminas is self-generated on site in its thermoelectric plant, which has an installed power capacity of 130 MW. This thermoelectric plant uses steam primarily generated from co-product gases obtained in the steelmaking process (blast furnace, coke oven gases and steel shop) enriched with natural gas. Actual power generation depends on the volume of co-product gases provided by the production process.

Usiminas purchases additional electricity to meet its requirements mainly from Engie Brasil Energia, Companhia Energética de Minas Gerais, or CEMIG, ENEL Brasil, CTG and Canadian Solar Brasil, under take-or-pay contracts that remain in effect until 2026. In addition, Usiminas' Cubatão facility purchases electricity from CEMIG under a long-term supply agreement expiring in 2030. Also, Usiminas has a long-term supply agreement with renewable energy producer Canadian Solar Brasil for the supply of electricity, currently representing 19% of Usiminas' consumption, that expires in 2039. Usiminas consumes approximately 2.200 GWh/year of electricity.

Natural gas. Usiminas also consumes substantial volumes of natural gas, mainly to operate its steel plant and also to generate electricity in its thermoelectric plant in order to supply priority areas in the event of a power grid supply failure. Usiminas has a natural gas supply contract with Petrobras expiring at year-end 2027. In addition, Usiminas has one-year renewable natural gas distribution agreements with Companhia de Gas de Minas Gerais, or GASMIG, and Companhia de Gás de São Paulo, or COMGÁS. Usiminas consumes approximately 35.000 MMBTU/day of natural gas.

Other inputs. At Usiminas' facilities, White Martins Gases Industriais owns and manages on-site plants from where it supplies industrial gases for the steelmaking process under long-term agreements expiring in 2032. White Martins Gases Industriais also supplies hydrogen through road transportation for Cubatão's cold-rolling process, under a long-term agreement expiring in 2027. Messer Gases Brasil supplies hydrogen through road transportation for Ipatinga's cold-rolling and galvanizing processes, under a long-term agreement expiring in October 2026.

Ternium Brasil and Ternium Argentina

Ternium Brasil and Ternium Argentina produce crude steel through the use of blast furnace technology. The principal raw materials used to produce steel are iron ore, metallurgical coal and, in Ternium Brasil, pulverized coal. The manufacturing process also requires significant quantities of electricity and natural gas.

Iron ore. Iron ore is purchased under long-term agreements from suppliers in Brazil. Prices under these contracts are determined in accordance with market conditions. Our main suppliers of iron ore, in the form of lumps, pellets and sinter feed fines, are LHG Mining Corumba S.A., Vale, Samarco Mineração S.A. and Vetria Mineração S.A. Our geographic location in Brazil provides favorable access to high quality iron ore pellets, lumps and fines produced in Brazil's iron ore mines in the Southeast Region mainly, and our geographic location in Argentina provides favorable access to high quality iron ore lump and fines produced in Brazil's iron ore mines in the Pantanal Region (Mato Grosso do Sul state). In addition, Ternium Argentina's steelmaking facility receives iron ore pellets and fines from ports located on Brazil's ocean coast. We consume approximately 1.5 tons of iron ore to produce one ton of crude steel in Ternium Brazil and approximately 1.4 tons of iron ore to produce one ton of crude steel in Ternium Argentina.

Metallurgical coal and related materials. Ternium Brasil and Ternium Argentina obtain their coke through the distillation in their coke ovens of metallurgical coal and petroleum coke. The facilities require different types of coal to produce coke. In addition, Ternium Brasil purchases other coal qualities to inject in the blast furnace. Coal is purchased under short-term contracts and on the spot market from several major international suppliers based mainly in Australia and the United States. Prices under contracts are determined in accordance with market conditions. We purchase petroleum coke produced by oil companies in Argentina and Brazil. The volume purchased from each supplier mainly depends on the technical quality requirements of the blast furnace operations. We consume approximately 0.7 tons of metallurgical coal, pulverized coal and imported coke to produce one ton of crude steel in Ternium Brazil and 0.5 tons of metallurgical coal and petroleum coke to produce one ton of crude steel in Ternium Argentina.

Electricity. Ternium Brasil and Ternium Argentina consume large quantities of electricity for their manufacturing activities. The electricity required by Ternium Brasil is self-generated on site by its thermoelectric plant with an installed power capacity of 490 MW, with excess electricity production sold in the Brazilian wholesale market. Most

of the electricity required by Ternium Argentina is self-generated on site in the San Nicolás unit by a wholly-owned thermoelectric plant with an installed power capacity of 108 MW and by a wind farm located in Olavarría, Buenos Aires Province, with a nominal power capacity of 99 MW. The thermoelectric plants use steam primarily generated from co-product gases obtained in the steelmaking process (blast furnace and coke oven gases). Additional fuel requirements are covered with natural gas.

Natural gas. Ternium Brasil and Ternium Argentina also consume substantial volumes of natural gas, particularly to operate their steel plants and power generation facilities. Ternium Brasil purchases natural gas at market prices from Companhia Distribuidora de Gás do Rio de Janeiro, or CEG. Ternium Brasil has a natural gas transportation and distribution agreement with CEG that is automatically renewed every year. We consume approximately 0.3 million btu of purchased natural gas to produce one ton of crude steel in Brazil.

Ternium Argentina purchases natural gas at market prices mainly from Tecpetrol, in which San Faustin holds a controlling interest, Pluspetrol S.A., and several natural gas traders. The supply of natural gas to industrial users, including Ternium Argentina, may become economically unviable during periods of high demand. This situation could lead to higher production costs and/or a moderate reduction in steel production rates during those times. For its San Nicolás facility, Ternium Argentina has a long-term natural gas transportation agreement with Transportadora de Gas del Norte S.A., or TGN, and a renewable one-year natural gas distribution agreement with Litoral Gas S.A., or Litoral Gas. TGN and Litoral Gas are companies in which San Faustin holds significant but non-controlling interests. For its other facilities, Ternium Argentina's natural gas transportation and distribution needs are covered by the corresponding regional distributors Camuzzi Gas Pampeana S.A., Metrogas S.A. and Naturgy BAN S.A. We consume approximately 4.6 million btu of purchased natural gas to produce one ton of crude steel in Argentina.

Other inputs. Ternium Brasil and Ternium Argentina have on-site oxygen, nitrogen and argon separation plants in order to extract these gases for use in the steelmaking process. Ternium Brasil's separation plants are managed by a consortium formed by Air Liquide Brasil Ltda., AirSteel Ltda., White Martins Gases Industriais Ltda., White Martins Steel Ltda. and ThyssenKrupp MinEnergy GmbH under a long-term contract for the supply of air, oxygen, nitrogen and argon. Ternium Argentina's separation plants are managed by Air Liquide Argentina S.A. under a long-term contract for the supply of oxygen, nitrogen and argon.

Colombia

In Colombia, Ternium's manufacturing of finished steel products relies on three sources: (a) the production of steel in its steelmaking facilities, which are based on the electric arc furnace technology; (b) the purchase of steel billets to be processed in its steel bar and coil mill; and (c) the purchase of steel products, both from our overseas subsidiaries and from third parties. The electric arc furnace technology melts steel scrap to produce steel billets, which are then rolled into various long products. The production process requires extensive use of electricity. Steel products are the largest component of production costs; scrap and electricity costs are also significant.

Semi-finished and finished steel products. The operations in Colombia include non-integrated facilities that process steel supplied by Ternium's overseas subsidiaries and semi-finished and finished steel purchased from third-party suppliers procured in the domestic and international markets. We purchased from third parties approximately 395,400 tons of semi-finished and finished steel products in 2025, 516,500 tons in 2024 and 263,900 tons in 2023.

Steel scrap. Scrap is the main raw material for producing steel in our steelmaking facilities in Colombia. Ternium sources 100% of its steel scrap needs from the local scrap market. We consume approximately 1.1 tons of scrap to produce one ton of crude steel in Colombia.

Electricity. Manizales is our main electricity consuming unit in Colombia, mainly due to its electric arc furnace-based steel production operations. Manizales purchases electricity from Isagen S.A. E.S.P., a Colombian power company, under a supply contract expiring in December 2028. The electricity price is based on a fixed rate adjusted by the wholesale price index. We consume approximately 0.6 MWH of electricity to produce one ton of crude steel in Colombia.

Product Quality Standards

Ternium develops its products and services under a philosophy of continuous improvement, with a strong commitment to excellence in the internal quality control of its products and processes. Its products are manufactured in accordance with proprietary standards, customer requirements, and the specifications established by internationally recognized standardization entities, including the International Organization for Standardization (ISO), the American Society for Testing and Materials (ASTM), European Standards (EN), Japanese Industrial Standards (JIS), the Society of

Automotive Engineers (SAE), the American Petroleum Institute (API) and the American Society of Mechanical Engineers (ASME). Ternium holds product certifications based on international or local standards, in accordance with the requirements of the markets it serves.

In addition, Usiminas' steel products for the naval industry are approved by recognized certifying entities such as the American Bureau of Shipping, Det Norske Veritas, Korean Register of Shipping, Nippon Kaiji Kyokai, and Lloyd's Register; and steel products for structural and pressure vessels are certified by institutions such as TÜV NORD, the Argentine Normalization and Certification Institute and the Argentine Industrial Technology National Institute.

Ternium has a Quality Management System, or QMS, and continuously improves its effectiveness in compliance with the requirements of the applicable ISO 9001:2015 and IATF 16949:2016, the latter focusing on the automotive sector, and other specific requirements. Ternium's QMS operates with aligned strategies, objectives and criteria throughout Ternium's subsidiaries. Annual audits are carried out to keep the ISO multisite certification, with Bureau Veritas Certification auditing the QMS of Usiminas and Lloyd's Register Quality Assurance auditing the QMS of other Ternium's subsidiaries.

Ternium's metallurgical testing laboratories are accredited for the performance of various relevant technical tests in accordance with ISO/IEC 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories or equivalent standards.

Ternium has in place a Product Safety Management program in accordance with IATF 16949:2016, encompassing steel products incorporated at safety components of vehicles. This program aims to contribute to the automotive industry's goal of preventing large-scale product recall events.

Research and Development; Product Development

Ternium's research and development efforts focus on expanding our portfolio of advanced steel products, working closely with customers to design and develop steel-based components, and exploring innovative technologies aimed at decarbonizing and increasing the circularity of our operations.

We operate research centers in Mexico, Brazil, and Argentina, where we conduct product performance testing and production process simulations. In Mexico, Ternium Lab, our research and development hub, offers advanced capabilities including physical modeling, industrial process simulation, robotic testing, full-scale welding processes and material characterization. Ternium Lab collaborates closely with automotive customers' development centers, providing access to steel product performance data through design software, covering parameters such as weldability, deformation, and energy absorption.

At our facilities in Pesquería, we also operate a component design laboratory that performs digital simulations of stamping and welding tests. Additionally, we have a state-of-the-art continuous galvanizing simulator capable of replicating the entire galvanizing process to evaluate the performance of new coatings.

Our internal research and development initiatives are reinforced by participation in global networks of industrial consortia, universities, and research institutions. As part of the Steel E-Motive initiative, sponsored by WorldAutoSteel, we aim to position steel as a key material for cost-effective, safe, and sustainable autonomous electric vehicles. The project focuses on the use of advanced high-strength steels in future vehicle architecture.

In 2025, Ternium developed a new family of high-strength galvanized steel products in medium-thickness coils, suitable for structural parts of medium and heavy vehicles. Trial batches were produced at our galvanizing simulator. Ternium also developed a patented battery support box for automotive customers. This component offers cost and safety advantages compared to aluminum-based alternatives, with only a minimal increase in weight. In addition, for heavy transportation applications the company introduced a new family of high-strength steels, delivering improved performance in terms of stamping tolerance and material fatigue resistance.

For the Vaca Muerta formation in Argentina, the company continues to develop API-grade steels in Argentina and Brazil to meet the growing demand for infrastructure supporting shale oil and gas production.

In addition, we are advancing the research and development of a new family of steel designed for the manufacture of pipelines for carbon dioxide transportation. In coordination with Tenaris, this initiative seeks to meet the growing

demand for infrastructure supporting carbon capture and storage—one of the emerging pathways toward decarbonizing the economy. As part of this project, the first steel casts were successfully completed in Brazil.

The start-up Tulum Energy, in collaboration with Tenova, is installing a pilot plant at Pesquería to produce turquoise hydrogen through methane pyrolysis. This innovative process generates hydrogen and solid carbon from natural gas, without carbon dioxide emissions. To ensure sustainability, Ternium is developing and testing solid carbon-based co-products for industrial applications at its new briquetting laboratory.

In addition, Ternium is developing a new co-product derived from slag generated by electric arc furnaces, aimed at facilitating recycling. Having been validated at laboratory scale, this co-product is expected to undergo field validation this year as a component in asphalt production.

For the operation of blast furnaces, Ternium is working in Brazil on a new automatic assistance system. Powered by artificial intelligence, the system will provide early alerts of operational deviations by continuously analyzing load and temperature parameters.

In addition, Ternium is in the concept and engineering stage of a new coke treatment plant in Argentina. The facility would produce coke with lower moisture content, positively impacting blast furnace productivity, energy consumption, and greenhouse gas emissions.

Regulations

Environmental, Social and Governance Regulations

We are subject to a wide range of local, provincial and national laws, regulations, permit requirements and decrees relating to environmental, social and governance matters, including laws and regulations relating to climate-change mitigation, use of resources, hazardous materials and radioactive materials, air emissions, water discharges and waste management; legislation on human rights and modern slavery; human capital, including equal opportunity, gender and disabilities equality, working conditions, work-life balance, and labor market access; and applicable rules on internal control and risk management, anti-corruption, business partner relationship management and other governance issues. For more information on the company's governance practices and applicable regulations, see Item 6 "Directors, Senior Management and Employees" and Item 16G. "Corporate Governance".

These regulations have been evolving over the past years and are expected to continue to evolve in the future, with related laws and regulations becoming increasingly complex and expensive to implement.

Laws and regulations protecting the environment have become increasingly complex and more stringent, leading to increased compliance costs. Environmental requirements vary from one jurisdiction to another adding complexity to the operations of companies with activity in multiple countries, such as Ternium. In addition to laws, regulations and policies aimed at enhancing transparency and promoting sustainability-related practices, there has been an increase in regulatory activity against climate and diversity-related initiatives in certain countries, which has led and may continue to lead to new laws, regulations and policies seeking to limit, discourage or prohibit such initiatives.

The Paris Agreement, adopted at the 2015 United Nations Climate Conference, sets out the global framework to limit the rising temperature of the planet and to strengthen the countries' ability to deal with the effects of climate change. In order to achieve carbon neutrality by the year 2050, the European Commission has laid out several action plans, such as the EU climate adaptation strategy, sustainable finance policies and the raw materials alliance. The CSRD introduced detailed sustainability reporting requirements for large companies, requiring them to regularly disclose information on their environmental, social, and governance impact. On February 26, 2025, the European Commission put forward the Omnibus I and Omnibus II simplification packages, aimed at reducing administrative burdens, cutting red tape, and boosting EU competitiveness in the sustainability regulatory framework. Omnibus I proposed substantive amendments to the CSRD and to the Corporate Sustainability Due Diligence Directive, significantly narrowing their scope and simplifying reporting obligations. Omnibus II complemented these efforts by targeting simplifications to the CBAM and the InvestEU Regulation. On February 24, 2026, the Council of the EU gave its final approval to the Omnibus simplification package, formally signing off the simplification of sustainability reporting and due diligence requirements. EU Member States are required to transpose the CSRD-related amendments into national law by March 19, 2027.

The ultimate impact of complying with ESG regulations, in particular with applicable environmental regulation, is not always clearly known or determinable because certain laws and regulations have been evolving in the past years or are under constant review by competent authorities. Failure to comply with any legislation, regulation or policy, including as a result of good faith interpretations that may differ from those taken by enforcement authorities in relevant jurisdictions, could lead to substantial fines, regulatory sanctions, reputational damage and operational changes. In addition, increasing public awareness on environmental matters put pressure on governmental authorities to adopt measures or take initiatives that show concern for such matters, including by inspecting, monitoring or sanctioning local industries. The expenditures required to comply with environmental laws and regulations, including site or other remediation costs, or costs incurred from potential environmental liabilities, could have a material adverse effect on our financial condition and profitability. While we incur and will continue to incur expenditures to comply with applicable laws and regulations, there always remains a risk that environmental incidents or accidents may occur that may negatively affect our reputation or our operations.

For more information on the impact of climate change legislations and increasing regulatory requirements, see Item 3.D. “Key Information – Risk Factors - Certain Regulatory Risks and Litigation Risks – The cost of complying with environmental regulations, potential product and environmental liabilities in a context of increasing environmental awareness, as well as governmental measures driven by social pressure to address environmental concerns, may affect Ternium’s steel production or processing operations, or may increase Ternium’s operating costs, negatively impacting Ternium’s business, financial condition, results of operations and prospects;” and Item 3.D. “Key Information – Risk Factors - Certain Regulatory Risks and Litigation Risks – Climate change legislation and increasing climate regulatory requirements aimed at transitioning to a lower-carbon economy, together with increasing stakeholder expectations for reduced carbon emissions, could result in unexpected capital expenditures and costs, negatively affect Ternium’s competitiveness, reducing its market share and results of operations, and hampering its ability to access adequate financial resources.”

Below is a summary of relevant environmental legislation applicable to Ternium.

Mexico:

Mexican environmental laws establish the “polluter pays” principle, pursuant to which the individual that causes an environmental breach is responsible for restoring the environment to its pre-pollution condition and face economic and, in some cases, criminal liabilities. Mexican regulations also establish an annual report scheme of GHG emissions.

In addition, Mexican regulations provide for carbon dioxide emission taxes through taxes on fuels, with rates reviewed annually, depending on their efficiency in terms of carbon dioxide emission per unit of energy obtained. The carbon dioxide emission tax for natural gas is currently zero. In 2019, Mexico also started a pilot program for the adoption of an Emissions Trading System aimed at reducing GHG emissions, by settling a cap on emissions and allowing for the trade of emission certificates. For the time being, the regulation for setting such system or determine allowances has not been fully implemented. Ternium Mexico is a large consumer of natural gas. For further information see “—Raw Materials, Slabs, Energy and Other Inputs.”

Brazil:

The company’s activities are subject to a wide range of local, provincial and national laws, regulations, permit requirements and decrees relating to environmental, social and governance matters, including laws and regulations relating to climate-change mitigation, use of resources, hazardous materials and radioactive materials, and air emissions, water discharges and waste management, and legislation on human rights and modern slavery. Laws and regulations protecting the environment have become increasingly complex and more stringent and expensive to implement in recent years. Compliance with environmental laws and regulations and monitoring regulatory changes are addressed primarily at a regional level.

Brazilian environmental legislation imposes criminal and administrative penalties on natural persons and legal entities that commit environmental crimes or infractions, as well as for the obligation to repair the environmental damage caused. Environmental crimes or infractions could subject the company to penalties that include:

- fines that at the administrative level could reach as high as BRL50 million, depending on the violator’s economic capacity and past record, as well as the severity of the facts and prior history, with the amounts potentially doubled or tripled in the case of repeat offenders;
- suspension of or interference in the activities of the respective enterprise; and

- loss of benefits, such as the suspension of government financing and the inability to qualify for public bidding processes and tax breaks.

In addition, strict liability is applicable to environmental crimes for both natural persons and legal entities. Environmental legislation also provides for disregarding the legal status of a company's controlling shareholders whenever such status represents an impediment to receiving restitution for environmental damages.

In the civil sphere, environmental damage results in joint and several liability as well as strict liability. This means that the obligation to repair the environmental damage may affect all those directly or indirectly involved, regardless of any proof of who is to blame. As a result, the hiring of third parties to intervene in its operations to perform such services as final disposal of solid waste does not exempt the company from liability for any environmental damage that may occur.

By year-end 2024, Brazil passed legislation providing for the legal framework for an emissions trading system. Under this system, Brazilian steel producers would be required to monitor emissions and trade carbon credits. The governance structures, compliance mechanisms and market infrastructure is still under development.

Argentina:

Argentine environmental laws and regulations require the renewal of environmental licenses and emission permits every two or four years, depending on the activity. Although such renewals may take longer than expected and the renewal process may extend beyond the due date of the then current licenses and permits, no shut down orders against the company have ever been issued while the renewal processes are ongoing. In addition, Argentine environmental laws and regulations require mandatory environmental insurance to cover facilities that use hazardous materials.

Argentine legislation provides for mandatory minimum shares of renewable energy in total electricity consumption. For further information see Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs—Brazil and Argentina—Electricity".

In addition, Argentine law provides for a carbon dioxide emission tax. Natural gas is excluded from such tax, and metallurgical coal and petrochemical coke are exempted as long as they are used as part of an industrial process, other than for energy generation. For additional information regarding how carbon taxes affect our operations in Argentina, see Item 3. "Key Information—D. Risk Factors—Certain Regulatory Risks And Litigation Risks—Climate change legislation and increasing climate regulatory requirements aimed at transitioning to a lower-carbon economy, together with increasing stakeholder expectations for reduced carbon emissions, could result in unexpected capital expenditures and costs, negatively affect Ternium's competitiveness, reducing its market share and results of operations, and hampering its ability to access adequate financial resources."

Mining regulations in Mexico

Because our operations in Mexico include mining, we are also subject to Mexican regulations relating to mining and mining concessions. Under Mexican law, mineral resources belong to the Mexican nation and a concession from the Mexican federal government is required to explore for or exploit mineral reserves. Pursuant to Mexico's Mining Law, mining concessions may only be granted to Mexican individuals and to legal entities incorporated under Mexican law. Foreign investors may hold up to 100% of the shares of such entities.

A mining concession allows its holder to perform both exploration works (including identifying mineral deposits and quantifying and evaluating economically minable reserves) and exploitation works (including detaching and extracting mineral products from such deposits). Mining concessions are granted for a 50-year period from the date of their recording in the Public Mining Registry; following the expiration of the initial concession term, the concessions are renewable for an additional 50-year term in accordance with, and subject to, the procedures set forth in the Mining Law.

Mining concessions grant several specified rights to the concessionaire, including:

- the right to dispose freely of mineral products obtained as a result of the exploitation of the concession;
- the right to obtain the expropriation of, or an easement with respect to, the land where the exploration or exploitation will be conducted; and
- the use of water in the mine to facilitate extraction.

In addition, a holder of a mining concession is obligated, among other things, to explore or exploit the relevant concession (including the achievement of minimum investment targets), to pay for any relevant mining rights, to comply with all environmental and safety standards, and to provide information to and permit inspections by the Secretariat of Economy. Mining concessions may be terminated if the obligations of the concessionaire are not satisfied.

A company that holds a concession must be registered with the Public Mining Registry. In addition, mining concessions and permits, assignments, transfers and encumbrances must be recorded with the Public Mining Registry to be enforceable. We believe that our material mining concessions are duly registered in the Public Mining Registry.

In April 2023, Mexico approved a significant reform to its mining laws. Among other changes, new mining activities were prohibited in certain areas with superficial bodies of water -which are of federal jurisdiction-, and areas declared as natural reserves by federal or local governments. In addition, governmental authorities are authorized to order the removal of existing tailings deposits under certain location or risk circumstances. The new legislation prohibits the use of national waters for the transportation of certain materials, grants to the Mexican geological service exclusive rights to conduct exploration activities, and requires mandatory bidding processes for new exploration and exploitation concessions, limiting concessions to a 30-year duration with 25-year automatic extension and a further 25-year extension following a prior bidding process. Concessions may be revoked on certain grounds, including for failure to initiate or interrupt operations within a specified timeframe or to file a mine closing plan, and accidents may be punished with increased fines and other penalties. In addition, new permits entailing an increase in water consumption in the regions where Las Encinas and Peña Colorada operate are subject to new water consumption permits based on such new conditions. The reform also regulates royalties and profit sharing with local communities, and mandates consultation processes with native and Afro-Mexican communities. The Supreme Court is reviewing the constitutionality of the new legislation.

For information regarding amendments to the mining law and regulations in Mexico, see Item 3. “Key Information—D. Risk Factors—Risks Relating to Ternium's Mining Activities—Required governmental concessions could be subject to prior consultation with native communities in Mexico or local communities in Brazil, changes or termination, permits and rights of use and occupancy could be difficult to obtain or maintain and taxes or royalties applicable to the mining industry could increase, all of which could adversely affect Ternium’s mining activities and operating costs.”

Mining regulations in Brazil

Our operations are subject to Brazilian regulations relating to mining and mining concessions. Under Brazilian law, mineral resources belong to the Brazilian nation and can only be exploited under a government concession. We are required to obtain authorizations, licenses, permits or approvals from governmental authorities to construct and operate mining facilities. Government agencies are generally responsible for granting mining concessions and monitoring compliance with mining laws and regulations.

The Brazilian National Mining Agency has issued several resolutions regulating companies operating tailings dams in the country. These resolutions provide for the embargo and suspension of tailings dams and mining complexes in certain situations. They also provide for fines of up to BRL1 billion, calculated on the basis of the mining company's total revenues and research budget. Several laws and regulations issued by the Brazilian Federal Government and the State of Minas Gerais provide for the prohibition and timely decommissioning of upstream tailings dams. Mineração Usiminas has completed the decommissioning of its upstream tailings dams and has implemented tailings filtration and storage methods that do not rely on tailings dams to continue operating its mines and plants. Its last tailings dam, constructed as a downstream method, is in the process of de-characterisation. There are no tailings dams in operation. For further information see Item 4. “Information on the Company - B. Business Overview - Mining Production Facilities in Brazil.”

Mineração Usiminas also complies with other laws and regulations related to mining activities, including those for the protection of caves.

Trade regulations

Intense global competition in the steel industry leads many countries, from time to time, to increase duties or impose restrictions on steel product imports to protect their domestic industries from trades that are not made under market conditions or that are otherwise unfair. Such measures protect domestic industries from increased imports sold at dumped or subsidized prices. Mexico, Colombia and the United States, among other countries, have several trade remedy measures in place. In addition to antidumping and countervailing measures, U.S. authorities have imposed

tariffs on steel imports under Section 232 of the Trade Expansion Act of 1962 and under Section 301 of the Trade Act of 1974. Prior tariffs under the International Emergency Economic Powers Act (IEEPA) were terminated following a U.S. Supreme Court ruling stating that IEEPA does not authorize the president to impose tariffs absent clear congressional authorization. In replacement of tariffs under IEEPA, on February 20, 2026, President Trump imposed a temporary import duty under section 122 of the U.S. Trade Act of 1974, consisting of a 10% ad valorem import duty on all articles imported into the United States. For additional information on the Trump’s administration trade actions, see “—Regulations—Trade Regulations—United States.”

Commitments under bilateral or regional free trade agreements and certain countries’ imposition of trade remedy measures can and have both benefited and adversely affected Ternium’s home markets and export sales of steel products, as described below. For further information, see also Item 3. “Key Information—D. Risk Factors—Certain Regulatory Risks and Litigation Risks—International trade actions or regulations and trade-related legal proceedings could adversely affect Ternium’s sales, revenues and overall business.” Relevant free trade agreements and trade remedy measures, by country, are described below:

Mexico

Imports of steel products in Mexico:

The Mexican government has imposed certain antidumping measures on imports of steel products that are similar to the ones produced by Ternium Mexico. The following is a description of measures currently in effect and ongoing investigations:

- *Hot-rolled products:* Since March 2000, antidumping duties have been in place on imports from the Russian Federation and Ukraine. The measure has been extended four times in March 2006, September 2011, January 2016 and March 2021. Current duties are 21% and 25% for Russia and Ukraine, respectively. In addition, following an anti-circumvention investigation on imports of boron-alloyed hot-rolled products from Russia, since March 2014 such products have been subject to a 21% antidumping duty. On March 28, 2025, a sunset review was initiated.

On December 22, 2015, the Mexican government published the final antidumping determination imposing definitive and specific antidumping duties on China (\$354.92 per ton, except for imports from Tangshan Iron and Steel Group Company Limited, which were fixed in \$335.60 per ton), Germany (\$166.01 per ton, except for imports from ArcelorMittal Bremen GmbH, which were fixed in \$137 per ton) and France (\$75.59 per ton, except for imports from ArcelorMittal Méditerranée S.A.S., which were fixed in \$67.54 per ton). The measure was extended for five years until December 23, 2025. On December 19, 2025, a sunset review was initiated.

On March 3, 2025, Mexico initiated an antidumping investigation on imports from Vietnam and China, excluding imports that are already subject to an antidumping duty.

- *Plate in coils:* Since June 1996, an antidumping duty has been in place on imports from Russia. The measure has been extended five times, in June 2003, June 2007, November 2012, May 2017 and November 2022. The current duty is 29.3%. In addition, following an anti-circumvention investigation on boron-alloyed plate in coil imports from Russia, since February 2014 such products have been subject to a 29.3% antidumping duty.
- *Cold-rolled products:* In June 1999, Mexico imposed antidumping duties on cold-rolled steel sheets from Russia and Kazakhstan of 15% and 22%, respectively. The measure has been extended five times, in December 2005, December 2010, July 2015, August 2020 and June 2025.

On October 1, 2012, the Mexican government initiated an antidumping investigation on cold-rolled steel imports from South Korea. On December 26, 2013, Mexico’s Secretariat of Economy published a suspension agreement under which Korean exporters, Posco and Hyundai Hysco Company Limited, or Hyundai, voluntarily undertook to limit their cold-rolled products exports to the Mexican market. Posco’s and Hyundai’s quotas were subsequently increased in June 2017 and November 2020.

On June 19, 2015, Mexico imposed antidumping duties on cold-rolled steel products from China between 65.99% and 103.41%, with rates depending on the Chinese exporting company. The measure was extended for five years in August 2022. In addition, following an anti-circumvention investigation on imports of boron-added cold-rolled products from China, since July 2016 such products have been subject to the same antidumping duties. This measure was extended in August 2021 until June 2025. Currently, the measure is under review.

In December 2023, Mexico imposed antidumping duties on imports of cold-rolled steel from Vietnam between 11.64% and 79.24%.

On February 16, 2026, Mexico initiated an antidumping and countervailing investigation on imports of cold-rolled products from the United States, China and Malaysia, excluding imports that are already subject to an antidumping duty. The Authority initiated an investigation on all alleged countervailing programs in the U.S. submitted in the petition, including Section 232, the Golden Share and the Inflation Reduction Act.

- *Coated flat products*: In July 2016, Mexico issued a preliminary determination imposing provisional antidumping duties on imports from China and Taiwan. In June 2017, Mexico issued a final determination imposing antidumping duties on imports from these countries. These measures were renewed in September 2023. Current duties on Chinese companies vary, with one company subject to a duty of \$187 per ton, while others facing duties from 22.26% to 76.33%. Current duties on Taiwanese exports range between 22.26% and 52.57%.

On February 24, 2023, Mexico issued a final determination imposing antidumping duties applicable to products sold by Vietnamese companies, of up to 10.84%. On September 14, 2023, Mexico imposed an antidumping duty of 2.06% to Maruichi Sun Steel, the only Vietnamese company not previously covered by the order. In May 2025, Mexico initiated a revision of the measure for changed circumstances due to the growth of imports.

- *Reinforcing bars*: Since 1995, imports of reinforcing bars from Brazil are subject to an antidumping duty of 57.69%. Subsequent sunset reviews determined the continuation of the antidumping duty for additional five-year periods. On December 23, 2021, under the latest sunset review, this measure was extended until August 2025. The measure is currently under sunset review.
- *Wire rod*: Since September 2000, imports of wire rod from Ukraine are subject to an antidumping duty. The measure has been extended four times in June 2006, March 2012, September 2016 and December 2021 until September 2025. The current duty is 41%. The measure is currently under sunset review.

On July 28, 2016, the Mexican government imposed an antidumping duty of US\$0.49 per kilogram for five years, extended for an additional five-year period on January 19, 2023

- *Welded Tubes*: On December 7, 2016, the Mexican government initiated an antidumping investigation on from China. On March 8, 2018, Mexico imposed final antidumping duties of between \$356 and \$618 per ton on imports of welded tubes of circular, square or rectangular cross section from China. On April 30, 2024, the Mexican government decided to extend the measure without amendments until March 2028.

On October 7, 2015, the Mexican Government issued a decree imposing temporary tariffs on steel products applicable to imports from countries with whom Mexico had no trade agreement in place. The tariff schedule was amended in November 2022, August 2023, April 2024 and January 2026. Current import tariffs are in a range between 35% and 50%, applicable on several steel products including all steel family products except semi-finished steel. In April 2024, Mexico increased information requirements on steel import licenses to include information on mill and quality certificates and country where the product was melted and poured.

Exports of steel products from Mexico:

U.S. authorities have imposed a number of antidumping and countervailing measures on steel import from Mexico, thereby restricting Ternium's exports to the U.S. The following is a description of measures currently in effect and ongoing investigations:

- *Corrosion-resistant flat products*: On December 19, 2025 the U.S. Department of Commerce imposed antidumping and countervailing duties on corrosion-resistant flat products ("CORE") from 10 countries including Mexico. For further information, see "[—Regulations—Trade Regulations—United States.](#)"
- *Carbon and alloy steel wire rod*: Ternium Mexico's wire rod exports are subject to an antidumping duty of 4.64% pursuant to the latest administrative review on the antidumping duty order on carbon and certain alloy steel wire rod. The measure was extended for additional five years on February 24, 2026.
- *Pipe and tube*: During 2007, the U.S. authorities initiated an antidumping investigation of light-walled rectangular pipe and tube, or LWRPT, from various countries, including Mexico. On June 13, 2008, the authorities made a final determination of sales at less than fair value in the investigation of LWRPT from Mexico and, consequently, imposed antidumping duties. The measure has been reviewed five times, in February 2011, May 2014, March 2018, April 2019 and August 2020. As a result of the 2023-2024 administrative review, a preliminary margin of 9.66% has been imposed on Ternium Mexico's exports. The measure is currently under sunset review.

On September 13, 2016, the U.S. authorities issued an antidumping duty order on imports of Heavy-Walled Rectangular Pipes and Tubes, or HWRPT, from 3 countries, including Mexico. For further information, see “—Regulations—Trade Regulations—United States.”.

- *Welded pipes*: Since 1992, pursuant to an antidumping duty order on circular welded non-alloy steel pipe -or standard pipe- from various countries, including Mexico, standard pipes manufactured by Hylsamex and Grupo Imsa were subject to antidumping duties. In 2007, such measures were extended for five more years. In August 2009, U.S. authorities published the final results of a changed circumstances review, concluding that Ternium Mexico is the successor-in-interest to Hylsamex for purposes of determining antidumping duty liability. In accordance with the latest administrative review, the applicable duty for Ternium Mexico is 24.17%. The measure has since been extended three more times, in July 2012, February 2018 and January 2024.
- *Reinforced bars*: On November 6, 2014, U.S. authorities made a final determination on reinforced bar imports from Mexico, imposing antidumping duties between 20.58% and 66.70%. The measure has been reviewed two times. As a result of the 2017-2018 administrative review, the U.S. Government imposed duties of 7.12% for Deacero, 1.46% for Grupo Simec and 5.54% for other Mexican producers, including Ternium Mexico. The measure was renewed on October 22, 2020 for five more years. The measure is currently under sunset review.

In addition, U.S. authorities have imposed tariffs under Section 232 of the Trade Expansion Act of 1962. For additional information on the Trump’s administration trade actions, see “—Regulations—Trade Regulations—United States.”

Trade agreements:

Mexico has signed trade agreements with several countries or trade blocs aimed at liberalizing trade between them:

NAFTA was signed among Canada, Mexico and the United States and came into effect on January 1, 1994. NAFTA provided for the progressive elimination over a 10-year period of duties on steel products traded between or among Mexico, the United States and Canada, among other things. As a result, zero tariffs applied to steel products traded within NAFTA countries. However, steel imports in the United States from Mexico and Canada are currently subject to tariffs under Section 232 and, if they do not comply with USMCA preferential rules of origin, subject to tariffs through the IEEPA. For additional information on the Trump’s administration trade actions, see “—Trade Regulations—United States.”

NAFTA was subsequently replaced by the United States-Mexico-Canada Agreement, or USMCA, which became effective in July 2020. The United States, Mexico and Canada agreed to modify the definition of "North American steel" (with such amendment becoming effective in July 2027), for purposes of vehicles being awarded preferential treatment under USMCA, restricting the defined term to steel melted and poured within the three countries.

The USMCA is scheduled for its first joint review on July 1, 2026, allowing the three member countries to assess the agreement and propose revisions. The review signals the beginning of a 10-year countdown to the USMCA’s expiration in 2036, unless the parties agree to extend the agreement. For a discussion of risks relating to changes in the USMCA, see Item 3. “Key Information—D. Risk Factors—Certain Regulatory Risks and Litigation Risks— Changes in existing trade arrangements between Mexico and the U.S. and controversies or disputes between USMCA member countries could adversely impact Ternium’s results of operations and net results.”

The Mexican-European Free Trade Agreement, or MEFTA, became effective on July 1, 2000. MEFTA provided for the phase-out and eventual elimination of Mexican and European duties on all industrial goods, including finished steel products. The EU eliminated all import duties on Mexican industrial goods, including finished steel products, as of January 1, 2003, while Mexico eliminated all import duties on European industrial goods, including finished steel products, as of January 1, 2007. During April 2018, the EU and Mexico concluded negotiations to bring the MEFTA up to date. The amended agreement, which has not yet come into force, does not provide for changes in steel trade conditions. Following BREXIT, Mexico and the United Kingdom reached a Trade Continuation Agreement, published on June 1, 2021, effective retroactively from January 1, 2021.

The Economic Partnership Agreement between Japan and Mexico came into force on April 1, 2015. The agreement provides for a phase-out and eventual elimination of Mexican and Japanese duties on all industrial goods within a ten-year period. Beginning on April 1, 2015, all duties on steel products were eliminated. Until March 31, 2015, an import duty of 3% was applicable to Japanese steel imports.

Mexico and Argentina signed an Economic Complementation Agreement, known as ACE 6 for its initials in Spanish, in November 2003, whereby reciprocal tariff preferences are currently granted. In 2006, Mexico and Argentina modified the ACE 6 Agreement, reducing to zero import duties on imports of certain steel products from the other country. Zero import duties included exports from Mexico to Argentina and vice versa for up to 90,000 tons per year of slabs, 60,000 tons per year of cold rolled coils and 30,000 tons per year of corrosion resistant coils, including hot dip galvanized and pre-painted sheets.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, was signed by Mexico together with Australia, Brunei, Canada, Chile, Japan, Malaysia, New Zealand, Peru, Singapore and Vietnam, becoming effective in December 2018. The agreement is in force for all its members. On July 16, 2023, the United Kingdom officially joined CPTPP. Its accession protocol has been ratified by all countries but for Canada.

Mexico has also entered into trade agreements with Colombia, Chile, Bolivia, Nicaragua, Costa Rica, Uruguay and the European Free Trade Association, an intergovernmental organization set up by Liechtenstein, Norway, Iceland and Switzerland, among others.

Brazil

Imports of steel products in Brazil:

The Brazilian government has imposed certain antidumping measures on imports of steel products that are similar to the ones produced by Usiminas. The following is a description of measures currently in effect and ongoing investigations:

- *Plates:* In 2013, the Brazilian government imposed an anti-dumping measure on imports of plates originating in China, South Korea and Ukraine. Specific rates apply, ranging from \$52 to \$212 per ton. The measure was renewed in 2019 and in September 2025 for an additional five years. The duty applicable to imports from China was raised from \$212 to \$679 per ton.
- *Hot-rolled products:* On December 26, 2025, the Brazilian government issued a positive preliminary antidumping determination on Chinese imports. No preliminary duties were applied. Preliminary dumping margins, subject to verification, were \$278 per ton for Baosteel and \$294 per ton for Hebei Yanshan.
- *Cold-rolled products:* On February 13, 2026, the Brazilian government imposed anti-dumping duties on imports from China for a period of five years. Duties range from \$323 to \$670 per ton.
- *Coated products:* On February 18, 2026, the Brazilian government imposed anti-dumping duties on imports from China for a period of five years. Duties are between \$285 and \$710 per ton.
- *Pre-painted steel products:* On February 2, 2026, the Brazilian government imposed anti-dumping duties on imports of pre-painted steel from China and India. Duties are between \$289 and \$545 per ton.
- *Metallic coating steel (tin plate) products:* On August 29, 2025, the Brazilian government imposed anti-dumping duties on imports of metallic coating steel from China. Duties are between \$284 and \$499 per ton.

On April 23, 2024, the Brazilian government established a one-year quota system on steel imports under which certain products exceeding established quotas are subject to a 25% tariff. The measure was renewed in May 2025 until June 2026. In addition, on February 26, 2026, the Brazilian government increased tariffs on imports of nine steel products from a range between 10.8 and 12.6% to 25%.

Exports of steel products from Brazil:

The following is a description of antidumping and countervailing measures currently in effect and ongoing investigations:

- *Corrosion-resistant flat products:* On December 19, 2025, the U.S. Department of Commerce imposed antidumping and countervailing duties on corrosion-resistant flat products (“CORE”) from 10 countries including Brazil. For further information, see “—Regulations—Trade Regulations—United States.”

- *Hot-rolled flat products:* In September 2019, the European Commission imposed antidumping duties on hot-rolled coils from Brazil, Iran and Russia. On December 12, 2023, the measure was extended for five years. The rate applicable to Usiminas is EUR63 per ton.

In addition, U.S. authorities have imposed tariffs, including on imports from Brazil, under Section 232 of the Trade Expansion Act of 1962. For additional information on Trump’s administration trade actions, see “—Regulations—Trade Regulations—United States.”

Trade agreements:

Brazil has signed free trade agreements with several countries or trade blocs aimed at liberalizing trade between them, including the following:

In early 1991, Brazil entered, together with Argentina, Uruguay and Paraguay, into the Treaty of Asunción, creating the Mercado Común del Sur (Southern Common Market, or "Mercosur"), a common market organization that aimed to bring about the free movement of goods, capital, services and people among its member states. In 2004, the Mercosur members entered into the Protocol of Ouro Preto, creating a customs union among them. On January 1, 2013, Venezuela became a full member of Mercosur but was suspended in December 2016. Over time, Mercosur has eliminated or significantly reduced import duties, tariffs and other trade barriers among member states. Since January 1, 2000, zero tariffs apply to steel products traded among them.

Applicable tariffs on steel imports from non-member countries to Mercosur member countries are between 2% and 14%. However, every six months Mercosur members may exempt from tariffs a limited number of products imported from non-member countries. As previously discussed, Brazil has established a quota system on steel imports and increased tariffs on imports of certain steel products. Uruguay has exempted certain steel products, including cold-rolled sheets, galvanized flat steel products and certain steel coils. A National List of Exceptions (LNE) framework allows Argentina and Brazil to maintain up to 150 tariff lines on their respective exception lists, until December 31, 2028.

In 2004, Mercosur and the Comunidad Andina de Naciones (Andean Community, or "CAN"), currently including Bolivia, Colombia, Ecuador and Peru, signed a free trade agreement aimed at reducing and eventually eliminating tariffs on steel products traded among member countries. Mercosur entered into a trade agreement with Chile in 2005. As a result, all tariffs on steel products traded between Mercosur and Chile have been eliminated. In addition, Mercosur and Singapore signed a free trade agreement in 2023, which has been ratified by Paraguay and Uruguay while Argentina and Brazil have yet to complete the ratification process.

On September 16, 2025, Mercosur and EFTA signed a free trade agreement. In addition, on January 17, 2026, Mercosur signed a free trade agreement with the EU. The agreement is expected to be provisionally applied in Argentina and Uruguay as of May 1, 2026, while Brazil and Paraguay have yet to complete the ratification process.

There are trade agreements initiatives with other countries in the early stage, such as Canada, United Arab Emirates, South Korea, Vietnam and Indonesia, with little progress.

Argentina

Imports of steel products in Argentina:

In the past, the Argentine government imposed various antidumping measures on imports of certain flat steel products that compete directly with Ternium’s sales in Argentina. After several subsequent revisions of such cases, there are currently no measures in place.

Exports of steel products:

U.S. authorities have imposed tariffs, including on imports from Argentina, under Section 232 of the Trade Expansion Act of 1962. For additional information on Trump’s administration trade actions, see “—Regulations —Trade Regulations—United States.”

Trade agreements:

Argentina is a member of Mercosur. For further information on this agreement, see “—Regulations—Trade Regulations—Brazil.” In November 2003, Argentina and Mexico signed the ACE 6. For further information, see “—Regulations—Trade Regulations—Mexico.”

Colombia

Imports of steel products to Colombia:

The Colombian government has imposed certain antidumping and safeguard measures on imports of steel products. The following antidumping measures are currently in effect:

- *Steel profiles for drywall*: On October 29, 2021, the Colombian government imposed antidumping duties of 37.88% on imports from China, for a three-year period, starting November 3, 2021. In October 17, 2025, the Colombian government extended the measure for five years.
- *Galvanized and galvalume flat sheet and tiles*: On January 22, 2025, the Colombian government imposed antidumping duties on imports from China, consisting of an ad valorem tariff of 41.74% on sheets and 94.64% on tiles for five years.
- *Wire rod galvanized strand and concrete strand*: On November 16, 2018, the Colombian government imposed antidumping duties of 15% on imports from China. On December 20, 2024, through an administrative review, the Colombian government replaced the duties with a FOB base price of \$3.36 per kilogram. On July 3, 2025, the Colombian government extended the measure for five years.
- *Wire Rod*: On October 18, 2024, the Colombian government adopted a safeguard measure consisting of a tariff of 30% on imports of wire rod from countries with which Colombia does not have trade agreements. The measure is set to expire in October 2026.
- *Reinforced bars*: On October 3, 2024, the Colombian government adopted a safeguard measure consisting of a preliminary tariff of 14.5% on imports of corrugated iron or steel bars for concrete reinforcement from Andean Community member countries exceeding certain quota. On February 26, 2025, the General Secretary of the Andean Community rejected Colombia's request to implement the measure and ordered its suspension. Subsequently, the authority rejected Colombia's reconsideration request.

Effective February 25, 2026, in response to Ecuador's measures against Colombia imports, Colombia imposed a 30% tariff on Ecuadorian products spanning 73 tariff lines, including steel wire and structures. In addition, Colombia has published a draft decree for comments, pursuant to which import tariffs on Ecuadorian products would be raised to 50%, incorporating additional tariff lines including steel products such as profiles and sections.

Exports of steel products:

U.S. authorities have imposed tariffs, including on imports from Colombia, under Section 232 of the Trade Expansion Act of 1962. For additional information on Trump's administration trade actions, see “—Regulations —Trade Regulations—United States.”

On February 1, 2026, Ecuador imposed a 30% tariff on Colombian products based on national security grounds, with certain exceptions for products used in the energy sector. On March 1, 2026, Ecuador raised the tariff to 50%.

Trade agreements:

Most steel imports to Colombia from countries with whom Colombia does not have a free trade agreement in place are subject to import tariffs of between 5% and 10%.

Colombia has entered into free trade agreements with several countries or trade blocs aimed at liberalizing trade between them.

CAN is a trading bloc, currently including Bolivia, Colombia, Ecuador and Peru, established during 1993 and approved in 1994 for the purpose of promoting trade relations among its members and between CAN and the rest of the world. The treaty formalized a customs union among CAN's member states. Over time, CAN has eliminated or significantly reduced import duties, tariffs and other trade barriers among member states. In particular, zero tariffs have applied to steel products imported from other member states since January 1, 2000. CAN and Mercosur have signed a free trade agreement. For further information, see “—Regulations—Trade Regulations—Argentina.”

During June 1994, Colombia and Mexico signed a free trade agreement. For further information on this agreement, see “—Regulations—Trade Regulations—Mexico.”

On August 9, 2007, Colombia, El Salvador, Guatemala and Honduras established the Triángulo Norte (North Triangle or “T”), a free trade agreement. Members of the TN signed multilateral agreements related to funds transfers and local and most favored nation statuses, and signed bilateral agreements aimed at reducing trade duties. Colombia’s free trade agreement with Guatemala started on November 12, 2009; with El Salvador on February 1, 2010; and with Honduras on March 27, 2010. Under TN, zero tariffs apply to several steel products imported from other member states.

Colombia’s free trade agreement with the United States became effective in October 2011. Under this agreement, steel import tariffs from Colombia to the United States were eliminated and steel import tariffs from the United States to Colombia decreased gradually from a range of between 5% and 10% in 2011 to 0% in 2021. In particular, wire rods import tariffs were reduced to 0% beginning in 2012, and rebar import tariffs decreased gradually and were eliminated in 2021. However, U.S. authorities have imposed tariffs, including on imports from Colombia, under Section 232 of the Trade Expansion Act of 1962. For additional information on Trump’s administration trade actions, see “—Regulations —Trade Regulations—United States.”

In addition, Colombia has signed free trade agreements with Chile, EFTA, Canada, the EU, South Korea, Costa Rica, Israel and the U.K., in effect since May 2009, July 2011, August 2011, August 2013, July 2016, August 2016, August 2020 and June 2022, respectively. Colombia has also signed free trade agreements with Panama, United Arab Emirates and Singapore, which are not yet effective. Colombia is currently negotiating free trade agreements with Japan and Turkey.

United States

U.S. authorities have imposed a number of measures on imports of steel products and on manufactured products containing steel, including antidumping and countervailing duties, tariffs under Section 232 of the Trade Expansion Act of 1962 and under Section 301 of the Trade Act of 1974. Prior tariffs under the International Emergency Economic Powers Act (IEEPA) were terminated following a U.S. Supreme Court ruling stating that IEEPA does not authorize the president to impose tariffs absent clear congressional authorization. In replacement of tariffs under IEEPA, on February 20, 2026, President Trump imposed a temporary import duty under section 122 of the U.S. Trade Act of 1974, consisting of a 10% ad valorem import duty on all articles imported into the United States. For additional information on Trump’s administration trade actions, see Item 3. “Key Information—D. Risk Factors—Certain Regulatory Risks and Litigation Risks— Changes in existing trade arrangements between Mexico and the United States and controversies or disputes between USMCA member countries could adversely impact Ternium’s results of operations and net results.”

Below is a description of relevant measures currently in effect in the United States:

Antidumping and countervailing duties on steel imports:

- *Hot-rolled products:* In July 1999, the U.S. authorities imposed antidumping duties on hot-rolled products from Russia, currently of up to 184.56%. The measure has been extended twice for five years each, in October 2016 and December 2021.

During November 2001, the U.S. government imposed antidumping and countervailing duties on certain hot-rolled carbon steel flat products from China, India, Taiwan, Thailand, Russia, Indonesia and Ukraine. Current antidumping duties range between 12.34% and 90.83% for China, 36.53% and 44.40% for India, 47.86% for Indonesia, 20.28% and 29.14% for Taiwan, 4.41% and 20.30% for Thailand and 90.33% for Ukraine, with rates depending on the exporting company. Current countervailing duties range between 336.62% and 360.23% for India and are set at 10.21% for Indonesia and 2.38% for Thailand. These measures were confirmed in October 2025 for five more years.

On October 3, 2016, the U.S. government issued antidumping and countervailing duty orders against several countries for a five-year period. Antidumping duties were imposed at the following rates: 29.58% for Australia; between 33.14% and 34.28% for Brazil; between 4.99% and 7.51% for Japan; between 4.61% and 9.49% for Korea; 3.73% for the Netherlands; between 4.15% and 6.77% for Turkey; and 33.06% for the United Kingdom. Countervailing duties were imposed on imports as follows: between 29.07% and 30.51% for Brazil; and between 0% and 9.49% for Korea. With the exception of Brazil, the measure was extended for five years on November 25, 2022.

- *Cold-rolled products:* On July 14, 2016, the U.S. government imposed antidumping duties on cold-rolled steel products, of 265.79% for China and 71.35% for Japan, and countervailing duties of 256.44% for China.

On September 20, 2016, the U.S. government imposed countervailing duties on cold-rolled steel products of between 11.09% and 11.31% from Brazil, 10% from India and between 3.89% and 59.72% from Korea. In addition, on September 20, 2016, the U.S. government imposed antidumping duties on cold-rolled products of between 19.58% and 35.43% from Brazil, 6.78% from India, 7.60% from Korea, and between 5.40% and 25.17% from the United Kingdom. Following affirmative circumvention determinations on imports from Vietnam, the U.S. government imposed the same measures imposed on Chinese imports, and in December 2019 the same measures imposed on Korean imports. With the exception of Brazil, these measures have been extended for five years on August 9, 2022.

- *Corrosion-resistant flat products*: On July 25, 2016, the U.S. government imposed countervailing duties of 39.05% to 241.07% on imports from China, of 8% to 29.49% on imports from India, of a de minimis to 38.51% on imports from Italy, and of a de minimis to 1.19% on imports from Korea. In addition, on July 25, 2016, the U.S. government imposed antidumping duties on corrosion-resistant flat products of 209.97% from China, between 3.05% and 4.43% from India, 12.63% and 92.12% from Italy, 8.75% and 47.80% from Korea, and 10.34% from Taiwan. These measures were subject to many circumvention inquiries. Currently, imports of corrosion-resistant flat products from Costa Rica, Malaysia, Vietnam and the United Arab Emirates from Chinese hot-rolled coils and/or cold-rolled coils are subject to antidumping and countervailing duties; and imports of corrosion-resistant flat products from Vietnam with Korean and Taiwanese hot-rolled coils and/or cold-rolled coils are subject to antidumping and countervailing duties. These measures have been extended for five years on August 3, 2022.

On December 19, 2025, the U.S. government imposed antidumping duties of 19.10% on imports from Australia, of 22% to 191.26% on imports from Brazil, of 5.59 to 50.25% on imports from Canada, of 1.07 to 24.09% on imports from Mexico, of 22.64% on imports from Netherlands, of 19.21% on imports from South Africa, of 10.85 to 67.81% on imports from Taiwan, of 6.48 to 10.49% on imports from Turkey, of 7.20 to 16.38% on imports from United Arab Emirates and of 87.07 to 162.96% on imports from Vietnam. Simultaneously, it imposed countervailing duties of 4.39% on imports from Usiminas and 15.99% on imports from other Brazilian companies, of 0% on imports from Galvasid and 13.26% on imports from other Mexican companies including Ternium Mexico, of 1.14% to 34.55% on imports from Canada and of 0.30% to 257.83% on imports from Vietnam.

- *Pipe and tube*: On September 13, 2016, the U.S. authorities issued an antidumping duty order on imports of Heavy-Walled Rectangular Pipes and Tubes, or HWRPT, from Korea, Turkey and Mexico. As a result of the 2018-2019 administrative review, Ternium Mexico's current margin is 2.51%. The measure was extended for five years in April 2022.
- *Wire rod*: On October 29, 2002, the U.S. government imposed antidumping duties to wire rod imports from Brazil (from 74.35% to 94.73%), Indonesia (4.05%), Moldova (369.10%) and Trinidad and Tobago (11.40%), and countervailing duties to Brazilian wire rod imports of between 2.31% and 6.74%. These measures were renewed for five years on August 27, 2020 and on February 24, 2026.

On January 8, 2015, the U.S. government imposed antidumping duties (between 106.19% and 110.25%) and countervailing duties (between 178.46% and 193.31%) on wire rod from China, with rates depending on the exporting company. These measures were renewed on December 29, 2025.

On January 24, 2018, the U.S. government imposed antidumping duties on wire rod from Russia (between 436.80% and 756.93%), Belarus (280.02%) and the United Arab Emirates (84.10%). On March 14, 2018, the U.S. government imposed antidumping duties on wire rod from South Africa (between 135.46% and 142.26%) and Ukraine (between 34.98% and 44.03%).

On March 19, 2018, the U.S. Department of Commerce published its final antidumping and countervailing determinations on imports of wire rod from Italy (antidumping duties of between 12.41% and 18.89% and countervailing duties of between 4.16% and 44.18%), South Korea (antidumping duties of 41.10%), Spain (antidumping duties of between 11.08% and 32.64%), Turkey (antidumping duties of between 4.74% and 7.94% and countervailing duties of between 3.81% and 3.86%) and the United Kingdom (antidumping duties of 147.63%). Following a sunset review, in August 2023 these measures were extended for five more years.

U.S. authorities have imposed a number of measures on steel product imports from Mexico, including carbon and alloy steel wire rod, pipe and tube, and welded pipes. For further information, see “—Regulations—Trade Regulations—Mexico.”

Section 232 tariffs on steel imports:

In April 2017, the U.S. government initiated an investigation under Section 232 of the U.S. Trade Expansion Act. The investigation analyzed the effects of imports of steel products on national security. Based on the result of such

investigation and on the resulting Commerce Secretary recommendations, on March 8, 2018, the U.S. president imposed a 25% tariff on steel imports, which entered into force on March 23, 2018, followed by negotiated country-specific exemptions and quota arrangements. Australia, Canada and Mexico were exempted from the tariff (though subject to a continuous monitoring system of their trade flows). Argentina, Brazil and South Korea were also exempted from the measure, subject to quota system agreements covering steel imports from those countries. In 2022, the United States shifted the 25% tariff applicable to the EU to a Tariff Rate Quota (TRQ) system for steel products melted and poured in this region, and Japan and the United Kingdom entered into similar systems. However, on February 10, 2025, the Trump administration announced, through a presidential proclamation, the reinstatement of the 25% tariff on all steel imports and, on June 3, 2025, the Trump administration raised the tariff to 50%. As a result, all previously exempted or quota-managed countries became subject to the full 50% tariff on their steel exports to the United States.

Presidential proclamation on imports of automobiles and automobile parts:

Effective from April 3, 2025, the U.S. government imposed a 25% tariff under Section 232 on all imported automobiles produced outside the U.S. Effective from May 3, 2025, this tariff also applies to key auto parts such as engines, transmissions, powertrain parts and electrical components. However, vehicles and parts that comply with the USMCA are subject to this tariff on their non-U.S. specific content, and, in the case of auto parts, only when the government establishes a process to exempt U.S. content from tariffs.

Effective June 30, 2025, up to a defined quota, passenger vehicles originating in the U.K. are exempt from the Section 232 tariff but subject to a 7.5% tariff plus a 2.5% general duty. In addition, certain auto parts are subject to a reduced 10% combined duty rate.

Effective from August 1, 2025, automobiles and auto parts originating from the EU are subject to a Section 232 tariff of 15% less the applicable most-favored-nation tariff.

Effective from September 16, 2025, vehicles and parts originating from Japan are also subject to a Section 232 tariff of 15% less the applicable most-favored-nation tariff.

Insurance

Our subsidiaries carry insurance policies covering accidental loss or physical damage to its property and equipment (including machinery breakdown and business interruption arising from an insured event), general liability (including third party, employer, product, sudden and accidental pollution and port liability in the ports operated by Ternium) and other insurance, including marine cargo, construction all risk, life and workers' compensation and automobile insurance. These insurance policies have coverage, limits and conditions, that we believe are customary in the steel products industry and in line with legal and domestic market requirements. Nevertheless, the limits, deductibles and/or self-insured retentions of these insurance policies may not be sufficient to recover all losses suffered from such events. In addition, some particular events may not be covered under these insurance policies.

Disclosure Pursuant to Section 13(r) of the Exchange Act

The Iran Threat Reduction and Syria Human Rights Act of 2012 added a new paragraph (r) in Section 13 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), which requires a reporting issuer to provide disclosure if the issuer or any of its affiliates knowingly engaged in certain enumerated activities relating to Iran, including activities involving the Government of Iran. Ternium did not engage in any Iran related activity during the year ended December 31, 2025. However, Ternium S.A. is providing the following disclosure pursuant to Section 13(r) of the Exchange Act with respect to Iran related activity reported by its affiliates.

Tenaris

Tenaris is also controlled by San Faustin and, accordingly, it is deemed an "affiliate" of Ternium S.A., as such term is defined in Exchange Act Rule 12b-2. In response to our inquiry, Tenaris provided the disclosure included below.

In July 2015, the Islamic Republic of Iran entered into the Joint Comprehensive Plan of Action ("JCPOA") with China, France, Germany, Russia, the United Kingdom and the United States, which resulted in the partial lifting in January 2016 of certain sanctions and restrictions against Iran, including most U.S. secondary sanctions against such country. On May 8, 2018, the United States announced that it would cease participation in the JCPOA and would begin re-imposing nuclear-related sanctions against Iran after a wind-down period. Following the U.S. withdrawal from the JCPOA, the EU updated Council Regulation (EC) No. 2271/96 of 22 November 1996 (the "EU Blocking Statute"), to expand its scope to cover the re-imposed U.S. nuclear-related sanctions. The EU Blocking Statute aims to counteract the effects of the U.S. secondary sanctions.

Tenaris ceased all deliveries of products and services to Iran by the end of October 2018, that is, during the wind-down period and before the full reinstatement of U.S. secondary sanctions on November 5, 2018. Tenaris did not, directly or indirectly, deliver any goods or services to Iran or Iranian companies during 2024 and does not intend to explore any commercial opportunities in Iran, nor does it intend to participate in tender offers by, or issue offers to provide products or services to, Iranian companies or their subsidiaries.

As of December 31, 2022, Tenaris's subsidiary, Tenaris Global Services S.A. maintains an open balance for an advance made by Toos Payvand Co. for approximately EUR 0.04 million (approximately \$0.04 million) for goods that remained undelivered following the reinstatement of U.S. secondary sanctions.

All revenue and profit derived from Tenaris's sales to Iran was recorded in the fiscal year in which such sales were performed and, therefore, no revenue and profit has been reported in connection with commercial activities related to Iran for the year ended December 31, 2025.

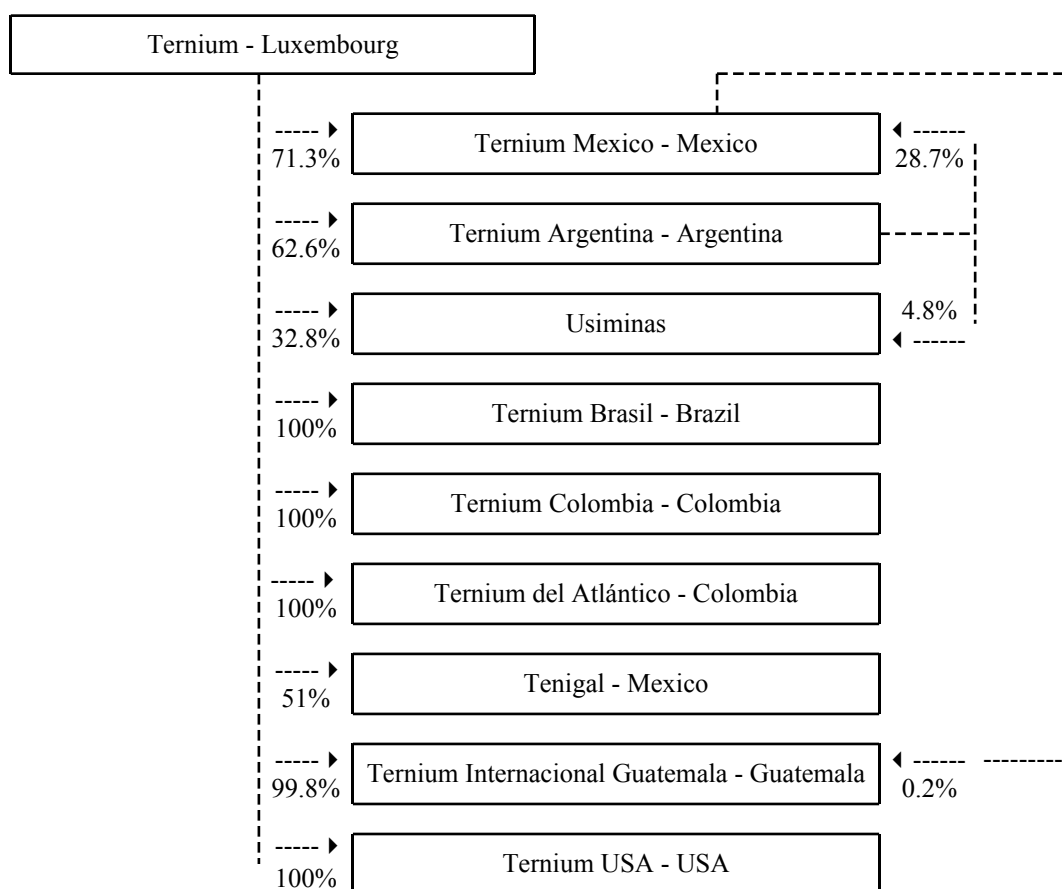
Tenaris has procedures in place designed to ensure that its activities comply with all applicable U.S. and other international export control and economic sanctions laws and regulations.

Other Affiliates

Except for Tenaris, no other affiliates of Ternium S.A. reported any Iran related activity for the year ended December 31, 2025.

C. Organizational Structure

Below is a simplified diagram of Ternium's corporate structure as of February 27, 2026.



For details of the companies whose financial statements have been consolidated and accounted for interest, see note 2 to the consolidated financial statements included in this annual report.

Subsidiaries

Ternium operates entirely through subsidiaries. For a complete list of its subsidiaries and a description of its investments in other companies, see note 2 to the consolidated financial statements included in this annual report.

Ternium Mexico. Ternium Mexico is a leading flat and long steel manufacturer in Mexico, with total annual finished steel production capacity of approximately 11.0 million tons. Ternium Mexico's subsidiaries operate all of Ternium's mining and steel production facilities in Mexico, except for Tenigal's facilities. Ternium Mexico and its subsidiaries produce steel products mainly for the construction and industrial sectors.

Ternium Argentina. Ternium Argentina is the main integrated manufacturer of flat steel products in Argentina with total annual finished steel production capacity of approximately 3.0 million tons. The shareholders of Ternium Argentina as of February 27, 2026 are set out in the following table, together with the share percentage owned by each such shareholder as of that date:

Ternium Argentina's Shareholders	Shares (million)	Percentage
Ternium	2,826.5	62.6 %
ANSeS	1,175.8	26.0 %
Public	514.8	11.4 %
Total shares issued and outstanding	4,517.1	100.0 %

Ternium Brasil. Ternium Brasil is a high-end steel slab producer in Brazil, with annual production capacity of approximately 5.0 million tons. Ternium Brasil produces steel slabs mainly for Ternium’s operations in Mexico and Argentina, and for Usiminas.

Ternium Colombia. Ternium Colombia is a leading long and flat steel products processor and distributor in Colombia and a scrap-based long steel manufacturer, with total annual finished steel production capacity of approximately 540,000 tons.

Ternium del Atlántico. Ternium del Atlántico is a manufacturer of steel bars and coils serving the Colombian construction sector with total annual finished steel production capacity of approximately 520,000 tons.

Tenigal. Tenigal is a manufacturer of hot-dip galvanized and galvanized steel sheets serving the Mexican automotive industry with total annual finished steel production capacity of approximately 480,000 tons. Ternium and NSC hold 51% and 49% participations in Tenigal, respectively.

Ternium Guatemala. Ternium Guatemala and its subsidiaries operate all of Ternium’s steel processing facilities in Guatemala, El Salvador, Nicaragua and Costa Rica. Ternium Guatemala and its subsidiaries produce hot-dip galvanized steel sheets and other value-added finished steel products mainly for the construction and industrial sectors. Ternium Guatemala has total annual finished steel production capacity of 110,000 tons.

Ternium USA. Ternium USA operates Ternium’s steel processing activities in the United States and produces galvanized and color coated sheets in its Shreveport unit in Louisiana, United States. Ternium USA has total annual finished steel production capacity of 260,000 tons.

Usiminas. Usiminas is one of the main producers of flat steel products in Brazil, with total annual finished steel production capacity of approximately 6.9 million tons. Usiminas operates mining and steel production facilities in Brazil. The shareholders of Usiminas as of February 27, 2026, are set out in the following table, together with the share percentage owned by each such shareholder as of that date:

Usiminas’ Shareholders	Ordinary shares ¹		Preferred shares ²		Total shares	
	In million	Percentage	In million	Percentage	In million	Percentage
Ternium (T/T Group)	453.4	64.5 %	8.5	1.6 %	461.9	37.5 %
Confab (T/T Group)	47.5	6.8 %	1.3	0.2 %	48.8	4.0 %
Previdência Usiminas	34.1	4.9 %	—	—	34.1	2.8 %
Public	167.7	23.9 %	518.4	98.1 %	686.1	55.7 %
Total issued and outstanding	702.7	100.0 %	528.2	100.0 %	1,230.9	100.0 %

¹ Each ordinary share of Usiminas entitles its holder to one vote on resolutions at general shareholders’ meetings.

² Usiminas preferred shares entitle holders to dividends that are 10% higher than those paid on ordinary shares. Preferred shares carry no general voting rights on resolutions at general shareholders’ meetings but, pursuant to Brazilian Corporations Law No. 6,404/76, holders of preferred shares may, by separate vote, elect one member to the board of directors (subject to applicable statutory conditions, including minimum ownership and holding-period requirements) and, as a class, one member to the fiscal council.

In July 2023, we increased our investment in Usiminas by acquiring a share of the participation held by Nippon Steel Corporation in the Usiminas’ control group. As a result of this transaction, Ternium’s holdings of Usiminas’ control group shares increased to 51.5%. A new shareholders’ agreement was entered into as a result of the transaction, and we began to fully consolidate Usiminas in July 2023.

On February 10, 2026, Ternium Investments acquired from NSC Group their remainder participation in the Usiminas control group, totaling 153.1 million ordinary shares, increasing Ternium’s participation in the Usiminas control group to 83.1%. As a result, the T/T group currently holds an aggregate participation of 92.9% in Usiminas’ control group, with Previdência Usiminas holding the remainder 7.1%.

Pursuant to the Usiminas shareholders agreement, Ternium Investments has the right to nominate a majority of the members of Usiminas’ board of directors, the CEO and all other members of Usiminas’ board of officers.

Usiminas' Control Group	Ordinary shares	
	In million	Percentage
Ternium (T/T Group)	402.0	83.1 %
Confab (T/T Group)	47.5	9.8 %
Previdência Usiminas	34.1	7.1 %
Total Control Group shares	483.6	100.0 %

For information on the acquisition of the additional participation in Usiminas, see note 3 “Acquisition of business - increase of the participation in Usiminas control group and new governance structure of Usiminas” to our consolidated financial statements included in this annual report.

Other Investments

Techgen. Techgen is a Mexican joint venture company owned by 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Techgen operates a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. Ternium and Tenaris currently contract 78% and 22%, respectively, of Techgen’s power capacity of approximately 900 megawatts. As a result, Ternium is securing the supply of electricity to its existing and future facilities in Mexico and sells unused energy to the Mexican market. For further information on the company’s commitments under the Techgen project, see note 25(ii)(e), (g), (l) and (m) to the consolidated financial statements included in this annual report.

Unigal Usiminas Ltda. Unigal Usiminas is a joint venture company owned 70% by Usiminas and 30% by NSC. Located in Ipatinga, Minas Gerais, Brazil, it produces hot-dipped galvanized steel coils for the automotive and home appliance industries, and the construction sector. The control of Unigal is shared between the partners, as provided for in the shareholders’ agreement.

MRS Logística S.A. MRS Logística is the concessionary of the Southeastern Federal Railroad Network in the states of Minas Gerais, Rio de Janeiro and São Paulo, Brazil. Shareholders of MRS Logística include Usiminas (11.48% participation) and other Brazilian iron ore and steel producers.

D. Property, Plants and Equipment

For further information, see “—B. Business Overview—Production Facilities and Processes” and “—B. Business Overview—Capital Expenditure Program.”

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of our financial condition and results of operations is based on, and should be read in conjunction with, our consolidated financial statements and the related notes included in this annual report. This discussion and analysis presents our financial condition and results of operations on a consolidated basis.

In its annual report for the year 2023, the company reported its results in three operating segments: Steel, Mining and Usiminas. This was the result of the consolidation of Usiminas beginning in July 2023. As of March 31, 2024, following the acquisition of an additional participation in Usiminas on July 3, 2023, the Chief Operating Decision Maker performed a review of the new business structure to decide on the allocation of resources and the assessment of performance, and decided to organize the Company in two operating segments: Steel and Mining. For additional information see note 5 to the consolidated financial statements included in this annual report.

Certain information contained in this discussion and analysis and presented elsewhere in this annual report, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. For further information, see “Cautionary Statement Concerning Forward-Looking Statements.” In evaluating this discussion and analysis, you should specifically consider the various risk factors identified in Item 3.D. “Key Information – Risk Factors” in this annual report and others that could cause results to differ materially from those expressed in such forward-looking statements.

Overview

For a description of Ternium's profile, business strategy and sustainability approach, see Item 4. "Information on the Company—Overview", "Information on the Company—B. Business Overview—Our Business Strategy" and "Information on the Company—B. Business Overview—Environmental, Social and Governance."

Ternium's revenues are affected by general global trends in the steel industry and more specifically by the economic conditions in the countries in which it has manufacturing operations and where its customers are located. Ternium's revenues are also impacted by events that affect the price and availability of raw materials, slabs, energy and other inputs needed for its operations. Furthermore, due to the highly cyclical nature of the steel industry, recent results may not be indicative of future performance, and historical results may not be comparable to future results. Investors should not rely on the results of a single period, particularly a period of peak prices, as an indication of Ternium's annual results or future performance. The variables and trends mentioned below could also affect the results of its investments in steel related companies.

Ternium's primary source of revenue is the sale of steel products. Management expects sales of steel products to continue to be Ternium's primary source of revenue. The global market for such steel products is highly competitive, with the primary competitive factors being price, cost, product quality and customer service. The majority of Ternium's sales are concentrated in the Americas. Specifically, Ternium's largest markets are Mexico, Brazil and Argentina.

Ternium's results are sensitive to economic activity and steel consumption. Ternium's results of operations, which primarily depend on economic conditions in Mexico, Brazil and Argentina, are also influenced by economic conditions in international and regional markets such as the United States, Mercosur and the Andean Community. Historically, annual steel consumption in the countries where Ternium operates has varied at a rate that is linked to the annual change in each country's gross domestic product and per capita disposable income. A protracted global recession or a depression would have a material adverse effect on the steel industry and Ternium.

Ternium's results are also sensitive to prices in the international steel markets. Steel prices are volatile and are sensitive to supply conditions and to trends in cyclical industries, such as the construction, automotive, appliance and machinery industries, which are significant markets for Ternium's finished steel products. For example, U.S. prices of hot-rolled coils bottomed in 2020 to \$485 per ton, peaked at \$2,135 per ton in 2021, and then showed significant volatility. As a result of steel price volatility, among other factors, Ternium's operating income decreased by 44% year-over-year in 2025 after decreasing 43% year-over-year in 2024, 19% year-over-year in 2023 and 49% year-over-year in 2022, and increasing 388% year-over-year in 2021. Persistently low steel prices would have a material adverse effect on Ternium's results, as could price volatility.

Trends in the steel industry may also have an impact on Ternium's results. In addition to economic conditions and prices, the steel industry is affected by other factors such as worldwide and regional production capacity, fluctuations in steel imports/exports and tariffs. Historically, the steel industry has suffered, especially on downturn cycles, from substantial over-capacity. Over-capacity has been particularly severe in China. In addition, there has been a trend toward steel industry consolidation among Ternium's competitors, and current competitors in the steel market could become larger in the future. Intense competition could impact Ternium's share in certain markets and adversely affect its sales and revenues.

Ternium's production levels and costs are sensitive to the price and availability of raw materials, semi-finished steel and energy, which reflect supply and demand factors in the global steel industry. Ternium purchases substantial quantities of raw materials (including iron ore, coal, ferroalloys and scrap) and slabs for use in the production of its steel products. The availability and price of these and other inputs vary, sometimes significantly, according to multiple factors, including market conditions, government regulations or intervention, including import controls and international sanctions, allocation by suppliers and interruptions in production. In addition to raw materials and slabs, natural gas is an important component of Ternium's cost structure. Ternium generally purchases these inputs at market or market-based prices; accordingly, price fluctuations in these inputs (which may also vary according to the above-mentioned factors) impact Ternium's production volume and production cost.

Purchased slabs are a key component of Ternium's production process. Industry consolidation and integration of slab making facilities into finished steel products have been reducing the availability of slabs in the global market. For example, in 2023 ArcelorMittal acquired Companhia Siderúrgica do Pecém (CSP), a Brazilian slab maker that used to be a significant supplier of slabs in the international markets. In addition, it gradually integrated its slab facility in Lázaro Cárdenas, Mexico, with the steel processing facilities in other locations. Furthermore, in 2021 it inaugurated a new hot-rolling mill in Lázaro Cárdenas that led to a further integration of its slab facility in that site. Additionally, the wave of trade sanctions imposed by the United States, the United Kingdom, and the EU, among other countries,

following the Russian invasion of Ukraine, against certain Russian institutions, companies and citizens, resulted in a disruption to the global supply of slabs and other inputs consumed in the steel production process. The resolution of the Russian-Ukraine armed conflict and its consequences in the global markets is still uncertain. New international sanctions against Russian steel companies or citizens could result in slab scarcity and/or increases in slab prices in the market, which would have a material adverse effect on Ternium's business and results of operations.

Ongoing geopolitical tensions involving Iran, the United States and Israel present significant risks to global stability and trade. Escalation of this conflict could disrupt energy markets, increase raw material costs and impair supply chain reliability. Heightened sanctions or military actions may also create volatility in currency and commodity prices. These developments could adversely affect Ternium's sales, results of operations and net results. While we monitor these risks closely, we cannot predict the duration or ultimate impact of this conflict on our company.

Ternium's export revenues could be affected by trade restrictions and its domestic revenues could be affected by unfair competition from imports. Currently, there are a significant number of anti-dumping, countervailing, safeguard measures, tariffs and other trade-restrictive actions. Ternium's ability to profitably access the export markets may be adversely affected by trade restrictions, including anti-dumping duties, tariffs and countervailing measures, in certain markets. In addition, Ternium's ability to sell some steel products in its principal markets could be affected by unfair competition from imports of those steel products from certain countries if measures against unfair trade are not in force. These trade measures could stimulate aggressive export offers elsewhere, exerting downward pressure on sales and margins of steel companies operating in other markets and regions, including those in which Ternium operates. For further information, see Item 4. "Information on the Company—B. Business Overview—Regulations—Trade Regulations."

Ternium's results are sensitive to changes to trade regulations in the USMCA region. Mexico maintains a significant trade relationship with the United States through the United States–Mexico–Canada Agreement (USMCA), which over time has fostered regional supply-chain integration, contributing to Mexican economic growth. However, a wave of U.S. trade measures against several of its trading partners in 2025, including Mexico, has created significant uncertainty. Our business could be materially and adversely affected by changes to trade regulations in the USMCA region. For further information on changes in existing trade arrangements between Mexico and the U.S. see Item 3. "Risk factors—Risks Relating to the Countries in Which Ternium Operates—Mexico—Changes in existing trade arrangements between Mexico and the United States and controversies or disputes between USMCA member countries could adversely impact Ternium's results of operations and net results".

Changes in prevailing exchange rates could impact results from consolidated companies with net short or long positions in currencies other than their functional currencies. The functional currency of Ternium Mexico, Ternium Argentina, Ternium Brazil, Ternium Colombia, Ternium Guatemala and Ternigal is the U.S. dollar. In addition, Usiminas, which we began to consolidate in July 2023, has adopted the U.S. dollar as its functional currency for its financial statements from January 1, 2026. These consolidated companies record foreign exchange results on their net non-U.S. dollar positions when the other currencies appreciate or depreciate with respect to the U.S. dollar. In addition, these consolidated companies record deferred tax results when the local currency appreciates or depreciates in relation to the U.S. dollar (their functional currency) as such fluctuations change, in U.S. dollar terms, the tax base used to calculate deferred tax at such subsidiaries. Fluctuations in the value of such local currencies against the U.S. dollar have had, and may also have in the future, an impact on Ternium's results.

The fair value of Ternium's holdings of Argentine securities could be reduced, and Ternium may be required to record a significant loss in its consolidated income statements, as a result of a significant volatility in the Argentine financial market, foreign exchange restrictions in the country and valuation adjustments resulting therefrom. Existing foreign exchange controls in Argentina currently limit the purchase and transfer abroad of foreign currency for saving purposes, restricting Ternium Argentina's ability to hold excess cash reserves in foreign bank accounts. Accordingly, Ternium Argentina holds its cash and financial investments in the Argentine financial system. As of December 31, 2025, the fair value of Ternium Argentina's cash and cash equivalents and other investments was \$0.8 billion, a large share of which consisted of bond holdings. The U.S. dollar value of such instruments recorded in Ternium's consolidated financial statements is based on their Argentine peso local market price, converted to the U.S. dollar at the ARS/\$ official exchange rate. The valuation of such investments is subject to the volatility of the Argentine financial market and to the effects of applicable foreign exchange restrictions. For example, the fair value of Argentine securities holdings decreased by \$555 million in 2023, mostly as a result of a significant devaluation of the Argentine peso in December 2023, and increased by \$457 million in 2024, largely due to the favorable reaction by investors to the reforms undertaken by the Milei administration, which was mostly recorded as changes in the fair value of financial instruments in Other Comprehensive Income.

A. Results of Operations

The following discussion and analysis of our financial condition and results of operations are based on the consolidated financial statements included in this annual report. Accordingly, this discussion and analysis present our financial condition and results of operations on a consolidated basis. For further information, see “Presentation of Certain Financial and Other Information—Accounting Principles” and notes 2 and 3 to the consolidated financial statements included in this annual report. The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this annual report.

Selected consolidated income statement data
For the year ended December 31,
In million U.S. dollars (except per share data)

	2025	2024	2023 ⁽¹⁾
Net sales	15,609	17,649	17,610
Cost of sales	(13,256)	(14,760)	(14,051)
Gross profit	2,353	2,889	3,559
Selling, general and administrative expenses	(1,601)	(1,651)	(1,472)
Other operating results	(46)	25	110
Operating income	705	1,263	2,198
Finance expense	(214)	(196)	(125)
Finance income	238	298	255
Other financial expenses, net	(49)	(296)	(6)
Equity in earnings of non-consolidated companies	86	69	105
Provision for ongoing litigation related to the acquisition of a participation in Usiminas	(117)	(410)	—
Effect related to the increase of the participation in Usiminas	—	—	(171)
Recycling of other comprehensive income related to Usiminas	—	—	(935)
Profit before income tax expense	648	728	1,321
Income tax expense	(345)	(554)	(334)
Profit for the year	303	174	986
Attributable to:			
Owners of the parent	425	(54)	676
Non-controlling interest	(122)	227	310
Profit for the year	303	174	986
Depreciation and amortization	788	743	658
Weighted average number of shares outstanding ⁽²⁾	1,963,076,776	1,963,076,776	1,963,076,776
Basic earnings per share (\$) ⁽³⁾⁽⁴⁾	0.22	(0.03)	0.34
Basic earnings per ADS (\$) ⁽³⁾⁽⁴⁾	2.17	(0.27)	3.44
Dividends per share (\$) ⁽⁵⁾	0.27	0.27	0.33
Dividends per ADS (\$) ⁽⁵⁾	2.70	2.70	3.30

- (1) In July 2023, Ternium increased its participation in the Usiminas' control group and began to consolidate Usiminas. For information on the acquisition of the additional participation in Usiminas, see note 3 "Acquisition of business - increase of the participation in Usiminas control group and new governance structure of Usiminas" to our consolidated financial statements included in this annual report.
- (2) Of the 2,004,743,442 shares issued as of December 31, 2025, Ternium S.A. held in treasury 41,666,666 shares that were repurchased from Usiminas on February 15, 2011. Such shares were not considered for purposes of the calculation of the weighted average number of shares. Each ADS represents 10 shares.
- (3) International Accounting Standard N° 1 (IAS 1) (revised) requires that income for the year as shown in the income statement includes the portion attributable to non-controlling interest. Basic earnings per share and basic earnings per ADS, however, continue to be calculated on the basis of income attributable solely to the owners of the parent.
- (4) Diluted earnings per share and per ADS (expressed in \$ per share or ADS), equals basic earnings per share or ADS, respectively.
- (5) Dividends for fiscal years 2023 and 2024 have already been paid. In November 2025, Ternium S.A. paid an interim dividend for fiscal year 2025 of \$0.09 per share (\$0.90 per ADS). On February 17, 2026, the board of directors proposed that an annual dividend of \$0.27 per share (\$2.70 per ADS), be approved at the annual general shareholders' meeting, which is scheduled to be held on May 12, 2026. The annual dividend would include the interim dividend of \$0.09 per share (\$0.90 per ADS), paid in November 2025. If the board of directors' proposal is approved at the shareholders' meeting, a net dividend of \$0.18 per share (\$1.80 per ADS), will be paid on May 15, 2026, with record-date on May 14, 2026.

*Selected consolidated balance sheet data***As of December 31**

<i>In million U.S. dollars (except per share data)</i>	2025	2024	2023 ⁽¹⁾
Non-current assets	13,819	12,050	12,149
Property, plant and equipment, net	10,406	8,381	7,638
Deferred tax assets	1,039	1,194	1,713
Other non-current assets ⁽²⁾	2,374	2,475	2,798
Current assets	9,796	11,078	12,031
Cash and cash equivalents	1,531	1,691	1,846
Other current assets	8,257	9,380	10,178
Non-current assets classified as held for sale	8	7	7
Total assets	23,615	23,129	24,179
Capital and reserves attributable to the owners of the parent	11,944	11,968	12,419
Non-controlling interest	4,203	4,163	4,393
Non-current liabilities	3,533	3,158	3,567
Borrowings	1,815	1,560	1,206
Provisions	586	553	840
Deferred tax liabilities	24	89	171
Other non-current liabilities	1,108	956	1,350
Current liabilities	3,934	3,839	3,801
Borrowings	604	670	940
Provision for ongoing litigation related to the acquisition of a participation in Usiminas	528	410	—
Other current liabilities	2,802	2,759	2,861
Total liabilities	7,467	6,997	7,367
Total equity and liabilities	23,615	23,129	24,179
Number of shares	1,963,076,776	1,963,076,776	1,963,076,776

- (1) In July 2023, Ternium increased its participation in the Usiminas' control group and began to consolidate Usiminas. For information on the acquisition of the additional participation in Usiminas, see note 3 "Acquisition of business - increase of the participation in Usiminas control group and new governance structure of Usiminas" to our consolidated financial statements included in this annual report.
- (2) Includes goodwill mainly related to the acquisition of our Mexican subsidiaries for a total amount of \$662.3 million as of December 31 of each year.

Fiscal Year Ended December 31, 2025 compared to Fiscal Year Ended December 31, 2024

This annual report includes certain non-IFRS alternative performance measures such as "Net Cash" and "Free Cash Flow". The reconciliation of these figures to the most directly comparable IFRS measures is included in Exhibit 15.1 "Statement explaining alternative performance measures".

Overview

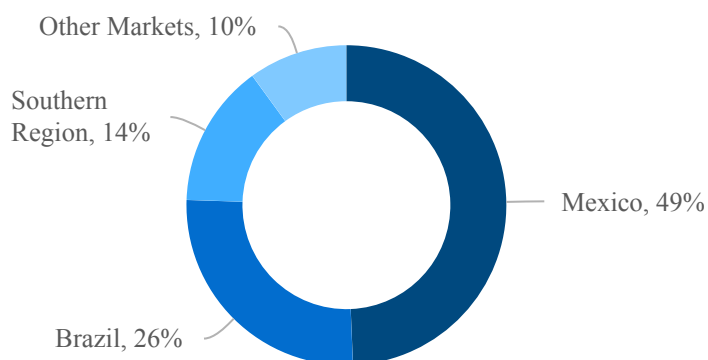
The year 2025 was characterized by a sharp increase in U.S. trade measures aimed at countering unfair practices from China and other Asian nations, with several countries worldwide adopting similar measures. Steel was a primary focus, with the United States revoking all country-specific exemptions to the 25% tariff on steel imports under Section 232 and raising the tariff to 50%.

Uncertainty surrounding tariff negotiations with the United States weighed on steel demand in Mexico, where apparent steel use declined by roughly 10% year-over-year in 2025. In Brazil, the influx of low-priced Chinese steel products continued to pressure Usiminas' profitability. In Argentina, shipments recovered in 2025 from the depressed levels of 2024. Nevertheless, prevailing conditions in both the Brazilian and global markets weighed on local performance. Despite these challenging dynamics, Ternium delivered resilient results by swiftly adapting to the new environment and implementing a comprehensive cost-reduction and efficiency program. Key initiatives that generated significant

savings included enhancing blast furnace stability, optimizing iron ore sourcing, streamlining logistics, and renegotiating service contracts.

The Steel Segment's net sales decreased by 13% year-over-year in 2025. Steel revenue per ton declined by 10%, reflecting lower realized steel prices across Ternium's main steel markets. Steel shipments decreased by 4% year-over-year, as lower sales volumes in Mexico and Other Markets were partially offset by higher shipments in the Southern Region.

Steel Shipments in 2025



Ternium's shipments in Mexico decreased in 2025 reflecting weak construction activity and softer industrial demand, amid the uncertainty caused by ongoing tariff negotiations with the United States.

The company continued to advance its expansion program at the Pesquería industrial center in Mexico. In 2025, we made significant progress on the construction of new cold-rolling and galvanizing facilities and, by early 2026, entered the ramp-up phase. With the commissioning of these facilities, Ternium completed its downstream expansion at the site, which also includes a pickling line and finishing facilities already in operation.

Meanwhile, the company advanced the construction of the new direct reduced iron plant and steel slab mill (DRI-EAF) at the same site, expected to start up by the end of 2026. These new facilities will allow Ternium to produce high-quality automotive steel with one of the lowest emission intensity rates in the industry. In support of this project, during the year Ternium Mexico secured a \$1.25 billion financing facility, which qualifies as an "eligible green project" under the Green Loan Principles.

In Brazil, shipments remained virtually unchanged in 2025. Although domestic steel consumption grew during the year, imports of flat steel products increased significantly amid unfair trade practices.

Usiminas advanced several projects aimed at improving the cost structure of its steel production facilities. Key initiatives include a new pulverized coal injection facility, a new gasometer and the hot repair of a coke battery.

In the Southern Region, shipments increased driven by the recovery of steel demand in Argentina from a low base in 2024. In early 2025, the company completed its investment in a new wind farm in the country, which contributed to lowering energy costs for Ternium's operations.

In Other Markets, sales volumes declined in 2025 mainly reflecting lower sales in the U.S. market, partially offset by higher sales volumes in other destinations.

Operating income decreased year-over-year in 2025 to \$705 million, with an operating income over net sales of 5%. The decline in operating income reflected the drop in steel prices together with lower sales volumes, countered by the successful implementation of the competitiveness plan to cut costs and increase efficiency at our operations, as well as by lower raw material and purchased slab costs. Net income in 2025 amounted to \$303 million, including a loss of \$405 million in connection with the write-down of deferred tax assets at Usiminas and a loss of \$117 million resulting from the periodic update of the provision for ongoing litigation related to the acquisition of a participation in Usiminas in 2012.

Net income attributable to owners of the parent was \$425 million in the year, or \$2.17 per ADS, mainly after accounting for the participation of a 76.7% non-controlling interest in Usiminas and a 37.4% non-controlling interest in Ternium Argentina.

Dividends paid to shareholders in 2025 amounted to \$530 million, and dividends paid in kind to minority interest totalled \$112 million. Capital expenditures reached \$2.5 billion in the year, the peak of the current investment cycle, with the bulk allocated to the continuing expansion of the industrial center in Pesqueria. These capital outflows were largely financed through cash generated by operating activities of \$2.3 billion and cash on hand.

On February 17, 2026, Ternium S.A.'s board of directors proposed that an annual dividend of \$2.70 per ADS be approved at its annual general shareholders meeting, scheduled to be held on May 12, 2026. The annual dividend would include the interim dividend of \$0.90 per ADS paid in November 2025. If the board of directors' proposal is approved at the shareholders' meeting, a net dividend of \$1.80 per ADS will be paid on May 15, 2026, with a record date of May 14, 2026.

Net Sales and Shipments

The Steel Segment's net sales for the full year 2025 decreased by 13% compared to 2024. Steel revenue per ton declined by 10%, reflecting lower realized steel prices across Ternium's main steel markets. Steel shipments decreased by 4% year-over-year, as lower sales volumes in Mexico and Other Markets were partially offset by higher shipments in the Southern Region.

In 2025, the Mining Segment's net sales increased year-over-year primarily as a result of higher iron ore shipments, reflecting better volumes in both Brazilian and Mexican operations, partially offset by lower realized iron ore prices.

Segment Information	Net Sales (\$ million)			Shipments (thousand tons)			Revenue/Ton (\$/ton)		
	2025	2024	Dif.	2025	2024	Dif.	2025	2024	Dif.
Mexico	7,124	8,527	-16 %	7,432	8,200	-9 %	959	1,040	-8 %
Brazil	3,695	4,005	-8 %	3,943	3,941	0 %	937	1,016	-8 %
Southern Region	2,326	2,401	-3 %	2,180	1,806	21 %	1,067	1,329	-20 %
Other Markets	1,590	1,958	-19 %	1,506	1,674	-10 %	1,056	1,170	-10 %
Total steel products	14,736	16,892	-13%	15,060	15,622	-4%	978	1,081	-10%
Other products	306	329	-7 %						
Total Steel Segment	15,041	17,220	-13%						
Mining Segment - third parties	568	429	32 %	7,658	6,426	19 %	74	67	11 %
Mining Segment - intercompany	570	630	-10 %	5,293	4,959	7 %	108	127	-15 %
Total Mining Segment	1,138	1,059	7%	12,951	11,385	14%	88	93	-6%
Net sales	15,609	17,649	-12%						

Note: "Other products" includes mainly electricity sales in Mexico and Brazil.

Operating Income

Ternium's operating income decreased year-over-year in 2025 primarily reflecting lower realized steel prices, partially offset by the successful implementation of a competitiveness plan to reduce costs and increase efficiency at our operations, as well as by lower raw material and purchased slab costs.

In \$ million	2025	2024
Operating income	705	1,263
Net sales	15,609	17,649
Cost of sales	(13,256)	(14,760)
SG&A expenses	(1,601)	(1,651)
Other operating income	(46)	25

Net Financial Results

Net financial results in 2025 were a loss of \$25 million.

Foreign exchange results amounted to a loss of \$57 million, primarily reflecting the impact of the Argentine peso's depreciation against the U.S. dollar on Ternium Argentina's net long local currency position and the impact of the Mexican peso's appreciation against the U.S. dollar on Ternium Mexico's net short local currency position.

The change in fair value of financial assets resulted in a gain of \$68 million, driven mainly by the positive performance of Ternium Argentina's short-term financial securities holdings.

In addition, net financial results included a charge of \$21 million in connection with the accelerated recognition of the purchase of an additional participation in Usiminas from Nippon Steel Corporation and Mitsubishi Corporation.

In \$ million	2025	2024
Net interest results	23	102
Net foreign exchange result	(57)	(104)
Change in fair value of financial assets	68	(133)
Other financial expense, net	(60)	(58)
Net financial results	(25)	(194)

Equity in Results of Non-Consolidated Companies

The equity in the results of non-consolidated companies was a gain of \$86 million in 2025, mainly related to Ternium's equity in the results of Techgen, MRS Logística S.A. and Unigal Usiminas Ltda.

Provision for Ongoing Litigation Related to the Acquisition of a Participation in Usiminas

In 2025, the company recorded a loss of \$117 million resulting from the periodic update of the provision for ongoing litigation related to the acquisition of a participation in Usiminas in 2012, on account of interest accruals and the appreciation of the Brazilian real. For more information on this topic, see note 25(i)(a) "Provision for ongoing litigation related to the acquisition of a participation in Usiminas" to our consolidated financial statements included in this annual report.

Income Tax Expense

Ternium Mexico, Ternium Argentina and Ternium Brasil use the U.S. dollar as their functional currency. As a result, fluctuations between their local currencies and the U.S. dollar have lead to the recognition of deferred tax results.

Deferred tax results in 2025 reflected a gain of \$222 million, primarily attributable to the appreciation of the Mexican peso during the year.

In addition, income tax results included a \$405 million charge in connection with the write-down of deferred tax assets at Usiminas in the third quarter of 2025, and a \$23 million charge in connection with the write-down of deferred tax assets at Las Encinas in the fourth quarter of 2025, following a recoverability assessment of such assets.

In \$ million	2025	2024
Current income tax expense	(139)	(323)
Deferred tax gain (loss)	222	(231)
Write-down of deferred tax assets at Usiminas and Las Encinas	(428)	—
Income tax expense	(345)	(554)

Net Income

In 2025, net income was \$303 million, including a deferred tax gain of \$222 million, a deferred tax loss of \$405 million in connection with the write-down of deferred tax assets at Usiminas and a loss of \$117 million in connection with the provision for ongoing litigation concerning the acquisition of a participation in Usiminas, on account of

interest accruals and the appreciation of the Brazilian Real. Equity holder's net income was \$425 million in the year, mainly after accounting for the participation of a 76.7% non-controlling interest in Usiminas and a 37.4% non-controlling interest in Ternium Argentina.

In \$ million	2025	2024
Net income	303	174
Excluding non-controlling interest	122	(227)
Owners of the parent	425	(54)

For a discussion and analysis of our financial condition and results of operations for the Fiscal Year Ended December 31, 2024 compared to Fiscal Year Ended December 31, 2023, see Ternium's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on March 28, 2025.

B. Liquidity and Capital Resources

The following table shows the changes in our cash and cash equivalents for each of the periods indicated below:

In \$ million	For the year ended December 31,		
	2025	2024	2023
Net cash provided by operating activities	2,314	1,906	2,501
Net cash used in investing activities	(1,985)	(1,375)	(1,470)
Net cash used in financing activities	(501)	(488)	(766)
Increase in cash and cash equivalents	(171)	43	264
Effect of exchange rate changes	11	(197)	(72)
Cash and cash equivalents at the beginning of the year	1,691	1,846	1,653
Cash and cash equivalents at the end of the year	1,531	1,691	1,846

Note: In addition to cash and cash equivalents, at December 31, 2025, 2024 and 2023 Ternium had other investments with maturities of more than three months amounting to \$1.6 billion, \$2.2 billion and \$2.2 billion, respectively, and \$2.8 million, \$2.7 million and \$3.1 million of restricted cash, respectively. Ternium's position of cash and cash equivalents and other investments at December 31, 2025, included Ternium Argentina's position of cash and cash equivalents and other investments of \$0.8 billion. For information on exchange controls in Argentina, see note 30(i) "Foreign exchange restrictions in Argentina" to our consolidated financial statements included in this annual report.

Changes in cash and cash equivalents between December 31, 2024 and December 31, 2025

Overview

Ternium's Net Cash position as of the end of December 2025 was \$712 million, a decrease of \$932 million compared to the end of December 2024. Net Cash is a non-IFRS alternative performance measure. Please see Exhibit 15.1 to this annual report for more information on these measures.

Cash from operations reached \$2.3 billion. Working capital decreased by \$1.0 billion primarily as a result of an \$806 million decrease in inventories, a \$217 million decrease in trade and other receivables and a \$12 million increase in trade payables and other liabilities.

Capital expenditures amounted to \$2.5 billion, the peak of the current investment cycle, with the bulk allocated to the construction of the new downstream and upstream facilities at its industrial center in Pesquería, Mexico. In addition, the company moved forward with several projects aimed at increasing efficiency, reducing costs and improving environmental and safety conditions throughout its main facilities.

In 2025, Ternium paid dividends totaling \$530 million to its shareholders and paid a dividend in kind to the company's minority interest amounting to \$112 million.

Operating activities

Net cash provided by operating activities in 2025 included a decrease in inventories of \$806 million reflecting lower steel and raw material inventory volumes and costs. In addition, trade and other receivables decreased by \$217 million amid lower realized steel prices and sales volumes.

Investing activities

Net cash used in investing activities in 2025 was \$2.0 billion, primarily attributable to capital expenditures of \$2.5 billion partially offset by a \$490 million decrease in financial investments with maturities of more than three months.

Financing activities

Net cash used in financing activities was \$501 million in 2025, attributable to dividends paid in cash to Ternium S.A.'s shareholders of \$530 million and to finance lease payments of \$65 million, partially offset by net proceeds from borrowings of \$103 million.

For a discussion and analysis of changes in cash and cash equivalents between December 31, 2023 and December 31, 2024, see Ternium's Annual Report on Form 20-F filed with the SEC on March 28, 2025.

Principal Sources of Funding

Funding Policy

Management's policy is to ensure a high degree of flexibility in operating and investment activities by maintaining adequate liquidity levels and securing access to readily available sources of financing. When possible, management makes its financing decisions, including the choice of currency, term and type of facility, based on the intended use of proceeds for the proposed financing and on costs. For information on our financial risk management, see note 29 "Financial risk management" to our consolidated financial statements included in this annual report.

Ternium maintains non-committed credit facilities and management is confident that Ternium has adequate access to credit markets. Considering our financial position and the funds provided by operating activities, management believes that we have sufficient resources to satisfy our current working capital needs, service our debt and pay dividends. Management also believes that our liquidity and capital resources provide us with adequate flexibility to manage our planned capital spending programs and to address short-term changes in business conditions

Financial Liabilities

Total financial debt (including principal and interest accrued thereon) was \$2.4 billion as of December 31, 2025. Our financial liabilities consist mainly of loans with financial institutions, bonds and debentures. As of December 31, 2025, these facilities were mainly denominated in U.S. dollars and Brazilian reais (70% and 27% of total financial liabilities, respectively). Current borrowings were 25% of total borrowings, none of which corresponded to borrowings with related parties. With cash and cash equivalents of \$1.5 billion, other investments of \$1.6 billion and total financial debt of \$2.4 billion, Ternium had Net Cash position of \$712 million as of December 31, 2025. This compares to a Net Cash position of \$1.6 billion as of December 31, 2024. Net Cash is a non-IFRS alternative performance measure. Please see Exhibit 15.1 to this annual report for more information on these measures.

The following table shows Ternium's financial liabilities as of December 31 of each of the last three years:

In \$ million	2025	2024	2023
Bank borrowings	1,263	1,137	925
Bonds	501	440	765
Debentures	655	653	457
Total borrowings	2,419	2,230	2,146

Note: Bank borrowings are net of debt issuance costs.

As of December 31, 2025, the cost of bank borrowings (mainly denominated in U.S. dollars) was 5.45%, while the cost of indebtedness represented by bonds (denominated in U.S. dollars) was 7.50% and the cost of debentures (denominated in Brazilian reais) was 16.17%. Bank borrowings, bonds and debentures represented 52%, 21% and 27% of our total borrowings, respectively.

The following table shows the cost of bank borrowings, the cost of indebtedness represented by bonds and the cost of debentures as of December 31 of each of the last three years:

	2025	2024	2023
Bank borrowings	5.45%	7.15%	7.28%
Bonds	7.50%	5.88%	5.88%
Debentures	16.17%	13.50%	12.52%

The weighted average cost of debt in 2025 was 9.17%. This rate was calculated using the rate set for each instrument in its corresponding currency and weighted using the U.S. dollar-equivalent outstanding principal amount of each instrument. Such rate does not include the effect of derivative financial instruments, nor fluctuations in the exchange rate between the instrument's currencies and the U.S. dollar. For more information on the key terms of our debt instruments, see “- Most Significant Borrowings and Financial Commitments”.

As of December 31, 2025, current borrowings were 25% of total borrowings, none of which corresponded to borrowings with related parties. The maturities of our financial liabilities were as follows:

In \$ million At December 31, 2025	1 year or less	1 – 2 Years	3 years or more	Total
Bank borrowings	571	297	395	1,263
Bonds	16	—	485	501
Debentures	18	—	638	655
Total borrowings	604	297	1,517	2,419

Note: Total borrowings with third parties, net of debt issuance costs.

For information on our derivative financial instruments, see Item 11. “Quantitative and Qualitative Disclosures about Market Risk” and note 22 to the consolidated financial statements included in this annual report.

Most Significant Borrowings and Financial Commitments

Our most significant borrowings as of December 31, 2025, were those outstanding under Ternium Brasil's bilateral credit line to finance export activities, and Usiminas' bonds and debentures, issued to refinance financial debt. On July 23, 2025, Ternium Mexico entered into a \$1.25 billion syndicated loan agreement with several financial institutions to finance and/or refinance capital, operating and research and development expenditures, as well as other related investments associated with the construction of its DRI/EAF steelmaking plant in Pesquería, Mexico, which qualifies as an “eligible green project” under the Green Loan Principles. For more information on this topic, see note 24 “Borrowings” to our consolidated financial statements included in this annual report.

Date	Borrower	Type	Denomination	Original	Principal amount		Maturity
						Outstanding as of December 31, 2025	
July 2025	Ternium Mexico	Syndicated loan	U.S. dollar	1,250	300		August 2030
May 2024	Ternium Brasil	Bilateral credit lines	U.S. dollar	700	700		Up to October 2030
July 2019	Usiminas	Bonds	U.S. dollar	500	500		January 2032
May 2022	Usiminas	Debentures	Brazilian real	145	73		November 2029
December 2022	Usiminas	Debentures	Brazilian real	310	243		December 2032
August 2024	Usiminas	Debentures	Brazilian real	320	323		September 2031

The main covenants on these loan facilities, bonds and debentures are limitations on liens and encumbrances, restrictions on the sale of certain assets, compliance with financial ratios (e.g., leverage ratio) and, in connection with the “green loan”, compliance with certain information regarding the green project. As of December 31, 2025, Ternium was in compliance with all covenants under its financial instruments.

Ternium has various off-balance sheet commitments, including financial commitments, and commitments to purchase raw materials, energy (natural gas and electricity), supplies (air, oxygen, hydrogen, nitrogen and argon), production equipment, logistic services and maintenance services. Off-balance sheet commitments are discussed in note 25(ii) to our consolidated financial statements included in this annual report. For further information on our derivative financial instruments, lease liabilities, borrowings, contingencies, commitments and restrictions in the distribution of profits, and financial risk management, see notes 22, 23, 24, 25 and 29 to our consolidated financial statements included in this annual report.

Capital Expenditures

For information on Ternium's capital expenditures, see Item 4. "Information on the Company—B. Business Overview—Capital Expenditure Program."

Dividend Payments

For information related to this matter, see Item 8. "Financial Information—Dividend Policy".

C. Research and Development, Patents and Licenses, Etc.

For information related to this matter, see Item 4. "Information on the Company—B. Business Overview—Research and Development; Product Development."

D. Trend Information

For information related to this matter, see "—Overview."

E. Critical Accounting Estimates

This discussion and analysis of our operating and financial review and prospects is based on the audited consolidated financial statements included in this annual report, which have been prepared in accordance with IFRS. IFRS differs in certain significant aspects from U.S. GAAP.

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Although management believes that these estimates and assumptions are reasonable, they are based upon information available at the time they are made. Actual results may differ significantly from these estimates under different assumptions or conditions.

An overview of Ternium's critical accounting policies under which significant judgments, estimates and assumptions are made may be found in note 4(bb) to the consolidated financial statements included in this annual report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Board of Directors

Management is vested in a board of directors with the broadest power to act on behalf of the company and to accomplish or authorize all acts and transactions of management and disposal that are within its corporate purpose and not specifically reserved in the articles of association or by applicable law to the general shareholders' meeting. Ternium S.A.'s articles of association provide for a board of directors consisting of a minimum of three and a maximum of fifteen directors; however, for as long as Ternium S.A.'s shares are listed on at least one regulated market, the minimum number of directors must be five. The current board of directors is composed of eight directors.

The board of directors is required to meet as often as required by the interests of the company and at least four times per year. In 2025, the board of directors met six times. A majority of the members of the board of directors in office present or represented at the board of directors' meeting constitutes a quorum, and resolutions of the board of directors may be adopted by the vote of a majority of the directors present or represented. In case of a tie, the chairman is entitled to cast the deciding vote.

Directors are elected at the annual ordinary general shareholders' meeting to serve one-year renewable terms, as determined by the general shareholders' meeting. The general shareholders' meeting also determines the number of directors that will constitute the board and their compensation. The general shareholders' meeting may dismiss all or any member of the board of directors at any time, with or without cause, by resolution passed by a simple majority vote.

On January 9, 2006, Tenaris and a wholly owned subsidiary of San Faustin entered into a shareholders' agreement, pursuant to which the San Faustin subsidiary is required to take all actions in its power to cause one of the members of Ternium S.A.'s board of directors to be nominated by Tenaris and any directors nominated by Tenaris to be removed only pursuant to written instructions by Tenaris. Tenaris and the San Faustin subsidiary also agreed to cause any vacancies on the board of directors to be filled with new directors nominated by either Tenaris or the San Faustin subsidiary, as applicable. On April 27, 2007, the San Faustin subsidiary assigned all of its rights and obligations under the shareholders' agreement to Techint. The shareholders' agreement will remain in effect so long as each of the parties holds at least 5% of the shares of Ternium S.A. or until it is terminated by either Tenaris or Techint pursuant to its terms. Mrs. Alicia Lucía Mórdolo has been nominated by Tenaris as director of Ternium S.A. pursuant to such shareholders' agreement.

Ternium S.A.'s articles of association provide that the board of directors may, within the limits of applicable law, (a) delegate to one or more persons, whether or not members of the board of directors, the day-to-day management and the authority to represent Ternium S.A., provided, however, that the delegation of the day-to-day management and representation authority to a member of the board of directors shall be subject to the prior authorization of the general shareholders' meeting, (b) delegate to one or more persons, whether or not members of the board of directors, the powers necessary to carry out corporate decisions (except for approval of material transactions with related parties), (c) confer to one or more persons, whether or not members of the board of directors, the powers deemed to be appropriate for the general technical, administrative and commercial management, and (d) constitute and determine the responsibilities, powers and authority (including without limitation an audit committee), the members of which may be selected either from among the directors or outside thereof. On May 6, 2025, the board of directors appointed the Chief Executive Officer as *administrateur délégué* and delegated to him the power to manage the corporate affairs within the ordinary course of business, to direct and supervise the business activities of Ternium S.A.'s subsidiaries and to represent it in relation to such matters.

On May 6, 2025, the annual general shareholders' meeting resolved to maintain the number of directors at eight, approved the re-election of Messrs. Roberto Bonatti, Vincent Robert Gilles Decalf, Gianfelice Mario Rocca, Paolo Rocca and Daniel Agustín Novegil, and Mmes. Gioia María Ghezzi and Lorenza Martínez Trigueros to the Board of Directors, and appointed Ms. Alicia Lucía Mórdolo as a new member of the board of directors. All board members will hold office until the annual general shareholders', which is scheduled to be held on May 12, 2026. The board of directors subsequently re-appointed Mr. Paolo Rocca as its chairman, Mr. Daniel Agustín Novegil as vice chairman and Mr. Máximo Vedoya as Chief Executive Officer.

The following table sets forth the current members of Ternium S.A.'s board of directors, their respective offices on the board, their principal occupation, their years of service as board members and their age.

Name	Position	Principal Occupation	Years as director	Age as of December 31, 2025
Paolo Rocca ⁽¹⁾	Chairman	Chairman and CEO of Tenaris; Chairman of Ternium S.A.	20	73
Daniel Agustín Novegil	Vice Chairman	Vice chairman of Ternium S.A.	20	73
Roberto Bonatti ⁽¹⁾	Board member	Board member of San Faustin	20	76
Alicia Lucía Mórdolo	Board member	Board member of Ternium S.A.	1	67
Gioia Ghezzi	Board member	Independent Director	5	64
Vincent Robert Gilles Decalf	Board member	Independent Director	10	63
Lorenza Martínez Trigueros	Board member	Independent Director	4	58
Gianfelice Mario Rocca ⁽¹⁾	Board member	Chairman of San Faustin	19	77

(1) Paolo Rocca and Gianfelice Rocca are brothers, and Roberto Bonatti is Paolo and Gianfelice Rocca's first cousin.

Paolo Rocca. Mr. Rocca is the Chairman of the board of directors. He is a grandson of Agostino Rocca, founder of the Techint Group, a group of companies controlled by San Faustin. He is also the chairman of the board of directors and chief executive officer of Tenaris, and director and president of San Faustin. He is a member of the executive committee of the World Steel Association. Mr. Rocca is an Italian citizen.

Daniel Agustín Novegil. Mr. Novegil is a member of the Company's board of directors and also holds the position of its Vice-Chairman. He served as Chief Executive Officer of the Company from 2005 to 2018. With more than 40-years of experience in the steelmaking industry, in 1993 he was appointed managing director (CEO) of Ternium Argentina S.A. and was on the board of directors of Usiminas from 2013 until 2015. From 1993 he has also been a member of the board of directors of the World Steel Association and is currently a fellow of the Nominating Committee and former president of Alacero (Latin American Steel Association). Since 1999 to 2014 he was a member of the Advisory Board of the Sloan Masters Program at Stanford University, where he graduated as Master of Science in Management. Mr. Novegil, is an Argentine citizen.

Roberto Bonatti. Mr. Bonatti is a member of the Company's board of directors. He is a grandson of Agostino Rocca. Throughout his career in the Techint Group he has been involved specifically in the engineering and construction and corporate sectors. He was first employed by the Techint Group in 1976, as deputy resident engineer in Venezuela. In 1984, he became a director of San Faustin, and from 2001 to 2020 he has served as its president. He is also a member of the board of directors of Tenaris. Mr. Bonatti, is an Italian citizen.

Alicia Lucía Mórdolo. Mrs. Mórdolo joined the Company's board of directors in 2025. She served as Tenaris' Chief Financial Officer from August 2019 to May 2025. She joined the Techint Group in 1984 and has more than 40 years of experience in accounting and reporting, audit and finance. From 2010 to 2016, she served as Chief Audit Executive of Tenaris. Previously and from 2016 to 2019, she served as financial officer in several companies in the Techint Group. Mrs. Mórdolo is a public accountant from the Universidad Nacional de La Plata and got an MBA from the IAE Business School. Mrs. Mórdolo, is an Argentine and Italian citizen.

Gioia Ghezzi. Mrs. Ghezzi serves as member of the board of directors since 2020. She currently serves as Chairwoman of ATM S.p.A. (an Italian transport company), is a member of the Board of EDP Renovaveis SA and other companies owned by private equity funds such as Sirti SpA and Magicland SpA. Mrs. Ghezzi was a member of the Board of Ferrovie dello Stato (Italy) from May 2014 and its Chairwoman from December 2015 until July 2018. She served as a board member of the Humanitas Group from 2017 to 2022, and in different companies of the insurance, the infrastructure and the innovation and technology areas, in and out of Italy. Mrs. Ghezzi has held executive roles in the Zurich Insurance Group, Willis Group Holdings, McKinsey & Co. and IBM Research, among others. She is a theoretical physicist, with a London Business School Executive MBA. Mrs. Ghezzi is a British and Italian citizen.

Vincent Robert Gilles Decalf. Mr. Decalf serves as member of the board of directors of the Company since September 2015 and the Audit Committee's Chairman since 2020. Since 2012 he acts as an independent non-executive director of various financial, insurance or commercial companies such as Bankinter Luxembourg, Covea Luxembourg or

Quintet Asset Management S.A. He was a member of the board of directors of the Luxembourg Institute for Directors and Managers (Institut Luxembourgeois des Administrateurs) and of the Luxembourg Stock Exchange. Mr. Decalf is a certified independent director since 2014. From 1989 to 2008, Mr. Decalf held executive positions in different countries within Société Générale and has extensive experience in the financial industry. From 2008 to 2012, he was member of the executive committee of the Foyer Group a Luxembourg-based insurer. For more than twenty-five years, he has been an authorized director for Insurance, Bank or Financial companies under Luxembourg regulation. Mr. Decalf, is French and Luxemburgish citizen.

Lorenza Martinez Trigueros. Mrs. Martinez Trigueros currently serves as board member and president of audit committee of Bank Coppel and Coppel Servicios Financieros. From 2021 to 2023 she was CEO of the Mexican bank Actinver, and from March 2024 to August 2025 she served as COO of Intercam Financial Group. Mrs. Martinez Trigueros was the managing director of the payments, finance & risk of Accenture Mexico from 2019 to 2021, former Director of Banco de Mexico's payments and corporate services arm until 2018 and was undersecretary of Industry and Commerce of Mexico from 2008 and 2012. Mrs. Martinez Trigueros has a degree in Economics from the Instituto Tecnológico Autónomo de Mexico and doctorate degree in Economics from the Massachusetts Institute of Technology. Mrs. Martinez Trigueros, is a Mexican citizen.

Gianfelice Mario Rocca. Mr. Rocca is a member of the Company's board of directors. He is a grandson of Agostino Rocca. He is Chairman of the board of directors of San Faustin, member of the board of directors of Tenaris, president of the board of directors of Humanitas S.p.A and Tenova S.p.A. Moreover, in Italy, he is president of the Giorgio Cini Foundation and member of the board of Bocconi University. At international level, he is member of the European and Global Advisory Board of Harvard Business School, member of the European Round Table of Industrialists, vice president of Aspen Institute and member of the board of Brembo N.V. Mr. Rocca, is an Italian citizen.

At the next annual general shareholders' meeting, scheduled to be held on May 12, 2026, it will be proposed that the number of directors be maintained and that Messrs. Roberto Bonatti, Vincent Robert Gilles Decalf, Gianfelice Mario Rocca, Paolo Rocca, Gioia Maria Ghezzi, Daniel Agustin Novogil, Alicia Lucía Mónico and Lorenza Martínez Trigueros be re-elected as members of the board of directors, each to hold office until the next annual general meeting of shareholders that will be convened to decide on the 2026 annual accounts.

Board members Decalf, Ghezzi and Martinez Trigueros qualify as independent directors under Exchange Act Rule 10A-3(b)(1) and Ternium S.A.'s articles of association.

Directors' Liability

Each director must act in the interest of the company, and in accordance with applicable laws, regulations, and the articles of association. Directors are also bound by a general duty of care owed to the company.

Under the Luxembourg law of August 10, 1915, on commercial companies, as amended (the "Luxembourg Company Law"), directors may be liable to Ternium S.A. in accordance with general law for the execution of their mandate and for any misconduct in the management of the corporate affairs. Directors are jointly and severally liable towards either Ternium S.A. or any third parties from damages resulting from the violation of the Luxembourg Company Law or the articles of association. Directors shall be discharged from such liability in the case of a violation to which they were not a party, provided no misconduct is attributable to them and such violation has been reported to the first general meeting of shareholders after they have acquired knowledge thereof.

Causes of action against directors for damages may be initiated by Ternium S.A. upon a resolution of the general shareholders' meeting passed by a simple majority vote, irrespective of the number of shares represented at the meeting. Causes of action against directors who misappropriate corporate assets or commit a breach of trust may be brought by any shareholder for personal losses different from those of the company.

An action may also be brought against the directors on behalf of Ternium S.A. by shareholders who, at the general meeting which decided upon discharge of such directors or members, owned voting securities representing at least ten per cent of the votes attaching to all such securities.

It is customary in Luxembourg that the shareholders expressly discharge the members of the board of directors from any liability arising out of or in connection with the exercise of their mandate when approving the annual accounts at the annual general shareholders' meeting. However, such discharge will not release the directors from liability for any damage caused by unrevealed acts of mismanagement or unrevealed breaches of Luxembourg Company Law or the articles of association, nor will it release directors from liability for any personal loss of the shareholders independent

and separate from the losses suffered by the company due to a breach either revealed or unrevealed of either the Luxembourg Company Law or the articles of association.

Under Luxembourg law, unless the decision of the board of directors relates to ordinary business entered into under normal conditions, any director having a direct or indirect financial interest conflicting with that of the company in a transaction which has to be considered by the board of directors, must advise the board thereof and cause a record of her/his statement to be included in the minutes of the meeting and may not take part in the deliberations. At the next following general meeting, before any other resolution is put to vote, a special report must be made on any transactions in which any of the directors may have had an interest conflicting with that of the company.

External auditors

Ternium S.A's articles of association require the appointment of an independent audit firm in accordance with applicable law. External auditors are appointed by the general shareholders' meeting, upon recommendation from the audit committee, through a resolution passed by a simple majority vote, to serve a one-year renewable term. The primary responsibility of the external auditors is to audit the annual accounts and consolidated financial statements and to submit a report on the accounts to shareholders at the annual general shareholders' meeting. In accordance with applicable law, statutory auditors (*réviseur d'entreprises*) must meet certain conditions of professional qualification and good reputation verified by the Luxembourg Financial Sector Supervisory Commission (*Commission de Surveillance du Secteur Financier*) and be registered as members of the Luxembourg Institute of Independent Auditors (*Institut des réviseurs d'entreprises*).

The external auditors may be dismissed for reasonable cause by the general shareholders' meeting at any time, at the board of director's recommendation or, if the shares of Ternium S.A. are listed on a regulated market, at the audit committee's recommendation. Luxembourg law does not allow directors to serve concurrently as external auditors. As part of their duties, the auditors report directly to the audit committee.

Pursuant to its charter, the audit committee is responsible for, among other things, the oversight of the independence and performance of the external auditors. The audit committee is also responsible to consider and make recommendations to the board of directors, to be put to shareholders for approval at the annual general meeting of shareholders, regarding the appointment, re-appointment or removal of the external auditors. In addition, the audit committee is responsible to review the appropriateness and provision of permitted non-audit fees and to review and approve any fees (whether for audit, audit-related and non-audit services) payable to the external auditors. On a yearly basis, in the performance of its functions, the audit committee considers the appointment of the external auditors and reviews, together with management and the external auditor, the audit plan, audit related services and other non-audit services. The audit committee requests the board of directors to submit the audit committee's recommendation for the appointment of the external auditor for each fiscal year and the payment of applicable fees, for final approval by the general shareholders' meeting. The general shareholders' meeting regularly approves such audit fees and authorizes the audit committee to approve any increase or reallocation of such audit fees as may be necessary, appropriate or desirable under the circumstances. No services outside the scope of the audit committee's approval can be undertaken by the external auditor.

The annual general shareholders' meeting held on May 6, 2025, re-appointed PricewaterhouseCoopers, Société coopérative as Ternium S.A.'s statutory auditor for the fiscal year ended December 31, 2025. At the next annual general shareholders' meeting scheduled to be held on May 12, 2026, following the recommendation of the audit committee, the board of directors will propose that PricewaterhouseCoopers Assurance, Société coopérative be appointed as statutory auditors for the fiscal year ending December 31, 2026.

Senior Management

The following table sets forth certain information concerning our senior management:

Name	Age as of December 31, 2025	Position
Máximo Vedoya	55	Chief Executive Officer
Pablo Brizzio	55	Chief Financial Officer
César A. Jiménez Flores	60	Ternium Mexico President
Renato Catallini	59	Ternium Argentina President
Titus Schaar	49	Ternium Brasil President
Héctor Obeso Zunzunegui	61	International Business Unit President
Oscar Montero Martínez	65	Chief Planning Officer
Santiago Lozano	55	Chief Human Resources Officer
Pablo Hernán Bassi	63	Chief Engineering and Automation Officer
Carlos Alberto Baieli	54	Chief Industrial Operations Officer
Marina Valeria Chiesa	47	Chief Environment, Health and Safety Officer
Fernando Duelo	59	General Counsel

Máximo Vedoya. Mr. Vedoya currently serves as our Chief Executive Officer. Prior to that, he served as President of Ternium Mexico. He has held several other executive positions since joining the Techint Group in 1992, such as Chief Executive Officer of Ferrasa, director of Ternium Mexico’s international and steel purchase operations, commercial director and export manager of Sidor and commercial planning manager of Ternium Argentina. He was also director of Fedemetal (the Colombian Federation of Metallurgical Industries) and AIMM (Venezuelan Association of Metallurgical and Mining Industry). He was also chairman of the Economics Committee of World Steel Association and President of Caintra (Industry and Transformation Chamber of Nuevo Leon, Mexico). He is currently President of the Latin American Steel Association (Alacero). He is also vicepresident of Canacero (Mexican Iron & Steel Industry Chamber), President of the SME Commission of CCE (Mexican Business Coordinating Council), and General and Executive Board Member of UDEM (University of Monterrey, Mexico). Mr. Vedoya graduated with a degree in Industrial Engineering from the Instituto Tecnológico de Buenos Aires and he holds a Master of Science in Management from Stanford University (USA). Mr. Vedoya is an Argentine citizen.

Pablo Brizzio. Mr. Brizzio currently serves as our Chief Financial Officer, a position he assumed in 2010. He began his career in 1993 in Ternium Argentina. Since then, he has held several positions within the company, such as finance director of Ternium from 2005 to 2007 and in 2009, and chief financial officer of Sidor in 2008. Mr. Brizzio holds a degree in industrial engineering from ITBA (Buenos Aires Institute of Technology) and a Master on Business Administration from Duke University. Mr. Brizzio is an Argentine citizen.

César A. Jiménez Flores. Mr. Jiménez currently serves as President of Ternium Mexico. He assumed the position in 2018. Prior to that, he served as commercial vice president of Ternium Mexico since 2014. He has held other executive positions since joining the company in 2007, such as CEO of Tenigal (2010-2014) and industrial sales director of Ternium Mexico (2008-2009). In addition, he is member of the board of directors of Tenigal. He holds a BS in computer science from UANL (Autonomous University of Nuevo León), a master degree in information systems management from ITESM (Monterrey Institute of Technology and Higher Education) and general management program studies at Harvard Business School. Mr. Jiménez is a Mexican citizen.

Renato Catallini. Mr. Catallini assumed his position as President of Ternium Argentina in February 2026. He began his career as a young professional at Techint E&C and later worked for ten years at various companies within the energy sector. In 2001, he joined Exiros Argentina as General Manager. In July 2002, he was appointed Chief Operating Officer and subsequently, in 2005, became Chief Executive Officer of Exiros. In 2007, he assumed the position of Global Supply Chain Director at Tenaris, and from 2012 to 2025 he served as President of Tenaris Brazil. Mr. Catallini is an Argentine citizen.

Titus Schaar. Mr. Schaar currently serves as Ternium Brasil President. He joined the company in 2014 as chief operating officer of Ternium Brasil, a position that he held until he assumed his current position in 2023. Mr. Schaar holds a degree in mechanical engineering and a master’s degree in economics from RWTH Aachen University. He is a board member of IABr (Brazil Steel Institute) and ABM (Brazil Material Institute). Mr. Schaar is a German citizen.

Héctor Obeso Zunzunegui. Mr. Obeso currently serves as our International Business Unit President. He assumed his current position in 2012, then named international area manager. He has held several other executive positions since joining the company in 2007, such as quality & product director of Ternium Argentina, industrial sales director of Ternium Mexico and commercial director of Ternium Mexico. He is member of the board of directors of Alacero. Mr. Obeso is a Mexican citizen.

Oscar Montero Martínez. Mr. Montero currently serves as our Chief Planning Officer. He began his career within the company in 1984 as a commercial analyst in Ternium Argentina. Since then, he has held several positions within Ternium Argentina in the planning, commercial and procurement areas. In 1998, he assumed the position of strategic planning director in Sidor and in 2005 he assumed the position of planning and operations general director of the company. He assumed his current position in 2017. Mr. Montero is an Argentine citizen.

Santiago Lozano. Mr. Lozano currently serves as our Chief Human Resources Officer. He began his career within the Company in 1992. Since then, he has held various positions within Ternium Argentina, including Director of Planning, Commercial Director for Industrial Customers, and Senior Director of Human Resources from 2018 to 2025. He assumed his current position in 2026. Mr. Lozano holds a degree in Industrial Engineering from ITBA (Instituto Tecnológico de Buenos Aires) and a Master's degree in Management from Stanford University. Mr. Lozano is an Argentine citizen.

Pablo Hernán Bassi. Mr. Bassi currently serves as our Chief Engineering and Automation Officer. He began his career in the Techint Group in 1987 holding several positions in the engineering departments of Siderca, Techint-Compagnia Tecnica Internazionale S.p.A. and Ternium Argentina. He served as engineering and environment director of Ternium Mexico (2005-2017), chief industrial and engineering officer of Ternium (2017-2024), and assumed his current position in September 2024. Mr. Bassi holds a degree in engineering from Universidad de Buenos Aires. Mr. Bassi is an Argentine citizen.

Carlos Alberto Baieli. Mr. Baieli currently serves as our Chief Industrial Operations Officer. He began his career in Ternium in 1994, serving in the process engineering areas of several of Ternium Argentina's steel processing facilities. He was industrial vice president of Ternium Argentina (2017-2021) and industrial vice president of Ternium Mexico (2021-2024), and assumed his current position in September 2024. Mr. Baieli holds a degree in chemical engineering from Universidad Nacional del Sur and a master on advanced metallurgy from Sheffield University. Mr. Baieli is an Argentine citizen.

Marina Valeria Chiesa. Ms. Chiesa currently serves as our Chief Environmental, Health & Safety Officer. She began her career at the company in 2004, and since then she has held several leadership positions and roles in the industrial engineering area, in the analysis of capital expenditure projects and in the planning of Ternium's expansion. She has also served as Chief of Staff of the Chief Executive Officer. She assumed her current position in 2023. Ms. Chiesa holds a degree in industrial engineering from the University of Buenos Aires. Ms. Chiesa is an Argentine citizen.

Fernando Duelo. Mr. Duelo currently serves as our General Counsel, a position he assumed in 2005. He joined the Techint Group in 1991 and served as a lawyer in its legal department. Mr. Duelo holds a degree in law from the University of Buenos Aires. Mr. Duelo is an Argentine citizen.

B. Compensation

The compensation payable to the members of the board of directors for the performance of their services is determined at the annual ordinary general shareholders' meeting. The general meeting of shareholders held on May 6, 2025 decided the compensation paid to directors for the performance of their duties resolving that each director receive a fixed compensation for their services during the fiscal year 2025 for an amount of \$115,000; the chairman of the board of directors receive an additional fee of \$295,000; each director who is also a member of the audit committee receive an additional fee of \$55,000; and the chairman of the audit committee receive, further, an additional fee of \$20,000. No variable compensation has been paid or shall be payable to members of the board of directors for services rendered during the year 2025 and no long-term incentive or pension plan is available to any of them.

The aggregate cash compensation paid to all directors and senior management for the year 2025 amounted to \$31.1 million. In addition, senior management received, for the year 2025, 1,155,500 units with an aggregate value of \$7.03 million, in connection with the employee incentive retention program described in note 4(o)(3) "Employee liabilities—Other compensation obligations" to the consolidated financial statements included in this annual report.

There are no service contracts between any director and the company that provide for material benefits upon termination of employment. The company does not provide pension, retirement or similar benefits to directors.

C. Board Practices

For information related to this matter, see “—A. Directors and Senior Management.”

Audit Committee

Pursuant to Ternium S.A.’s articles of association, as supplemented by the audit committee’s charter, for as long as its shares are listed on at least one regulated market, Ternium S.A. must have an audit committee composed of at least three members, the majority of whom must qualify as independent directors, provided, however, that the composition and membership of the audit committee shall satisfy such requirements as are applicable to, and mandatory for, audit committees of issuers such as Ternium S.A. under any applicable law, rule or regulation (including, without limitation, the applicable laws, rules and regulations of such regulated market or markets).

Under the articles of association, an independent director is a director who:

- (i) is not employed, and has not been employed in an executive capacity by Ternium S.A. or any of its subsidiaries within the five years preceding the ordinary general shareholders’ meeting at which the candidate for the board of directors was voted upon;
- (ii) does not receive consulting, advisory or other compensatory fees from Ternium S.A. or any of its subsidiaries (other than fees received as a member of the board of directors of any committee thereof and fees received as a member of the board of directors or other governing body, or any committee thereof, of any of Ternium S.A.’s subsidiaries);
- (iii) is not a person who directly or indirectly controls Ternium S.A.;
- (iv) does not have, and does not control a business entity that has, a material business relationship with Ternium S.A., any of its subsidiaries or a person who directly or indirectly controls Ternium S.A., if such material business relationship would reasonably be expected to adversely affect the director’s ability to properly discharge his or her duties;
- (v) does not control directly or indirectly, and is not and has not been, within the five years preceding the ordinary general shareholders’ meeting at which the candidate for the board of directors was voted upon, employed by a present or former internal or external auditor of Ternium S.A., any of its subsidiaries or a person who directly or indirectly controls Ternium S.A.; and
- (vi) is not a spouse, parent, sibling or relative up to the third degree of, and does not share a home with, any of the persons listed above.

The audit committee currently consists of three members, Ms. Gioia Ghezzi, Mr. Vincent Robert Gilles Decalf and Mrs. Lorenza Martinez Trigueros. The current members of the audit committee were appointed by the board of directors on May 6, 2025. As of the date of this annual report, all members of the audit committee qualify as independent directors both for purposes of Exchange Act Rule 10A-3(b)(1) and under the articles of association. Mr. Decalf serves as chairperson of the audit committee.

The audit committee operates under a charter that was amended and restated by the board of directors on November 2, 2021. The audit committee assists the board of directors in fulfilling its oversight responsibilities with respect to the integrity of the company’s financial statements, including periodically reporting to the board of directors on its activity; and the adequacy of the company’s systems of internal control over financial reporting. The audit committee is also responsible for making recommendations regarding the appointment, compensation, retention and oversight of, and for assessing the independence of, the external auditors (see Item 16.C “—Principal Accountant Fees and Services” for additional information about the audit committee’s procedures with respect to our independent auditors).

In addition, the audit committee is required by Ternium S.A.’s articles of association and audit committee’s charter to review and, where applicable, approve material transactions between Ternium S.A. or its subsidiaries and related parties, as provided in the articles of association and audit committee’s charter, or as may be required by any applicable law, rule or regulation, in order to determine whether their terms are consistent with the interests of Ternium S.A. and all its shareholders and are consistent with market conditions or are otherwise fair to Ternium S.A. The company has adopted a Related Party Transactions Policy and Procedure setting forth consolidated guidelines and procedures for the identification, review, approval and management of related party transactions, seeking to assure transparency and substantial and procedural fairness of such transactions, as well as compliance with the provisions in the articles of association and the audit committee’s charter relating to transactions with related parties, as well as

Luxembourg rules relating to the approval and disclosure of material related party transactions and Section 314.00 of the NYSE Listed Company Manual.

Under the articles of association, as supplemented by the Related Party Transactions Policy and Procedure, a “related party” is any of the following persons: (i) any affiliate of Ternium S.A.; (ii) any entity in which a controlling person owns a substantial interest or over which a controlling person can exercise significant influence; (iii) any unconsolidated entity in which Ternium S.A. has significant influence; (iv) any entity or individual having significant influence over Ternium S.A., or a close family member of any such individual; (v) any individual or entity that is the beneficial owner of five percent (5%) or more of the shares of Ternium S.A., including through the ownership of any securities representing shares of Ternium S.A.; (vi) any director or executive officer of any of the controlling persons, Ternium S.A. or any of the subsidiaries, or a close family member of any such director or executive officer; (vii) any entity in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iv), (v) or (vi) above or over which such a person is able to exercise significant influence; or (viii) any entity that has a member of key management in common with Ternium S.A. or any of its subsidiaries (provided that key management personnel includes persons having authority and responsibility for planning, directing and controlling the activities of an entity, including directors and executive officers and close family members of any such individuals).

With respect to the materiality threshold for review and approval of related party transactions, the articles of association, as supplemented by the audit committee’s charter and the Related Party Transactions Policy and Procedure, provide that the following related party transactions, which are qualified as “Level 1” related party transactions, are subject to review by the audit committee, which shall make a recommendation to the board of directors as to either reject or approve the proposed related party transaction:

- (i) any transaction between Ternium S.A. or its subsidiaries with related parties (i) with an individual value equal to or greater than \$10 million, or its equivalent in other currencies, or (ii) with an individual value lower than \$10 million, or its equivalent in other currencies, when the aggregate sum reflected in the financial statements of the four fiscal quarters preceding the date of determination- of any series of transactions for such lower value that can be deemed to be parts of a unique or single transaction (but excluding any transactions that were reviewed and approved by the audit committee or board of directors, as applicable, or the independent members of the board of directors of any of its subsidiaries) exceeds 1.5% of the company’s consolidated net sales made in the fiscal year preceding the year on which the determination is made; and
- (ii) any corporate reorganization transaction (including a merger, spin-off or bulk transfer of a business) affecting Ternium S.A. or any of its subsidiaries for the benefit of, or involving, a related party.

In addition, any related party transaction that does not qualify as a “Level 1” related party transaction, but which has an individual value equal to or higher than such value threshold as management may from time to time determine as material to the company for disclosure purposes under Item 7.B of this annual report, qualifies as a “Level 2” related party transaction and must be reviewed by the audit committee for purposes of making a determination as to whether any conflicts of interest exist and whether the proposed related party transaction is consistent with the interests of the company and all shareholders, in order to either reject or approve the proposed transaction. Any related party transaction that is less than such value qualifies as a “Level 3” related party transaction and is reviewed by the company’s related-party transaction unit, the area within the company responsible for centralizing and compiling the information relating to all related party transactions and performing the review, assessment and other procedures contemplated in the Related Party Transactions Policy and Procedure. In addition, the current Related Party Transactions Policy and Procedure provides that, at least on a quarterly basis, the company’s related-party transaction unit must submit to the audit committee a summary cumulative report of all related-party transactions approved pursuant to the Related Party Transactions Policy and Procedure and must provide any additional information as the audit committee may request.

The audit committee has the power (to the maximum extent permitted by applicable laws) to request that Ternium S.A. or relevant subsidiary promptly provide all information necessary for the audit committee to assess the material transactions with related parties that it is required to review. In no event may any proposed related party transaction be entered into or otherwise be given effect unless it has been reviewed and approved in accordance with the Related Party Transactions Policy and Procedure. Any executed transaction that has not been duly reviewed and approved must be promptly submitted for review in accordance with applicable procedures and, if determined appropriate, must be ratified; if the transaction is not ratified, it must be modified to make it acceptable for ratification or it must otherwise be immediately discontinued or rescinded.

The audit committee is also in charge of the interpretation, implementation, control and enforcement of Ternium's Clawback Policy, which sets forth the principles for the prompt recovery of erroneously awarded incentive-based compensation granted to certain officers in the event of a restatement of the company's financial statements.

The audit committee also performs other duties imposed by applicable laws, and by regulations of the markets on which Ternium S.A.'s securities are listed, as well as any other duty entrusted to it by the board of directors.

The audit committee has the authority to conduct any investigation appropriate to the fulfilment of its responsibilities and has direct access to the external auditors as well as anyone in the company and, subject to applicable laws and regulations, its subsidiaries. In addition, the audit committee may engage, at the company's expense, independent counsel and other internal or external advisors to review, investigate or otherwise advise on, any matter as the committee may determine to be necessary to carry out its purposes and responsibilities.

D. Employees

The following table shows the number of persons employed by Ternium S.A. and its fully consolidated subsidiaries (and excludes proportionally consolidated subsidiaries Consorcio Peña Colorada and Exiros):

	As of December 31,		
	2025	2024	2023
Mexico	10,154	10,581	10,103
Argentina	5,435	5,175	5,310
Brazil	15,748	16,237	17,138
Colombia	1,255	1,271	1,235
Other countries	661	685	672
Total employees	33,253	33,949	34,458

A substantial majority of Ternium's employees at its manufacturing subsidiaries are represented by labor unions. We believe that we have satisfactory relations with our employees and their unions in each of the countries in which we have manufacturing facilities, and we have not experienced any major strikes or other labor conflicts with a material impact on our operations over the last five years.

At Ternium, we promote a culture of industrial and technological excellence. To achieve this goal, we focus our efforts on fostering innovation, developing employees' skills, implementing succession plans for key positions and building a healthy working environment. In addition, Ternium aims to be an equal opportunity and equal treatment organization and is committed to compliance with all applicable antidiscrimination laws. For more information on Ternium's initiatives, see Item 4. "Information on the Company—B. Business Overview— Environmental, Social and Governance."

E. Share Ownership

To our knowledge, as of March 18th, 2026, our directors and senior management owned 1,570 shares of Ternium S.A. (in the form of ADSs) which represents 0,00% of the Company's issued share capital and 0,00% of the voting rights.

The U.S. "Holding Foreign Insiders Accountable Act" mandates directors and senior officers of foreign private issuers to comply with certain ownership and trading reporting requirements under the U.S. Securities and Exchange Act. The following table sets forth information regarding ownership of securities of Ternium S.A. (in the form of shares or ADSs) reported by our directors and senior management to Ternium S.A. Except as otherwise noted, we believe that the beneficial owners of the securities of Ternium S.A. (in the form of shares or ADSs) listed below, based on information furnished by such owners, has sole voting and investment power (or shares such power with their spouse) with respect to the securities of Ternium S.A. (in the form of shares or ADSs) set forth in the following table. Beneficial ownership is determined under the rules of the SEC.

Director or Officer	Number of securities beneficially owned (in shares)
Paolo Rocca	—
Daniel Agustín Novegil	—
Roberto Bonatti	—
Alicia Lucía Mónico	—
Gioia Ghezzi	—
Vincent Robert Gilles Decalf	—
Lorenza Martínez Trigueros	—
Gianfelice Mario Rocca	—
Máximo Vedoya	—
Pablo Brizzio	—
César A. Jiménez Flores	—
Renato Catallini	—
Titus Schaar	—
Héctor Obeso Zunzunegui	—
Oscar Montero Martínez	—
Santiago Lozano	—
Pablo Hernán Bassi	—
Carlos Alberto Baieli	—
Marina Valeria Chiesa	1,570
Fernando Duelo	—
Pablo Javier Urréjola	—
Total	1,570

F. Recovery of Erroneously Awarded Compensation.

On October 31, 2023, the board of directors approved the Clawback Policy, in response to the requirements of Section 303A.14 of the New York Stock Exchange Listed Company Manual, setting forth the principles for the prompt recovery or “clawback” of erroneously awarded incentive-based compensation granted to certain officers in the event of a restatement of the company’s financial statements, as further described therein. The members of senior management listed in “—A. Directors and Senior Management”, as well as Mr. Pablo Urréjola, Ternium’s Global Reporting Senior Director, are subject to the Clawback Policy.

During the fiscal year ended December 31, 2025, Ternium S.A. was not required to prepare an accounting restatement requiring recovery of erroneously awarded compensation pursuant to the Clawback Policy nor was there any outstanding balance as of December 31, 2025, of erroneously awarded compensation to be recovered under the Clawback Policy.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table shows the beneficial ownership of securities of Ternium S.A. (in the form of shares or ADSs) (i) by Ternium S.A.'s major shareholders (persons or entities that have notified Ternium S.A. of beneficial ownership of 5% or more of Ternium S.A.'s issued share capital); (ii) by directors and senior management of Ternium S.A. as a group; and (iii) currently held in treasury.

The information below is based on the most recent information available to the company.

Identity of Person or Group	Number of securities beneficially owned (in shares)	Percentage of securities beneficially owned
Techint Holdings S.à r.l. ⁽¹⁾	1,243,433,012	62.02 %
Tenaris Global Services and Investments S.à r.l. ⁽¹⁾	229,713,194	11.46 %
Inverban Investments SL Sucursal Uruguay	60,324,320	3.01 %
Ternium S.A. (treasury shares)	41,666,666	2.08 %
Directors and senior management as a group	1,570	0.00 %
Public	429,604,680	21.43 %
Total	2,004,743,442	100.00 %

⁽¹⁾ Each of Techint Holdings S.à r.l., Tenaris Global Services and Investments S.à r.l. and Inverban Investments SL is controlled by San Faustin. RP STAK holds voting rights in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

As of February 27, 2026, 42,960,625 ADSs (representing 429,606,250 shares, or 21.4% of the issued share capital of Ternium S.A.) were registered in the name of BNY (Nominees) Limited, related to Ternium S.A.'s ADR program.

The voting rights of Ternium S.A.'s major shareholders do not differ from the voting rights of other shareholders. None of its outstanding shares have any special control rights. There are no restrictions on voting rights, nor are there, to the company's knowledge, any agreements among Ternium S.A.'s shareholders that might result in restrictions on the transfer of securities or the exercise of voting rights, other than the agreement between San Faustin and Tenaris regarding the appointment of a director at Ternium's board of directors. For information on the shareholders agreement between San Faustin and Tenaris, see Item 6. "Directors, Senior Management and Employees - A. Directors and Senior Management - Board of Directors."

The company is not aware of any arrangements, the operation of which may at a later date result in a change of control of Ternium S.A.

B. Related Party Transactions

Ternium is a party to several related party transactions as described in Note 26 to the consolidated financial statements included in this annual report. Material related party transactions are subject to the review of the audit committee and the requirements of Luxembourg law. For further detail on the approval process for related party transactions, see Item 6. "Directors, Senior Management and Employees—C. Board Practices—Audit Committee."

Purchases of Raw Materials

In the ordinary course of business, Ternium buys raw materials and other production inputs from subsidiaries of Tenaris. These transactions include purchases of ferrous scrap and other raw materials, which amounted to \$17.0 million in 2025, \$38.6 million in 2024 and \$38.2 million in 2023.

Purchases of Steel Products

In the ordinary course of business, Usiminas buys steel products from Unigal, which have been reported as related party transactions since July 2023. In addition, Ternium buys steel products from Usiminas and its subsidiaries, which

were reported as related party transactions until June 30, 2023. Purchases amounted to \$74.0 million in 2025, \$82.1 million in 2024 and \$112.3 million in 2023.

Purchases of Logistic Services

In the ordinary course of business, Usiminas buys logistics services from MRS Logística. Purchases amounted to \$97.7 million in 2025 and \$71.2 million in 2024.

Sales of Steel Products and Raw Materials

In the ordinary course of business, Ternium sells steel products and raw materials to subsidiaries of Tenaris. These transactions include:

- sales of round steel bars to Tenaris' facilities in Mexico, which amounted to \$12.4 million in 2023. There were no transactions during 2024 and 2025;
- sales of flat steel products to be used in the production of welded pipes and accessories, which amounted to \$182.2 million in 2025, \$148.9 million in 2024 and \$154.1 million in 2023; and
- sales of scrap and other raw materials to be used in the production of seamless pipes, which amounted to \$1.3 million in 2025, \$3.9 million in 2024 and \$5.9 million in 2023.

Furthermore, Ternium sells steel slabs to Usiminas, which have been reported as related party transactions until June 2023, amounting to \$76.9 million in the first half of 2023.

Supply of Electric Energy

Techgen, which is owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris, operates an electric power plant in Pesquería, Mexico. Ternium's subsidiaries in Mexico and Tenaris currently contract 78% and 22%, respectively, of Techgen's power capacity.

Techgen sales of electricity to Ternium Mexico and Tenigal amounted to \$316.6 million in 2025, \$171.9 million in 2024 and \$322.3 million in 2023. In addition, Techgen sells to third parties on behalf of Ternium Mexico and Tenigal the unused electricity that Ternium Mexico and Tenigal purchased from Techgen. Ternium Mexico and Tenigal received from Techgen on account of such unused electricity sales an amount of \$95.8 million in 2025, \$133.9 million in 2024 and \$86.6 million in 2023.

Supply of Natural Gas

Ternium Mexico has natural gas supply agreements with GIMSA, a natural gas distributor and a company in which Ternium Mexico holds 23.84% equity participation. GIMSA sales to Ternium Mexico amounted to \$85.3 million in 2025, \$79.3 million in 2024 and \$76.6 million in 2023.

Ternium Argentina has natural gas supply agreements with Tecpetrol and Energy Consulting Services, and natural gas transportation agreements with TGN. Tecpetrol is a company controlled by San Faustin, engaged in oil and gas exploration and production and has rights to various oil and gas fields in Argentina and elsewhere in Latin America. Energy Consulting Services is a company engaged in energy and management consulting, representing one of the major and most reliable natural gas traders in Argentina. TGN operates two major pipelines in Argentina connecting the major consumption centers in Argentina with natural gas basins in the Neuquén province and in the Northwest and Bolivia. San Faustin holds significant but non-controlling interests in TGN and Energy Consulting Services.

Tecpetrol supplies natural gas at prices and on terms and conditions that are equivalent to those charged to Ternium Argentina by other suppliers of natural gas. Tecpetrol's sales to Ternium Argentina amounted to \$19.1 million in 2025, \$20.8 million in 2024 and \$20.6 million in 2023.

Ternium Argentina pays TGN a natural gas transportation fee. The Argentine government regulates the framework under which TGN operates and prices its services. TGN's sales to Ternium Argentina amounted to \$7.8 million in 2025, \$6.0 million in 2024 and \$2.5 million in 2023.

Energy consulting Services (ECS) supplies natural gas at prices and on terms and conditions that are equivalent to those charged to Ternium Argentina by other suppliers of natural gas. ECS's sales to Ternium Argentina amounted to \$3.8 million in 2025, \$4.1 million in 2024 and \$5.4 million in 2023.

Provision of Engineering and Labor Services

Ternium contracts with certain companies controlled by San Faustin specialized in supplying engineering services, construction services, labor and supervision services, for civil and electromechanical works, and cleaning, general maintenance and handling of by-products services. Fees accrued for these services amounted to \$406 million in 2025, \$178.1 million in 2024 and \$100.1 million in 2023. The year-on-year increase in 2025 was mainly related to the expansion project in Pesquería, Mexico.

Purchase Agency Services and Sales of Materials

Exiros, in which we have 50% share ownership and Tenaris has a remaining 50% share ownership, provides to Tecpetrol and other companies controlled by San Faustin with purchase agency services and sales of raw materials and other products. Under the Exiros shareholder arrangements, Ternium recognizes Exiros' assets, liabilities, revenue and expenses in relation to its interest in the joint operation. Exiros' sales to companies controlled by San Faustin totalled \$10.2 million in 2025, \$10.6 million in 2024 and \$22.6 million in 2023, of which the company recognized \$5.1 million, \$5.3 million and \$11.3 million in 2025, 2024 and 2023, respectively.

Sales and Purchases of Other Products and Services

Ternium enters into other transactions with companies controlled by San Faustin from time to time. Relevant transactions were those for the purchase of plant equipment and spare parts, and technical assistance from Tenova and from other related companies, which amounted to \$ 429.6 million in 2025, \$27.6 million in 2024 and \$4.9 million in 2023. The year-on-year increase in 2025 was mainly related to the expansion project in Pesquería, Mexico

Administrative Services, Legal and Other Support Services

Finma S.A.I.F., a company controlled by San Faustin in which Ternium S.A. has a 33% share ownership and other affiliates of San Faustin have the remaining share ownership, provided administrative and legal support services to San Faustin's affiliates in Argentina, including Argentine affiliates of Ternium. Fees accrued for these services amounted to \$11.8 million in 2025, \$11.5 million in 2024 and \$11.2 million in 2023.

Loans to Related Parties

Ternium financed the construction and operation of Techgen's Pesquería project primarily in the form of subordinated loans to Techgen. Outstanding loans to Techgen amounted to \$151.3 million, \$148.4 million and \$136.3 million as of December 31, 2025, 2024 and 2023, respectively. These loans generated interest gains in favor of Ternium in an amount of \$12.9 million in 2025, \$13.5 million in 2024 and \$12.3 million in 2023. For further information on the Techgen investment, see Item 4. "Information on the Company—C. Organizational Structure—Other investments—Techgen."

Other Transactions

In addition, in the ordinary course of business, from time to time, we carry out other transactions and enter into other arrangements with other related parties, none of which are considered to be material.

C. Interest of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18 and pages F-1 through F-98 for Ternium's consolidated financial statements.

Legal Proceedings

Ternium is from time to time subject to various claims, lawsuits and other legal proceedings, including customer, employee, tax and environmental-related claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure.

Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Accordingly, with respect to a large portion of such claims, lawsuits and other legal proceedings, Ternium is unable to make a reliable estimate of the expected financial effect that will result from the ultimate resolution of such proceeding. In those cases, Ternium has not accrued a provision for the potential outcome of these cases.

If a potential loss from a claim, lawsuit or other proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements and take into consideration litigation and settlement strategies. In a limited number of ongoing cases, Ternium was able to make a reliable estimate of the expected loss or range of probable loss and has accrued a provision for such loss but believes that publication of this information on a case-by-case basis would seriously prejudice Ternium's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the company has disclosed information with respect to the nature of the contingency but has not disclosed its estimate of the range of potential loss.

The company believes that the aggregate provisions recorded for potential losses in its consolidated financial statements (see notes 24 "Non-current provisions" and 25 "Current allowances and provisions" to our audited consolidated financial statements included in this annual report) are adequate based upon currently available information. However, if management's estimates prove incorrect, current reserves could be inadequate and Ternium could incur a charge to earnings, which could have a material adverse effect on Ternium's results of operations, financial condition, net worth and cash flows.

Outstanding Legal Proceedings

A summary description of material outstanding legal proceedings as of December 31, 2025, is included in note 25 "Contingencies, commitments and restrictions on the distribution of profits" to our audited consolidated financial statements included in this annual report, which summary description is incorporated herein by reference. In addition, Ternium is subject to other legal proceedings, none of which is believed to be material.

Dividend Policy

Ternium S.A. does not have, and has no current plans to establish, a formal dividend policy governing the amount and payment of dividends or other distributions. For a description of the shareholders' and holders of ADS' rights to receive dividends and the conditions to declare and pay dividends, please refer to Item 10. "Additional Information—B. Memorandum and Articles of Association—Dividends".

The following table shows the dividends for the last five years:

Year	Total dividend			Payment date	
	Amount (\$ million)	Per share (\$)	Per ADS (\$)	Interim dividend	Dividend (net of interim dividend)
2021	510	0.26	2.60	November 16, 2021	May 11, 2022
2022	530	0.27	2.70	November 17, 2022	May 10, 2023
2023	648	0.33	3.30	November 16, 2023	May 8, 2024
2024	530	0.27	2.70	November 21, 2024	May 14, 2025
2025 (proposed)	530	0.27	2.70	November 11, 2025	May 15, 2026

Note: On February 17, 2026, the board of directors proposed that an annual dividend of \$0.27 per share (\$2.70 per ADS), or \$530 million in the aggregate, be approved at the annual general shareholders' meeting, which is scheduled to be held on May 12, 2026. The annual dividend would include an interim dividend of \$0.09 per share (\$0.90 per ADS), or \$177 million, paid in November 2025. If the board of directors' proposal is approved at the shareholders' meeting, a net dividend of \$0.18 per share (\$1.80 per ADS), or \$353 million in the aggregate, will be paid on May 15, 2026, with a record-date of May 14, 2026. Treasury shares are not entitled to dividend distributions.

B. Significant Changes

Change in the functional currency of Usiminas.

The determination of the functional currency requires management to make significant judgements. Usiminas has performed a review of its functional currency and concluded that the currency that most faithfully represents the economics effects of the entity is the US dollar and therefore its functional currency has changed from the local currency to the US dollar. This change is prospective from January 1, 2026, and does not affect the balances as of December 31, 2025, nor results or cash flows for the year then ended.

The decision was based on the fact that new global trade restrictions, affecting the international trade of steel along with the increase of steel imports in Brazil, have led to a greater correlation of local prices to global prices. In this context, there is also a greater proportion of total production costs in US dollars. Furthermore, factors to determine the functional currency were always mixed; however, currently most of revenue and costs of production are linked to the US dollar.

The change in functional currency of Usiminas will significantly reduce the volatility of the effects generated by foreign exchange movements and the application of IAS 21 - The Effects of Changes in Foreign Exchange Rates. The decision was approved by the Board of Directors of Usiminas on February 12, 2026.

Item 9. The Offer and Listing

A. Offer and Listing Details

Ternium S.A.'s ADSs are listed on NYSE under the symbol "TX." Trading on NYSE began on February 1, 2006. As of February 27, 2026, a total of 2,004,743,442 shares were registered in the shareholders' register.

As of February 27, 2026, a total of 429,606,250 shares were registered in the name of BNY Nominees Limited, related to Ternium S.A.'s ADR program. On February 27, 2026, the closing price for Ternium S.A.'s ADSs reported by NYSE was \$43.47.

New York Stock Exchange

As of February 27, 2026, a total of 42,960,625 ADSs were registered of record. Each ADS represents ten shares of Ternium S.A.'s share capital. For the year ended December 31, 2025, BNY Mellon acted as depository for issuing ADRs evidencing the ADSs.

B. Plan of Distribution

Not applicable.

C. Markets

For information related to this matter, see “—A. Offer and Listing Details.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

General

The following is a summary of certain rights of holders of Ternium S.A.’s shares. These rights are set out in the articles of association or are provided by applicable Luxembourg law, and may differ from those typically provided to shareholders of U.S. companies under the corporation laws of some states of the United States. This summary is not exhaustive and does not contain all information that may be important to you. For more complete information, you should read the articles of association, which are attached as an exhibit to this annual report.

Ternium S.A. is a *société anonyme* organized under the laws of Luxembourg, registered under the number B98 668 in the Luxembourg *Registre de Commerce et des Sociétés*. Its object and purpose, as set forth in Article 2 of its articles of association, is the taking of interests, in any form, in corporations or other business entities, and the administration, management, control and development thereof.

Ternium S.A.’s authorized share capital is fixed by the articles of association, as amended from time to time, with the approval of shareholders at an extraordinary general shareholders’ meeting. Ternium S.A. has an authorized share capital of a single class of 3,500,000,000 shares having a nominal value of \$1.00 per share. There were 2,004,743,442 shares issued as of the date of this annual report (including treasury shares). All issued shares are fully paid.

Ternium S.A.’s articles of association authorize the board of directors, or any delegate(s) duly appointed by the board of directors, to issue shares within the limits of its authorized share capital against contributions in cash, contributions in kind or by way of incorporation of available reserves, at such times and on such terms and conditions, including the issue price, as the board of directors, or its delegate(s) may in its or their discretion resolve.

The extraordinary shareholders meeting held on May 6, 2025 approved the renewal for an additional five-year period of the authorization granted to the board of directors to waive, suppress or limit any preemptive subscription rights of shareholders provided for by law to the extent it deems such waiver, suppression or limitation advisable for any issue or issues of shares within the authorized share capital; and have waived any preemptive subscription rights provided for by law and related procedures. The authorization period will expire in May, 2030. However, under the articles of association, for as long as Ternium S.A.’s shares are listed on a regulated market (and only for as long as they are so listed), any issuance of shares for cash within the limits of the authorized share capital shall be subject to the preemptive subscription rights of the then existing shareholders, except in the following cases (in which cases no preemptive rights shall apply):

(a) any issuance of shares for, within, in conjunction with or related to, an initial public offering of Ternium S.A.’s shares on one or more regulated markets (in one or more instances);

(b) any issuance of shares against a contribution other than in cash;

(c) any issuance of shares upon conversion of convertible bonds or other instruments convertible into Ternium S.A.'s shares; provided, however, that the preemptive subscription rights of the then existing shareholders shall apply by provision of the articles of association in connection with any issuance of convertible bonds or other instruments convertible into shares for cash; and

(d) any issuance of shares (including by way of free shares or at a discount), up to an amount of 1.5% of Ternium S.A.'s issued share capital, to directors, officers, agents or employees, its direct or indirect subsidiaries, or its affiliates, including without limitation the direct issue of shares upon the exercise of options, rights convertible into shares, or similar instruments convertible or exchangeable into shares issued for the purpose of, or in relation to, compensation or incentive for any such persons or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit).

Amendment of the articles of association requires the approval of shareholders at an extraordinary shareholders' meeting with a two-thirds majority vote of the shares represented at the meeting.

Dividends

Subject to applicable law, all shares (including shares underlying ADSs) are entitled to participate equally in dividends when, as and if declared by the shareholders at the annual general shareholders' meeting, out of funds legally available for such purposes. Treasury shares are not entitled to dividend distributions.

Dividends may be lawfully declared and paid if net profits and distributable reserves are sufficient under Luxembourg law. The amount and payment of dividends must be approved by a majority vote at a general shareholders' meeting, generally, but not necessarily, based on the recommendation of the board of directors. Under Article 21 of the articles of association, the board of directors has the power to distribute interim dividends out of profits, share premium or any other available reserves, in accordance with applicable law, in particular in accordance with the conditions set forth in article 461-3 of the Luxembourg Company Law. Such dividend payments must be finally approved by the general shareholders' meeting. On March 20, 2026, the board of directors announced the proposals to be submitted to the consideration of the annual general shareholders' meeting scheduled to be held on May 12, 2026, including its proposal on dividends.

As provided by Article 21 of the articles of association, dividends or other distributions declared by the general meeting as well as interim dividends or other distributions declared by the board of directors will be distributed at the times and places determined by the board of directors. Ternium S.A. will make any and all dividend payments and any other distributions in respect of shares registered in the name of any securities settlement system or operator of such a system or in the name of any financial institution or other professional depositary of securities or any other depositary, whether in cash, shares or other assets, only to such registered holder, or otherwise in accordance with such registered holder's instructions, and, as provided by Article 21 of the articles of association, that payment shall release Ternium S.A. from any and all obligations for such payment.

Ternium S.A. conducts and will continue to conduct its operations through subsidiaries and, accordingly, its main source of cash to pay dividends among other possible sources, will be the dividends received from its subsidiaries. For further information, see Item 3. "Key Information—D. Risk Factors—Risks Relating to the Structure of the Company—Ternium S.A.'s dividend payments depend on the results of operations and financial condition of its subsidiaries and could be affected by legal, contractual or other limitations or tax changes". Dividend payments will depend on Ternium S.A.'s subsidiaries' results of operations, financial condition, cash and capital requirements, future growth prospects and other factors deemed significant by their respective boards of directors, as well as on any applicable legal restrictions. For further information, see Item 3. "Key Information—D. Risk Factors—Risks Relating to the Countries in Which Ternium Operates—Argentina".

Under Luxembourg law, claims for dividends will lapse in favor of Ternium S.A. five years after the date such dividends are declared. However, Ternium S.A. may elect to pay a declared dividend after such period. Declared and unpaid dividends held by Ternium S.A. for the account of its shareholders do not bear interest.

Pursuant to Luxembourg law, at least 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% (or such lower amount required to reach the 10% threshold) of net profits again must be allocated toward the reserve. As of December 31, 2025, Ternium S.A.'s legal reserve represented 10% of its share capital. The legal reserve is not available for distribution.

Voting Rights; Shareholders' Meetings; Election of Directors

Each share entitles the holder thereof to one vote at the general shareholders' meetings. Shareholder action by written consent is not permitted, but proxy voting is permitted. Notices of general shareholders' meetings are governed by the provisions of Luxembourg law and the articles of association. Pursuant to applicable Luxembourg law, Ternium S.A. must give notice of the calling of any general shareholders meeting at least 15 days prior to the date for which the meeting is being called, by publishing the relevant convening notice in the *Recueil électronique des sociétés et associations* (Luxembourg's electronic official gazette) and in a leading newspaper having general circulation in Luxembourg and by issuing a press release informing of the calling of such meeting. The articles of association provide that notices for any general shareholders' meeting shall include such information and shall be given in such form through such means and at such time or times as may be required under applicable Luxembourg law; and, in case Ternium S.A.'s shares are listed on a regulated market, such notices shall, in addition, satisfy such requirements as are applicable to, and mandatory for, notices of general shareholders' meetings of issuers such as Ternium S.A. under the applicable laws, rules and regulations of such regulated market.

No attendance quorum is required at ordinary general shareholders' meetings and resolutions may be adopted by a simple majority vote of the shares present or represented and voted at the meeting. An extraordinary general shareholders' meeting may only validly deliberate when at least half of the share capital is present or represented. If the required quorum is not met at an extraordinary general shareholders meeting, a second meeting may be convened in accordance with the articles of association and applicable law and such second extraordinary general shareholders meeting shall validly deliberate regardless of the quorum present or represented. Resolutions on the following matters may only be adopted at extraordinary general shareholders' meetings: (a) amendment to the articles of association; (b) dissolution and liquidation; (c) setting of the authorized share capital and granting of authorization to the board of directors to increase the share capital within the limits of the authorization; (d) decrease of the share capital; and (e) sale of all or substantially all of the assets. Such resolutions, in order to be adopted, must be approved by a majority of at least two-thirds of the votes of the shares present or represented. The following matters shall require a unanimous resolution of all the shareholders of Ternium S.A.: (a) change of the nationality of Ternium S.A.; and (b) increase of shareholders' commitments.

Cumulative voting is not permitted. The articles of association do not provide for staggered terms, and directors are elected for a maximum of one year but may be reappointed or removed at any time, with or without cause, by the general shareholders' meeting, by resolution passed by a simple majority vote of the shares present or represented at the meeting and voted. In the case of a vacancy occurring on the board of directors, the remaining directors shall have the right to temporarily fill such vacancy with a temporary director appointed by resolution adopted with the affirmative vote of a majority of the remaining directors; provided that the next general shareholder's meeting shall be called upon to ratify such appointment. The term of a temporary director elected to fill a vacancy shall expire at the end of the term of office of the replaced director.

The next annual general meeting of shareholders that will consider, among other matters, the 2025 consolidated financial statements and annual accounts, is scheduled to be held on May 12, 2026 at 9:00 a.m. (Central European Time) at the Ternium S.A.'s registered office in Luxembourg.

The articles of association provide that annual general shareholders' meetings shall meet in Luxembourg within six months from the end of the previous financial year at the date, place and hour indicated in the convening notice.

Any shareholder who holds one or more shares of Ternium S.A. on the fifth calendar day preceding a general shareholders' meeting (the "Record Date") shall be admitted to such general shareholders' meeting. Those shareholders who have sold their shares between the Record Date and the date of the general shareholders' meeting may not attend or be represented at the meeting.

In the case of shares held through fungible securities accounts, each shareholder may exercise all rights attached to his shares and, in particular, may participate in and vote at shareholders' meetings upon presentation of a certificate issued by the financial institution or professional depository holding the shares, evidencing such deposit and certifying the number of shares recorded in the relevant account on the Record Date. Such certificate must be filed at least five days before the meeting at Ternium S.A.'s registered address or at the address stated in the convening notice or, in case the Ternium S.A.'s shares are listed on a regulated market, with an agent located in the country of the listing and designated in the convening notice. In case any such holder wishes to vote by proxy, the holder shall have to present a completed proxy form together with the certificate previously referred to, by the same date and time and at the same addresses. The board of directors and the shareholders at the shareholders' meeting may, if they deem so advisable,

reduce these periods of time for all shareholders and admit all shareholders (or their proxies) who have filed the appropriate documents to the general shareholders' meeting, irrespective of these time limits.

Holders of ADSs only have those rights that are expressly granted to them in the deposit agreement dated January 31, 2006 among Ternium S.A., The BNY Mellon, as depositary (the "Depositary"), and the owners and beneficial owners from time to time of its ADSs. See Item 3.D. "Key Information – Risk Factors – Risks Relating to Ternium S.A.'s ADSs – Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders". ADS holders may not attend or directly exercise voting rights in shareholders' meetings, but holders of record of our ADSs as of the relevant ADS holders' record date set for any given general shareholders' meeting are entitled to instruct the Depositary as to the exercise of the voting rights in respect of the shares underlying such holder's ADSs at such meeting.

Access to Corporate Records

Luxembourg law and the articles of association do not generally provide for shareholder access to corporate records. Shareholders may inspect the annual accounts and auditors' reports at the company's website <https://investors.ternium.com> or at its registered office starting from the call to the annual general shareholder's meeting.

Appraisal Rights

In case the shares of Ternium S.A. are listed on one or more regulated markets, and in the event the shareholders, in a general meeting, approve any of the following:

- the delisting of Ternium S.A.'s shares from all regulated markets where the shares are listed at that time, excluding a delisting made pursuant to an offer to all of Ternium S.A.'s shareholders made by a business entity subject to common control with Ternium S.A., whereby such business entity offers to issue, in exchange for Ternium S.A.'s shares, shares to be listed on the same regulated market(s) on which Ternium S.A.'s shares are listed;
- a merger in which Ternium S.A. is not the surviving entity (unless the shares or other equity securities of such entity are listed on the New York or London stock exchanges);
- a sale, lease, exchange or other disposition of all or substantially all of Ternium S.A.'s assets;
- an amendment to the articles of association that has the effect of materially changing its corporate purpose;
- the relocation of Ternium S.A.'s domicile outside the Grand Duchy of Luxembourg; or
- amendments to the articles of association that restrict the rights of its shareholders (excluding any amendments in relation with, or to, the authorized share capital and/or the waiver or suppression of any preferential subscription rights relating thereto).

Dissenting or absent shareholders have the right to have their shares repurchased by Ternium S.A. at (i) the average market value of the shares over the 90 calendar days preceding the applicable general shareholders' meeting or (ii) in the event that Ternium S.A.'s shares are not traded on any regulated market, the amount that results from applying the proportion of the equity that the shares being sold represent over the net worth as determined in its last consolidated financial statements approved by the shareholders or in its last interim consolidated financial statements approved by the board of directors, whichever is more recent. Shareholders who voted in favor of the relevant resolution are not entitled to exercise this right.

Dissenting or absent shareholders must present their claim within one month following the date of the applicable general shareholders' meeting and supply Ternium S.A. with evidence of their shareholding at the time of such meeting. Ternium S.A. must (to the extent permitted by applicable laws and regulations and in compliance therewith) repurchase its shares within six months following the date of the applicable general shareholders' meeting. If delisting from one or more, but not all, of the regulated markets where Ternium S.A.'s shares are listed is approved by the shareholders' meeting, only dissenting or absent shareholders with shares held through participants in the local clearing system for that market or those markets can exercise this appraisal right if:

- they held the shares as of the date of the announcement of Ternium S.A.'s intention to delist or as of the date of publication of the first convening notice for the general shareholders' meeting that approved the delisting;

- they present their claim within one month following the date of the general shareholders' meeting and supply evidence of their shareholding as of the date of Ternium S.A.'s announcement or the publication of the first convening notice to the meeting; and
- the delisting is not being made pursuant to an offer to all of Ternium S.A.'s shareholders made by a business entity subject to common control with Ternium S.A., whereby such business entity offers to issue, in exchange for Ternium S.A.'s shares, shares to be listed on the same regulated market(s) on which such dissenting or absent shareholders hold their shares through participants in the local clearing system for that market or markets.

In the event a shareholder exercises its appraisal rights, applicable Luxembourg law provisions shall apply. Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders, including appraisal rights. See Item 3.D. "Key Information – Risk Factors – Risks Relating to the Company's ADSs – Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders".

Distribution of Assets on Winding-up

In the event of liquidation, dissolution or winding-up, the net assets remaining after allowing for the payment of all debts, charges and expenses shall be paid out to holders of the company's shares in proportion to their respective holdings.

Transferability and Form

Ternium S.A.'s articles of association do not contain any redemption or sinking fund provisions, nor do they impose any restrictions on the transfer of shares. The shares are issuable in registered form only.

The ownership of registered shares is evidenced by the inscription of the name of the shareholder, the number of shares held by such shareholder and the amount paid on each share in the share register. In addition, Ternium S.A.'s shares may be held through fungible securities accounts with financial institutions or other professional depositaries. Shares held through fungible securities accounts have the same rights and obligations as shares recorded in the shareholders' register.

Shares held through fungible securities accounts may be transferred in accordance with customary procedures for the transfer of securities in book-entry form. Shares that are not held through fungible securities accounts may be transferred by a written statement of transfer signed by both the transferor and the transferee or their respective duly appointed attorney-in-fact and recorded in the share register. The transfer of shares may also be made in accordance with the provisions of Article 1690 of the Luxembourg Civil Code. As evidence of the transfer of registered shares, Ternium S.A. may also accept any correspondence or other documents evidencing the agreement between transferor and transferee as to the transfer of registered shares.

Repurchase of Shares

Ternium S.A. may repurchase its own shares in the cases and subject to the conditions set by the Luxembourg Company Law and, in the case of acquisitions of shares or ADSs made through NYSE, with any applicable laws and regulations of such market. See Item 16.E. "Purchases of Equity Securities by the Issuer and Affiliated Purchasers" for further information on the authorization to Ternium S.A. or its subsidiaries to repurchase Ternium S.A.'s shares, including shares represented by ADSs.

Limitation on Securities Ownership

There are no limitations currently imposed by Luxembourg law or the articles of association on the rights of Ternium S.A.'s non-resident or foreign shareholders to hold or vote Ternium S.A.'s shares.

Change in Control

None of our outstanding securities has any special control rights. The articles of association do not contain any provision that would have the effect of delaying, deferring or preventing a change in control of Ternium S.A. and that would operate only with respect to a merger, acquisition or corporate restructuring involving Ternium S.A. or any of its subsidiaries. In addition, the company does not know of any significant agreements or other arrangements to which

the company is a party and which take effect, alter or terminate in the event of a change of control of Ternium S.A. There are no agreements between Ternium S.A. and members of its board of directors or employees providing for compensation if they resign or are made redundant without reason, or if their employment ceases following a change in control of Ternium S.A.

There are no rights associated with Ternium S.A.'s shares other than those described above.

C. Material Contracts

For a summary of any material contract entered into by us outside of the ordinary course of business during the last two years, see Item 4. "Information on the Company—B. Business Overview—Raw Materials, Slabs, Energy and Other Inputs."

D. Exchange Controls

Many of the countries which are important markets for us or in which we have substantial assets have a history of substantial government intervention in currency markets, volatile exchange rates and government-imposed currency controls. These include Mexico, Brazil and Argentina. For additional information regarding Ternium's ability to hedge against exchange rate fluctuations, see Item 3. "Key Information—D. Risk Factors—Risks Relating to Ternium's Business—Changes in exchange rates or any limitation in the ability of the Ternium companies to hedge against exchange rate fluctuations could adversely affect Ternium's business and results."

Mexico

Historically, the Mexican economy has suffered balance of payment deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Mexican pesos to U.S. dollars and the terms of USMCA—to which Mexico is a signatory—generally prohibit exchange controls, the Mexican government could institute a restrictive exchange control policy in the future.

Brazil

While currently there are no significant exchange controls in Brazil, in the past, the Brazilian central bank has intervened occasionally to control unstable movements in foreign exchange rates including through the introduction of different exchange markets. We cannot predict whether the central bank or the Brazilian government will continue to let the real float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. Furthermore, the real may depreciate or appreciate against the U.S. dollar and this may have an impact on our operations (see Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Exposure Risk.)

Argentina

From time to time, the Argentine authorities have taken measures to reduce the volatility of the ARS/\$ exchange rate and intervene the foreign exchange market implementing formal and informal restrictions on capital inflows and outflows. Significant restrictions on access to foreign exchange and remittance of funds abroad have historically remained in place in Argentina, with periods of lesser regulations and other of stringent restrictions even leading to the existence of several alternative foreign exchange rates. Between September 2019 and December 2023, the government imposed significant restrictions on foreign exchange transactions including requirements to repatriate export proceeds at the official exchange rate, requirement of prior approval for making import and dividend payments through the official exchange market and import taxes. As of 2024 the Milei administration has lifted or eased many of the restrictions and further deregulation is expected. However, at the date of this annual report certain restrictions remain in place and the scope and timing of pending changes towards a more flexible foreign exchange regime remain unknown.

For more information, including foreign exchange restrictions still in place, see note 30 (i) "Foreign exchange restrictions in Argentina" to our consolidated financial statements included in this annual report.

Currently, access to foreign currency at the official exchange market is permitted for payment of dividends out of results for fiscal years commencing as of January 1, 2025. Nonetheless, access to the official exchange market for dividend payments out of results for fiscal years preceding 2025 continues to require prior Argentine Central Bank

approval, which is seldom, if ever, granted. In December 2025, Ternium Argentina paid a dividend in kind using U.S. dollar-denominated Argentine bonds, for a total amount of approximately \$300 million. In addition, on March 31, 2026, Ternium Argentina's annual general meeting of shareholders approved the payment of a cash dividend for fiscal year 2025, for a total amount of approximately \$85 million.

In addition, foreign exchange controls in Argentina limiting the purchase and transfer abroad of foreign currency for saving purposes, restrict Ternium Argentina's ability to hold excess cash reserves in foreign bank accounts. The existing measures substantially limit the ability of Argentine companies to obtain foreign currency and make certain payments and distributions out of Argentina at the official exchange rate.

For more information on our foreign exchange restrictions in Argentina, see note 30 (i) "Foreign exchange restrictions in Argentina" to our consolidated financial statements included in this annual report.

Regulations or restrictions imposed by the former government administration as well as new regulations enacted by the current administration, may restrict Ternium Argentina's ability to access the official foreign exchange market, expose Ternium to the risk of losses arising from fluctuations in the ARS/\$ exchange rate, or impair Ternium Argentina's ability to make payments abroad (including dividends or royalties), or fund investments or other activities offshore.

For additional information regarding factors affecting the Argentine economy, see Item 3. "Key Information—D. Risk Factors—Risks Relating to the Countries in Which Ternium Operates—Argentina."; for additional information on current foreign exchange restrictions in Argentina, see note 30 (i) "Foreign exchange restrictions in Argentina" to our consolidated financial statements included in this annual report.

Colombia

Under Colombian foreign exchange regulations, payments in foreign currency related to certain foreign exchange transactions must be conducted through the commercial exchange market, by means of an authorized financial intermediary, and the payment must be declared to the Colombian central bank. This mechanism applies to payments in connection with, among others, imports and exports of goods, foreign loans and related financing costs, investment of foreign capital and the remittances of profits thereon, investment in foreign securities and assets and endorsements and guarantees in foreign currency. Transactions through the commercial exchange market are made at market rates freely negotiated with the authorized intermediaries.

E. Taxation

The following discussion of the material Luxembourg and U.S. federal income tax consequences of an investment in our shares and ADSs is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not address all possible tax consequences relating to an investment in our shares or ADSs, including the tax consequences under U.S. state and local tax laws.

Grand Duchy of Luxembourg

This section describes the material Luxembourg tax consequences of owning or disposing of shares or ADSs.

It is not intended to be, nor should it be construed to be, legal or tax advice. You should, therefore, consult your own tax advisor regarding local or foreign tax consequences, including Luxembourg tax consequences of owning and disposing of shares or ADSs in your particular circumstances.

As used herein, a "Luxembourg individual" means an individual resident in Luxembourg who is subject to personal income tax (impôt sur le revenu) on his or her worldwide income from Luxembourg or foreign sources, and a "Luxembourg corporate holder" means a company (that is, a fully taxable collectivité within the meaning of Article 159 of the Luxembourg Income Tax Law) resident in Luxembourg subject to Luxembourg corporate income tax (impôt sur le revenu des collectivités) and Luxembourg municipal business tax (impôt commercial communal, on its worldwide income from Luxembourg or foreign sources). For the purposes of this summary, Luxembourg individuals and Luxembourg corporate holders are collectively referred to as "Luxembourg Holders". A "non-Luxembourg Holder" means any investor in shares or ADSs of Ternium S.A. other than a Luxembourg Holder.

Corporate Reorganization

Ternium S.A. was established as a Luxembourg *société anonyme* holding under Luxembourg's 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including Ternium S.A.) were exempt from Luxembourg corporate income tax, Luxembourg municipal business tax, Luxembourg net wealth tax and Luxembourg withholding tax over dividends distributed to shareholders.

On January 1, 2011, Ternium S.A. became an ordinary public limited liability company (*société anonyme*) and, effective as from that date, it is subject to all applicable Luxembourg taxes (including, among others, Luxembourg corporate income tax on its worldwide income).

In light of the impending termination of Luxembourg's 1929 holding company regime, in the fourth quarter of 2010, Ternium S.A. carried out a multi-step corporate reorganization, which included, among other transactions, the contribution of most of its assets and liabilities to a wholly-owned, newly-incorporated Luxembourg subsidiary, and the restructuring of indirect holdings in certain subsidiaries.

The first phase of the corporate reorganization was completed in December 2010 and resulted in a non-taxable revaluation of the accounting value (under Luxembourg GAAP) of Ternium S.A.'s assets. The second phase of the reorganization was completed in 2011.

Upon its conversion into an ordinary Luxembourg holding company in 2009, Ternium S.A. recorded a special reserve in its tax balance sheet for an amount of \$8 billion. Under applicable law, dividend distributions charged to the special reserve are not subject to Luxembourg withholding tax, but reduce the special reserve by an equivalent amount. All dividend distributions made by Ternium S.A. since 2010 have been charged to the special reserve, and, assuming future dividend distributions at a rate similar to that made with respect to 2025, we expect that any dividend distributions to be made in the next five years will also be charged to the special reserve before the reserve is depleted.

Tax regime applicable to realized capital gains

Luxembourg Holders

Luxembourg resident individual holders

Capital gains realized by Luxembourg resident individuals who do not hold their shares or ADSs as part of a trade or business (i.e. capital gains on private assets) and who hold (together, directly or indirectly, with their spouse or civil partner and underage children) no more than 10% of Ternium S.A.'s share capital at any time during the five-year period preceding the disposition will only be taxable (at a progressive rate) if they are realized on a sale of shares or ADSs that takes place before their acquisition or within the first six months following their acquisition (i.e. speculative gain). After the six-months period, capital gains are not taxed unless the resident individual holds (together, directly or indirectly, with his or her spouse or civil partner and underage children) more than 10% of Ternium S.A.'s share capital at any time during the five-year period preceding the disposition.

If such shares or ADSs are held as part of a commercial or industrial business, capital gains would be taxable in the same manner as income from such business.

Capital gains realized by Luxembourg resident individuals holding (alone or together with the resident's spouse or civil partner and underage children) directly or indirectly more than 10% of Ternium S.A.'s capital at any time during the five years prior to the sale, (or if the Luxembourg resident individuals have received the shares for no consideration within the last five years and the former holder held at least 10% in Ternium S.A.'s capital at any moment during said five years) will be taxable at half of the individual's applicable global tax rate (as determined progressively), if a holding period of six months following their acquisition elapsed (ranging from 0% to 21.40% for 2025). Within the six month period, progressive income tax rates apply (ranging from 0% to 42.40%* in 2025).

*A 7% surcharge for the Employment Fund applies on the income tax due. The surcharge for the Employment Fund amounts to 9% for taxpayer in tax class 1 or 1a with taxable income exceeding EUR 150,000 (EUR 300,000 for taxpayer in tax class 2).

Luxembourg resident corporate holders

Capital gains, including currency exchange gains realized upon the disposal of shares or ADSs by a fully taxable resident corporate holder, will in principle be subject to Luxembourg corporate income tax and Luxembourg municipal business tax. The combined applicable rate (including an unemployment fund contribution) for a corporate holder established in Luxembourg City is 23.87% for the fiscal year ending 2025. An exemption from such taxes may be available to the Luxembourg resident corporate holder pursuant to Article 1 of the Grand Ducal Decree dated December 21, 2001 as amended, in combination with article 166 of the Luxembourg Income Tax Law subject to the fulfillment of the conditions set forth therein.

Non-Luxembourg Holders

Non-Luxembourg individual holders

An individual who is a non-Luxembourg Holder of shares or ADSs (and who does not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg) will only be subject to Luxembourg taxation on capital gains arising upon disposal of such shares or ADSs if such holder has (alone or together with his or her spouse, civil partner and underage children) directly or indirectly held more than 10% of Ternium S.A.'s capital at any time during the past five years preceding the disposal, and either (i) such non-Luxembourg Holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the last five years preceding the realization of the gain, subject to any applicable tax treaty, or (ii) the disposal of shares or ADSs occurs within six months from their acquisition (or prior to their actual acquisition), subject, however, to any applicable tax treaty.

Non-Luxembourg corporate holders

A corporate non-Luxembourg Holder (that is, a *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), which has a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which shares or ADSs are attributable, will bear Luxembourg corporate income tax and Luxembourg municipal business tax on a gain realized on a disposal of such shares or ADSs as set forth above for a Luxembourg corporate holder. However, capital gains, including currency exchange gains, realized on the sale of the shares or ADSs may benefit from the full exemption provided for by Article 1 of the Grand Ducal Decree dated December 21, 2001, as amended, in combination with Article 166 of the Luxembourg Income Tax Law subject in each case to fulfillment of the conditions set out therein.

A corporate non-Luxembourg Holder, which has no permanent establishment, permanent representative or fixed place of business in Luxembourg to which the shares or ADSs are attributable, will bear non-resident capital gains tax on a gain realized on a disposal of such shares or ADSs under the same conditions applicable to an individual non-Luxembourg Holder, as set out above.

Tax regime applicable to distributions

Withholding tax

Distributions to holders are in principle subject to a 15% Luxembourg withholding tax computed on the gross amount distributed. The rate of the withholding tax may be reduced pursuant to a double tax treaty existing between Luxembourg and the country of residence of the relevant holder, subject to the fulfillment of the conditions set forth therein. However, distributions imputed for tax purposes to the special reserve (please see above paragraph "Corporate Reorganization") should be exempt from Luxembourg withholding tax under the current tax law.

Nevertheless, a withholding tax exemption may apply if the distribution is made to (as far as relevant in the case at hand):

- a Luxembourg resident corporate holder (that is, a fully taxable *collectivité* within the meaning of article 159 of the Luxembourg Income Tax Law);
- the Luxembourg State, a municipality, or a public body;
- an undertaking of collective character which is resident of a Member State of the EU and is referred to by article 2 of the EU Council Directive of November 30, 2011 concerning the common fiscal regime applicable to parent and

subsidiary companies of different member states (2011/96/UE) as amended, (subject to the general anti-abuse rule provided for by Council Directive 2015/121/EU as implemented into Luxembourg law);

- a capital company or a cooperative company resident in Norway, Iceland or Liechtenstein and subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law;
- a capital company resident in Switzerland which is subject to corporate income tax in Switzerland without benefiting from an exemption;
- an undertaking with a collective character subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law which is resident in a country that has concluded a double tax treaty with Luxembourg; and
- a Luxembourg permanent establishment of one of the above-mentioned categories.

provided each time that at the date of payment, the holder holds or commits to hold directly (or through a company regarded as tax transparent from a Luxembourg tax perspective), during an uninterrupted period of at least twelve months, shares or ADSs representing at least 10% of Ternium S.A.'s share capital or acquired for an acquisition price of at least EUR 1,200,000.

Luxembourg Holders

With the exception of Luxembourg corporate holders benefiting from the exemption referred to above Luxembourg individual holders, and Luxembourg corporate holders fully subject to Luxembourg corporate tax, must include the distributions paid on the shares or ADSs in their taxable income, 50% of the amount of such dividends being exempt from tax. The applicable withholding tax can, under certain conditions, entitle the relevant Luxembourg Holder to a tax credit.

Non Luxembourg Holders

Non-Luxembourg Holders of shares or ADSs and who do not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which the shares or ADSs would be attributable are not liable for any Luxembourg tax on dividends paid on the shares or ADSs, other than a potential withholding tax as described above.

Net wealth tax

Luxembourg Holders

Luxembourg net wealth tax will not be levied on a Luxembourg Holder with respect to the shares or ADSs held unless (i) the Luxembourg Holder is a legal entity subject to net wealth tax in Luxembourg; or (ii) the shares or ADSs are attributable to an entity or part thereof which is carried on through a permanent establishment, a fixed place of business or a permanent representative in Luxembourg.

Net wealth tax is levied annually at the rate of 0.5% for taxable net wealth not exceeding EUR 500,000,000 and at a rate of 0.05% for the net wealth exceeding EUR 500,000,000, of entity resident in Luxembourg, as determined for net wealth tax purposes. The shares or ADSs may be exempt from net wealth tax subject to the conditions set forth by Paragraph 60 of the Luxembourg Law of October 16, 1934 on the valuation of assets (*Bewertungsgesetz*), as amended.

A minimum net wealth tax charge applies as of January 1, 2016 for all corporate entities having their statutory seat or central administration in Luxembourg. Subject to certain conditions, the amount of minimum net wealth tax may vary.

Non-Luxembourg Holders

Luxembourg net wealth tax will not be levied on a non-Luxembourg Holder with respect to the shares or ADSs held unless the shares or ADSs are attributable to an entity or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. The shares or ADSs may be exempt from net wealth tax subject to the conditions set forth by Paragraph 60 of the Luxembourg Law of October 16, 1934 on the valuation of assets (*Bewertungsgesetz*), as amended.

Stamp and registration taxes

No registration tax or stamp duty will be payable by a holder of shares or ADSs in Luxembourg solely upon the disposal of shares or ADSs by sale or exchange.

Estate and gift taxes

No estate or inheritance tax is levied on the transfer of shares or ADSs upon the death of a holder of shares or ADSs in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of shares or ADSs if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

Where a holder of shares or ADSs is a resident of Luxembourg for tax purposes at the time of the holder's death, the shares or ADSs are included in its taxable estate for inheritance tax or estate tax purposes.

U.S. federal income taxation

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning shares or ADSs. It applies to you only if you hold your shares or ADSs as capital assets for U.S. federal income tax purposes. This discussion addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a bank,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a person who invests through a pass-through entity, including a partnership,
- a life insurance company,
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock (including ADSs),
- a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction for U.S. federal income tax purposes,
- a person that purchases or sells shares or ADSs as part of a wash sale for U.S. federal income tax purposes, or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention between the Government of the Grand Duchy of Luxembourg and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital (the "Treaty"). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the assumption that each obligation in the ADS deposit agreement and any related agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds the shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Each such partner of a partnership that holds the shares or ADSs is urged to consult his, her or its own tax advisor.

You are a U.S. holder if you are a beneficial owner of shares or ADSs and you are, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a domestic corporation (or an entity treated as a domestic corporation),
- an estate whose income is subject to U.S. federal income tax regardless of its source, or

- a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, if you hold ADSs, you will be treated as the owner of the shares represented by those ADSs. Exchanges of shares for ADSs, and ADSs for shares, generally will not be subject to U.S. federal income tax.

The tax treatment of your shares or ADSs will depend in part on whether or not we are classified as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes. Except as discussed below under "PFIC Rules", this discussion assumes that we are not classified as a PFIC for U.S. federal income tax purposes.

You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing of shares or ADSs in your particular circumstances.

Taxation of distributions

Under the U.S. federal income tax laws, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), other than certain pro-rata distributions of our shares will be treated as a dividend that is subject to U.S. federal income taxation. If you are a non-corporate U.S. holder, dividends paid to you that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income, provided that, in the year that you receive the dividend, we are eligible for the benefits of the Treaty. We believe that we are currently eligible for the benefits of the Treaty and therefore expect that dividends on the shares or ADSs will be qualified dividend income, but there can be no assurance that we will continue to be eligible for the benefits of the Treaty.

You must generally include any Luxembourg tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you receive it, or, in the case of ADSs, when the depository receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Dividends will generally be income from sources outside the United States and generally will be "passive" income for purposes of computing the foreign tax credit allowable to you.

Subject to certain limitations, the Luxembourg tax withheld in accordance with the Treaty and paid over to Luxembourg may be creditable or deductible against your U.S. federal income tax liability. However, under Treasury regulations finalized in 2022, it is possible that taxes may not be creditable unless you are eligible for and elect to apply the benefits of the Treaty. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to you under Luxembourg law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against your U.S. federal income tax liability.

In certain circumstances, if you have held ADSs for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for foreign taxes imposed on dividends that we pay.

The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Taxation of capital gains

If you are a U.S. holder and you sell or otherwise dispose of your shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares or ADSs. Capital gains of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Additional U.S. Federal Income Tax Considerations

PFIC Rules: Based on Ternium S.A.'s current and expected income and assets, we believe that the shares or ADSs should not currently be treated as stock of a PFIC for U.S. federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. If we were to be treated as a PFIC, gain realized on the sale or other disposition of your shares or ADSs would in general not be treated as capital gain. Furthermore, if you are a U.S. holder, unless you are permitted to elect and you do elect to be taxed annually on a mark-to-market basis with respect to the shares or ADSs, upon sale or disposition of your shares or ADSs you would generally be treated as if you had realized such gain and certain "excess distributions" ratably over your holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your shares or ADSs will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your shares or ADSs. Dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are a PFIC (or are treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income and subject to the excess distribution regime described above.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on display

Ternium S.A. is subject to the reporting requirements of the Exchange Act, as applied to foreign private issuers. Accordingly, Ternium S.A. is required to file annual and special reports and other information with the SEC; however, foreign private issuers are not required to deliver proxy statements or to file quarterly reports. We prepare quarterly and annual consolidated financial statements in accordance with IFRS. The company's annual consolidated financial statements are audited by an independent accounting firm. Ternium S.A. submits quarterly financial information with the SEC on Form 6-K, and files annual reports on Form 20-F within the time period required by the SEC, which is currently four months from the close of the fiscal year on December 31. Reports and other information filed electronically with the SEC are available at the SEC's internet website at <http://www.sec.gov>. In addition, such reports and other communications are made available to all shareholders and holders of ADSs on the website at: <https://investors.ternium.com>.

For the year ended December 31, 2025, BNY Mellon acted as depositary under the ADS deposit agreement. As long as the deposit agreement remains in effect, Ternium S.A. will furnish the Depositary with:

- annual reports, and
- copies of all notices of shareholders meetings and other reports and communications that are made generally available to shareholders.

The Depositary will, as provided in the deposit agreement and if requested in writing by the company, arrange for the mailing of such reports, notices and communications to all record holders of ADSs, on a basis similar to that for holders of shares, or on such other basis as the company may advise the Depositary may be required by any applicable law or regulation or any requirement of any stock exchange to which Ternium S.A. may be subject. Any reports and

communications, including any proxy solicitation material, shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the SEC.

Reports, notices, or summaries thereof, and communications are made available to all shareholders and holders of ADSs on our website at: <https://investors.ternium.com>.

Whenever a reference is made in this annual report to a contract or other document, please be aware that such reference is not necessarily complete and that you should refer to the exhibits that are a part of this annual report for a copy of the contract or other document.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The multinational nature of our transactions, operations and customer base expose us to a variety of risks, including the effects of changes in interest rates, foreign currency exchange rates and commodity prices. We selectively manage these exposures through the use of derivative instruments to mitigate market risk and interest rate costs. In addition, we may use derivative instruments embedded in investment instruments, in compliance with Ternium’s policy for financial investments. We do not use derivative financial instruments for other purposes. In addition, in the ordinary course of business we also face risks with respect to financial instruments that are either non-financial or non-quantifiable. Such risks principally include country risk and credit risk and are not presented in the following analysis. For additional information about our financial risk management, see note 29 to the consolidated financial statements included in this annual report.

The following tables provide a breakdown of Ternium’s debt instruments as of December 31, 2025, by type of interest rate fixing mechanism and year of maturity. The following information should be read together with note 29 “Financial Risk Management” to the consolidated financial statements included in this annual report.

At December 31, 2025	Expected maturity in the year ending December 31,			
	2026	2027	2028 and thereafter	Total
<i>In \$ million</i>				
Non-current Debt				
Fixed Rate	—	—	—	—
Floating Rate	—	297	395	692
Bonds	—	—	485	485
Debentures	—	—	638	638
Current Debt				
Fixed Rate	267	—	—	267
Floating Rate	304	—	—	304
Bonds	16	—	—	16
Debentures	18	—	—	18
Total ^{(1) (2)}	604	297	1,517	2,419

As most borrowings and the debentures incorporate floating rates that approximate market rates and the contractual repricing occurs mostly every 1 month, the fair value of the borrowings and the debentures approximates their carrying amount and it is not disclosed separately. Fixed rate borrowings are uncommitted short-term revolving loans, and their fair value approximates to their carrying amount. Regarding the bonds, its fair value approximates the market value.

The weighted average interest rate as of December 31, 2025 was 5.45% for bank borrowings, 7.50% for bonds and 16.17% for debentures, which were 52%, 21% and 27% of our total borrowings, respectively. The total weighted average interest rate for 2025 was 9.17%. These figures incorporate instruments denominated mainly in U.S. dollars and Brazilian Reals, and do not include the effect of derivative financial instruments nor the devaluation of local currencies.

Total Debt by Currency as of December 31, 2025

\$ million	
U.S. dollar (\$)	1,700
Brazilian Real (BRL)	655
Colombian Peso (COP)	57
Other	7
Total	2,419

Foreign Exchange Exposure Risk

Ternium operates and sells its products in different countries, and as a result is exposed to foreign exchange rate volatility. Ternium's subsidiaries may use derivative contracts in order to hedge their exposure to exchange rate risk derived from their trade and financial operations. A significant portion of Ternium's business is carried out in currencies other than the U.S. dollar, Ternium's reporting currency. As a result of this foreign currency exposure, exchange rate fluctuations impact Ternium's results as reported in its income statement and statement of comprehensive income in the form of both translation and transaction risk. Translation risk is the risk that Ternium's consolidated financial statements for a particular period or as of a certain date may be affected by changes in the prevailing rates of the various functional currencies of the reporting subsidiaries against the U.S. dollar. Transaction risk is the risk that the value of transactions executed in currencies other than the subsidiary's functional currency may vary according to currency fluctuations.

Ternium's foreign exchange policy seeks to minimize the impact of fluctuations in the value of other currencies with respect to the U.S. dollar, with the exception of the currencies of countries where it has operations in Latin America, in which Ternium may, from time to time, choose not to hedge operational short exposures to such currencies. Ternium's subsidiaries, with the exception of Usiminas, monitor their actual and expected short-term net cash flows in currencies other than the U.S. dollar and analyze potential hedging according to its needs in line with its derivative policy. Usiminas and its subsidiaries monitor their net operating cash flows in currencies other than the Brazilian real and analyse potential hedging strategies according to its exposure to the Brazilian real. This hedging can be carried out either by netting positions or by financial derivatives. However, regulatory or legal restrictions in the countries in which Ternium's subsidiaries operate, could limit the possibility of the company carrying out its hedging policy.

The functional currency of Ternium Mexico, Ternium Argentina, Ternium Brazil, Ternium Colombia, Ternium Guatemala and Tenigal is the U.S. dollar. In addition, Usiminas, which we began to consolidate in July 2023, has adopted the U.S. dollar as its functional currency for its financial statements from January 1, 2026. The functional currency of Usiminas for its financial statements for the years 2023, 2024 and 2025 was the Brazilian real.

The following table shows a breakdown of Ternium's assessed financial position exposure to currency risk as of December 31, 2025, for subsidiaries using the U.S. dollar as functional currency as of that date.

Exposure to:	\$ million
Mexican peso (MXN)	(638)
Brazilian real (BRL)	(427)
Colombian peso (COP)	(25)
Argentine peso (ARS)	34
EU euro (EUR)	(102)
Other currencies	(3)

The following table shows a breakdown of Ternium's assessed financial position exposure to currency risk as of December 31, 2025 for subsidiaries using the Brazilian real as functional currency as of that date.

Exposure to:	\$ million
U.S. dollar (\$)	(39)
E.U. euro (EUR)	(2)
Other currencies	(0)

The exposure sensitivities to the Mexican peso, Brazilian real, Colombian peso and Argentine peso are the following:

(a) Mexican peso vs. U.S. dollar. If the Mexican peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax gain of \$6.3 million and \$8.0 million as of December 31, 2025 and 2024, respectively.

(b) Brazilian real vs. U.S. dollar. If the Brazilian real had weakened by 1% against the U.S. dollar, it would have generated a pre-tax loss of \$0.6 million and \$3.0 million as of December 31, 2025 and 2024, respectively.

(c) Colombian peso vs. U.S. dollar. If the Colombian peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax gain of \$0.2 million and \$0.6 million as of December 31, 2025 and 2024, respectively.

(d) Argentine peso vs. U.S. dollar. If the Argentine peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax loss of \$0.3 million and \$0.2 million as of December 31, 2025 and 2024, respectively.

We estimate that if the Mexican peso, the Brazilian real, the Colombian peso and the Argentine peso had weakened simultaneously by 1% against the U.S. dollar with all other variables held constant, total pre-tax gain for 2025 would have been \$5.6 million higher, as a result of foreign exchange gains/losses on translation of U.S. dollar-denominated financial positions, local currency cash, trade receivables, trade payables, tax credits and liabilities, lease liabilities, borrowings and other liabilities.

Considering the same variation of the currencies against the U.S. dollar of all net investments in foreign operations amounting to \$2.7 billion, the currency translation adjustment included in total equity would have been \$6.3 million higher, arising mainly from the adjustment on translation of the equity related to the Brazilian real during the year 2025.

The following table shows a breakdown of Ternium's financial position exposure to currency risk as of December 31, 2025, for subsidiaries using the U.S. dollar as functional currency as of that date, including Usiminas on a pro forma basis.

Exposure to:	\$ million
Mexican peso (MXN)	(638)
Brazilian real (BRL)	(489)
Colombian peso (COP)	(25)
Argentine peso (ARS)	34
EU euro (EUR)	(104)
Other currencies	(3)

Including Usiminas on a pro forma basis, if the Brazilian real had weakened by 1% against the U.S. dollar as of December 31, 2025, it would have generated a pre-tax loss of \$0.4 million.

Foreign Exchange Contracts

During 2025, 2024 and 2023, Ternium Mexico entered into several forward agreements mainly to manage the exchange rate exposure generated by future payables in EUR related to the investment plan in Pesquería, Mexico, among other standard liabilities in EUR. The outstanding notional amount hedged as of December 31, 2025, was EUR208.9 million. These agreements will be due up to August 2026 and have been accounted for as cash flow hedges. As of December 31, 2025, the aggregate notional amount on these agreements amounted to \$242.7 million.

In addition, during 2025 and 2024 Ternium Mexico entered into multiple non-deliverable forward agreements to manage the exposure arising from future payables in MXN linked to the investment plan in Pesquería, Mexico, seeking to mitigate the impact of exchange rate volatility on the budget assigned for the investment. These agreements will be settled in June 2027 and have been accounted for as cash flow hedges. As of December 31, 2025, their notional value amounted to \$344.5 million.

Furthermore, during 2024 Ternium Mexico entered into non-deliverable forward agreements to manage the exchange rate exposure generated by future payables in JPY related to the investment plan in Pesquería, Mexico. These agreements were due up to August 2025; therefore, as of December 31, 2025, there were no outstanding amounts.

Occasionally, Ternium Colombia S.A.S. can enter into non-deliverable forward agreements to manage the aggregate exposure arising from its balance sheet position in conjunction with expected off balance future trade receivables denominated in its local currency. The last agreements were due up November 2025; consequently, as of December 31, 2025, there were no outstanding amounts.

Since 2023, Ternium Guatemala entered into several non-deliverable forward agreements in order to manage the exchange rate exposure generated primarily by trade receivables denominated in Guatemalan quetzals. As of December 31, 2025, the notional amount on these agreements amounted to \$2.0 million, which were settled in January 2026.

From time to time, Ternium del Atlántico can enter into several non-deliverable forward agreements to manage the aggregate exposure arising from its balance sheet position in conjunction with expected off balance future trade receivables denominated in Colombian pesos. These agreements were due up to January 2025; consequently, as of December 31, 2025, there were no outstanding amounts.

Ternium Procurement has, on occasion, entered into forward agreements in order to manage the exchange rate exposure generated by purchases of semi-finished steel products. As of December 31, 2025, there were no outstanding amounts.

During 2024 and 2025, Ternium Argentina conducted forward agreements as a strategy to convert financing rates in Argentine pesos to competitive \$ rates through cross currency transactions, enhancing its overall financial costs. As of December 31, 2025, there were no outstanding amounts.

During 2025, Ternium Brasil entered into several non-deliverable forward agreements in order to manage the exchange rate exposure generated primarily by trade payables and capital expenditures denominated in EUR. As of December 31, 2025, the notional amount on these agreements amounted to \$10.0 million, which settled on January 30, 2026.

The consolidated net fair value of the exchange rate derivative contracts as of December 31, 2025, was positive \$42.5 million. For further information on our foreign exchange contracts see note 22(b) to the consolidated financial statements included in this annual report.

Interest Rate Exposure Risk

Ternium manages its exposure to interest rate volatility through its financing alternatives and hedging instruments. Borrowings issued at variable rates expose the company to the risk of increased interest expense in the event of a raise in market interest rates, while borrowings issued at fixed rates expose the company to a variation in its fair value. The company's interest-rate risk mainly arises from long-term borrowings that bear variable-rate interest that could be partially fixed through different derivative transactions, such as interest rate swaps.

The weighted average interest rate as of December 31, 2025 was 5.45% for bank borrowings, 7.50% for bonds and 16.17% for debentures, which were 52%, 21% and 27% of our total borrowings, respectively. These figures incorporate instruments denominated mainly in U.S. dollars and Brazilian Reais, and do not include the effect of derivative financial instruments nor the devaluation of local currencies..

Ternium's total variable interest rate debt amounted to \$1,651.0 million (68.3% of total borrowings) as of December 31, 2025, and \$1,140.1 million (51.1% of total borrowings) as of December 31, 2024. If interest rates on the aggregate average notional of U.S. dollar denominated borrowings held during 2025, excluding borrowings with derivatives

contracts mentioned in note 22(a), had been 100 basis points higher with all other variables held constant, total pre-tax income for 2025 would have been \$22.8 million lower (\$21.1 million lower as of December 31, 2024).

Commodity Exposure Risk

Since 2023, Ternium Mexico has entered into swap agreements to mitigate the impact of zinc price fluctuations affecting the manufacturing cost of galvanized products to be sold with a fixed zinc price. As of December 31, 2025, Ternium Mexico has several agreements outstanding with an aggregate notional amount of \$2.8 million.

During 2025, 2024 and 2023, Mineração Usiminas, one of Usiminas' subsidiaries, entered into forward agreements to manage the impact of the fluctuation of iron ore prices affecting its sales in the foreign market. As of December 31, 2025, Mineração Usiminas has several agreements outstanding with an aggregate notional amount of \$26.9 million. These transactions are accounted for as cash flow hedges.

Item 12. Description of Securities Other Than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

According to Ternium S.A.'s deposit agreement, holders of ADSs may have to pay to the Depositary, either directly or indirectly, fees or charges up to the amounts set forth below:

- A fee of \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) for any issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property; and cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.
- A fee of \$0.02 (or less) per ADS for any cash distribution to ADS registered holders, excluding cash dividend.
- Any charges for taxes and other governmental charges that the Depositary or the custodian may be required to pay on any ADS or share underlying an ADS (e.g., share transfer taxes, stamp duty or withholding taxes); and any charges incurred by the Depositary or its agents for servicing the deposited securities.
- Registration or transfer fees for transfer and registration of shares on our share register to or from the name of the Depositary or its agent when you deposit or withdraw shares.
- Expenses of the Depositary for cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and conversion of foreign currency.
- A fee equivalent to the fee that would be payable if securities distributed to ADS holders had been shares and the shares had been deposited for issuance of ADSs for distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS registered holders.
- As necessary, charges for any costs incurred by the Depositary or its agents for servicing the deposited securities.

The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Under the deposit agreement with the Depositary, the Depositary is not liable to holders of ADSs, except that the Depositary agrees to perform its obligations specifically set forth therein without gross negligence and willful misconduct.

Fees payable by the Depositary to the Company

Fees paid in 2025. In 2025, Ternium S.A. received no fees from BNY Mellon in connection with its ADS Program.

Fees to be paid in the future. In the event Ternium S.A.'s shares are listed in a non-U.S. stock exchange (in addition to NYSE) allowing for cross-border trading, the Depositary has agreed to reimburse Ternium S.A. for expenses incurred in connection with the administration and maintenance of the ADS program, including investor relations expenses, annual NYSE listing fees and other program-related expenses, subject to certain limits. The Depositary has also agreed to pay certain standard out-of-pocket maintenance costs for the ADS program. Ternium S.A. does not currently expect to receive any reimbursement or fees from the Depositary in the near future.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2025). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2025, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. The Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at a reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting was designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its financial statements for external purposes in accordance with IFRS.

In addition, under Ternium S.A.'s articles of association, as supplemented by the audit committee's charter, the audit committee assists the board of directors in fulfilling its oversight responsibilities relating to the effectiveness of its systems of internal control, risk management and internal audit over financial reporting. In particular, the audit committee is required to review the scope and results of the activities of Ternium S.A.'s external auditors and the internal audit function relating to its internal control over financial reporting, and obtain reports on significant findings and recommendations; and is also required to assess, at least annually at the time the annual accounts are approved, the effectiveness of Ternium S.A.'s systems of internal control and risk management over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or omissions. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On an yearly basis, management conducts its assessment of the effectiveness of Ternium's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

On February 17, 2026, management reported to the audit committee that management had conducted its assessment of the effectiveness of Ternium S.A.'s internal control over financial reporting as of December 31, 2025, and that, based on management's evaluation and considering the inherent limitations to the effectiveness of any internal control system, management concluded that the internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of Ternium S.A.'s internal control over financial reporting as of December 31, 2025, has been audited by PwC Luxembourg, as stated in their report included herein. See "Attestation Report of Registered Public Accounting Firm."

Attestation Report of Registered Public Accounting Firm

See page F-1 of the audited consolidated financial statements included in this annual report.

Change in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Ternium S.A.'s board of directors has determined that none of the audit committee members meets the attributes defined in Item 16A of Form 20-F for "audit committee financial experts". However, the audit committee as a whole has sufficient relevant knowledge of the business and financial experience to properly discharge its functions. In addition, the audit committee has the authority to engage, at Ternium S.A.'s expense, independent counsel and other internal or external advisors to review, investigate or otherwise advise on, any matter, as the audit committee may determine to be necessary to carry out its purposes and responsibilities.

Item 16B. Code of Ethics

The company has adopted a general code of conduct incorporating guidelines and standards of integrity and transparency applicable to all directors, officers and employees. As far as the nature of each relation permits, all principles detailed in the code of conduct also apply to relations with our contractors, subcontractors, suppliers and associated persons. In addition, the company has adopted a code of ethics, which is intended to supplement the company's code of conduct, and applies specifically to the principal executive officer, the principal financial officer, the principal accounting officer or controller, as well as persons performing similar functions.

Our code of conduct and our code of ethics for senior financial officers are posted on our website at:

"<https://www.ternium.com/media/hjqbvp0a/tx-code-of-conduct.pdf>" and

"https://www.ternium.com/media/4a3gmogx/c-ethics_ternium.pdf", respectively.

Item 16C. Principal Accountant Fees and Services

Fees Paid to the Company's Principal Accountant

In 2025 and 2024, PwC Luxembourg served as the Company's external auditor. Fees paid to PwC Luxembourg and other PwC member firms for the years ended December 31, 2025 and December 31, 2024 are detailed below:

<i>In thousands of U.S. dollars</i>	For the year ended December 31,	
	2025	2024
Audit fees	3,585	3,954
Audit-related fees	331	338
All other fees	41	119
Total	3,957	4,411

Audit Fees

Audit fees were paid for professional services rendered by the external auditors for the audit of the consolidated financial statements and internal control over financial reporting, the statutory financial statements of Ternium S.A. and its subsidiaries, and any other audit services required in connection with the filings with the SEC or other regulatory filings.

Audit-Related Fees

Audit-related fees are typically referred to services that are reasonably related to the performance of the audit or review of the consolidated financial statements of the company, or the statutory financial statements of the company and its subsidiaries, and are not reported under the audit fee item above. This item includes fees for attestation services on financial information of the company and its subsidiaries included in annual reports filed with the applicable regulators.

Audit Committee's Pre-approval Policies and Procedures

Ternium S.A.'s audit committee is responsible for, among other things, the oversight of external auditors. The audit committee has adopted in its charter a policy of pre-approval of audit and permissible non-audit services provided by its external auditors.

Under the policy, the audit committee makes its recommendations to the shareholders' meeting concerning the continuing appointment or termination of the company's external auditors. On a yearly basis, the audit committee reviews together with management and the external auditor, the audit plan, audit related services and other non-audit services and approves, *ad-referendum* of the general shareholders' meeting, the related fees. Any changes to the approved fees must be reviewed and approved by the audit committee. The general shareholders' meeting normally approves such audit fees and authorizes the audit committee to approve any increase or reallocation of such audit fees as may be necessary, appropriate or desirable under the circumstances. No services outside the scope of the audit committee's approval can be undertaken by the external auditor.

During 2025, the audit committee did not approve any fees pursuant to the *de minimis* exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no purchases of any class of registered equity securities of Ternium S.A. by Ternium S.A. or, to our knowledge, by any other affiliated purchaser, during 2025.

It was proposed to the next annual general meeting of shareholders expected to be held on May 12, 2026, to authorize Ternium S.A. and its subsidiaries, for a period of five years, to purchase, acquire or receive, from time to time, Ternium S.A.'s shares, including shares represented by ADSs (collectively, "Securities"), on the terms and conditions set forth below.

- Purchases, acquisitions or receipts of Securities may be made in one or more transactions as Ternium S.A.'s board of directors or the board of directors or other governing body of the relevant entity, as applicable, considers advisable.
- The maximum number of Securities acquired pursuant to this authorization may not exceed 10% of Ternium S.A.'s issued and outstanding shares or, in the case of acquisitions made through a stock exchange in which the Securities are traded, such lower amount as may not be exceeded pursuant to any applicable laws or regulations of such market. The number of Securities acquired as a block may amount to the maximum permitted amount of purchases.
- The purchase price per share to be paid in cash may not exceed 125% (excluding transaction costs and expenses), nor may it be lower than 75% (excluding transaction costs and expenses), in each case of the average of the closing prices of the Securities in the stock exchange through which the Securities are acquired, during the five trading days in which transactions in the Securities were recorded in such stock exchange preceding (but excluding) the day on which the Securities are acquired. For over-the-counter or off-market transactions, the purchase price per ADS to be paid in cash may not exceed 125% (excluding transactions costs and expenses) nor may it be lower than 75% (excluding transaction costs and expenses), in each case of the average of the closing prices of the ADSs in the New York Stock Exchange during the five trading days in which transactions in ADSs were recorded in the New York Stock Exchange preceding (but excluding) the day on which the ADSs are acquired, and, in the case of acquisition of Securities, other than in the form of ADSs, such maximum and minimum per Security purchase prices shall be equal to the prices that would have applied in case of an ADS purchase pursuant to the formula above divided by the number of underlying shares represented by an ADS at the time of the relevant purchase. Compliance with maximum and minimum purchase price requirements in any and all acquisitions made pursuant to this authorization (including, without limitation, acquisitions carried out through the use of derivative financial instruments or option strategies) shall be determined on and as of the date on which the relevant transaction is entered into, irrespective of the date on which the transaction is to be settled.
- The above maximum and minimum purchase prices shall, in the event of a change in the par value of the shares, a capital increase by means of a capitalization of reserves, a distribution of shares under compensation or similar programs, a stock split or reverse stock split, a distribution of reserves or any other assets, the redemption of capital, or any other transaction impacting on equity, be adapted automatically, so that the impact of any such transaction on the value of the shares shall be reflected.
- The acquisitions of Securities may not have the effect of reducing Ternium S.A.'s net assets below the sum of capital stock plus its undistributable reserves.
- Only fully paid-up Securities may be acquired pursuant to this authorization.
- The acquisitions of Securities may be carried out for any purpose, as may be permitted under applicable laws and regulations, including, without limitation, to reduce Ternium S.A.'s share capital, to offer such Securities to third parties in the context of corporate mergers or acquisitions of other entities or participating interests therein, for distribution to Ternium S.A.'s or its subsidiaries' directors, officers or employees or to meet obligations arising from convertible debt instruments.
- The acquisitions of Securities may be carried out by any and all means, as may be permitted under applicable laws and regulations, including through any stock exchange in which the Securities are traded, through public offers to Ternium S.A.'s shareholders to buy Securities, through the use of derivative financial instruments or option strategies, or in over-the-counter or off-market transactions or in any other manner.
- The acquisitions of Securities may be carried out at any time and from time to time during the duration of the authorization, including during a tender offer period, as may be permitted under applicable laws and regulations.
- The authorization granted to acquire Securities shall be valid for such maximum period as may be provided for under applicable Luxembourg law as in effect from time to time (such maximum period being, as of to date, five years).

- The acquisitions of Securities shall be made at such times and on such other terms and conditions as may be determined by Ternium S.A.'s board of directors or the board of directors or other governing body of the relevant entity, provided that any such purchase shall comply with Article 430-15 *et seq.* of the Luxembourg Company Law and, in the case of acquisitions of Securities made through a stock exchange in which such Securities are traded, with any applicable laws and regulations of such market.

The next general meeting of shareholders, scheduled to be held on May 12, 2026, will consider the renewal of such authorization for an additional five-year period on the same terms and conditions.

In the future, we may, on the terms and subject to the conditions above referenced, initiate a share capital repurchase or similar program or engage in other transactions pursuant to which we would repurchase, directly or indirectly, Securities. In addition, we or our subsidiaries may enter into transactions involving sales or purchases of derivatives or other instruments (either settled in cash or through physical delivery of Securities) with returns linked to the Securities. The timing and amount of repurchase transactions under any such program, or sales or purchases of derivatives or other instruments, would depend on market conditions as well as other corporate and regulatory considerations.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Ternium S.A.'s corporate governance practices are governed by the Luxembourg Company Law, as amended, its articles of association and applicable securities laws and regulations. As a Luxembourg company listed on NYSE, Ternium S.A. is required to comply with some, but not all, of the corporate governance standards of NYSE. We, however, believe that Ternium S.A.'s corporate governance practices meet, in all material respects, the corporate governance standards that are generally required for controlled companies by NYSE.

The following is a summary of the significant ways that Ternium S.A.'s corporate governance practices differ from the corporate governance standards required for foreign controlled companies by NYSE. Ternium S.A.'s corporate governance practices may differ in non-material ways from certain other standards required by NYSE that are not detailed here:

Non-management directors' meetings

Under NYSE standards, non-management directors must meet at regularly scheduled executive sessions without management present and, if such group includes directors who are not independent, a meeting should be scheduled once per year including only independent directors. Neither Luxembourg law nor Ternium S.A.'s articles of association require the holding of such meetings and Ternium S.A. does not have a set policy for these meetings. For additional information on board meetings, please see Item 6. "A. Directors, Senior Management and Employees—Board of Directors".

In addition, NYSE-listed companies are required to provide a method for interested parties to communicate directly with non-management directors as a group. While Ternium S.A. does not have such a method, it has set up a compliance line for investors and other interested parties to communicate their concerns directly to the members of our audit committee, all of whom are non-management independent directors.

Audit committee composition

Under NYSE standards, listed U.S. companies are required to have an audit committee composed of independent directors that satisfy the requirements of Rule 10A-3 promulgated under the Exchange Act. Pursuant to Ternium S.A.'s articles of association, as supplemented by the audit committee's charter, for as long as Ternium S.A.'s shares are listed on at least one regulated market, the Ternium S.A. must have an audit committee composed of at least three members, the majority of whom must qualify as independent directors (as defined in the articles of association), provided, however, that the composition and membership of the audit committee shall satisfy such requirements as are applicable to, and mandatory for, audit committees of issuers such as Ternium S.A. under any applicable law, rule or regulation (including, without limitation, the applicable laws, rules and regulations of such regulated market or markets). The audit committee, which currently consists of three members, complies with such requirements. In

accordance with NYSE standards, Ternium S.A. has an audit committee entirely composed of independent directors for purposes of the Exchange Act Rule 10A-3(b)(1). For more information on the audit committee see Item 6. “Directors, Senior Management and Employees—C. Board Practices-Audit Committee”.

Under NYSE standards, all audit committee members of listed U.S. companies are required to be financially literate or must acquire such financial knowledge within a reasonable period and at least one of its members shall have experience in accounting or financial administration. In addition, if a member of the audit committee is simultaneously a member of the audit committee of more than three public companies, and the listed company does not limit the number of audit committees on which its members may serve, then in each case the board must determine whether the simultaneous service would prevent such member from effectively serving on the listed company’s audit committee and shall publicly disclose its decision. No comparable provisions on audit committee membership exist under applicable Luxembourg law or Ternium S.A.’s articles of association.

Standards for evaluating director independence

Under NYSE standards, the board is required, on a case-by-case basis, to express an opinion with regard to the independence or lack of independence of each individual director. Neither Luxembourg law nor our articles of association requires that the board of directors express such an opinion. In addition, the definition of “independent” under NYSE rules differs in some non-material respects from the definition contained in the articles of association. For more information on Ternium S.A.’s independent directors and the definition of “independent” under the articles of association, see Item 6. “Directors, Senior Management and Employees—C. Board Practices-Audit Committee”.

Audit committee responsibilities

Pursuant to the articles of association, the audit committee shall assist the board of directors in fulfilling its oversight responsibilities relating to the integrity of its consolidated financial statements, the effectiveness of its systems of internal control, risk management and internal audit over financial reporting and the independence and performance of the external auditors. The audit committee is required to review and, where applicable, approve material transactions between Ternium S.A. or its subsidiaries and related parties and also perform the other duties entrusted to it by the board. NYSE requires certain matters to be set forth in the audit committee charter of U.S. listed companies.

The audit committee's charter provides for many of the responsibilities that are expected from such bodies under the NYSE standard; however, due to Ternium S.A.’s equity structure and holding company nature, the charter does not contain all such responsibilities, including provisions related to procedures for the receipt and treatment of complaints other than complaints regarding accounting, internal accounting controls and audit matters (although the company has established such procedures), funding for payment of administrative expenses and compensation to advisors (although the audit committee has the authority to engage outside advisors), setting hiring policies for employees or former employees of external auditors and an annual performance evaluation of the audit committee. For more information on Ternium S.A.’s audit committee see Item 6. “Directors, Senior Management and Employees—C. Board Practices-Audit Committee”.

Standards for approval of related-party transactions

Ternium S.A. is subject to Luxembourg laws governing approval of material related party transactions; and the articles of association and the audit committee's charter require the audit committee to review material transactions with related parties to determine whether their terms are consistent with the interests of Ternium S.A. and its shareholders and with market conditions or are otherwise fair to Ternium S.A. and its subsidiaries. In addition, NYSE standard on related-party transactions requires all NYSE-listed companies’ audit committees (or another independent body of the board of directors) to conduct a reasonable prior review and oversight of all related party transactions for potential conflicts of interest and to prohibit such a transaction if it determines it to be inconsistent with the interests of Ternium S.A. and its shareholders. The rule defines the term “related party transaction” by reference to the disclosure requirements for annual reports under the Exchange Act. The materiality threshold applicable to foreign private issuers differs from the one applicable to U.S. companies. For further details on the approval process for related party transactions, see Item 6.C. “Directors, Senior Management and Employees – Board Practices – Audit Committee”.

Shareholder voting on equity compensation plans

Under NYSE standards, shareholders must be given the opportunity to vote on equity-compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans. Ternium does not currently offer equity-based compensation to its directors, officers or employees, and therefore does not have a policy on this matter. For further information on directors' compensation, see Item 6. "Directors, Senior Management and Employees—B. Compensation".

Disclosure of corporate governance guidelines

NYSE-listed companies must adopt and disclose corporate governance guidelines. Neither Luxembourg law nor the articles of association require the adoption or disclosure of corporate governance guidelines. The board of directors follows corporate governance guidelines consistent with its equity structure and holding company nature, but Ternium S.A. has not codified them and therefore does not disclose them on its website.

Code of business conduct and ethics

Under NYSE standards, listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Neither Luxembourg law nor the articles of association require the adoption or disclosure of such a code of conduct. The company, however, has adopted a code of conduct that applies to all directors, officers and employees, that is posted on its website and which complies with the NYSE's requirements, except that it does not require the disclosure of waivers of the code for directors and officers. In addition, it has adopted a supplementary code of ethics for senior financial officers which is also posted on our website. For further information, see Item 16B. "Code of Ethics".

Chief Executive Officer certification

A chief executive officer of a U.S. company listed on NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. In accordance with NYSE rules applicable to foreign private issuers, our Chief Executive Officer is not required to provide NYSE with this annual compliance certification. However, in accordance with NYSE rules applicable to all listed companies, our Chief Executive Officer must promptly notify NYSE in writing after any of the company's executive officers becomes aware of any noncompliance with any applicable provision of NYSE's corporate governance standards. In addition, the company must submit an executed written affirmation annually and an interim written affirmation upon the occurrence of any of the events listed in the foreign private issuer interim written affirmation form by NYSE.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

Item 16J. Insider Trading

Ternium S.A. has adopted an Insider Trading Policy governing the purchase, sale and other dispositions of its securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations and NYSE listing standards. The Insider Trading Policy is filed with this Form 20-F as Exhibit 11.1.

Item 16K. Cybersecurity

Under Ternium S.A.'s articles of association, as supplemented by the audit committee's charter, the audit committee assists the board of directors in fulfilling its oversight responsibilities relating to the effectiveness of its systems of internal control, risk management and internal audit over financial reporting. In addition, Ternium S.A. has established a management-level Critical Risk Committee ("CRC") in connection with the monitoring, assessment and review of risks to which Ternium is exposed and in the oversight of the risk management framework and processes, with a focus on critical risks (including among them, cybersecurity risks), the development of mitigating actions, and the monitoring of action plans. The CRC is composed of certain senior managers, including the Chief Information Officer, the Global Cybersecurity, Risk and Privacy Senior Director, the Chief Financial Officer and the Chief Executive Officer. The Chief Financial Officer oversees the risk management strategy. In particular with respect to cybersecurity risks, Ternium S.A. has appointed an Information Security Officer who is responsible for assessing cybersecurity risks and managing cybersecurity incidents, and reports to the Chief Information Officer, who, in turn, reports to the Chief Financial Officer. Ternium S.A.'s board of directors receives quarterly reports from the Chief Executive Officer and the Chief Financial Officer on risk management, including cybersecurity risk management and relevant cybersecurity incidents. In addition, at least once a year, the Chief Information Officer reports to the board of directors on Ternium S.A.'s cybersecurity management.

Identified risks, including cybersecurity risks, are categorized as critical, very significant, significant or less significant, based on their potential impact, likelihood of occurrence and severity. Critical, very significant and significant risks are assessed or reassessed at least three times per year.

In today's digital age, where cybersecurity is a critical priority for organizations, collaboration with third-party service providers has become increasingly common and necessary. Third-party service providers play a critical role in strengthening information security processes, providing specialized expertise and additional resources to address the complexities of the ever-evolving cyber threat landscape.

In 2025, Ternium created a new position that absorbed the Global Cybersecurity Director position. Our cybersecurity programme is now led by our Global Cybersecurity, Risk and Privacy Senior Director, who acts as the internal focal point for risk management and implementation of security control, as well as the main engagement focal point with technology / cybersecurity internal or external audits or assessments.

The cybersecurity programme encompasses the design, implementation, operation and monitoring controls of both Information Technology and Operational Technology digital and physical assets.

We recognize that cybersecurity encompasses a wide range of expertise, and it is in these cases that we turn to specialized consultants. Specialized cybersecurity consultants are engaged when specific expertise is required to address particular challenges or to conduct comprehensive risk assessments. These professionals bring a valuable external perspective, offering expertise and skills that complement our team's internal capabilities. Tasks and responsibilities outsourced to third-party service providers may include:

1. Risk and Vulnerability Assessment: Consultants can conduct comprehensive risk assessments and vulnerability scans to identify potential gaps in our security infrastructure.
2. Security audits: They perform independent audits to ensure compliance with information security standards and regulations, or industry-specific regulations.
3. Penetration Testing: Consultants perform ethical penetration tests to identify weaknesses in our network and systems, simulating real attacks to evaluate the resistance of our defenses.
4. Development of security policies and controls: They collaborate in the creation and review of information security policies, as well as in the design and implementation of appropriate controls to mitigate risks.
5. Training and awareness: They provide cybersecurity training and awareness programs for our staff, helping to promote a culture of security throughout the organization.
6. Security Operation Centers ("SOC"): The SOC plays a critical role in detecting, analyzing and responding to security incidents in real time.

Tasks are distributed between external vendors and the Global Cybersecurity, Risk and Privacy Senior Director based on the nature and scope of each project. The Global Cybersecurity, Risk and Privacy Senior Director and his team closely monitor all cybersecurity-related activities, ensuring that they align with the organization's security objectives and standards. In addition, he or she coordinates communication and collaboration between third-party vendors and other relevant internal teams, ensuring effective integration of cybersecurity efforts across the enterprise. Third-party vendors are carefully selected based on their experience, credentials and demonstrated capabilities in the cybersecurity field. We look for vendors who hold recognized certifications, and who have a proven track record of success in similar projects. Transparency and trust are core values in our relationship with third-party vendors, and we work closely with them to ensure comprehensive protection of our information assets.

Our Global Cybersecurity, Risk and Privacy Senior Director has been working on Ternium's cybersecurity area since 2011. He holds a Bsc in Computing and Information Systems from Goldsmiths College, University of London, UK and professional certifications such as CISSP – Certified Information Systems Security Professional from ISC2 (International Information Systems Security Certification Consortium), CISA-Certified Information Systems Auditor, CGEIT-Certified in the Governance of Enterprise IT and CISM-Certified Information Security Manager from ISACA (Information Systems and Control Association).

As Ternium relies heavily on information systems to conduct its operations, it has adopted information security policies and controls aligned with the industry's best practices and standards, in compliance with international frameworks including the U.S. National Institute of Standards and Technology, or NIST, the Open Worldwide Application Security Project, or OWASP, and ISO, among others.

Our information security teams regularly evaluate the effectiveness of our policies and controls, learning from past incidents and implementing continuous improvements. We engage with Ternium employees via periodic awareness training sessions. We closely evaluate and supervise the information security practices of our suppliers and third parties with access to our assets and critical data.

For a description of some of the risks relating to cybersecurity threats see Item 3. "Key Information — D. Risk Factors — Risks Relating to Ternium's Business and Growth Strategy — Cybersecurity threats could have a material adverse effect on Ternium's business and results of operations".

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See pages F-1 through F-101 of this annual report.

Item 19. Exhibits

Exhibit Number	Description
1.1	Consolidated Articles of Association of Ternium S.A., dated as of May 6, 2025
2.1	Deposit Agreement entered into between Ternium S.A. and The Bank of New York*
2.2	Description of securities**
4.1	Shareholders' Agreement, dated January 9, 2006, between Tenaris S.A. and Inversora Siderurgica Limited***
4.3	Second Amended and Restated Shareholders Agreement, dated July 3, 2023, between Previdência Usiminas, Confab Industrial S.A., Mitsubishi Corporation, Nippon Steel Corporation, Prosid Investments S.A., Ternium Argentina S.A., Ternium Investments S.à r.l., and Usinas Siderúrgicas de Minas Gerais S.A.****
8.1	List of subsidiaries of Ternium S.A.
11.1	Insider Trading Policy*****
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Statement explaining alternative performance measures
97.1	Clawback Policy*****
*	Incorporated by reference to Exhibit 1 from the Registration Statement on Form F-6, filed by Ternium S.A. on January 11, 2006 (File No. 333-130952).
**	Incorporated by reference to Exhibit 2.2 from the Annual Report on Form 20-F, filed by Ternium S.A. on March 30, 2023 (File No. 001-32734 23781454).
***	Incorporated by reference to Exhibit 10.5 from the Registration Statement on Form F-1, filed by Ternium S.A. on January 27, 2006 (File No. 333-130950).
****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 27, 2024 (File No. 001-34287 424000018).
*****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 28, 2025 (File No. 001-34287 425000024).
*****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 27, 2024 (File No. 001-34287 424000018).



TERNIUM S.A.
Consolidated Financial Statements
as of December 31, 2025 and 2024 and
for the years ended on December 31, 2025, 2024 and 2023

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R.C.S. Luxembourg: B 98 668

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Ternium S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Ternium S.A. and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and IFRS Accounting Standards as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

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Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.



Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Taxation – Recoverability of deferred tax assets related to Usinas Siderúrgicas de Minas Gerais S.A. (“Usiminas”)

As described in Notes 4(n), 4 (bb) (7), 11 and 20 to the consolidated financial statements, at December 31, 2025, the Company’s deferred tax assets amounted to 1,039 million USD, of which 582 million USD related to tax losses and temporary differences coming from Usiminas, after recognizing a 405 million USD write-down as an income tax charge in 2025. In addition, connected to Usiminas, there are 338.1 million USD of net unrecognized deferred tax assets stemming from temporary differences, and 379.1 million USD unrecognized deferred tax assets related to tax losses. Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to utilize temporary differences and losses. Management applied significant judgement in assessing the recoverability of deferred tax assets considering historical profitability, projected future taxable profit, including assumptions related to revenue forecast and EBITDA margins.


The principal considerations for our determination that performing procedures relating to the recoverability of deferred tax assets related to Usiminas is a critical audit matter are (i) the significant judgment by management when determining the recoverability of deferred tax assets; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to revenue forecast and EBITDA margins; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the recoverability of deferred tax assets. These procedures also included, among others; (i) testing management’s process for developing the estimate and model used; (ii) testing the completeness and accuracy of underlying data used in measuring and recognizing deferred tax assets; (iii) testing the mathematical accuracy of the models used in management’s assessment; (iv) evaluating the sufficiency of the disclosures in the consolidated financial statements; and (v) evaluating the reasonableness of the significant assumptions used by management related to revenue forecast and EBITDA margins. Evaluating management’s assumptions related to revenue forecast and EBITDA margins involved evaluating whether the assumptions used by management were reasonable considering the current and past performance of Usiminas. Professionals with specialized skill and knowledge were used to assist in evaluating management’s application of income tax law.

Luxembourg, March 31, 2026

PricewaterhouseCoopers Assurance, Société coopérative
Represented by

Signed by:

51E2564BE2CA43F...

Magalie Cormier

We have served as the Company’s auditor since 2011.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023
(All amounts in \$ thousands)

Consolidated Income Statements

	Notes	Year ended December 31,		
		2025	2024	2023
Net sales	5	15,609,094	17,649,060	17,610,092
Cost of sales	6	(13,255,990)	(14,760,224)	(14,050,737)
Gross profit		2,353,104	2,888,836	3,559,355
Selling, general and administrative expenses	7	(1,601,466)	(1,650,759)	(1,471,678)
Other operating (expense) income, net	9	(46,216)	25,234	110,337
Operating income		705,422	1,263,311	2,198,014
Finance expense	10	(214,392)	(196,175)	(125,376)
Finance income	10	237,532	297,820	255,009
Other financial (expenses) income, net	10	(48,564)	(295,859)	(6,179)
Equity in earnings of non-consolidated companies	14	85,641	69,108	105,305
Provision for ongoing litigation related to the acquisition of a participation in Usiminas	25	(117,400)	(410,200)	—
Effect related to the increase of the participation in Usiminas	3	—	—	(171,045)
Recycling of other comprehensive income related to Usiminas	3	—	—	(934,946)
Profit before income tax expense		648,239	728,005	1,320,782
Income tax expense	11	(345,144)	(554,224)	(334,408)
Profit for the year		303,095	173,781	986,374
Attributable to:				
Owners of the parent		425,232	(53,672)	676,043
Non-controlling interest		(122,137)	227,453	310,331
Profit for the year		303,095	173,781	986,374
Weighted average number of shares outstanding		1,963,076,776	1,963,076,776	1,963,076,776
Basic and diluted earnings per share for profit attributable to the owners of the parent (expressed in \$ per share)		0.22	(0.03)	0.34

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023
(All amounts in \$ thousands)

Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2025	2024	2023
Profit for the year	303,095	173,781	986,374
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment	360,101	(732,673)	(9,108)
Currency translation adjustment from participation in non-consolidated companies (1)	42,285	(91,110)	980,884
Changes in the fair value of financial instruments at fair value through other comprehensive income	(77,433)	602,889	(554,737)
Income tax related to financial instruments at fair value	10,480	28,968	(46,859)
Changes in the fair value of derivatives classified as cash flow hedges (2)	112,027	(76,039)	22,721
Income tax relating to cash flow hedges	(33,640)	22,847	(6,824)
Other	(519)	(875)	(300)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post employment benefit obligations	(45,877)	775	(52,127)
Income tax relating to remeasurement of post employment benefit obligations	13,581	6,052	4,829
Remeasurement of post employment benefit obligations from participation in non-consolidated companies	(19)	284	6,013
Other comprehensive income (loss) for the year, net of tax	380,986	(238,882)	344,492
Total comprehensive income (loss) for the year	684,081	(65,101)	1,330,866
Attributable to:			
Owners of the parent	506,145	158,145	1,141,928
Non-controlling interest	177,936	(223,246)	188,938
Total comprehensive (loss) income for the year	684,081	(65,101)	1,330,866

(1) See note 3 (c).

(2) See note 22.

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023
(All amounts in \$ thousands)

Consolidated Statements of Financial Position

	Notes	Balances as of			
		December 31, 2025		December 31, 2024	
ASSETS					
Non-current assets					
Property, plant and equipment, net	12	10,406,110		8,381,155	
Intangible assets, net	13	1,002,361		1,022,111	
Investments in non-consolidated companies	14	562,695		468,516	
Other investments	18	215		22,979	
Deferred tax assets	20	1,039,179		1,194,398	
Receivables, net	15	803,902		961,298	
Trade receivables, net	16	4,261	13,818,723	—	12,050,457
Current assets					
Receivables, net	15	822,544		772,726	
Current income tax assets	15	162,475		129,713	
Derivative financial instruments	22	42,581		4,483	
Inventories, net	17	4,093,659		4,750,511	
Trade receivables, net	16	1,535,716		1,562,058	
Other investments	18	1,600,002		2,160,051	
Cash and cash equivalents	18	1,531,204	9,788,181	1,691,263	11,070,805
Assets classified as held for sale			8,187		7,285
			9,796,368		11,078,090
Total Assets			23,615,091		23,128,547
EQUITY					
Capital and reserves attributable to the owners of the parent			11,944,300		11,968,186
Non-controlling interest			4,203,446		4,163,383
Total Equity			16,147,746		16,131,569
LIABILITIES					
Non-current liabilities					
Provisions	19	585,854		552,600	
Deferred tax liabilities	20	24,278		88,707	
Non current tax liabilities	11	13,152		21,436	
Other liabilities	21	956,112		765,961	
Trade payables		1,122		5,402	
Lease liabilities	23	138,031		163,666	
Borrowings	24	1,814,587	3,533,136	1,560,047	3,157,819
Current liabilities					
Provision for ongoing litigation related to the acquisition of a participation in Usiminas	25	527,600		410,200	
Current income tax liabilities		39,343		106,883	
Other liabilities	21	639,786		629,678	
Trade payables		2,073,496		1,925,526	
Derivative financial instruments	22	1,081		50,342	
Lease liabilities	23	48,503		46,458	
Borrowings	24	604,400	3,934,209	670,072	3,839,159
Total Liabilities			7,467,345		6,996,978
Total Equity and Liabilities			23,615,091		23,128,547

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent						Total	Non-controlling interest	Total Equity	
	Capital stock (1)	Treasury shares (1)	Initial public offering expenses	Reserves (2)	Capital stock issue discount (3)	Currency translation adjustment				Retained earnings
Balance as of January 1, 2025	2,004,743	(150,000)	(23,295)	1,342,752	(2,324,866)	(2,129,551)	13,248,403	11,968,186	4,163,383	16,131,569
Profit for the year							425,232	425,232	(122,137)	303,095
Other comprehensive income (loss) for the period										
Currency translation adjustment						82,861		82,861	319,525	402,386
Remeasurement of post employment benefit obligations				(29,655)				(29,655)	(2,660)	(32,315)
Cash flow hedges and others, net of tax				69,557				69,557	8,830	78,387
Others (4)				(41,850)				(41,850)	(25,622)	(67,472)
Total comprehensive income (loss) for the year	—	—	—	(1,948)	—	82,861	425,232	506,145	177,936	684,081
Dividends paid in cash (5)							(530,031)	(530,031)	—	(530,031)
Dividends paid in cash to non-controlling interest									(15,304)	(15,304)
Dividends paid in kind to non-controlling interest									(112,278)	(112,278)
Repayment of additional paid in capital (6)									(10,291)	(10,291)
Balance as of December 31, 2025	2,004,743	(150,000)	(23,295)	1,340,804	(2,324,866)	(2,046,690)	13,143,604	11,944,300	4,203,446	16,147,746

(1) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$1.00 per share. As of December 31, 2025, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2025, the Company held 41,666,666 shares as treasury shares.

(2) Include mainly legal reserve under Luxembourg law for \$200.5 million, undistributable reserves under Luxembourg law for \$1.4 billion, and reserves related to the acquisition of non-controlling interest in subsidiaries for \$(72.4) million.

(3) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(4) Includes mainly the changes of the fair value of financial instruments at fair value through other comprehensive income, net of tax. See note 18.

(5) Represents \$0.27 per share (\$2.70 per ADS). Related to the dividends distributed on May 14 and on November 12, 2025, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to \$11.2 million were included in equity as deduction of dividend paid.

(6) It corresponds to the agreement in connection with the repayment of the additional paid in capital from Tenigal S. de R.L. de C.V. to the non-controlling interest as per the shareholders' agreement signed on June 25, 2025. The shareholders agreed to the repayment of the total amount of the additional paid in capital of \$63 million in the upcoming three years, starting in June 2025.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent							Total	Non-controlling interest	Total Equity
	Capital stock (1)	Treasury shares (1)	Initial public offering expenses	Reserves (2)	Capital stock issue discount (3)	Currency translation adjustment	Retained earnings			
Balance as of January 1, 2024	2,004,743	(150,000)	(23,295)	965,211	(2,324,866)	(1,963,827)	13,910,629	12,418,595	4,393,264	16,811,859
Profit for the year							(53,672)	(53,672)	227,453	173,781
Other comprehensive income (loss) for the period										
Currency translation adjustment						(165,724)		(165,724)	(658,059)	(823,783)
Remeasurement of post employment benefit obligations				(12,933)				(12,933)	20,044	7,111
Cash flow hedges and others, net of tax				(47,051)				(47,051)	(6,141)	(53,192)
Others (4)				437,525				437,525	193,457	630,982
Total comprehensive income (loss) for the year	—	—	—	377,541	—	(165,724)	(53,672)	158,145	(223,246)	(65,101)
Dividends paid in cash (5)							(608,554)	(608,554)	—	(608,554)
Dividends paid in cash to non-controlling interest									(6,635)	(6,635)
Balance as of December 31, 2024	2,004,743	(150,000)	(23,295)	1,342,752	(2,324,866)	(2,129,551)	13,248,403	11,968,186	4,163,383	16,131,569

(1) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$1.00 per share. As of December 31, 2024, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2024, the Company held 41,666,666 shares as treasury shares.

(2) Include mainly legal reserve under Luxembourg law for \$200.5 million, undistributable reserves under Luxembourg law for \$1.4 billion and reserves related to the acquisition of non-controlling interest in subsidiaries for \$(72.4) million.

(3) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(4) Includes mainly the changes of the fair value of financial instruments at fair value through other comprehensive income, net of tax.

(5) Represents \$0.31 per share (\$3.10 per ADS). Related to the dividends distributed on May 8 and on November 21, 2024, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to \$12.9 million were included in equity as deduction of dividend paid.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent						Total	Non-controlling interest	Total Equity	
	Capital stock (1)	Treasury shares (1)	Initial public offering expenses	Reserves (2)	Capital stock issue discount (3)	Currency translation adjustment				Retained earnings
Balance as of January 1, 2023	2,004,743	(150,000)	(23,295)	1,394,567	(2,324,866)	(2,859,068)	13,803,878	11,845,959	1,922,434	13,768,393
Profit for the year							676,043	676,043	310,331	986,374
Other comprehensive income (loss) for the period										
Currency translation adjustment (4)						895,241		895,241	76,535	971,776
Remeasurement of post employment benefit obligations				(24,904)				(24,904)	(16,381)	(41,285)
Cash flow hedges and others, net of tax				14,188				14,188	1,709	15,897
Others (5)				(418,640)				(418,640)	(183,256)	(601,896)
Total comprehensive income (loss) for the year	—	—	—	(429,356)	—	895,241	676,043	1,141,928	188,938	1,330,866
Dividends paid in cash (6)							(569,292)	(569,292)	—	(569,292)
Dividends paid in cash and kind to non-controlling interest									(294,003)	(294,003)
Effects related to the increase of the participation in Usiminas (7)									2,575,895	2,575,895
Balance as of December 31, 2023	2,004,743	(150,000)	(23,295)	965,211	(2,324,866)	(1,963,827)	13,910,629	12,418,595	4,393,264	16,811,859

(1) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$1.00 per share. As of December 31, 2023, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2023, the Company held 41,666,666 shares as treasury shares.

(2) Include mainly legal reserve under Luxembourg law for \$200.5 million, undistributable reserves under Luxembourg law for \$1.4 billion and reserves related to the acquisition of non-controlling interest in subsidiaries for \$(72.4) million.

(3) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(4) See note 3 (c).

(5) Includes mainly the changes of the fair value of financial instruments at fair value through other comprehensive income, net of tax.

(6) Represents \$0.29 per share (\$2.90 per ADS). Related to the dividends distributed on May 2 and on October 31, 2023, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to \$12.1 million were included in equity as deduction of dividend paid.

(7) See note 3 (f).

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023
(All amounts in \$ thousands)

Consolidated Statements of Cash Flows

	Notes	Year ended December 31,		
		2025	2024	2023
Cash flows from operating activities				
Profit for the year		303,095	173,781	986,374
Adjustments for:				
Depreciation and amortization	12 & 13	788,308	743,277	657,692
Impairment charge	4 (e)(2), 4 (f), 9 & 12	18,757	32,435	42,316
Income tax accruals less payments	27 (b)	100,423	497,697	(160,940)
Equity in earnings of non-consolidated companies	14	(85,641)	(69,108)	(105,305)
Interest accruals less payments/receipts, net	27 (b)	(14,550)	(16,331)	(45,139)
Changes in provisions	19	(463)	(60,469)	(64,447)
Changes in working capital (1)	27 (b)	1,035,432	(15,880)	321,081
Net foreign exchange results and others		50,864	210,555	(236,499)
Non-cash effects related to the provision for ongoing litigation related to the acquisition of a participation in Usiminas	25	117,400	410,200	—
Non-cash effects related to the increase of the participation in Usiminas	3	—	—	1,105,991
Net cash provided by operating activities		2,313,625	1,906,157	2,501,124
Cash flows from investing activities				
Capital expenditures and advances to suppliers for PP&E (2)	12 & 13	(2,500,854)	(1,865,419)	(1,460,677)
Decrease (Increase) in other investments	18	490,380	462,128	(717,534)
Proceeds from the sale of property, plant and equipment		4,146	2,388	2,477
Dividends received from non-consolidated companies		32,086	25,582	43,075
Repayment of additional paid in capital (3)		(10,291)	—	—
Acquisition of business				
Purchase consideration	3	—	—	(118,686)
Cash acquired	3	—	—	781,072
Net cash used in investing activities		(1,984,533)	(1,375,321)	(1,470,273)
Cash flows from financing activities				
Dividends paid in cash to company's shareholders		(530,031)	(608,554)	(569,292)
Dividends paid in cash to non-controlling interest		(8,696)	(54,335)	—
Lease payments	23	(64,544)	(61,194)	(58,900)
Proceeds from borrowings		1,114,525	1,558,501	354,946
Repayments of borrowings		(1,011,831)	(1,322,803)	(493,111)
Net cash used in financing activities		(500,577)	(488,385)	(766,357)
(Decrease) increase in cash and cash equivalents		(171,485)	42,451	264,494
Movement in cash and cash equivalents				
At January 1,		1,691,263	1,846,013	1,653,355
Effect of exchange rate changes		11,426	(197,201)	(71,836)
(Decrease) increase in cash and cash equivalents		(171,485)	42,451	264,494
Cash and cash equivalents at December 31, (4)		1,531,204	1,691,263	1,846,013
Non-cash transactions:				
Dividends paid in kind to non-controlling interest		(112,278)	—	(233,538)
Acquisition of PP&E under lease contract agreements		33,951	13,850	16,061
Adjustments related to post-retirement benefits and contingencies		—	—	171,987

(1) The working capital is calculated net of non-cash movements of \$210.3 million as of December 31, 2025 (\$389.8) million and \$129.3 million as of December 31, 2024 and 2023, respectively) due to the variations in the exchange rates used by subsidiaries.

(2) It includes capital expenditures of \$2,659,101 and a decrease in advances to suppliers for property, plant and equipment of \$(158,247) for the year ended December 31, 2025 (\$1,821,111 and an increase of \$44,308, respectively, for the year ended December 31, 2024).

(3) It corresponds to the agreement in connection with the repayment of the additional paid in capital from Tenigal S. de R.L. de C.V. to the non-controlling interest as per the shareholders' agreement signed on June 25, 2025. The shareholders agreed to the repayment of the total amount of the additional paid in capital of \$63 million in the upcoming three years, starting in June 2025.

(4) It includes restricted cash of \$2,838, \$2,746 and \$3,129 as of December 31, 2025, 2024 and 2023, respectively. In addition, the Company had other investments with a maturity of more than three months for \$1,600,061, \$2,182,874 and \$2,186,420 as of December 31, 2025, 2024 and 2023, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$1.00 per share. As of December 31, 2025, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Ternium’s American Depositary Shares (“ADSs”) trade on the New York Stock Exchange under the symbol “TX”.

The Company was initially established as a public limited liability company (société anonyme) under Luxembourg’s 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including the Company) were exempt from Luxembourg corporate and withholding tax over dividends distributed to shareholders.

On January 1, 2011, the Company became an ordinary public limited liability company (société anonyme) and, effective as from that date, the Company is subject to all applicable Luxembourg taxes (including, among others, corporate income tax on its worldwide income) and its dividend distributions will generally be subject to Luxembourg withholding tax. However, dividends received by the Company from subsidiaries in high income tax jurisdictions, as defined under Luxembourg law, will continue to be exempt from corporate income tax in Luxembourg under Luxembourg’s participation exemption.

As part of the Company’s corporate reorganization in connection with the termination of Luxembourg’s 1929 holding company regime, on December 6, 2010, the Company contributed its equity holdings in all its subsidiaries and all its financial assets to its Luxembourg wholly-owned subsidiary Ternium Investments S.à r.l., or Ternium Investments, in exchange for newly issued corporate units of Ternium Investments. As the assets contributed were recorded at their historical carrying amount in accordance with Luxembourg GAAP, the Company’s December 2010 contribution of such assets to Ternium Investments resulted in a non-taxable revaluation of the accounting value of the Company’s assets under Luxembourg GAAP. The amount of the December 2010 revaluation was equal to the difference between the historical carrying amounts of the assets contributed and the value at which such assets were contributed and amounted to \$4.0 billion. However, for the purpose of these consolidated financial statements, the assets contributed by Ternium to its wholly-owned subsidiary Ternium Investments were recorded based on their historical carrying amounts in accordance with IFRS, with no impact on the financial statements.

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2025 and 2024, this special tax reserve amounted to \$3.5 billion and \$4.1 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions.

2. BASIS OF PRESENTATION

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards) issued and effective or issued and early adopted as at the time of preparing these statements (February 2026), as issued by the International Accounting Standards Board and in conformity with IFRS Accounting Standards as adopted by the European Union (“EU”). These consolidated financial statements are presented in thousands of United States dollars (“\$”), except otherwise indicated.

These Consolidated financial statements fairly present the consolidated financial position of Ternium as of December 31, 2025 and 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years ended December 31, 2025, 2024 and 2023.

Elimination of all material intercompany transactions and balances between the Company and its respective subsidiaries has been made in consolidation.

These consolidated financial statements have been prepared under the historical cost convention and certain financial assets and financial liabilities (including derivative instruments) are at fair value through profit or loss.

These consolidated financial statements have been approved for issue by the Board of Directors on February 17, 2026. The Directors have the power to amend and reissue the consolidated financial statements.

Detailed below are the companies whose financial statements have been consolidated and accounted for interest in these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023

2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2025	2024	2023
Ternium S.A.	Luxembourg	Holding	100.00 %	100.00 %	100.00 %
Ternium Investments S.à.r.l.	Luxembourg	Holding, financial services and agency trading activities	100.00 %	100.00 %	100.00 %
Ternium Internacional España S.L. (1)	Spain	Holding and marketing of steel products	100.00 %	100.00 %	100.00 %
Ternium Solutions S.A. (1)	Uruguay	Other services	100.00 %	100.00 %	100.00 %
Ternium Internationaal B.V. (1)	Netherlands	Marketing of steel products	100.00 %	100.00 %	100.00 %
Ternium USA Inc. (2)	USA	Manufacturing and selling of steel products	100.00 %	100.00 %	100.00 %
Ternium Argentina S.A. (3)	Argentina	Manufacturing and selling of flat steel products	62.57 %	62.57 %	62.57 %
Prosid Investments S.A. (4)	Uruguay	Holding	62.58 %	62.58 %	62.58 %
Ternium Mexico S.A. de C.V. (5)	Mexico	Manufacturing and selling of steel products	89.25 %	89.25 %	89.25 %
Las Encinas S.A. de C.V. (6)	Mexico	Exploration, exploitation and pelletizing of iron ore	89.25 %	89.25 %	89.25 %
Ferropak Comercial S.A. de C.V. (6)	Mexico	Scrap services company	89.25 %	89.25 %	89.25 %
Transamerica E. & I. Trading Corp. (6)	USA	Scrap services company	89.25 %	89.25 %	89.25 %
Galvacer Chile S.A. (6)	Chile	Distributing company	89.25 %	89.25 %	89.25 %
Ternium Gas México S.A. de C.V. (7)	Mexico	Energy services company	89.25 %	89.25 %	89.25 %
Consorcio Minero Benito Juárez Peña Colorada S.A. de C.V. (8)	Mexico	Exploration, exploitation and pelletizing of iron ore	44.62 %	44.62 %	44.62 %
Exiros B.V. (8)	Netherlands	Procurement and trading services	50.00 %	50.00 %	50.00 %
Servicios Integrales Nova de Monterrey S.A. de C.V. (9)	Mexico	Medical and Social Services	66.49 %	66.49 %	66.49 %
Ternium Internacional Nicaragua S.A.	Nicaragua	Manufacturing and selling of steel products	99.38 %	99.38 %	99.38 %
Ternium Internacional Honduras S.A. de C.V.	Honduras	Manufacturing and selling of steel products	99.18 %	99.18 %	99.18 %
Ternium Internacional El Salvador S.A. de C.V.	El Salvador	Manufacturing and selling of steel products	99.92 %	99.92 %	99.92 %
Ternium Internacional Costa Rica S.A.	Costa Rica	Manufacturing and selling of steel products	99.98 %	99.98 %	99.98 %
Ternium Internacional Guatemala S.A. (10)	Guatemala	Manufacturing and selling of steel products	99.98 %	99.98 %	99.98 %
Ternium Colombia S.A.S. (11)	Colombia	Manufacturing and selling of steel products	100.00 %	100.00 %	100.00 %
Ternium del Atlántico S.A.S. (11)	Colombia	Manufacturing and selling of steel products	100.00 %	100.00 %	100.00 %
Ternium Procurement S.A. (11)	Uruguay	Marketing of steel products and procurement services	100.00 %	100.00 %	100.00 %
Technology & Engineering Services S.A. (11)	Uruguay	Engineering and other services	100.00 %	100.00 %	100.00 %
Ternium Brasil Ltda. (12)	Brazil	Manufacturing and selling of steel products	100.00 %	100.00 %	100.00 %
Tenigal S. de R.L. de C.V. (13)	Mexico	Manufacturing and selling of steel products	51.00 %	51.00 %	51.00 %
Soluciones Integrales de Gestión S.A. (14)	Argentina	Other services	100.00 %	100.00 %	100.00 %
Usinas Siderúrgicas de Minas Gerais S.A. (15)	Brazil	Manufacturing and selling of steel products	23.30 %	23.30 %	23.30 %
Mineração Usiminas S.A. (16)	Brazil	Exploration, exploitation and pelletizing of iron ore	16.31 %	16.31 %	16.31 %
Soluções Em Aço Usiminas S.A. (17)	Brazil	Manufacturing and selling of steel products	16.05 %	16.05 %	16.05 %
Usiminas Mecânica S.A. (18)	Brazil	Engineering and other services	23.30 %	23.30 %	23.30 %
Usiminas International S.À R.L. (19)	Luxembourg	Holding	23.30 %	23.30 %	23.30 %

TERNIUM S.A.

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2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2025	2024	2023
Usiminas Participações E Logística S.A. (20)	Brazil	Logistics and distribution of steel-derived products	17.48 %	17.48 %	17.48 %
Metalcentro Ltda. (21)	Brazil	Other services	23.30 %	23.30 %	23.30 %
Vientos de Olavarría S.A. (22)	Argentina	Renewable energy projects.	—	62.57 %	62.57 %
Ternium del Cauca S.A.S. (23)	Colombia	Manufacturing and selling of steel products	—	100.00 %	100.00 %
Rios Unidos logística e transporte de açõ Ltda. (24)	Brazil	Logistics and distribution of steel-derived products	—	—	23.30 %

- (1) Indirectly through Ternium Investments S.à r.l. Total voting rights held: 100.00%.
- (2) Indirectly through Ternium Internacional España S.L. Total voting rights held 100.00%.
- (3) Indirectly through Ternium Internacional España S.L. Total voting rights held 62.57%.
- (4) Indirectly through Ternium Argentina S.A. and Ternium Procurement S.A. Total voting rights held 100.00%.
- (5) Indirectly through Ternium Argentina S.A. and Ternium Internacional España S.L. Total voting rights held 100.00%.
- (6) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 100.00%.
- (7) Indirectly through Ternium Mexico S.A. de C.V. and Tenigal S. de R.L. de C.V. Total voting rights held: 100.00%.
- (8) Total voting rights held: 50.00%. The Company recognizes the assets, liabilities, revenue and expenses in relation to its interest in the joint operation.
- (9) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 74.50%.
- (10) Indirectly through Ternium Internacional España S.L. and Ternium Mexico S.A. de C.V. Total voting rights held: 100.00%.
- (11) Indirectly through Ternium Internacional España S.L. Total voting rights held: 100.00%.
- (12) Indirectly through Ternium Internacional España S.L. Total voting rights held: 100.00%.
- (13) Indirectly through Ternium Internacional España S.L. Total voting rights held: 51.00%.
- (14) Indirectly through Ternium Investments S.à r.l. and Ternium Internacional España S.L. Total voting rights held 100.00%.
- (15) Indirectly through Ternium Investments S.à r.l., Prosid Investments S.A. and Ternium Argentina S.A. Total voting rights held 42.57%.
- (16) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. Total voting rights held 29.80%.
- (17) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. Total voting rights held 29.32%.
- (18) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. Total voting rights held 42.57%.
- (19) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. Total voting rights held 42.57%.
- (20) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. and Mineração Usiminas S.A. Total voting rights held 36.20%.
- (21) Indirectly through Usinas Siderúrgicas de Minas Gerais S.A. and Usiminas Mecânica S.A. Total voting rights held 42.57%.
- (22) This company was merged into Ternium Argentina S.A effective as of January 1, 2025.
- (23) This company was dissolved as of June 4, 2025.
- (24) This company was merged into Usinas Siderúrgicas de Minas Gerais S.A. as of April 25, 2024.

The most material non-controlling interest is related to the investment in Ternium Argentina S.A. (“Ternium Argentina”) and Usinas Siderúrgicas de Minas Gerais S.A. (“Usiminas”), being both listed companies in the Buenos Aires Stock Exchange and in the B3 Brazilian Stock Exchange, respectively.

For more information about Ternium Argentina, see note 30 and information publicly available in the Buenos Aires Stock Exchange webpage.

Under Usiminas’ annual accounts as of December 31, 2025, and for the year then ended, revenues amounted to \$4,698 million (2024: \$4,803 million), net loss from continuing operations to \$(521) million (2024: net profit from continuing operations \$1 million), net profit attributable to non-controlling interest to \$30 million (2024: \$28 million), total assets to \$6,485 million (2024: \$6,439 million), total liabilities to \$2,178 million (2024: \$2,130 million), shareholders’ equity to \$4,307 million (2024: \$4,309 million) and non-controlling interest to \$525 million (2024: \$452 million). Information publicly available related to Usiminas could be found in the Usiminas Investor Relations webpage.

3. ACQUISITION OF BUSINESS – INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS*(a) The participation in Usiminas as of June 30, 2023*

On January 16, 2012, the Company's subsidiaries, Ternium Investments and Ternium Argentina (together with its wholly-owned subsidiary Prosid Investments S.A., or "Prosid", and the Company's affiliate, Confab Industrial S.A., a subsidiary of Tenaris, or TenarisConfab), joined the existing control group of Usiminas, a leading steel company in the Brazilian flat steel market, through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively, and formed the so-called Ternium/Tenaris (T/T) Group.

On October 30, 2014, Ternium Investments acquired 51.4 million additional ordinary shares of Usiminas. On April 20, 2016, Ternium Investments subscribed to 7.0 million preferred shares of Usiminas and Ternium Argentina, together with Prosid, subscribed to an aggregate 1.5 million preferred shares of Usiminas. On July 19, 2016, Usiminas' extraordinary general shareholders' meeting homologated a capital increase, and Ternium Investments acquired 62.6 million additional ordinary shares, and Ternium Argentina and Prosid acquired an aggregate 13.8 million additional ordinary shares. As a result of these transactions, Ternium, through its subsidiaries Ternium Investments, Ternium Argentina and Prosid, owned as of June 30, 2023, 242.6 million ordinary shares of Usiminas (representing 34.4% of Usiminas' ordinary shares) and 8.5 million of Usiminas' preferred shares (representing 1.6% of Usiminas' preferred shares), representing, in the aggregate, 20.4% of Usiminas' share capital.

As of June 30, 2023, the Usiminas control group held, in the aggregate, 483.6 million ordinary shares bound to the Usiminas shareholders' agreement, representing approximately 68.6% of Usiminas' voting capital. The Usiminas control group, which was bound by a long-term shareholders' agreement that governs the rights and obligations of Usiminas' control group members, was composed as of such date of three sub-groups: the T/T Group; the NSC Group, comprising Nippon Steel Corporation ("NSC"), Metal One Corporation and Mitsubishi Corporation; and Usiminas' pension fund Previdência Usiminas. The T/T Group held approximately 47.1% of the total shares held by the control group (39.5% corresponding to the Ternium entities and the other 7.6% corresponding to TenarisConfab); the NSC Group held approximately 45.9% of the total shares held by the control group; and Previdência Usiminas held the remaining 7%. The corporate governance rules reflected in the Usiminas shareholders agreement provided, among other things, that Usiminas' executive board was composed of six members, including the chief executive officer and five vice-presidents, with Ternium and NSC nominating three members each. The right to nominate Usiminas' chief executive officer alternated between Ternium and NSC at every 4-year interval, with the party that did not nominate the chief executive officer having the right to nominate the chairman of Usiminas' board of directors for the same 4-year period. The Usiminas shareholders agreement also provided for an exit mechanism consisting of a buy-and-sell procedure—exercisable at any time after November 16, 2022, and applicable with respect to shares held by NSC and the T/T Group—, which would allow either Ternium or NSC to purchase all or a majority of the Usiminas shares held by the other shareholder.

(b) The acquisition of the additional participation

On March 30, 2023, Ternium S.A. announced that its subsidiaries Ternium Investments and Ternium Argentina, together with Confab, a subsidiary of its affiliate Tenaris S.A., all of which compose the T/T group within Usiminas control group, entered into a share purchase agreement to acquire from Nippon Steel Corporation, Mitsubishi and MetalOne (the "NSC group"), pro rata to their current participations in the T/T group, 68.7 million ordinary shares of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Usiminas") at a price of BRL10 per ordinary share.

3. ACQUISITION OF BUSINESS – INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

On July 3, 2023, the Company announced the completion of the acquisition of this additional participation. Pursuant to the transaction, Ternium paid \$118.7 million in cash for 57.7 million ordinary shares, increasing its participation in the Usiminas control group to 51.5%.

The Usiminas control group holds the majority of Usiminas' voting rights. Following the completion of the transaction, the T/T group holds an aggregate participation of 61.3% in the control group, with the NSC group and Previdência Usiminas (Usiminas employees' pension fund) holding 31.7% and 7.1%, respectively. The Usiminas control group members also agreed a new governance structure, as a result of which the T/T group nominated a majority of the Usiminas board of directors, the CEO and four other members of Usiminas board of officers, and ordinary decisions are approved with a 55% majority of the control group shares.

Pursuant to the Usiminas shareholders agreement, as supplemented by the T/T Group shareholders' agreement, Ternium started fully consolidating Usiminas balance sheet and results of operations in its consolidated financial statements beginning in July 2023.

(c) Remeasurement of the previously held interest

As of July 3, 2023, Ternium remeasured its former participation (20.4%) at its fair value as of such date.

Consequently, Ternium valued its previously held interest by means of the market quotation of Usiminas share in the Brazilian stock market. Such value as of July 3, 2023, was of 7.36 BRL per share, amounting to a total of \$385.9 million. This valuation results in the recognition of a loss of \$441.4 million, which is included along with the gain related to the bargain purchase amounting to \$270.4 million (see note 3 (d)) in the "Effect related to the increase of the participation in Usiminas" in the income statement for a total of \$171.0 million.

In addition, IFRS 3, paragraph 42, establishes that the previous interest must be remeasured, and necessary adjustments made as if it were a disposal of the investment. In this case, items previously recognized in other comprehensive income, mainly the CTA (currency translation adjustment) should be recycled to results of the period. The accumulated loss in "Other comprehensive income" as of the acquisition date was \$934.9 million.

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3. ACQUISITION OF BUSINESS – INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

(d) Fair value of net assets acquired

The fair values determined for the assets acquired and liabilities assumed arising from the acquisition as of July 3, 2023, are as follows:

Fair value of acquired assets and assumed liabilities:	in \$ thousands
Property, plant and equipment (note 12)	904,780
Investments in non-consolidated companies	400,037
Inventories	1,707,311
Cash and cash equivalents	781,072
Other investments	247,005
Trade receivables	764,257
Allowance for doubtful accounts	(44,626)
Other receivables	854,917
Deferred tax assets	1,327,232
Borrowings	(1,224,399)
Provisions	(856,153)
Trade payables	(758,687)
Other assets and liabilities, net	(509,486)
Net assets acquired	3,593,260
Non-controlling interest	(2,818,358)
Remeasurement of previously held interest in Usiminas	(385,851)
Total Purchase consideration	(118,686)
Bargain purchase gain	270,365
Loss on the remeasurement of previously held interest in Usiminas	(441,410)
Net loss effect related to the increase of the participation in Usiminas	(171,045)

The purchase price allocation disclosed above was prepared by Management with the assistance of a third-party expert. Management applied significant judgment in estimating the fair value of assets acquired and liabilities assumed, which involved the use of significant estimates and assumptions in particular with respect to the estimation of the loss probability for the contingencies, including revenue forecasts, EBITDA margins, capital expenditures and discount rate for the cash flow projections. According to the purchase price allocation, the transaction led to the recognition of a bargain purchase of \$270.4 million.

(e) Put and call option

In addition to the share purchase and the new governance structure, a “put” and “call” mechanism was established according to the following scheme:

- NSC group will have the right, at any time after the closing of the transaction, to withdraw its remaining shares from the control group and sell them in the open market after giving the T/T group the opportunity to buy them at the equivalent in U.S. dollars of the 40-trading day average price per share immediately prior to the NSC group’s notice of withdrawal, as well as the right, at any time after the second anniversary of the closing, to sell such shares to the T/T group at \$2.0584 per share.

3. ACQUISITION OF BUSINESS – INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

- At any time after the second anniversary of the closing of the transaction, the T/T group will have the right to buy the NSC group’s remaining interest in the Usiminas control group (153.1 million ordinary shares) at the higher of \$2.0584 per share and the equivalent in U.S. dollars of the 40-trading day average price per share immediately prior to the date of exercising the option.
- In the case of the T/T Group, Ternium will decide at its own discretion the execution of the call option, having Confab and Ternium Argentina the option to acquire the shares owned by NSC pro rata to their participation.

IAS 32 requires a liability to be recognized for written puts over non-controlling interests. The liability reflects the entity’s obligation to deliver cash or a financial asset. The financial liability is recognized at present value of the redemption amount and accreted through finance charges in the income statement over the contract period up to the final redemption amount. Ternium has recognized a liability associated with the put option of \$242.5 million as of July 3, 2023 (\$298.4 million as of December 31, 2025), accounted for in the statement of financial position under Other liabilities, with the corresponding debit in the statement of changes in equity under Non-controlling interest. The liability as of December 31, 2025, includes \$20.6 million related to the accelerated recognition of financial results related to the acquisition of the participation in Usiminas from NSC (see note 32 (a)).

(f) Recognition of non-controlling interest

Ternium recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Usiminas, the Company elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets, which led to a non-controlling interest of \$2,575.9 million, as of the acquisition date.

(g) Main contingencies associated with the acquired business

Contrary to the recognition principles in IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 3 Business Combinations requires an acquirer of a business to recognize contingent liabilities assumed in a business acquisition at the acquisition date even if it is not probable that an outflow of resources will be required to settle the obligation.

	in \$ thousands
Provisions for contingencies recognized by Usiminas before business combination	(199,677)
Provisions for contingencies recognized as part of the business combination:	
Tax related contingencies	(432,488)
Civil and other related contingencies	(174,333)
Labour related contingencies	(49,655)
Total Provision for contingencies	(856,153)

Contingencies estimated by Management were related to possible losses arising from administrative proceedings and litigation related to tax, civil and labor matters and based on the advice and assessment of internal and external legal advisors.

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3. ACQUISITION OF BUSINESS – INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

The main contingencies recognized in the consolidated financial statements pursuant to IFRS 3 Business Combinations in connection with the acquisition of the additional participation in Usiminas and the full consolidation of Usiminas include the following:

Description	Status	As of the acquisition date (in \$ thousands)	As of December 31, 2025 (in \$ thousands)
Labor lawsuits filed by employees, former employees and outsourced personnel of the Cubatão Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	57,343	32,236
Tax proceeding in which the tax authorities seek the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	The Tax Debt was included in the Amnesty Program instituted by São Paulo State Law n. 17.843/23.	29,772	—
Labor lawsuits filed by employees, former employees and outsourced personnel of the Ipatinga Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	15,112	10,496
Labor lawsuits filed by former employees challenging the amount of compensation paid on dismissals.	Pending judgment.	10,837	5,753
Other contingencies		86,613	51,665
Provisions for contingencies recognized by Usiminas before business combination		199,677	100,150
Description	Status	As of the acquisition date (in \$ thousands)	As of December 31, 2025 (in \$ thousands)
Objection filed against the decision that recognized only partially the credit rights established in a final and unappealable court decision that determined the exclusion of ICMS amounts from the calculation basis of PIS/COFINS-Imports.	Pending judgment at administrative level.	94,792	83,022
Tax collection proceedings related to the collection of ICMS/SP on goods shipped to other countries without effective proof of export.	Pending judgment by the trial court.	51,546	45,146
Tax proceedings seeking the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Several case records, declaratory actions and tax collection proceedings, suspended or pending decision by higher courts.	38,640	31,475
ICMS – Action for annulment of the tax debt claimed by the State of Rio Grande do Sul due to failure to make the advance payment of the tax at the entry of goods coming from other States (rate differential).	Pending judgment by the trial court.	28,789	25,215
Tax assessment notice issued by the State of Minas Gerais concerning alleged reversal of ICMS credits on sale of electrical energy.	Pending judgment at administrative level.	12,386	10,848
Other tax contingencies		206,335	131,555
Provisions for tax contingencies recognized as part of the business combination		432,488	327,261
Public Civil Action seeking the reimbursement of the amounts increased by means of a term of amendment to the Contractor's Agreement, due to alleged overbilling in the construction of a bridge in Brasília/DF.	As of July 3, 2023, the claim was deemed groundless and was pending judgment of appeal. As of December 31, 2023, the action was dismissed as unfounded and the case was archived.	64,315	—
Public Civil Action seeking compensation for alleged damages caused to the State of Santa Catarina's Treasury related to improper expenditures incurred in the construction of a bridge.	Pending conclusion of the expert evidence	21,113	18,491
Other civil and other contingencies (1)		88,905	39,360
Provisions for civil and other contingencies recognized as part of the business combination		174,333	57,851
Labor lawsuits filed by employees, former employees and outsourced personnel of the Cubatão Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	27,123	14,552
Other labour contingencies (1)		22,532	9,629
Provisions for labour contingencies recognized as part of the business combination		49,655	24,181

(1) Composed of individually non-significant contingencies.

4. ACCOUNTING POLICIES

The following is a summary of the principal accounting policies followed in the preparation of these Consolidated Financial Statements:

(a) Group accounting

(1) *Subsidiary companies and transactions with non-controlling interests*

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. Indemnification assets are recognized at the same time that the Company recognizes the indemnified item and measures them on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. The Company measures the value of a reacquired right recognized as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals in determining its fair value.

The Company recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The recognition of business combinations requires the acquirer to measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either (a) fair value; or (b) the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The Company opted for the proportional share in the recognized amounts of the identifiable net assets for the recognition described in note 3 related to Usiminas.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

The measurement period is the earlier of the date that the acquirer receives the information that it is looking for or cannot obtain the information and one year after the acquisition date. Where the accounting for a business combination is not complete by the end of the reporting period in which the business combination occurred, provisional amounts are reported.

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4. ACCOUNTING POLICIES (continued)

When the Company ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. However, the fact that the functional currency of some subsidiaries is their respective local currency, generates some financial gains (losses) arising from intercompany transactions, that are included in the consolidated income statement under Other financial expenses, net.

(2) Investments in non-consolidated companies

Associated companies are those entities in which Ternium has significant influence, but which it does not control.

Joint arrangements are understood as combinations in which there are contractual agreements by virtue of which two or more companies hold an interest in companies that undertake operations or hold assets in such a way that any financial or operating decision is subject to the unanimous consent of the partners. A joint arrangement is classed as a joint operation if the parties hold rights to its assets and have obligations in respect of its liabilities or as a joint venture if the venturers hold rights only to the investee's net assets.

Investments in non-consolidated companies (associated companies and joint ventures) are accounted for using the equity method of accounting. Under this method, interests in joint ventures and associates are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses in the income statement, and its share of post-acquisition changes in reserves recognized in reserves and in other comprehensive income in the income statement. Unrealized gains on transactions among the Company and its non-consolidated companies are eliminated to the extent of the Company's interest in such non-consolidated companies; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When the Company's share of losses in a non-consolidated company equals or exceeds its interest in such non-consolidated company, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of such non-consolidated company. Accounting policies of non-consolidated companies have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Company's investment in associates and joint ventures includes notional goodwill identified on acquisition.

The Company determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount within "Equity on earnings (losses) of non-consolidated companies".

4. ACCOUNTING POLICIES (continued)

(b) Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries and associated companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Except for Usiminas and the non-consolidated companies whose functional currencies are their local currencies, Ternium determined that the functional currency of its subsidiaries is the U.S. dollar. Although Ternium is located in Luxembourg, it operates in several countries with different currencies. The \$ is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Ternium as a whole.

(2) Subsidiary companies

The results and financial position of all the group entities (except for the ones which operated in a hyperinflationary economy, if any) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate of each statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting translation differences are recognized within other comprehensive income.

In the case of a sale or other disposition of any such subsidiary, any accumulated translation differences would be recognized in the income statement as part of the gain or loss on sale.

(3) Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured.

At the end of each reporting period: (i) monetary items denominated in currencies other than the functional currency are translated using the closing rates, (ii) non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the transactions; and (iii) non-monetary items that are measured at fair value in a currency other than the functional currency are translated using the exchange rates prevailing at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recorded as gains and losses from foreign exchange and included in "Other financial income (expenses), net" in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the "fair value gain or loss," while translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other gains/(losses).

4. ACCOUNTING POLICIES (continued)**(c) Financial instruments***Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Company classifies its financial instruments in the following measurement categories:

- Amortized cost: instruments that are held for collection or repayment of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income and expenses from these financial instruments are included in finance income or expense using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in finance income or expense, together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.
- Fair value through other comprehensive income (“FVOCI”): financial instruments that are held for collection of contractual cash flows and for selling the financial instruments, where the instruments’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue or expense, and foreign exchange gains and losses which are recognized in profit or loss. When the financial instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses), except for equity instruments, for which there is no reclassification from OCI to profit or loss. Interest income or expense from these financial instruments is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- Fair value through profit or loss (“FVPL”): financial instruments that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The classification depends on the Company’s business model for managing the financial instruments and the contractual terms of the cash flows.

For financial instruments measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

At initial recognition, the Company measures a financial instrument at its fair value plus, in the case of a financial instrument not at FVPL, transaction costs that are directly attributable to the acquisition of the financial instrument. Transaction costs of financial instruments carried at FVPL are expensed in profit or loss. Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset.

4. ACCOUNTING POLICIES (continued)

The classification depended on the nature and purpose of the financial assets and was determined at the time of initial recognition.

Financial assets and liabilities were recognized and derecognized on the settlement date.

Financial assets were initially measured at fair value, net of transaction costs, except for those financial assets classified as financial assets at fair value through profit or loss.

Financial liabilities, including borrowings, were initially measured at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 4 (i) for further details.

For loans and receivables category and for held-to-maturity investments, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognized in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss was recognized in the consolidated income statement.

Derivative financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in Note 29 "Financial Risk management" and Note 4 (y).

Put option valuation method

IFRS presents the following options to recognize the value of a put option:

- Under IFRS 10, the terms of the forward and option contracts should be analyzed to assess whether they provide the parent or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the shares. The non-controlling interest should be recognized if risks and rewards associated with ownership have been retained by the non-controlling interest. A financial liability (recognized at the present value of the redemption amount) is recorded to reflect the forward or put option.

4. ACCOUNTING POLICIES (continued)

- Under IAS 32, a liability is recognized for written puts over non-controlling interests. The liability reflects the entity's obligation to deliver cash or a financial asset. The financial liability is recognized at present value of the redemption amount and accreted through finance charges in the income statement over the contract period up to the final redemption amount.

(d) Property, plant and equipment

(1) Property, plant and equipment

Land and buildings comprise mainly factories and offices. All property, plant and equipment are recognized at historical acquisition or construction cost less accumulated depreciation and accumulated impairment (if applicable), except for land, which is carried at acquisition cost less accumulated impairment (if applicable). There are no material residual values for property, plant and equipment items.

Major overhaul and rebuilding expenditures are recognized as a separate asset when future economic benefits are expected from the item, and the cost can be measured reliably.

Ordinary maintenance expenses on manufacturing properties are recorded as cost of products sold in the period in which they are incurred.

Where a tangible fixed asset comprises major components having different useful lives, these components are accounted for as separate items. Spare parts are included in property, plant and equipment.

Depreciation method is reviewed at each year end. Depreciation is calculated using the straight-line method to amortize the cost of each asset to its residual value over its estimated useful life as follows:

Land	No depreciation
Buildings and improvements	5-50 years
Production equipment	5-40 years
Vehicles, furniture and fixtures and other equipment	3-20 years

Property, plant and equipment used in mining activities are depreciated over its useful life or over the remaining life of the mine if shorter and there is no alternative use possible.

The assets' useful lives are reviewed, and adjusted if appropriate, at each year end. The re-estimation of assets useful lives by the Company did not materially affect depreciation charges in 2025, 2024 and 2023.

Gains and losses on disposals are determined by comparing the proceeds with the corresponding carrying amounts and are included in the income statement.

If the carrying amount of an asset were greater than its estimated recoverable amount, it would be written down to its recoverable amount (see Note 4 (f) "Impairment").

Amortization charges are included in cost of sales, selling, general and administrative expenses.

4. ACCOUNTING POLICIES (continued)

(2) Right-of-use assets

The Company is a party to lease contracts for:

- Land
- Plants and equipment for the production of industrial gases and other production materials.
- Transportation and maintenance equipment.
- Warehouses and office spaces.

These leases are recognized, measured and presented in accordance to IFRS 16 “Leases”, following the guidelines described below.

Accounting by the lessee

The Company recognizes a right-of-use asset and a lease liability at the commencement date of each lease contract that grants the right to control the use of an identified asset during a period of time. The commencement date is the date in which the lessor makes an underlying asset available for use by the lessee.

The Company applied exemptions for leases with a duration lower than 12 months, with a value lower than thirty thousand U.S. dollars and/or with clauses related to variable payments. These leases have been considered as short-term leases and, accordingly, no right-of-use asset or lease liability have been recognized.

At initial recognition, the right-of-use asset is measured considering:

- The value of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives; and
- Any initial direct costs incurred by the lessee.

After initial recognition, the right-of-use assets are measured at cost, less any accumulated depreciation and/or impairment losses, and adjusted for any re-measurement of the lease liability.

Depreciation of the right-of-use asset is calculated using the straight-line method over the estimated duration of the lease contract, as follows:

Land	1-29 years
Buildings and facilities	1-24 years
Machinery	1-12 years

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term, or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Accounting by the lessor

When the Company is acting as a lessor, each of its leases is classified as either operating or finance lease:

- Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.
- Leases where all substantial risks and rewards of ownership are transferred by the lessor to the lessee are classified as finance leases.

4. ACCOUNTING POLICIES (continued)**(e) Intangible assets***(1) Information system projects*

Generally, costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. However, costs directly related to the acquisition and implementation of information systems are recognized as intangible assets if they have a probable economic benefit exceeding the cost beyond one year and comply with the recognition criteria of IAS 38.

Information system projects recognized as assets are generally amortized using the straight-line method over their useful lives, not exceeding a period of 3 years, with certain exceptions applied to specific projects for which the management approved an amortization in a period of 5 years. Amortization charges are included in cost of sales, selling, general and administrative expenses.

(2) Mining assets

Mining assets include:

- (a) Mining licenses acquired;
- (b) Capitalized exploration and evaluation costs, reclassified from exploration and evaluation costs (see note 4 (e) 3); and
- (c) Capitalized developmental stripping costs (see note 4 (u)).

Mining licenses were recognized as separate intangible assets upon the acquisition of the investment in Mexico and in Usiminas and comprise the right to exploit the mines and are recognized at its fair value at acquisition date less accumulated amortization.

Mexico's mining concessions were granted for a 50-year period; following the expiration of the initial concession term, the concessions are renewable for an additional 50-year term in accordance with, and subject to the procedures set forth in, applicable Mexican mining law.

Usiminas' mining concessions were granted for an indefinite period and until complete depletion of mineral reserves and are subject to the procedures set forth in applicable Brazilian mining law.

Amortization charge is calculated by using the unit-of-production method, on the basis of actual mineral extracted in each period compared to the estimated mineral reserves and is included in cost of sales. Any change in the estimation of reserves is accounted for prospectively. The resulting amortization rate for the years ended December 31, 2025, 2024 and 2023, is approximately 21%, 19% and 13% per year, respectively.

Considering that there are no concrete development plans in the short term and for production feasibility in certain areas of the mining concessions held by Las Encinas S.A. de C.V., the Company decided to recognize an impairment charge over these assets of \$5.3 million as of December 31, 2025. As of December 31, 2024 and 2023, the Company has already recognized impairment charges over these assets held by Las Encinas S.A. de C.V. for an amount of \$32.4 million and \$42.3 million, respectively.

4. ACCOUNTING POLICIES (continued)

(3) Exploration and evaluation costs

Exploration and evaluation activities involve the search for iron ore resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs are measured at cost. Costs directly associated with exploration and evaluation activities are capitalized as intangible assets until the determination of reserves is evaluated. The costs associated to the acquisition of machinery and equipment are recognized as property, plant and equipment. If it is determined that commercial viability has been achieved, costs incurred are reclassified into Mining assets and amortization starts once production begins.

Exploration costs are tested for impairment whenever there are indicators that impairment exists. Indicators of impairment include, but are not limited to:

- Rights to explore in an area have expired or will expire in the near future without renewal;
- No further exploration and evaluation is planned or budgeted;
- A decision to discontinue exploration and evaluation in an area because of the absence of commercial reserves; and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

When analyzing the existence of impairment indicators, the exploration and evaluation areas from the mining units will be evaluated.

(4) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of Ternium's participation in acquired companies' net assets at the acquisition date. Under IAS 36, goodwill is considered to have an indefinite life and not amortized but is subject to annual impairment testing.

Goodwill is allocated to Cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units expected to benefit from the business combination which generated the goodwill being tested. The impairment losses on goodwill cannot be reversed.

As of December 31, 2025 and 2024, the carrying amount of goodwill allocated to the Mexico CGUs was \$662.3 million, of which \$619.8 million corresponds to Steel Mexico CGU and \$42.5 million to Mining Mexico CGU.

(5) Research and development

Research expenditures are recognized as expenses as incurred. Development costs are recorded as cost of sales in the income statement as incurred because they do not fulfill the criteria for capitalization. Research and development expenditures for the years ended December 31, 2025, 2024 and 2023 totaled \$21.8 million, \$23.8 million and \$19.0 million, respectively.

4. ACCOUNTING POLICIES (continued)

(6) Customer relationships acquired in a business combination

As of December 31, 2025, Ternium has no customer relationships acquired in a business combination recognized in its consolidated financial statements.

(7) Trademarks acquired in a business combination

Trademarks are amortized using the straight-line method over a useful life of between 5 to 10 years.

(f) Impairment

Assets that have an indefinite useful life (including goodwill) are not subject to amortization and are tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization and investments in affiliates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and the value in use.

To carry out these tests, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each, a CGU). When evaluating long-lived assets for potential impairment, the Company estimates the recoverable amount based on the higher of the CGU's fair value less costs to sell and its value in use. The value in use of each CGU is determined on the basis of the present value of net future cash flows which will be generated by the assets tested.

Determining the present value of future cash flows involves highly sensitive estimates and assumptions specific to the nature of each CGU's activities, including estimates and assumptions relating to amount and timing of projected future cash flows. Application of the discounted cash flow (DCF) method to determine the value in use of a CGU begins with a forecast of all expected future net cash flows. Significant assumptions considered in forecasts include the gross domestic product (GDP) growth rates of the country under study and their correlation with steel demand, changes in the growth rate for the perpetuity rate, changes in steel prices, changes in certain significant raw material costs and changes in discount rates.

Ternium uses, for the steel segment impairment tests, cash flow projections over a five-year period based on past performance and expectations of market development; for the subsequent years beyond the five-year period, a terminal value was calculated based on perpetuity. The growth rate used for the perpetuity rate is of 2.27%. This rate does not exceed the average long-term growth rate for the relevant markets. In the case of the mining segment and the mining activity developed by Usiminas, cash flow projections are prepared until the mines are fully depleted and are based on past performance and expectations of market development.

Cash flows are discounted at rates that reflect specific country and currency risks associated with the cash flow projections. The discount rates used are based on the weighted average cost of capital (WACC), which is considered to be a good indicator of cost of capital.

4. ACCOUNTING POLICIES (continued)

Considering that there are no concrete development plans in the short term and for production feasibility in certain areas of the mining concessions held by Las Encinas S.A. de C.V., which is part of Mexico Mining CGU, the Company decided to recognize an impairment charge over certain fixed assets and mining assets of \$18.8 million. As of December 31, 2024 and 2023, the Company has already recognized impairment charges over mining assets held by Las Encinas S.A. de C.V. for an amount of \$32.4 million and \$42.3 million, respectively.

Considering the uncertainty of the future evolution of the macroeconomic situation in Brazil, mainly the devaluation of the Brazilian reais, and the decrease of the market value of the shares as of December 31, 2024, the Company decided to assess the recoverability of its investments in Usiminas, resulting in no impairment charges to be recognized. As of September 30, 2025, considering the global trade pressures and its impacts over the future evolution of Brazil's economy and the share value, the Company decided to assess the recoverability of its investments in Usiminas Steel CGU, resulting in no impairment charges to be recognized. As of September 30, 2025, the post-tax discount rate used to test the investment in Brazilian subsidiaries for impairment was 10.4%. As of December 31, 2025, no impairment triggers were detected and, consequently, no impairment test was prepared.

In the case of the Steel Mexico CGU, considering that there is a value registered for goodwill, the Company performed the mandatory impairment test over goodwill, resulting in no impairment charges to be recognized. Also, in the case of the Mining Mexico CGU and considering the registered goodwill, the Company performed the mandatory impairment test over goodwill, resulting in no impairment charges to be recognized. As of December 31, 2025, the post-tax discount rate used to test the recoverability of the goodwill in the Steel and Mining Mexico CGUs for impairment was 10.2% and 10.6%, respectively.

During the years 2025, 2024 and 2023, no impairment provisions were recorded in connection with assets that have an indefinite useful life (including goodwill) in the Company's CGUs. As of December 31, 2025, for the rest of the Company's CGUs, no impairment triggers were detected, and, consequently, no impairment tests were prepared. As of December 31, 2024, impairment triggers were detected for the CGU Argentina, CGU Brazil and CGU Usiminas Steel and Mining and the Company decided to assess the recoverability of its investments in these CGUs, resulting in no impairment charges to be recognized.

(g) Other investments

Other investments consist primarily of investments in financial debt instruments and equity investments where the Company holds a minor equity interest and does not exert significant influence.

All purchases and sales of investments are recognized on the settlement date, which is not significantly different from the trade date, which is the date that Ternium commits to purchase or sell the investment.

Income from financial instruments at fair value through profit or loss is recognized in Other financial income (expenses), net in the consolidated income statement. The fair value of quoted investments is based on current bid prices. If the market for a financial investment is not active or the securities are not listed, the Company estimates the fair value by using standard valuation techniques. Dividends from investments in equity instruments are recognized in the income statement when the Company's right to receive payments is established.

4. ACCOUNTING POLICIES (continued)

Certain fixed income financial instruments purchased by the Company have been categorized as at fair value through other comprehensive income. The results of these financial investments are recognized in Finance Income in the Consolidated Income Statement using the effective interest method. Unrealized gains and losses other than impairment and foreign exchange results are recognized in Other comprehensive income. On maturity or disposal, net gain and losses previously deferred in Other comprehensive income are recognized in Finance Income in the Consolidated Income Statement.

(h) Inventories

Inventories are stated at the lower of cost (calculated using the first-in-first-out "FIFO" method) or net realizable value. The cost of finished goods and goods in process comprises raw materials, direct labor, depreciation, other direct costs and related production overhead costs. It excludes borrowing costs. Goods acquired in transit at year end are valued at supplier's invoice cost.

The cost of iron ore produced in our mines comprises all direct costs necessary to extract and convert stockpiled inventories into raw materials, including production stripping costs, depreciation of fixed assets related to the mining activity and amortization of mining assets for those mines under production.

The Company assesses the recoverability of its inventories considering their selling prices, if the inventories are damaged, or if they have become wholly or partially obsolete.

(i) Trade receivables and other receivables

Trade and other receivables are recognized initially at fair value, generally the original invoice amount. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The Company keeps an allowance for trade receivables, recorded in an asset account to offset the trade receivables in an amount estimated sufficient to cover the losses resulting from the impossibility for the debtors to cancel the amounts owed. This allowance for trade receivables is recorded with a charge to selling expenses.

Judicial deposits are those made in a bank account, in connection with legal proceedings, in Brazilian currency and monetarily restated to ensure the settlement of potential future liabilities. Some judicial deposits that are linked to taxes payable in installments are presented at their net amount.

(j) Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term securities are carried at fair market value or at a historical cost which approximates fair market value.

For purposes of the cash flow statement, cash and cash equivalents comprise cash, bank current accounts and short-term highly liquid investments (original maturity of three months or less at date of acquisition) and overdrafts.

In the consolidated statement of financial position, bank overdrafts are included in borrowings within current liabilities.

4. ACCOUNTING POLICIES (continued)

(k) Assets (disposal groups) classified as held for sale

Assets (disposal groups) are classified as assets held for sale, complying with the recognition criteria of IFRS 5, and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

The carrying value of assets classified as held for sale, as of December 31, 2025 and 2024 totals \$8.2 million and \$7.3 million, respectively, which corresponds principally to land and other real estate items. Sale is expected to be completed within a one-year period.

(l) Borrowings

Borrowings, including bonds and debentures issued by Usiminas, are recognized initially for an amount equal to the net proceeds received. In subsequent periods, borrowings, including bonds and debentures, are stated at amortized cost following the effective interest method.

(m) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at such date, including the following concepts:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease liabilities with payments dependent on external factors, such as minimum volumes sold or used, are not included in the initial measurement of the lease liabilities and such payments are recognized directly in profit and loss.

Lease payments are discounted using incremental borrowing rates for the location and currency of each lease contract or, if available, the rate implicit in the lease contract.

The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease term determined by the Company comprises:

- Non-cancelable period of lease contracts;
- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date, the Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect lease payments made; and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications.

4. ACCOUNTING POLICIES (continued)**(n) Income taxes - current and deferred**

The current income tax charge is calculated on the basis of the tax laws in force in the countries in which Ternium and its subsidiaries operate. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation could be subject to interpretation. A liability is recorded for tax benefits that were taken in the applicable tax return but have not been recognized for financial reporting.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. The principal temporary differences arise on fixed assets, intangible assets, inventories valuation and provisions for pensions. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at year end. Under IFRS, deferred income tax assets (liabilities) are classified as non-current assets (liabilities).

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to utilize temporary differences and losses.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are re-estimated if tax rates change. These amounts are charged or credited to the consolidated income statement or to the item "Other comprehensive income for the year" in the consolidated statement of comprehensive income, depending on the account to which the original amount was charged or credited.

(o) Employee liabilities**(1) Post-employment obligations**

The Company has defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually (at year end) by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

4. ACCOUNTING POLICIES (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income. For defined benefit plans, net defined benefit liability/asset is calculated based on the surplus or deficit derived by the difference between the defined benefit obligations less plan assets.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Mexico

Ternium Mexico has defined benefit and defined contribution plans.

The valuation of the liabilities for the defined benefit employee retirement plans (pensions and seniority premiums) covers all employees and is based primarily on their years of service, their present age and their remuneration at the date of retirement. The cost of the employee retirement plans (pension, health-care expenses and seniority premiums) is recognized as an expense in the year in which services are rendered in accordance with actuarial studies made by independent actuaries. The formal retirement plans are congruent with and complementary to the retirement benefits established by the Mexican Institute of Social Security. Additionally, the Company has established a plan to cover health-care expenses of retired employees. The Company has established a commitment for the payment of pensions and seniority premiums, as well as for health-care expenses.

The defined contribution plans provide a benefit equivalent to the capital accumulated with the company's contributions, which are provided as a match of employees' contributions to the plan. The plan provides vested rights according to the years of service and the cause of retirement.

Argentina

Ternium Argentina implemented an unfunded defined benefit employee retirement plan for certain senior officers. The plan is designed to provide certain benefits to those officers (additional to those contemplated under applicable Argentine labor laws) in case of termination of the employment relationship due to certain specified events, including retirement. This unfunded plan provides defined benefits based on years of service and final average salary.

Brazil

Usiminas operates various post-employment schemes, including defined benefit pension plans, defined/variable contribution pension plans and a post-retirement healthcare plan. The retirement plans offer to employees' supplementary retirement and pension benefits and are managed by Previdência Usiminas, which in line with the applicable legislation, has as its main purpose the management and running of private pension plans.

4. ACCOUNTING POLICIES (continued)

Usiminas has different defined benefit pension plans:

- 1) Benefit plan 1 (PB1), defined benefit plan, closed for new enrolments since November 1996.
- 2) Defined benefit plan (PBD), defined benefit plan, closed for new enrolments since December 2000; the beneficiaries of this plan are also entitled to self-funded retirement plan, vesting, redemption, and portability.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the market value of plan assets, adjusted for: (i) actuarial gains and losses; (ii) rules to determine the asset ceiling; and (iii) minimum funding requirements.

Usiminas has taken out debts in connection with the minimum requirements for payment of contributions, for the purpose of covering the gap in relation to the services already received. In the event of non-recoverable surplus, the debts taken are recognized as an additional liability in the computation of net actuarial liabilities.

The PBD plan debit balance is determined at the end of each year, based on a direct actuarial revaluation. During the subsequent year, the liability is adjusted by the monthly surplus or deficit determined in the PBD plan and by the amount of payments falling due in the period. The debt balance should be repaid in 148 installments.

Also, Usiminas has different defined contribution pension plans:

- 3) Benefit plan 2 (USIPREV), variable contribution benefit plan, operating since August 1998, provides post-employment benefits to the employees of the sponsor companies. Currently, this is the only plan accepting new enrolments.
- 4) COSIPREV, defined contribution plan has been closed for new enrolments since April 30, 2009. For this defined contribution plan (COSIPREV), Usiminas pays contributions to a private pension entity on compulsory, contractual or voluntary bases. The contributions are recognized as finance costs in the period in which they are due. The entity has no further payment obligations once the contributions have been paid.

USIPREV and COSIPREV plans have a Pension Fund formed from members' account balances not used in benefit payouts. As provided for in the plans' regulations, this Fund may be used to cover the cost of these plans in the future.

In addition, Usiminas has in place a post-retirement healthcare plan:

- (a) CoSaúde, post-retirement healthcare benefits discontinued on November 30, 2021, with the subsequent restructuring of group plans to be offered to former beneficiaries, in compliance with the legal clauses and conditions.
- (b) Saúde Usiminas, healthcare plan, which opened for enrolments to all employees and retirees in 2010 and was extinguished as of December 31, 2023, being replaced with two new plans: Usiexato and Usiflex. These two new plans provide with two different methods of payment to the members of the plans: a mixed method, with the Company offering the option of bearing 100% of the monthly fee for active employees until the termination of the labor contracts, or a contributory method, which allows the continuation of the healthcare services after resignation or retirement of the employees.

4. ACCOUNTING POLICIES (continued)

(2) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(3) Other compensation obligations

Employee entitlements to annual leave and long-service leave are accrued as earned.

During 2007, Ternium launched an incentive retention program (the "Program") applicable to certain senior officers and employees of the Company, who will be granted a number of Units throughout the duration of the Program. The value of each of these Units is based on Ternium's shareholders' equity (excluding non-controlling interest). Also, the beneficiaries of the Program are entitled to receive cash amounts based on (i) the amount of dividend payments made by Ternium to its shareholders, and (ii) the number of Units held by each beneficiary to the Program. Units vest ratably over a period of four years and will be redeemed by the Company ten years after grant date, with the option of an early redemption at seven years after grant date. From 2018 units were vest ratably over the same period and will be mandatorily redeemed by the Company seven years after grant date. As the cash payment of the benefit is tied to the book value of the shares, and not to their market value, Ternium valued this long-term incentive program as a long-term benefit plan as classified in IAS 19.

As of December 31, 2025 and 2024, the outstanding liability corresponding to the Program amounts to \$84.7 million and \$86.0 million, respectively. The total value of the units granted to date under the program, considering the number of units and the book value per share as of December 31, 2025 and 2024, is \$93.3 million and \$94.0 million, respectively.

Under Mexican law, Ternium's subsidiaries are required to pay their employees an annual benefit which is determined as a percentage of taxable profit for the year.

(4) Social security contributions

Social security laws in force in the countries in which the Company operates provide for pension benefits to be paid to retired employees from government pension plans and/or private fund managed plans to which employees may elect to contribute. As stipulated by the respective laws, Ternium Argentina and Ternium Mexico make monthly contributions calculated based on each employee's salary to fund such plans. The related amounts are expensed as incurred. No additional liabilities exist once the contributions are paid.

4. ACCOUNTING POLICIES (continued)

(p) Provisions

Ternium has certain contingencies with respect to existing or potential claims, lawsuits and other proceedings. Unless otherwise specified, provisions are recognized when Ternium has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Generally, accruals are based on developments to date, Ternium's estimates of the outcomes of these matters and the advice of Ternium's legal advisors. The Company also discloses the contingency in circumstances where management concludes no loss is probable or reasonably estimable, but it is reasonably possible that a loss may be incurred.

(q) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(r) Revenue recognition and other income

Revenue is recognized at a point of time from sales to direct customers upon the satisfaction of performance obligations, which occurs when control of the goods transfers to the customer and the customer obtains the benefits from the goods, the potential cash flows and the transaction price can be measured reliably, and it is probable that the Company will collect the consideration in connection with the exchange of the goods. The control over the goods is obtained by the customer depending on when the goods are made available to the shipper or the customer takes possession of the goods, depending on the delivery terms. The Company considers that it has completed its performance obligations when the goods are delivered to its customers or to a shipper who will transport the goods to its customers. The revenue recognized by the Company is measured at the transaction price of the consideration received or receivable to which the Company is entitled to, reduced by estimated returns and other customer credits, such as discounts and volume rebates, based on the expected value to be realized and after eliminating sales within the group.

Usiminas Mecánica S.A., one of Usiminas' subsidiaries, uses the percentage-of-completion (POC) method to account for the revenue from orders in progress sold at fixed prices. The use of the POC method requires Management to estimate the services performed up to the balance sheet date as a proportion of the total services to be performed.

Interest income is recognized on an effective yield basis.

(s) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

4. ACCOUNTING POLICIES (continued)

The amount of borrowing costs that Ternium capitalized during a period will not exceed the amount of borrowing costs incurred during that period. As of December 31, 2025, 2024 and 2023, the capitalized borrowing costs were \$2.4 million, nil and nil, respectively.

(t) Cost of sales, selling, general and administrative expenses

Cost of sales and expenses are recognized in the income statement on the accrual basis of accounting.

Commissions, freight and other selling expenses, including shipping and handling costs, are recorded in Selling, general and administrative expenses in the Consolidated Income Statement.

(u) Stripping costs

Stripping costs are the costs associated with the removal of overburden and other waste materials and can be incurred before the mining production commences (“development stripping”) or during the production stage (“production stripping”).

Development stripping costs that contribute to the future economic benefits of mining operations are capitalized as intangible assets (Mining assets). Production stripping costs which are part of on-going activities are included in the cost of the inventory produced (that is extracted) at each mine during the period in which they are incurred.

Capitalization of development stripping costs finishes when the commercial production of the mine commences. At that time, all development stripping costs are presented within Mining assets and depreciated on a unit-of-production basis. It is considered that commercial production begins when the production stage of mining operations begins and continues throughout the life of a mine.

(v) Mining development costs

Mining development costs are the costs associated to the activities related to the establishment of access to the mineral reserve and other preparations for commercial production. These activities often continue during production.

Development expenditures are capitalized and classified as Work in progress. On completion of development, all assets included in Work in progress are individually reclassified to the appropriate category of property, plant and equipment and depreciated accordingly.

(w) Asset retirement obligations

Ternium records asset retirement obligations (“ARO”) initially at the fair value of the legal or constructive obligation in the period in which it is incurred and capitalizes the ARO by increasing the carrying amount of property, plant and equipment. The fair value of the obligation is determined as the discounted value of the expected future cash flows and is included in Provisions. The liability is accreted to its present value through net financing cost and the capitalized cost is depreciated based in the unit of production method.

(x) Earnings per share

Earnings per share are calculated by dividing the net income attributable to shareholders by the daily weighted average number of ordinary shares issued during the year, excluding the average number of shares of the parent Company held by the Group. There are no dilutive securities for the periods presented.

4. ACCOUNTING POLICIES (continued)**(y) Derivative financial instruments and hedging activities**

Ternium designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. These transactions are classified as cash flow hedges (mainly interest rate swaps, collars, currency forward contracts on highly probable forecast transactions and commodities contracts). The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI. Amounts accumulated in OCI are recognized in the income statement in the same period as any offsetting losses and gains on the hedged item. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. The fair value of Ternium derivative financial instruments (asset or liability) continues to be reflected in the statement of financial position.

For transactions designated and qualifying for hedge accounting, Ternium documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. As of December 31, 2025 and 2024, the effective portion of designated cash flow hedges (net of taxes) amounted to \$41.1 million and \$(37.3) million, respectively, and were included under "changes in the fair value of derivatives classified as cash flow hedges" line item in the statement of comprehensive income (see Note 27 (a)).

More information about accounting for derivative financial instruments and hedging activities is included in Note 29 "Financial risk management".

(z) Treasury shares

Acquisitions of treasury shares are recorded at acquisition cost, deducted from equity until disposal. The gains and losses on disposal of treasury shares are recognized under "Reserves" in the consolidated statement of financial position.

(aa) Cash flow

The consolidated statements of cash flows have been prepared using the indirect method and contain the use of the following expressions and their respective meanings:

- a) Operating activities: activities that constitute ordinary Group revenues, as well as other activities that cannot be qualified as investing or financing.
- b) Investing activities: acquisition, sale or disposal by other means of assets in the long-term and other investments not included in cash and cash equivalents.
- c) Financing activities: activities that generate changes in the size and composition of net equity and liabilities that do not form part of operating activities.

(bb) Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future. Actual results may differ significantly from these estimates under different assumptions or conditions.

4. ACCOUNTING POLICIES (continued)

The principal estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) *Goodwill impairment test*

Assessment of the recoverability of the carrying value of goodwill requires significant judgment. Management evaluates goodwill allocated to the operating units for impairment on an annual basis or whenever there is an impairment indicator.

Goodwill is tested at the level of the CGUs. Impairment testing of the CGUs is carried out and the value in use determined in accordance with the accounting policy stated in Note 4(f). The discount rates used for these tests are based on Ternium's weighted average cost of capital adjusted for specific country and currency risks associated with the cash flow projections. The post-tax discount rate used as of December 31, 2025 was 10.2% and 10.6% for the Mexico Steel CGU and Mexico Mining CGU, respectively, and no impairment charge resulted from the impairment test performed. See notes 4(f) and 4(e)(4).

(2) *Income taxes*

Management calculates current and deferred income taxes according to the tax laws applicable to each subsidiary in the countries in which such subsidiaries operate. However, due to uncertain tax positions, certain adjustments necessary to determine the income tax provision are finalized only after the balance sheet is issued. In cases in which the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Also, when assessing the recoverability of deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

(3) *Loss contingencies*

Ternium is subject to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business, including customer claims in which a third party is seeking reimbursement or indemnity. The Company's liability with respect to such claims, uncertain tax positions, lawsuits and other legal proceedings cannot be estimated with certainty. Periodically, management reviews the status of each significant matter and assesses potential financial exposure. If the potential loss from the claim or proceeding is considered probable and the amount can be reasonably estimated, a liability is recorded. Management estimates the amount of such liability based on the information available and the assumptions and methods it has concluded are appropriate, in accordance with the provisions of IFRS. Accruals for such contingencies reflect a reasonable estimate of the losses to be incurred based on information available, including the relevant litigation or settlement strategy, as of the date of preparation of these consolidated financial statements.

As additional information becomes available, management will reassess its evaluation of the pending claims, lawsuits and other proceedings and revise its estimates. The loss contingencies provision amounts to \$1,113.5 million and \$962.8 million as of December 31, 2025 and 2024, respectively.

4. ACCOUNTING POLICIES (continued)*(4) Useful Lives and Impairment of Property, Plant and Equipment and Other Long-lived Assets*

In determining useful lives, management considered, among others, the following factors: age, operating condition and level of usage and maintenance. Management conducted visual inspections for the purpose of (i) determining whether the current conditions of such assets are consistent with normal conditions of assets of similar age; (ii) confirming that the operating conditions and levels of usage of such assets are adequate and consistent with their design; (iii) establishing obsolescence levels and (iv) estimating life expectancy, all of which were used in determining useful lives. Management believes, however, that it is possible that the periods of economic utilization of property, plant and equipment may be different than the useful lives so determined. Furthermore, management believes that this accounting policy involves a critical accounting estimate because it is subject to change from period to period as a result of variations in economic conditions and business performance.

When assessing whether an impairment indicator may exist, the Company evaluates both internal and external sources of information, such as the following:

- whether significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
- whether market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- whether the carrying amount of the net assets of the entity is more than its market capitalization;
- whether evidence is available of obsolescence or physical damage of an asset.
- whether significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite; and
- whether evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

(5) Post-employment obligation estimates

The Company estimates at each year-end the provision necessary to meet its post-employment obligations in accordance with the advice from independent actuaries. The calculation of post-employment and other employee obligations requires the application of various assumptions. The main assumptions for post-employment and other employee obligations include discount rates, compensation growth rates, pension growth rates and life expectancy. Changes in the assumptions could give rise to adjustments in the results and liabilities recorded and might have an impact on the post-employment and other employee obligations recognized in the future.

4. ACCOUNTING POLICIES (continued)*(6) Business combinations*

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Company makes judgments and estimates in relation to the fair value of assets acquired and liabilities assumed, including estimation of cash flow projections with significant assumptions related to revenue forecasts, EBITDA margins, capital expenditures, discount rate and estimation of loss probability for the contingencies assumed. If any unallocated portion is positive, it is recognized as goodwill, and if negative, it is recognized in the income statement. See further information in note 3.

(7) Taxation

At year end, the Company assesses the sufficiency of future taxable income to utilize the recognized deferred tax assets. The Company uses projections of future taxable income to assess the probability that the deferred tax assets will be realized. Management applied significant judgment in assessing the recoverability of deferred tax assets considering historical profitability, projected future taxable profit, including assumptions related to revenue forecast and EBITDA margins. Also, when assessing the recoverability of deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

(cc) General sustainability matters and climate change

Ternium subscribed to the United Nations Global Compact in October 2019 and has been reporting its contribution to the Sustainable Development Goals since then. The Company has established policies, procedures, and plans that cover various ESG topics, including climate change, environmental management, health and safety management, human resources management, community relations, supply chain management, and principles of behavior and corporate governance.

Climate Change

The Company has established a governance system to address climate change at various levels. The Vice-Chairman of the Board was appointed to report on the evolution of Ternium's climate change strategy to the Board of Directors on a quarterly basis. At the management level, a decarbonization committee, chaired by the CEO, periodically reviews performance indicators, progress on decarbonization projects, and updates on the context, such as regulatory changes, market shifts, and trends.

The Company has also incorporated climate-related risks into its risk management policy and reviews both transition risks and physical risks. For example, during 2021 and 2022, the Company engaged an external consultant to assess the exposure of its assets and provide a conclusion on the level of risk, considering the established preventive measures. The analysis examined exposure and vulnerability to five types of events: pluvial flooding, tropical cyclones, landslides, forest fires, and droughts. The analysis concluded that Ternium's facilities do not present significant risk, given the level of exposure and the mitigation measures implemented by the Company under the scenarios and time periods analyzed. Management assessed that there have been no changes since this analysis was performed.

4. ACCOUNTING POLICIES (continued)

In 2024, the Company updated its decarbonization target. The new target aims for a 15% reduction in the emission intensity rate per ton of hot-rolled steel equivalent by 2030, compared to a 2023 baseline. This target includes Scope 1, 2, and 3 (Categories 1 and 10) and is measured using the GHG Protocol methodology.

The Company's strategy to achieve this 2030 reduction target includes prioritizing low-emission production technologies, increasing the use of renewable sources in the energy mix, improving industrial performance, executing energy efficiency initiatives, expanding carbon capture and usage capacity, and increasing the participation of scrap in the metallic mix. The Company is also considering several initiatives to continue its journey after 2030, including the possibility of carbon storage, the use of biofuels, and hydrogen as reducing agents, as it aims for carbon neutrality, if and when economically and technologically feasible.

In general, the decarbonization of the steel industry will require significant long-term investments, conditioned by technological innovation, government regulations, capital availability for decarbonization projects, and cooperation within the value chain. Factors such as access to abundant and affordable clean energy, appropriate energy infrastructure, local and global regulations that ensure fair trade and carbon capture storage, access to sustainable finance for low-emission steel-making technologies, and changes in consumer behavior will be key to the development of solutions and outcomes in the coming decades.

Given that Ternium's climate-change-related decarbonization plans span many years and are subject to significant uncertainty, as described above, they have not been included as part of the assumptions used to calculate future cash flows of the recoverable amount of the company's CGUs, except for those plans that are already approved or in process. Estimates and assumptions related to the impairment test for long-lived assets and goodwill, useful lives of assets, capital and research and development expenditures, inventory valuation, recovery of deferred tax assets and provisions, and contingent liabilities are based on available information and government regulations in place as of December 31, 2025, as well as the companies already approved or in-process investment plans.

Environmental Management

Environmental performance is analyzed monthly in Environmental, Health, and Safety meetings with executive officers. Furthermore, environmental issues are included in regular meetings on industrial and business performance reviews held both locally and at a corporate level. Finally, the Board of Directors is informed of events related to environmental issues that could impact nearby communities or Ternium's reputation and operations. Ternium's Environmental and Energy Policy serves as the company's main standard on environmental matters. It establishes the overarching principles for environmental protection, energy efficiency and sustainable resource use. This policy guides the development and continuous improvement of the company's Environmental Management System, as well the implementation of specific procedures and practices aimed at minimizing emissions, waste, and other environmental impacts. Through this framework, Ternium ensures compliance with applicable regulations, promotes pollution prevention, and fosters a culture of environmental responsibility and innovation across all operations.

4. ACCOUNTING POLICIES (continued)

Health and Safety Management

Safety is embedded at every level of the corporate structure. The Board of Directors receives quarterly reports on recent incidents and updates on the Safety Strategy, presented alongside the company's financial results.

At the management level, Ternium has a Chief Environment, Health, and Safety (EHS) Officer responsible for overseeing these matters and defining the company's overall corporate health and safety strategy. Local EHS teams, together with the hygiene and medical departments, support these efforts. Safety incidents are reviewed monthly at both the local and corporate levels.

Ultimately, the primary responsibility for ensuring occupational safety within each facility lies with the local managers of each production unit.

Ternium's Occupational Health and Safety Policy serves as the main framework for protecting the well-being of employees, customers, contractors and suppliers across its operations. Rooted in key principles such as injury prevention, regulatory compliance and continuous improvement, the policy emphasizes the shared responsibility of all stakeholders in fostering a safe and healthy work environment.

Safety is a shared responsibility across the organization. In line with this vision safety was formally incorporated as a mandatory component of the performance evaluation process, starting with the 2024 - 2025 cycle.

Workforce management

People's management is structured at both local and corporate levels. The local Human Resources teams oversee general working conditions, such as working hours, leave policies, payroll processing, and union relations, which are closely tied to labor regulations. These matters are presented to Regional Presidents and Industrial Directors as necessary.

Compensation policies and procedures, including employee benefits and mobility schemes, are established at the corporate level. Annually, they undergo review in a dedicated meeting attended by the Global Compensation & HR Shared Service Senior Director and team, alongside the Chief Human Resources Officer and the CEO.

Furthermore, as part of the annual performance review process, career committees convene within each division to analyze performance and succession planning. This process is scaled up until a uniform curve and a general plan is developed for the entire company.

Topics related to work-life balance, diversity and inclusion, employee training, as well as talent attraction and retention, fall under the oversight of the Vice President of Global Talent Management. Subsequently, proposals are presented to the Chief Human Resources Officer and the CEO for approval.

Ternium's community programs are developed in collaboration with the Techint Group, aiming to create an international network of support and development across all affiliated companies. Within Ternium there are regional Community Relations teams responsible for implementing community programs in their respective regions and leading the relationship with the community stakeholders.

5. SEGMENT INFORMATION

As of March 31, 2024, following the acquisition of an additional participation in Usiminas on July 3, 2023, the Chief Operating Decision Maker ("CODM") performed a review of the new business structure to decide on the allocation of resources and the assessment of performance, and decided to organize the Company in two operating segments: Steel and Mining.

The Steel segment includes the sales of steel products done by the Company's subsidiaries, which comprises mainly slabs, heavy plates, hot and cold rolled products, coated products, stamped steel parts for the automotive industry, roll-formed and tubular products, billets, bars and other products, including sales of energy.

The Mining segment includes the sales of mining products, done by the Company's subsidiaries, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest, the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest, and the mining activities of Mineração Usiminas, an iron ore mining company in which Usiminas holds a 70% equity interest.

Ternium's Chief Executive Officer ("CEO") functions as the CODM. The various geographic regions operate as an integrated steel producer. The CEO allocates resources and assesses performance of the Steel Segment as an integrated business and does the same with the Mining Segment. The CEO uses "Operating income – Management view" as per the below table as the key performance measure which differs from operating income determined in accordance with IFRS principally as follows:

- The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.
- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).
- In the case of Usiminas, the use of costs based in the weighted average cost, while, under IFRS, costs are calculated under the FIFO method.
- Other differences related to other operating income and expenses.

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5. SEGMENT INFORMATION (continued)

	Year ended December 31, 2025			
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	968,131	(140,952)	(9,761)	817,418
Reconciliation:				
Differences in Cost of sales				(111,996)
Operating income - Under IFRS				705,422
Financial income (expense), net				(25,424)
Equity in earnings (losses) of non-consolidated companies				85,641
Provision for ongoing litigation related to the acquisition of a participation in Usiminas				(117,400)
Income before income tax expense - IFRS				648,239
Net sales from external customers	15,041,199	567,895	—	15,609,094
Net sales from transactions with other operating segments of the same entity	—	570,060	(570,060)	—
Depreciation and amortization	(582,072)	(206,236)	—	(788,308)
	Year ended December 31, 2024			
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	1,559,938	(165,862)	5,844	1,399,920
Reconciliation:				
Differences in Cost of sales				(190,243)
Differences in Other operating income (expense), net				53,634
Operating income - Under IFRS				1,263,311
Financial income (expense), net				(194,214)
Equity in earnings (losses) of non-consolidated companies				69,108
Provision for ongoing litigation related to the acquisition of a participation in Usiminas				(410,200)
Income before income tax expense - IFRS				728,005
Net sales from external customers	17,220,220	428,840	—	17,649,060
Net sales from transactions with other operating segments of the same entity	—	629,940	(629,940)	—
Depreciation and amortization	(551,621)	(191,656)	—	(743,277)
	Year ended December 31, 2023			
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	2,390,546	16,091	(2,463)	2,404,174
Reconciliation:				
Differences in Cost of sales				(206,160)
Operating income - Under IFRS				2,198,014
Financial income (expense), net				123,454
Equity in earnings (losses) of non-consolidated companies				105,305
Effect related to the increase of the participation in Usiminas				(171,045)
Recycling of other comprehensive income related to Usiminas				(934,946)
Income before income tax expense - IFRS				1,320,782
Net sales from external customers	17,280,993	329,099	—	17,610,092
Net sales from transactions with other operating segments of the same entity	—	546,038	(546,038)	—
Depreciation and amortization	(542,295)	(115,397)	—	(657,692)

Information on segment assets is not disclosed as it is not reviewed by the CEO.

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5. SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

The Company had no revenues attributable to the Company's country of incorporation (Luxembourg) in 2025, 2024 and 2023.

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of depreciation and amortization is based on the geographical location of the underlying assets.

	Year ended December 31, 2025				
	Mexico	Southern region	Brazil	Other markets	Total
Net sales	7,266,741	2,331,202	3,994,894	2,016,257	15,609,094
Non-current assets (1)	7,376,434	1,096,185	2,631,099	304,753	11,408,471

	Year ended December 31, 2024				
	Mexico	Southern region	Brazil	Other markets	Total
Net sales	8,701,272	2,415,303	4,280,784	2,251,701	17,649,060
Non-current assets (1)	5,625,883	1,085,913	2,382,168	309,302	9,403,266

	Year ended December 31, 2023				
	Mexico	Southern region	Brazil	Other markets	Total
Net sales	9,419,873	3,588,651	2,518,764	2,082,804	17,610,092
Non-current assets (1)	4,965,628	878,642	2,474,178	315,287	8,633,735

(1) Includes Property, plant and equipment and Intangible assets.

REVENUES BY PRODUCT

	Year ended December 31,		
	2025	2024	2023
Slabs	79,886	102,723	177,240
Hot rolled (1)	6,425,471	7,633,699	7,913,232
Cold rolled	2,361,856	2,623,498	2,379,499
Coated (2)	5,304,344	5,889,062	5,708,328
Roll-formed and tubular (3)	506,879	620,993	789,255
Billets, round bars and others	56,670	21,565	45,351
Other products (4)	873,988	757,520	597,187
TOTAL SALES	15,609,094	17,649,060	17,610,092

(1) Hot rolled includes hot rolled flat products, merchant bars, reinforcing bars, stirrups and rods.

(2) Coated includes tin plate and galvanized products.

(3) Roll-formed and tubular includes pre-engineered metal building systems, tubes, beams, insulated panels, roofing and cladding, roof tiles and steel decks.

(4) Other products include mainly sales of energy and pig iron.

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6. COST OF SALES

	Year ended December 31,		
	2025	2024	2023
Inventories at the beginning of the year	4,750,511	4,948,376	3,470,214
Acquisition of business (Note 3)	—	—	1,707,311
Translation differences	148,848	(298,816)	(22,514)
Plus: Charges for the year			
Raw materials and consumables used and other movements	9,404,234	11,753,018	11,193,050
Services and fees	299,909	304,159	250,333
Labor cost	1,080,011	1,084,009	940,411
Depreciation of property, plant and equipment	591,817	589,309	556,630
Amortization of intangible assets	110,580	86,852	47,374
Maintenance expenses	882,523	950,939	825,809
Office expenses	20,121	18,203	14,873
Insurance	37,520	36,014	24,867
Change of obsolescence allowance	5,465	10,969	4,707
Valuation allowance	—	—	(15,333)
Recovery from sales of scrap and by-products	(31,487)	(29,851)	(37,186)
Others	49,597	57,554	38,567
Less: Inventories at the end of the year	(4,093,659)	(4,750,511)	(4,948,376)
Cost of Sales	13,255,990	14,760,224	14,050,737

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,		
	2025	2024	2023
Services and fees (1)	108,786	106,272	91,853
Labor cost	377,782	382,392	355,967
Depreciation of property, plant and equipment	29,275	23,915	16,562
Amortization of intangible assets	56,636	43,201	37,126
Maintenance and expenses	12,392	12,312	10,340
Taxes	148,843	149,256	164,935
Office expenses	88,208	86,016	72,426
Freight and transportation	737,657	812,694	681,416
(Decrease) increase of allowance for doubtful accounts	(1,510)	5,566	12,528
Others	43,397	29,135	28,525
Selling, general and administrative expenses	1,601,466	1,650,759	1,471,678

(1) For the year ended December 31, 2025, it includes fees accrued for professional services rendered by PwC to Ternium S.A. and its subsidiaries that amounted to \$3,957, including \$3,585 for audit services, \$331 for audit-related services, and \$41 for all other services.

For the year ended December 31, 2024, it includes fees accrued for professional services rendered by PwC to Ternium S.A. and its subsidiaries that amounted to \$4,411, including \$3,954 for audit services, \$338 for audit-related services, and \$119 for all other services.

For the year ended December 31, 2023, it includes fees accrued for professional services rendered by PwC to Ternium S.A. and its subsidiaries that amounted to \$5,340, including \$4,783 for audit services, \$268 for audit-related services, \$8 for tax services, and \$281 for all other services.

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8. LABOR COSTS (Included Cost of sales and Selling, General and Administrative expenses)

	Year ended December 31,		
	2025	2024	2023
Wages, salaries and social security costs	1,355,969	1,377,006	1,216,566
Termination benefits	35,500	28,396	23,189
Post-employment benefits (Note 21 (i))	66,324	60,999	56,623
Labor costs	1,457,793	1,466,401	1,296,378

As of December 31, 2025, 2024 and 2023, the number of employees was 33,253, 33,949 and 34,458, respectively.

9. OTHER OPERATING INCOME (EXPENSES), NET

	Year ended December 31,		
	2025	2024	2023
Results of sundry assets	7,117	8,867	8,165
Gain from the agreement related to the post-retirement benefits from Usiminas	—	—	108,696
Provision for legal claims and other matters (Note 19 and 25 (i) and (ii))	463	60,469	59,649
Other operating income	7,580	69,336	176,510
Impairment charge (2)	(18,757)	(32,435)	(42,316)
Other operating expense (1)	(35,039)	(11,667)	(23,857)
Other operating expense	(53,796)	(44,102)	(66,173)
Other operating income (expenses), net	(46,216)	25,234	110,337

(1) For the year ended December 31, 2025, it includes the disposal of projects in the U.S. of \$12,300 and in Brazil of \$8,600. For the year ended December 31, 2023, it includes the value update of certain tax liabilities in Usiminas of \$10,000.

(2) For the years ended December 31, 2025, 2024 and 2023, it corresponds to the impairment charge over mining assets (see notes 4(e)(2) and 4(f)).

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10. OTHER FINANCIAL INCOME (EXPENSES), NET

	Year ended December 31,		
	2025	2024	2023
Interest expense	(214,392)	(196,175)	(125,376)
Finance expense	(214,392)	(196,175)	(125,376)
Interest income	237,532	297,820	255,009
Finance income	237,532	297,820	255,009
Net foreign exchange (loss) gain	(56,506)	(104,024)	98,037
Change in fair value of financial assets	74,897	(145,768)	1,899
Derivative contract results	(6,546)	12,329	(60,183)
Others (1)	(60,409)	(58,396)	(45,932)
Other financial income (expenses), net	(48,564)	(295,859)	(6,179)

(1) It mainly includes the results in connection with the put/call option as per note 3 (e).

11. INCOME TAX EXPENSE

Income tax expense for each of the years presented is as follows:

	Year ended December 31,		
	2025	2024	2023
Current tax			
Current tax	(139,695)	(322,832)	(578,902)
Recovery of income tax	552	—	13,429
Deferred tax (Note 20)			
Deferred tax	221,834	(256,830)	102,431
Write-down of deferred tax assets	(427,835)	—	—
Recognition of previously unrecognized deferred tax assets (1)	—	25,438	128,634
Income tax expense	(345,144)	(554,224)	(334,408)

(1) For 2024 and 2023, it includes the recognition of previously unrecognized tax losses and temporary differences in Ternium Investments S.à r.l. and Ternium Brasil Ltda, respectively.

As of September 30, 2025, Ternium assessed the recoverability of Usiminas' accumulated deferred tax assets (DTA), and, based on these analyses and on applicable accounting standards, Management concluded that a \$405 million write-down of DTA should be recognized as an income tax charge. As of September 30, 2025, and before recognizing the write-down, Usiminas held DTA amounting to \$776 million, primarily stemming from temporary differences and tax losses recognized during the July 2023 business combination (see note 3 (d)). Ternium conducted a comprehensive recoverability assessment regarding the future availability of taxable profits needed to utilize DTA, as required under IAS 12, incorporating historical performance and updated forecasts in its projections. As of December 31, 2025, DTA amounted to \$582 million and no additional write-down should be recognized.

As of December 31, 2025, Ternium assessed the recoverability of Las Encinas S.A. de C.V. accumulated deferred tax assets (DTA), and, based on these analyses and on applicable accounting standards, Management concluded that a \$22.8 million write-down of DTA should be recognized as an income tax charge.

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11. INCOME TAX EXPENSE (continued)

Income tax expense for the years ended December 31, 2025, 2024 and 2023 differed from the amount computed by applying the statutory income tax rate in force in each country in which the company operates to pre-tax income as a result of the following:

	Year ended December 31,		
	2025	2024	2023
Income before income tax	648,239	728,005	1,320,782
Income tax expense at statutory tax rate	(187,988)	(327,243)	(643,686)
Non taxable income	25,525	—	39,755
Non deductible expenses	—	(5,793)	—
Current tax expense related to Pillar II	(15,637)	(21,436)	—
Effect of currency translation on tax base (1)	304,263	(170,078)	180,582
Recognition of previously unrecognized deferred tax assets	—	25,438	128,634
Provision for tax losses	(44,024)	(55,112)	(53,122)
Write-down of deferred tax assets	(427,835)	—	—
Recovery of income tax	552	—	13,429
Income tax expense	(345,144)	(554,224)	(334,408)

(1) Ternium applies the liability method to recognize deferred income tax on temporary differences between the tax bases of assets and their carrying amounts in the financial statements. By application of this method, Ternium recognizes gains and losses on deferred income tax due to the effect of the change in the value on the tax basis in subsidiaries, which have a functional currency different to their local currency, mainly Mexico, Brazil, and Argentina.

Tax rates used to perform the reconciliation between tax expense (income) and accounting profit are those in effect at each relevant date or period in each applicable jurisdiction.

In December 2021, the Organization for Economic Co-operation and Development (“OECD”) released the Pillar Two model rules (the Global Anti-Base Erosion rules, or “GloBE”) to reform international corporate taxation. Following Pillar Two OECD’s initiative, the European Union adopted in December 2022 a directive to impose a global minimum taxation for multinational companies in the Union, to be effective as from 2024.

In May 2023, the IASB made narrow-scope amendments to IAS 12 setting an exception that provides relief from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax laws that implement the Pillar Two model rules, including tax laws that implement qualified domestic minimum top-up taxes as per described in those rules.

On December 20, 2023, the Luxembourg Parliament approved the Pillar Two law transposing the EU Pillar Two Directive into domestic legislation. The law enters into force as from fiscal years starting on or after December 31, 2023.

The Company is within the scope of the rules and therefore is required to calculate its GloBE effective tax rate for each jurisdiction where it operates and is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate, as from 2024. Some jurisdictions in which the Company operates have implemented Qualified Domestic Minimum Top-up Taxes (“QDMTTs”) aligned with the Pillar Two framework, with legislation enacted and effective from 2025 in both the jurisdiction and Luxembourg. These domestic minimum taxes are intended to be treated as qualified under the OECD GloBE rules and, where applicable, are expected to reduce or eliminate exposure to additional top-up taxes under the Income Inclusion Rule (“IIR”) or the Undertaxed Payments Rule (“UTPR”) in Luxembourg.

The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

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12. PROPERTY, PLANT AND EQUIPMENT, NET

(1) Property, plant and equipment, net

	Year ended December 31, 2025							Total
	Land	Buildings and improvements	Production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts	Right-of-use assets	
Values at the beginning of the year								
Cost	780,679	4,824,531	8,783,691	371,532	1,648,967	210,643	371,560	16,991,603
Accumulated depreciation	—	(2,304,432)	(5,797,881)	(282,480)	—	(31,275)	(194,380)	(8,610,448)
Net book value as of January 1, 2025	780,679	2,520,099	2,985,810	89,052	1,648,967	179,368	177,180	8,381,155
Opening net book value	780,679	2,520,099	2,985,810	89,052	1,648,967	179,368	177,180	8,381,155
Translation differences	9,897	21,719	68,624	2,451	24,815	2,301	3,432	133,239
Impairment charge (note 4 (f))	—	(4,116)	(4,523)	(499)	(4,339)	—	—	(13,477)
Additions (1)	8,151	34,595	12,940	1,934	2,439,363	39,834	33,951	2,570,768
Capitalized borrowing costs	—	—	—	—	2,408	—	—	2,408
Disposals / Consumptions	(1,769)	(634)	(851)	(922)	(21,794)	(21,494)	(15,356)	(62,820)
Indexation	—	—	—	—	—	—	8,370	8,370
Transfers	3,608	269,714	424,246	52,311	(742,473)	153	—	7,559
Depreciation charge	—	(185,648)	(352,787)	(31,004)	—	—	(51,653)	(621,092)
Closing net book value	800,566	2,655,729	3,133,459	113,323	3,346,947	200,162	155,924	10,406,110
Values at the end of the year								
Cost	800,566	5,150,560	9,252,658	409,572	3,346,947	231,437	397,586	19,589,326
Accumulated depreciation	—	(2,494,831)	(6,119,199)	(296,249)	—	(31,275)	(241,662)	(9,183,216)
Net book value as of December 31, 2025	800,566	2,655,729	3,133,459	113,323	3,346,947	200,162	155,924	10,406,110

(1) It includes \$2,030 million related to additions of Property, plant and equipment in Mexico, mainly in connection with the investment plant in the Pesquería Industrial Center.

	Year ended December 31, 2024							Total
	Land	Buildings and improvements	Production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts	Right-of-use assets	
Values at the beginning of the year								
Cost	774,052	4,407,345	8,514,780	344,859	1,121,004	202,923	438,596	15,803,559
Accumulated depreciation	—	(2,162,192)	(5,462,979)	(270,954)	—	(31,271)	(238,476)	(8,165,872)
Net book value as of January 1, 2024	774,052	2,245,153	3,051,801	73,905	1,121,004	171,652	200,120	7,637,687
Opening net book value	774,052	2,245,153	3,051,801	73,905	1,121,004	171,652	200,120	7,637,687
Translation differences	(21,382)	(41,246)	(135,103)	(4,142)	(65,626)	(5,081)	(2,631)	(275,211)
Additions (2)	24,619	22,373	19,222	1,706	1,527,992	44,307	13,850	1,654,069
Disposals / Consumptions	—	(2,604)	—	(970)	(2,366)	(32,342)	(2,658)	(40,940)
Indexation	—	—	—	—	—	—	21,626	21,626
Transfers	3,390	475,523	404,380	45,558	(932,037)	943	(609)	(2,852)
Depreciation charge	—	(179,100)	(354,490)	(27,005)	—	(111)	(52,518)	(613,224)
Closing net book value	780,679	2,520,099	2,985,810	89,052	1,648,967	179,368	177,180	8,381,155
Values at the end of the year								
Cost	780,679	4,824,531	8,783,691	371,532	1,648,967	210,643	371,560	16,991,603
Accumulated depreciation	—	(2,304,432)	(5,797,881)	(282,480)	—	(31,275)	(194,380)	(8,610,448)
Net book value as of December 31, 2024	780,679	2,520,099	2,985,810	89,052	1,648,967	179,368	177,180	8,381,155

(2) It includes \$966 million related to additions of Property, plant and equipment in Mexico, mainly in connection with the investment plant in the Pesquería Industrial Center.

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12. PROPERTY, PLANT AND EQUIPMENT, NET (continued)

(2) Right-of-use assets

	Right-of-use assets				
	Land	Buildings and improvements	Production equipment	Vehicles, furniture and fixtures	Total
Values at the beginning of the year					
Cost	570	258,797	112,060	134	371,561
Accumulated depreciation	(45)	(137,485)	(56,763)	(88)	(194,381)
Net book value as of January 1, 2025	525	121,312	55,297	46	177,180
Opening net book value	525	121,312	55,297	46	177,180
Translation differences	—	2,571	855	6	3,432
Additions	21,481	4,161	8,309	—	33,951
Disposal/Derecognition	(14,105)	(1,237)	(14)	—	(15,356)
Indexation	—	6,183	2,187	—	8,370
Depreciation charge	(1,063)	(35,398)	(15,142)	(50)	(51,653)
Closing net book value	6,838	97,592	51,492	2	155,924
Values at the end of the year					
Cost	7,543	267,793	122,145	105	397,586
Accumulated depreciation	(705)	(170,201)	(70,653)	(103)	(241,662)
Net book value as of December 31, 2025	6,838	97,592	51,492	2	155,924

	Right-of-use assets				
	Land	Buildings and improvements	Production equipment	Vehicles, furniture and fixtures	Total
Values at the beginning of the year					
Cost	376	281,250	156,614	355	438,595
Accumulated depreciation	(29)	(152,288)	(85,999)	(159)	(238,475)
Net book value as of January 1, 2024	347	128,962	70,615	196	200,120
Opening net book value	347	128,962	70,615	196	200,120
Translation differences	—	186	(2,800)	(17)	(2,631)
Additions	—	12,411	1,439	—	13,850
Disposal/Derecognition	—	(144)	(2,514)	—	(2,658)
Transfers	—	—	(609)	—	(609)
Indexation	194	14,429	7,003	—	21,626
Depreciation charge	(16)	(34,532)	(17,837)	(133)	(52,518)
Closing net book value	525	121,312	55,297	46	177,180
Values at the end of the year					
Cost	570	258,797	112,060	134	371,561
Accumulated depreciation	(45)	(137,485)	(56,763)	(88)	(194,381)
Net book value as of December 31, 2024	525	121,312	55,297	46	177,180

The cost related to variable-lease payments that do not depend on an index or rate amounted to \$16.9 million for the year ended December 31, 2025 (\$20.3 million and \$19.1 million for the year ended December 31, 2024 and 2023, respectively). The expenses related to leases for which the Company applied the practical expedient described in paragraph 5 (a) of IFRS 16 (leases with contract term of less than 12 months) amounted to \$1.9 million for the year ended December 31, 2025 (\$2.1 million and \$2.8 million for the year ended December 31, 2024 and 2023, respectively).

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13. INTANGIBLE ASSETS, NET

	Year ended December 31, 2025						
	Information system projects	Mining assets	Exploration and evaluation costs	Customer relationships and other contractual rights	Trademarks	Goodwill	Total
Values at the beginning of the year							
Cost	651,838	466,817	16,786	298,098	73,935	662,307	2,169,781
Accumulated amortization	(427,855)	(356,688)	—	(289,192)	(73,935)	—	(1,147,670)
Net book value as of January 1, 2025	223,983	110,129	16,786	8,906	—	662,307	1,022,111
Opening net book value	223,983	110,129	16,786	8,906	—	662,307	1,022,111
Translation differences	4,718	17	—	—	—	—	4,735
Additions	62,781	60,158	32,987	—	—	—	155,926
Disposals / Consumptions	(771)	—	—	—	—	—	(771)
Impairment charge (note 4 (e)(2))	—	(5,280)	—	—	—	—	(5,280)
Transfers	(7,061)	20,601	(20,684)	—	—	—	(7,144)
Amortization charge	(59,248)	(107,551)	—	(417)	—	—	(167,216)
Closing net book value	224,402	78,074	29,089	8,489	—	662,307	1,002,361
Values at the end of the year							
Cost	711,844	542,753	29,089	298,098	73,935	662,307	2,318,026
Accumulated amortization	(487,442)	(464,679)	—	(289,609)	(73,935)	—	(1,315,665)
Net book value as of December 31, 2025	224,402	78,074	29,089	8,489	—	662,307	1,002,361
	Year ended December 31, 2024						
	Information system projects	Mining assets	Exploration and evaluation costs	Customer relationships and other contractual rights	Trademarks	Goodwill	Total
Values at the beginning of the year							
Cost	563,120	403,875	14,639	298,134	73,935	662,307	2,016,010
Accumulated amortization	(381,622)	(275,533)	—	(288,872)	(73,935)	—	(1,019,962)
Net book value as of January 1, 2024	181,498	128,342	14,639	9,262	—	662,307	996,048
Opening net book value	181,498	128,342	14,639	9,262	—	662,307	996,048
Translation differences	(8,810)	—	—	—	—	—	(8,810)
Additions	100,345	62,303	37,443	—	—	—	200,091
Disposals / Consumptions	(2,216)	(2,000)	—	(36)	—	—	(4,252)
Impairment charge (note 4 (e)(2))	—	(32,435)	—	—	—	—	(32,435)
Transfers	1,463	35,355	(35,296)	—	—	—	1,522
Amortization charge	(48,297)	(81,436)	—	(320)	—	—	(130,053)
Closing net book value	223,983	110,129	16,786	8,906	—	662,307	1,022,111
Values at the end of the year							
Cost	651,838	466,817	16,786	298,098	73,935	662,307	2,169,781
Accumulated amortization	(427,855)	(356,688)	—	(289,192)	(73,935)	—	(1,147,670)
Net book value as of December 31, 2024	223,983	110,129	16,786	8,906	—	662,307	1,022,111

The Company has not registered any impairment charges in connection with Goodwill (see notes 4 (f) and (bb) (1) and (4)).

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14. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

	As of December 31,	
	2025	2024
At the beginning of the year	468,516	517,265
Equity in earnings of non-consolidated companies	85,641	69,108
Other comprehensive income and other effects	42,282	(90,795)
Dividends from non-consolidated companies (1)	(33,744)	(27,062)
At the end of the year	562,695	468,516

(1) Mainly related to dividends from Unigal Usiminas Ltda. and MRS Logística S.A.

The principal investments in non-consolidated companies, all of which are unlisted, are:

	Country of incorporation	Main activity	Voting rights at		Value at	
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Techgen S.A. de C.V.	Mexico	Provision of electric power	48.00 %	48.00 %	161,315	130,433
Unigal Usiminas Ltda.	Brazil	Manufacturing and selling of steel products	70.00 %	70.00 %	108,056	98,280
MRS Logística S.A	Brazil	Logistical services	11.48 %	11.48 %	254,267	203,778
Other non-consolidated companies (1)					39,057	36,025
					562,695	468,516

(1) It includes the investments held in Finma S.A.I.F., Recrotek S.R.L. de C.V., Gas Industrial de Monterrey S.A. de C.V., Modal Terminal de Graneis Ltda., Usiroll – Usiminas Court Tecnologia em Acabamento Superficial Ltda, Codeme Engenharia S.A, Terminal de Cargas Paraopeba Ltda. and Terminal de Cargas Sarzedo Ltda.

(a) *Techgen S.A. de C.V.*

Techgen is a Mexican natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. The company started producing energy on December 1, 2016, and is fully operational. As of February 2017, Ternium, Tenaris, and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Ternium and Tenaris) completed their investments in Techgen. Techgen is currently owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Ternium and Tenaris also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen's power capacity of 900 megawatts.

Techgen stated in its unaudited annual accounts, prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards), as of and for the year ended December 31, 2025, that revenues amounted to \$423 million (\$253 million as of December 31, 2024), net profit from continuing operations to \$64 million (\$27 million as of December 31, 2024), non-current assets to \$676 million (\$692 million as of December 31, 2024), current assets to \$92 million (\$104 million as of December 31, 2024), non-current liabilities to \$1 million (\$415 million as of December 31, 2024), current liabilities to \$431 million (\$109 million as of December 31, 2024) and shareholders' equity to \$336 million (\$272 million as of December 31, 2024).

During 2017 and 2016, Techgen's shareholders made additional investments in Techgen, in the form of subordinated loans, which in the case of Ternium amounted to \$151.3 million as of December 31, 2025, and which are due in June 2026.

14. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

On February 2019, Techgen S.A. de C.V. entered into syndicated loan agreement with HSBC Mexico, Natixis, Credit Agricole, BNP, Santander, Intesa SP and Norinchukin (the “Syndicated Loan”), according to the following terms: (i) Libor + 170 bps; (ii) maturity on February 13, 2026; (iii) average life 4.30 years; and (iv) guaranteed by: assets, shares, a debt service reserve account - which represents 10% of the outstanding amount- and the fix capacity charge cash-flow.

On August 5, 2021, Ternium Investments completed the purchase of a participation in this Syndicated Loan for an amount of \$68 million. As of December 31, 2025, the outstanding syndicated loan amount was of \$82 million and Ternium Investments’ participation was of \$17 million.

For commitments from Ternium in connection with Techgen, see note 25.

(b) Unigal Usiminas Ltda.

Unigal is a Brazilian joint venture with a plant located in Ipatinga, Minas Gerais, between Usiminas and Nippon Steel Corporation, which hold 70% and 30% ownership interest, respectively. The main activity of this joint venture is the transformation of cold-rolled coils, provided only by Usiminas, into hot-dipped galvanized coils. The plant has a galvanizing production capacity of 1,030 million tons per year. The control of Unigal is shared between the partners, as provided for in the shareholders’ agreement.

Unigal stated in its unaudited annual accounts, prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards), as of and for the year ended December 31, 2025, that revenues amounted to \$67 million (\$68 million as of December 31, 2024), net profit from continuing operations to \$27 million (\$28 million as of December 31, 2024), non-current assets to \$140 million (\$126 million as of December 31, 2024), current assets to \$37 million (\$35 million as of December 31, 2024), non-current liabilities to \$43 million (\$38 million as of December 31, 2024), current liabilities to \$10 million (\$9 million as of December 31, 2024) and shareholders’ equity to \$125 million (\$114 million as of December 31, 2024).

(c) MRS Logística S.A.

MRS Logística is a Brazilian railway cargo operator and logistics services provider that manages a 1,634 km network in the states of Minas Gerais, Rio de Janeiro and São Paulo, a region that concentrates about half of the Brazilian GDP. Usiminas holds a 11.48% ownership interest, along with CSN (18.6%), Congonhas Minérios (18.6%), Vale (10.9%), Gerdau (1.3%) and a wide group of small investors (6.5%). These companies, through a shareholders’ agreement, constitute, through representatives, the Board of Directors, which is responsible, among other duties, for this company’s overall strategic direction, for the decision on most significant investments and for the health and longevity of the organization.

MRS Logística stated in its unaudited consolidated annual accounts, prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards), as of and for the year ended December 31, 2025, that revenues amounted to \$1,357 million (\$1,304 million as of December 31, 2024), net profit from continuing operations to \$279 million (\$263 million as of December 31, 2024), non-current assets to \$3,516 million (\$2,461 million as of December 31, 2024), current assets to \$1,008 million (\$868 million as of December 31, 2024), non-current liabilities to \$2,297 million (\$1,576 million as of December 31, 2024), current liabilities to \$588 million (\$547 million as of December 31, 2024) and shareholders’ equity to \$1,639 million (\$1,206 million as of December 31, 2024).

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15. RECEIVABLES, NET – NON-CURRENT AND CURRENT

	As of December 31,	
	2025	2024
Receivables with related parties (Notes 26 and 14 (a))	1,029	147,285
Employee advances and loans	4,209	25,299
Advances to suppliers for the purchase of property, plant and equipment	66,840	218,503
Advances to suppliers for the purchase of property, plant and equipment with related parties (Note 26)	124,781	131,365
Other tax credits	318,305	237,530
Judicial deposits and other receivables	219,501	165,667
Others	69,237	35,649
Receivables, net – Non-current	803,902	961,298

The carrying value of these receivables approximates the fair value.

	As of December 31,	
	2025	2024
Value added tax	449,317	491,981
Income tax credits	162,475	129,713
Other tax credits	85,925	151,965
Employee advances and loans	10,157	9,049
Advances to suppliers	32,407	40,593
Advances to suppliers with related parties (Note 26)	1,908	2,844
Expenses paid in advance	26,907	33,235
Government tax refunds on exports	19,579	2,486
Receivables with related parties (Note 26)	170,885	13,389
Others	25,459	27,184
Receivables, net – Current	985,019	902,439

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16. TRADE RECEIVABLES, NET – NON-CURRENT AND CURRENT

	As of December 31,	
	2025	2024
Trade receivables	8,710	4,545
Allowance for doubtful accounts (Note 19)	(4,449)	(4,545)
Trade receivables, net – Non-current	4,261	—
	As of December 31,	
	2025	2024
Current accounts	1,560,033	1,586,615
Trade receivables with related parties (Note 26)	18,957	23,251
Allowance for doubtful accounts (Note 19)	(43,274)	(47,808)
Trade receivables, net - Current	1,535,716	1,562,058

	Trade receivables, net as of December 31, 2025		
	Total	Fully performing	Past due
Guaranteed	678,800	647,874	30,926
Not guaranteed	908,900	849,421	59,479
Trade receivables	1,587,700	1,497,295	90,405
Allowance for doubtful accounts (Note 19)	(47,723)	—	(47,723)
Trade receivables, net	1,539,977	1,497,295	42,682

	Trade receivables, net as of December 31, 2024		
	Total	Fully performing	Past due
Guaranteed	604,467	570,821	33,646
Not guaranteed	1,009,944	944,236	65,708
Trade receivables	1,614,411	1,515,057	99,354
Allowance for doubtful accounts (Note 19)	(52,353)	—	(52,353)
Trade receivables, net	1,562,058	1,515,057	47,001

17. INVENTORIES, NET

	As of December 31,	
	2025	2024
Raw materials, materials and spare parts	1,285,947	1,340,641
Goods in process	1,909,291	2,158,745
Finished goods	692,482	837,118
Goods in transit	332,296	536,159
Obsolescence allowance (Note 19)	(126,357)	(122,152)
Inventories, net	4,093,659	4,750,511

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18. CASH, CASH EQUIVALENTS AND OTHER INVESTMENTS – NON-CURRENT AND CURRENT

	As of December 31,	
	2025	2024
(i) Other investments		
Investments in debt instruments and other	59	22,823
Other investments	156	156
Other investments, net – Non-current	215	22,979
(ii) Cash and cash equivalents		
(i) Other investments		
Other deposits with maturity of more than three months	1,600,002	2,160,051
Other investments - Current	1,600,002	2,160,051
(ii) Cash and cash equivalents		
Cash and banks	397,269	456,385
Restricted cash	2,838	2,746
Short-term bank deposits	332,317	413,965
Other deposits with maturity of less than three months	798,780	818,167
Cash and cash equivalents	1,531,204	1,691,263

19. ALLOWANCES AND PROVISIONS – NON-CURRENT AND CURRENT

Provisions and allowances - Non current	Deducted from assets Allowance for doubtful accounts	Liabilities Legal claims and other matters	Liabilities Asset retirement obligation
Year ended December 31, 2025			
Values at the beginning of the year	4,545	552,600	80,543
Translation differences	576	67,494	10,205
Additions	7	31,371	32,266
Reversals	(616)	(31,834)	(2,537)
Transfers	—	—	8,513
Uses	(63)	(33,777)	—
As of December 31, 2025	4,449	585,854	128,990
Year ended December 31, 2024			
Values at the beginning of the year	6,430	839,921	104,455
Translation differences	(1,387)	(163,514)	(13,546)
Additions	—	32,176	14,597
Reversals	(34)	(92,645)	(1,900)
Transfers	—	—	(23,063)
Uses	(464)	(63,338)	—
As of December 31, 2024	4,545	552,600	80,543

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19. ALLOWANCES AND PROVISIONS – NON-CURRENT AND CURRENT (continued)

Provisions and allowances - Current	Deducted from assets		Liabilities	
	Allowance for doubtful accounts	Obsolescence allowance	Asset retirement obligation	Provision for ongoing litigation related to the acquisition of a participation in Usiminas
Year ended December 31, 2025				
Values at the beginning of the year	47,808	122,152	17,818	410,200
Translation differences	3,066	4,068	2,344	—
Additions	2,360	53,679	19,885	117,400
Reversals	(3,261)	(48,214)	(15,450)	—
Transfers	—	—	(8,513)	—
Uses	(6,699)	(5,328)	—	—
As of December 31, 2025	43,274	126,357	16,084	527,600
Year ended December 31, 2024				
Values at the beginning of the year	53,045	200,024	7,332	—
Translation differences	(6,835)	(18,436)	(7,101)	—
Additions	9,089	57,550	12,294	813,988
Reversals	(3,489)	(46,581)	(17,770)	(403,788)
Transfers	—	—	23,063	—
Uses	(4,002)	(70,405)	—	—
As of December 31, 2024	47,808	122,152	17,818	410,200

20. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rate of the applicable country.

Changes in deferred income tax are as follows:

	As of December 31,	
	2025	2024
At the beginning of the year	1,105,691	1,542,565
Translation differences	124,790	(263,349)
Write-down of deferred tax assets	(427,835)	—
Recognition of previously unrecognized tax losses	—	25,438
Charges directly to other comprehensive income	(9,579)	57,867
Deferred tax credit (note 11)	221,834	(256,830)
At the end of the year	1,014,901	1,105,691

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20. DEFERRED INCOME TAX (continued)

The changes in deferred tax assets and liabilities (prior to offsetting the balances within the same tax jurisdiction) during the year are as follows:

Deferred tax assets (liabilities)	At the beginning of the year	Translation differences	Credits (Charges) directly to OCI	Write-down of deferred tax assets	Income statement credit (charge)	Total as of December 31, 2025
Property, plant and equipment	130,338	41,131	—	(217,205)	163,092	117,356
Inventories	(37,913)	3,333	—	(7,582)	9,311	(32,851)
Intangible assets	152,401	19,378	—	(10,240)	19,191	180,730
Provisions	267,268	25,880	—	(123,027)	(37,655)	132,466
Trade receivables	41,308	3,337	—	(5,818)	(7,107)	31,720
Tax losses (1)	314,060	27,855	—	(63,963)	43,999	321,951
Other (2)	238,229	3,876	(9,579)	—	31,003	263,529
At the end of the year	1,105,691	124,790	(9,579)	(427,835)	221,834	1,014,901

(1) As of December 31, 2025, the recognized deferred tax assets on tax losses amount to \$322.0 million, mainly connected to Ternium Brasil Ltda. and Usinas Siderúrgicas de Minas Gerais S.A. Additionally, connected to Usinas Siderúrgicas de Minas Gerais S.A., there are \$338.1 million of net unrecognized deferred tax assets stemming from temporary differences, and \$379.1 million of unrecognized deferred tax assets related to tax losses, and \$843.7 million of net unrecognized deferred tax assets connected to Ternium Brasil Ltda. Under the Luxembourg tax law, tax losses generated before 2017 can be carried forward indefinitely and are not subject to any yearly consumption limitation, while losses incurred as from 2017 may be carried forward for a maximum of 17 years. Unrecognized tax losses of Ternium S.A. as of December 31, 2024, amounted to \$2.2 billion and the estimated tax loss for the fiscal year 2025 amounted to \$26.4 million, with approximately 90% of the referred tax losses generated before 2017. Unrecognized tax losses of Ternium Investments S.à r.l. as of December 31, 2024, amounted to \$2.5 billion and the estimated tax result for fiscal year 2025 amounted to \$23.4 million, with approximately 98% of the referred tax losses generated before 2017.

(2) It corresponds mainly to the deferred tax assets related to post-employment benefits and asset retirement obligations.

Deferred tax assets (liabilities)	At the beginning of the year	Translation differences	Credits (Charges) directly to OCI	Recognition of previously unrecognized tax losses	Income statement credit (charge)	Total as of December 31, 2024
Property, plant and equipment	323,538	(81,642)	—	—	(111,558)	130,338
Inventories	17,831	(15,440)	—	—	(40,304)	(37,913)
Intangible assets	134,328	(34,905)	—	—	52,978	152,401
Provisions	354,097	(48,805)	—	—	(38,024)	267,268
Trade receivables	42,674	(5,608)	—	—	4,242	41,308
Tax losses (3)	382,971	(65,362)	—	25,438	(28,987)	314,060
Other (4)	287,126	(11,587)	57,867	—	(95,177)	238,229
At the end of the year	1,542,565	(263,349)	57,867	25,438	(256,830)	1,105,691

(3) As of December 31, 2024, the recognized deferred tax assets on tax losses amount to \$314.1 million, mainly connected to Ternium Brasil Ltda. and Usinas Siderúrgicas de Minas Gerais S.A. Additionally, connected to Usinas Siderúrgicas de Minas Gerais S.A., there are \$8.0 million, of net unrecognized deferred tax assets stemming from temporary differences, and \$287.6 million unrecognized deferred tax assets related to tax losses, and \$688.4 million of net unrecognized deferred tax assets connected to Ternium Brasil Ltda. Under the Luxembourg tax law, tax losses generated before 2017 can be carried forward indefinitely and are not subject to any yearly consumption limitation, while losses incurred as from 2017 may be carried forward for a maximum of 17 years. Unrecognized tax losses of Ternium S.A. as of December 31, 2023, amounted to \$2.2 billion and the estimated tax loss for the fiscal year 2024 amounted to \$26.7 million, with approximately 92% of the referred tax losses generated before 2017. Unrecognized tax losses of Ternium Investments S.à r.l. as of December 31, 2023, amounted to \$2.6 billion and the estimated tax result for fiscal year 2024 amounted to \$7.8 million, with approximately 98% of the referred tax losses generated before 2017.

(4) It corresponds mainly to the deferred tax assets related to post-employment benefits and asset retirement obligations.

Deferred tax assets and liabilities are offset when the entity a) has a legally enforceable right to set off the recognized amounts; and b) intends to settle the tax on a net basis or to realize the asset and settle the liability simultaneously.

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21. OTHER LIABILITIES – NON-CURRENT AND CURRENT

	As of December 31,	
	2025	2024
(i) Other liabilities - Non current		
Post-employment benefits	703,788	573,834
Other employee benefits	70,657	73,502
Asset retirement obligation (note 19) (1)	128,990	80,543
Other	52,677	38,082
Other liabilities – Non-current	956,112	765,961

The carrying value of these liabilities approximates the fair value.

(1) The asset in connection with this liability is included in Property, plant and equipment.

Post-employment benefits

The amounts recognized in the consolidated statement of financial position are determined as follows:

	Post-employment benefits	
	As of December 31,	
	2025	2024
Present value of obligations	1,707,549	1,456,677
Fair value of plan assets	(1,211,079)	(1,032,356)
Asset ceiling	207,318	149,513
Net liability (asset) in the statement of financial position	703,788	573,834

The amounts recognized in the consolidated income statement are as follows:

	Post-employment benefits	
	Year ended December 31,	
	2025	2024
Current service cost	14,711	17,260
Interest cost (income), net	43,295	40,217
Interest on Asset ceiling/ Onerous liability	20,357	16,678
Total included in income statement	78,363	74,155

The amounts recognized in other comprehensive income are as follows:

	Post-employment benefits	
	Year ended December 31,	
	2025	2024
Remeasurements		
Effect of changes in demographic assumptions	(16,152)	66,333
Effect of changes in financial assumptions	63,102	(236,205)
Effect of experience adjustments	1,776	33,735
Change in asset ceiling	19,056	(42,157)
Expected return on assets	(21,905)	177,519
Total included in other comprehensive income	45,877	(775)

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21. OTHER LIABILITIES – NON-CURRENT AND CURRENT (continued)

Changes in the liability recognized in the consolidated statement of financial position are as follows:

	Post-employment benefits	
	As of December 31,	
	2025	2024
At the beginning of the year	1,456,677	1,975,462
Transfers, new participants and funding of the plan	(15)	157
Total expense	191,730	166,827
Remeasurements	48,726	(136,137)
Translation differences	178,167	(399,929)
Contributions paid	(167,736)	(149,703)
At the end of the year	1,707,549	1,456,677

Changes in fair value of the plan assets are as follows:

	Fair value of plan assets	
	As of December 31,	
	2025	2024
At the beginning of the year	1,032,356	1,525,330
Expected return on assets	21,905	(177,519)
Interest income	133,724	109,350
Translation differences	128,992	(330,283)
Funding of the plan	16,936	13,111
Contributions paid	(122,834)	(107,633)
At the end of the year	1,211,079	1,032,356

The major categories of plan assets are as follows:

	Fair value of plan assets	
	As of December 31,	
	2025	2024
Usiminas shares	36,946	29,305
Non-US government securities	861,452	716,909
Fixed income	94,747	81,821
Investments funds	215,233	202,987
Others	2,701	1,334
At the end of the year	1,211,079	1,032,356

As of December 31, 2025, the pension plan assets included 34,109,762 common shares of Usiminas (34,109,762 common shares of the Usiminas as of December 31, 2024).

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21. OTHER LIABILITIES – NON-CURRENT AND CURRENT (continued)

The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2025	2024
Mexico		
Discount rate	9.50%	10.25%
Compensation growth rate	6.00% - 7.00%	6.00% - 7.00%
Argentina		
Discount rate	5.70% - 7.00%	6.00% - 7.00%
Compensation growth rate	2.00% - 3.00%	2.00% - 3.00%
Brazil		
Discount rate	7.29% - 7.81%	7.46% - 8.10%
Compensation growth rate	0.90% - 2.90%	0.50% - 2.90%
Long-term increase in medical service costs	4.75%	4.75%
Expected return on plan assets	11.40% - 11.94%	11.76% - 12.42%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	-7.0%	8.1%
Compensation growth rate	1.00%	0.8%	-0.9%
Pension growth rate	1.00%	0.3%	-0.4%
Life expectancy	1 year	1.0%	-1.0%

The estimated future payments for the next five years will be between \$172.3 million and \$188.7 million per year.

The post-retirement benefits related to Usiminas are guaranteed with property, plant and equipment up to the amount of \$214 million.

	As of December 31,	
	2025	2024
(ii) Other liabilities - Current		
Payroll and social security payable	162,022	184,805
VAT liabilities	24,063	37,259
Other tax liabilities	69,510	60,373
Termination benefits	119	128
Related Parties (Note 26)	470	463
Asset retirement obligation (Note 19)	16,084	17,818
Dividends payable	8,677	1,967
Put option liability (note 3 (e))	298,450	263,201
Others	60,391	63,664
Other liabilities – Current	639,786	629,678

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22. DERIVATIVE FINANCIAL INSTRUMENTS

Net fair values of derivative financial instruments

The net fair values of derivative financial instruments as of December 31, 2025 and 2024 were as follows:

	As of December 31,	
	2025	2024
Contracts with positive fair value		
Commodities contracts	29	169
Foreign exchange contracts	42,552	4,314
	42,581	4,483
Contracts with negative fair value		
Commodities contracts	(1,032)	(85)
Foreign exchange contracts	(49)	(50,257)
	(1,081)	(50,342)

Derivative financial instruments breakdown is as follows:

(a) Interest rate contracts

Fluctuations in market interest rates create a degree of risk by affecting the amount of the Company's interest payments and the value of its floating-rate debt.

(b) Foreign exchange contracts

Ternium's subsidiaries enter into derivative agreements to manage their exposure to currencies other than the \$, in accordance with the Company's policy for derivative instruments.

Since 2023, Ternium Mexico entered into several forward agreements mainly to manage the exchange rate exposure generated by future payables in EUR related to the investment plan in Pesquería among other standard liabilities in EUR. The outstanding notional amount hedged as of December 31, 2025, was EUR 208.9 million. These agreements will be due up to August 2026 and have been accounted for as cash flow hedges. As of December 31, 2025, the aggregate notional amount on these agreements amounted to \$242.7 million.

In addition, during 2025 and 2024 Ternium Mexico has engaged in multiple non-deliverable forward agreements to manage the exposure arising from future payables in MXN linked to the investment plan in Pesquería, seeking to mitigate the impact of exchange rate volatility on the budget assigned for the investment. These agreements will be due up to June 2027 and have been accounted for as cash flow hedges. As of December 31, 2025, its notional value amounted to \$344.5 million.

Finally, since 2024, Ternium Mexico has entered into non-deliverable forward agreements to manage the exchange rate exposure generated by future payables in JPY related to the investment plan in Pesquería. These agreements were due up to August 2025; consequently, as of December 31, 2025, there are no outstanding amounts.

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22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Changes in fair value of derivative instruments designated as cash flow hedges for each of the years presented are included below:

	Cash flow hedges - Foreign exchange derivatives		
	Gross amount	Income tax	Total
As of December 31, 2023	22,721	(6,824)	15,897
(Decrease) / Increase	(75,160)	22,548	(52,612)
Reclassification to income statement	—	—	—
As of December 31, 2024	(52,439)	15,724	(36,715)
(Decrease) / Increase	111,195	(33,359)	77,836
Reclassification to income statement	—	—	—
As of December 31, 2025	58,756	(17,635)	41,121

Occasionally, Ternium Colombia S.A.S. can enter into non-deliverable forward agreements to manage the aggregate exposure arising from its balance sheet position in conjunction with expected off balance future trade receivables denominated in its local currency. The last agreements were due up November 2025; consequently, as of December 31, 2025, there are no outstanding amounts.

As of 2023, Ternium Guatemala entered into several non-deliverable forward agreements in order to partially manage the exchange rate exposure generated primarily by trade receivables denominated in Guatemalan quetzals. As of December 31, 2025, the notional amount on these agreements amounted to \$2.0 million, which will be settling on January 2026.

From time to time, Ternium del Atlántico can enter into several non-deliverable forward agreements to manage the aggregate exposure arising from its balance sheet position in conjunction with expected off balance future trade receivables denominated in Colombian pesos. These agreements were due up to January 2025; consequently, as of December 31, 2025, there are no outstanding amounts.

Occasionally, Ternium Procurement can enter into specific forward agreements in order to manage the exchange rate exposure generated by purchases of semi-finished steel products. These agreements were due up to November 2025; consequently, as of December 31, 2025, there are no outstanding amounts.

During 2024 and 2025, Ternium Argentina occasionally conducted specific forward agreements as a strategy to convert financing rates in Argentine pesos to competitive \$ rates through cross currency transactions, enhancing its overall financial position. As of December 31, 2025, there are no outstanding amounts.

During 2025, Ternium Brasil entered into several non-deliverable forward agreements in order to manage the exchange rate exposure generated primarily by trade payables and capital expenditures denominated in EUR. As of December 31, 2025, the notional amount on these agreements amounted to \$10.0 million, which will be settling on January 30, 2026.

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22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The net fair values of the exchange rate derivative contracts as of December 31, 2025 and 2024 were as follows:

Currencies	Contract	Notional amount	Fair value at December 31,	
			2025	2024
MEX/\$	ND Forward & Forward - Buy MXN	7.1 billion MXN	39,488	(25,940)
EUR/\$	Forward & ND Forward - Buy EUR	217.7 million EUR	3,016	(24,073)
EUR/\$	Forward - Sell EUR	0.2 million EUR	0	189
GTQ/\$	ND Forward - Sell GTQ	15.3 million GTQ	(2)	(2)
JPY/\$	ND Forward - Buy JPY		—	(431)
ARS/\$	ND Forward - Buy ARS		—	3,952
COP/\$	ND Forward - Sell COP		—	362
			42,503	(45,943)

ARS: Argentine pesos; COP: Colombian pesos; EUR: Euros; \$: US dollars; GTQ: Guatemalan quetzales; JPY: Japanese yens; MXN: Mexican pesos.

(c) Commodities contracts

Since 2023, Ternium Mexico entered into swap agreements to mitigate the specific impact of the fluctuation of zinc price fluctuations affecting the manufacturing of galvanized products to be sold with a fixed zinc price. As of December 31, 2025, Ternium Mexico has several agreements outstanding with an aggregate notional amount of \$2.8 million. Outcome from these transactions will be presented in the income statement.

Since 2023, Mineração Usiminas, one of Usiminas' subsidiaries, entered into forward agreements to manage the impact of the fluctuation of iron ore prices affecting its sales in the foreign market. As of December 31, 2025, Mineração Usiminas has several agreements outstanding with an aggregate notional amount of \$26.9 million. These transactions are accounted for as cash flow hedges.

Changes in fair value of derivative instruments designated as cash flow hedges for each of the years presented are included below:

	Cash flow hedges - Commodities derivatives		
	Gross amount	Income tax	Total
As of December 31, 2023	—	—	—
(Decrease) / Increase	(879)	299	(580)
Reclassification to income statement	—	—	—
As of December 31, 2024	(879)	299	(580)
(Decrease) / Increase	832	(281)	551
Reclassification to income statement	—	—	—
As of December 31, 2025	(47)	18	(29)

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23. LEASE LIABILITIES

	Lease liabilities		
	Current	Non Current	Total
Year ended December 31, 2025			
Values at the beginning of the year	46,458	163,666	210,124
Translation differences	2,078	5,833	7,911
Net proceeds	10,703	7,586	18,289
Indexation	3,032	4,122	7,154
Repayments	(64,544)	—	(64,544)
Interest accrued	16,914	—	16,914
Interest paid	(9,314)	—	(9,314)
Reclassifications	43,176	(43,176)	—
As of December 31, 2025	48,503	138,031	186,534
Year ended December 31, 2024			
Values at the beginning of the year	52,174	188,913	241,087
Translation differences	(1,764)	(9,639)	(11,403)
Net proceeds	5,006	8,034	13,040
Indexation	3,778	17,287	21,065
Repayments	(61,194)	—	(61,194)
Interest accrued	16,967	—	16,967
Interest paid	(9,438)	—	(9,438)
Reclassifications	40,929	(40,929)	—
As of December 31, 2024	46,458	163,666	210,124
		As of December 31, 2025	As of December 31, 2024
Commitments in relation to finance leases are payable as follows:			
Within one year		57,632	59,433
Later than one year but not later than five years		115,938	146,282
Later than five years		89,948	87,878
Minimum lease payments		263,518	293,593
Future finance charges		(76,984)	(83,469)
Total Financial lease liabilities		186,534	210,124
The present value of finance lease liabilities is as follows:			
Within one year		48,503	46,458
Later than one year but not later than five years		95,262	117,195
Later than five years		42,769	46,471
Total minimum lease payments		186,534	210,124

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24. BORROWINGS

	As of December 31,	
	2025	2024
(i) Non-current		
Bank borrowings	699,593	499,593
Bonds	494,897	421,079
Debentures	639,617	642,110
Less: debt issue costs	(19,520)	(2,735)
	1,814,587	1,560,047
(ii) Current		
Bank borrowings	573,386	646,258
Bonds	15,833	13,284
Debentures	17,659	12,587
Less: debt issue costs	(2,478)	(2,057)
	604,400	670,072
Total Financial Debt	2,418,987	2,230,119

The maturity of borrowings is as follows:

	Expected Maturity Date			At December 31, (1)	
	2026	2027	2028 and thereafter	2025	2024
	Borrowings - Fixed Rate	267,201	—	—	267,201
Borrowings - Floating Rate	303,707	297,332	394,514	995,553	487,524
Bonds	15,833	—	484,971	500,804	440,405
Debentures	17,659	—	637,770	655,429	652,619
Total	604,400	297,332	1,517,255	2,418,987	2,230,119

(1) As most borrowings and the debentures incorporate floating rates that approximate market rates and the contractual repricing occurs mostly every 1 month, the fair value of the borrowings and the debentures approximates their carrying amount and it is not disclosed separately. Fixed rate borrowings are uncommitted short-term revolving loans, and their fair value approximates to their carrying amount. Regarding the bonds, its fair value approximates the market value.

The weighted average interest rates - which incorporate instruments denominated mainly in U.S. dollars and which do not include the effect of derivative financial instruments nor the devaluation of these local currencies - at year-end were as follows:

	As of December 31,	
	2025	2024
Bank borrowings	5.45 %	7.15 %
Bonds	7.50 %	5.88 %
Debentures	16.17 %	13.50 %

The nominal average interest rates shown above were calculated using the rates set for each instrument in its corresponding currency and weighted using the dollar-equivalent outstanding principal amount of said instruments as of December 31, 2025 and 2024, respectively.

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24. BORROWINGS (continued)

Breakdown of borrowings by currency is as follows:

Currencies	Contract	As of December 31,	
		2025	2024
\$	Fixed	710,831	969,826
\$	Floating	988,875	475,157
BRL	Floating	655,429	652,619
COP	Fixed	57,171	79,140
MXN	Floating	6,678	12,367
ARS	Fixed	3	41,010
		2,418,987	2,230,119

\$: U.S. dollars; ARS: Argentine pesos; BRL: Brazilian reais; COP: Colombian pesos; MXN: Mexican pesos.

Ternium's most significant current borrowings as of December 31, 2025, were those incurred under Ternium Brasil's bilateral credit lines, in order to finance solely activities related to its exports of goods, and under Usiminas' bonds and debentures issued in order to refinance its financial debt. Additionally, on July 23, 2025, Ternium México entered into a \$1,250 million syndicated loan agreement with several banks to finance and/or refinance capital, operating and research and development expenditures and other related investments associated with the DRI-EAF steelmaking plant at its Pesquería Industrial Center in México. The net proceeds from the loan are expected to be disbursed over the next twelve months. The Loan qualifies as "green" under the 2025 LMA and LSTA Green Loan Principles, promoting the development and integrity of green loan products. The loan bears interest at a variable rate and must be repaid in six equal semi-annual installments, commencing in the 30th month anniversary of the effective date; the borrower may prepay the loan in whole or in part at any time. Under the loan, Ternium Mexico is subject to certain covenants customary for transactions of this type, including compliance with a specified leverage ratio and green reporting.

Date	Borrower	Type	In \$ million		Maturity
			Original principal amount	Outstanding principal amount as of December 31, 2025	
May 2024	Ternium Brasil	Bilateral credit lines	700	700	October 2030
July 2019	Usiminas	Bonds	500	500	January 2032
May 2022	Usiminas	Debentures - 8th emission	145	73	November 2029
December 2022	Usiminas	Debentures - 9th emission	310	243	December 2032
August 2024	Usiminas	Debentures - 10th emission	320	323	September 2031
July 2025	Ternium Mexico	Syndicated loan agreement	1,250	300	August 2030

The main covenants on these loan agreements, bonds and debentures are limitations on liens and encumbrances, limitations on the sale of certain assets and compliance with financial ratios (i.e. leverage ratio). As of December 31, 2025, Ternium was in compliance with all of its covenants.

25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

Ternium is from time to time subject to various claims, lawsuits and other legal proceedings, including customer, employee, tax and environmental-related claims, in which third parties are seeking payment for alleged damages, reimbursement for losses, or indemnity. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure.

Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Accordingly, with respect to a large portion of such claims, lawsuits and other legal proceedings, Ternium is unable to make a reliable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, Ternium has not accrued a provision for the potential outcome of these cases.

If a potential loss from a claim, lawsuit or other proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the consolidated financial statements and take into consideration litigation and settlement strategies. In a limited number of ongoing cases, Ternium was able to make a reliable estimate of the expected loss or range of probable loss and has accrued a provision for such loss but believes that publication of this information on a case-by-case basis would seriously prejudice Ternium's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency but has not disclosed its estimate of the range of potential loss.

The Company believes that the aggregate provisions recorded for potential losses in its consolidated financial statements are adequate based upon currently available information. However, if management's estimates prove incorrect, current reserves could be inadequate and Ternium could incur a charge to earnings which could have a material adverse effect on Ternium's results of operations, financial condition, net worth and cash flows.

(i) Tax claims and other contingencies

The tax claims and other contingencies recognized at the increase of the participation of Usiminas are included in note 3.

(a) Provision for ongoing litigation related to the acquisition of a participation in Usiminas

The Company is party to a longstanding lawsuit filed in Brazil by Companhia Siderúrgica Nacional, or CSN, and various entities affiliated with CSN against Ternium Investments, its subsidiary Ternium Argentina, and Tenaris's subsidiary Confab, all of which compose the T/T Group under the Usiminas shareholders agreement. The entities named in the CSN lawsuit had acquired participations in Usiminas in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to the Usiminas control group. Ternium Investments and Ternium Argentina's respective shares in the offer would be 60.6% and 21.5%.

**25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS
(continued)**

On September 23, 2013, the first instance court dismissed the CSN lawsuit, and on February 8, 2017, the court of appeals maintained the understanding of the first instance court. CSN filed an appeal to the Superior Court of Justice (SCJ), seeking the review and reversal of the decision issued by the Court of Appeals, and on March 7, 2023, the SCJ, by majority vote, rejected CSN's appeal.

CSN made several submissions in connection with the SCJ decision, including a motion for clarification that challenged the merits of the SCJ decision. Decisions at the SCJ are adopted by majority vote. At an October 17, 2023 session, two justices of the SCJ voted in favor of remanding the case to the first instance for it to be retried following production and assessment of the new evidence, and two justices of the SCJ voted, without requiring any further evidence, in favor of granting CSN's motion for clarification and reversing the March 7, 2023 decision that rejected CSN's appeal; because the fifth member of SCJ excused himself from voting, a justice from another panel at the SCJ was summoned to produce the tie-breaking vote. On June 18, 2024, the SCJ completed its voting on CSN's motion for clarification and reversed, by majority vote, its March 7, 2023 decision, and resolved that Ternium Investments, its subsidiary Ternium Argentina and Tenaris's subsidiary Confab should pay CSN an indemnification in connection with the acquisition by the T/T Group of the participations in Usiminas in January 2012, with CSN being allowed to retain ownership of the Usiminas ordinary shares it currently owns.

On August 1, 2024, Ternium Investments, Ternium Argentina and the other T/T Group entities filed a motion for clarification against the SCJ decision and, subsequently, CSN filed its reply. On December 6, 2024, the SCJ rejected this motion for clarification, confirming the obligation of the T/T Group entities to pay indemnification in connection with the 2012 acquisition of the participations in Usiminas. Notwithstanding the foregoing, the SCJ unanimously resolved to modify the applicable monetary adjustment mechanism and to cap the applicable attorney's fees, thereby lowering the aggregate amount that would be payable if CSN ultimately prevails in this claim. Based on such SCJ decision, assuming monetary adjustment through December 31, 2025, and attorney's fees in the amount of BRL 5 million, the aggregate amount potentially payable by Ternium Investments and Ternium Argentina if CSN finally prevails on its claims would be of approximately BRL 2,143.9 million (BRL 1,875.9 million as of December 31, 2024) and BRL 759.0 million (BRL 664.1 million as of December 31, 2024). The foregoing amounts, if the BRL/\$ rate as of December 31, 2025, is used, are equivalent to approximately \$389.6 million (\$302.9 million as of December 31, 2024, if the BRL/\$ rate as of such date is used) and \$138.0 million (\$107.3 million as of December 31, 2024, if the BRL/\$ rate as of such date is used).

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

The Company continues to believe that all of CSN's claims and allegations are unsupported and without merit, as confirmed by several opinions of Brazilian legal counsel, two decisions issued by the Brazilian securities regulator in February 2012 and December 2016, the first and second instance court decisions and the March 7, 2023 SCJ decision referred to above, and that in connection with the Usiminas acquisition the T/T Group was not required either to launch a tender offer or to pay indemnification to CSN. Accordingly, on February 10, 2025, Ternium filed an extraordinary appeal against the SCJ decisions that ordered an indemnification payment, seeking their review and reversal by the Supreme Federal Tribunal. On September 10, 2025, the Vice-President of the SCJ, without examining the merits, denied leave to proceed with the extraordinary appeal as to certain arguments and ruled it inadmissible as to certain others, and on October 2, 2025, Ternium and the other T/T Group entities filed an internal appeal for the special court of the SCJ to reconsider the denial of leave to proceed and a concurrent appeal against the inadmissibility ruling for the Supreme Federal Tribunal to consider admissibility of the extraordinary appeal directly. On November 26, 2025, the first appeal was dismissed by the SCJ special court while the other appeal has not yet been ruled by the Supreme Federal Tribunal. The Company cannot predict the ultimate resolution on the matter.

(b) Tax assessments relating to the use of certain ICMS tax credits

The Imposto Sobre Operações Relativas à Circulação de Mercadorias e Serviços, or ICMS, is a Brazilian value-added tax on the services (inter-states) and the transfer of goods in Brazil. Payment of ICMS generates tax credits that, subject to applicable law, rules and regulations, may be either used to offset ICMS payment obligations generated in connection with domestic sales of products and services, or sold and transferred to third parties.

The Rio de Janeiro State Treasury Office is challenging the use by Ternium Brasil of ICMS tax credits generated in connection with purchases of refractory materials in the period from December 2010 through December 2016, and intends to assess taxes and impose fines on Ternium Brasil on the argument that such materials may not be qualified as “raw materials” or “intermediary products” but as “goods for consumption” and, accordingly, ICMS tax credits generated in connection with their purchase are not available and may not be used to offset ICMS payment obligations generated in connection with Ternium Brasil’s domestic sales of carbon steel slabs. Ternium Brasil has appealed against the Rio de Janeiro State Treasury Office tax assessments and fines. A provision in the amount of \$57.7 million was recorded as of the acquisition date in connection with this matter (\$33.0 million and \$29.3 million as of December 31, 2025 and 2024, respectively).

(c) BP Energía México (BPEM) – Arbitration process

On February 2022, BP Energía México (“BPEM”) started an arbitration process against Gas Industrial de Monterrey, S.A. de C.V. (“GIMSA”), Ternium México and Ternium Gas México (“Respondents”), claiming payment for the gas supply from February 12 to February 28, 2021, for \$27.6 million, \$12.4 million, and \$2.4 million, plus V.A.T. and interest, respectively. On June 9, 2024, after the arbitration process was completed, the arbitration award was notified and the Arbitration Tribunal ordered the Respondents to pay BPEM \$22.0 million, \$9.9 million and \$2.1 million, plus V.A.T. and interest, respectively. Additionally, the Parties were ordered to pay expenses and costs for \$2.4 million. As of September 30, 2024, the Company recognized a provision of \$34.2 million in its consolidated condensed interim financial statements.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

On October 25, 2024, the parties reached an agreement settling the reciprocal claims, and all parties formally dismissed the legal actions initiated with respect to the arbitration award.

(d) PIS and COFINS credits defense action - Usiminas

In August 2024, the Federal Government had filed two new tax claims for a total of approximately BRL 503 million (\$92 million; BRL 562 million or \$102 million as of December 31, 2025). The contingencies are related to tax assessments that partially approved offset statements through which Usiminas claimed PIS and COFINS credits arising from a final court decision, which discussed the exclusion of ICMS from the calculation basis of said contributions. The tax authority disagreed with the calculation methodology adopted by Usiminas. Usiminas filed a defense action in the aforementioned proceedings, arguing that the calculations are correct and the credit rights should be recognized.

(ii) Commitments

The following are Ternium's main off-balance sheet commitments:

(a) Ternium Argentina signed agreements, mainly with Vale S.A. and LHG Mining, to cover 80% of its required iron ore, pellets and iron ore fines volumes until December 31, 2027, for a estimated total amount of \$259 million. Although they do not set a minimum amount or a minimum commitment to purchase a fixed volume, under certain circumstances a penalty is established for the party that fails of:

- 7% in case the annual operated volume is between 70% and 75% of the total volume of purchases of the Company; such percentage is applied over the difference between the actual purchased volume and the 80% of the total volume of purchases.

- 15% in case the annual operated volume is lower than 70% of the total volume of purchases of the Company; such percentage is applied over the difference between the actual purchased volume and the 80% of the total volume of purchases.

(b) Ternium Argentina also signed various contracts for the provision and transportation of natural gas, including Tecpetrol and Energy Consulting Services S.A., both related companies of Ternium, assuming firm commitments for a total of \$46.3 million until April 2028. Additionally, Ternium Argentina signed contracts for gas transportation with Transportadora de Gas del Norte S.A., a related company of Ternium, assuming firm commitments for a total of \$16.8 million payable until April 2028.

(c) Ternium Argentina signed an agreement with Air Liquide Argentina S.A. for the supply of oxygen, nitrogen and argon, for an aggregate amount of \$52.0 million, which is due to terminate in 2037.

(d) Ternium Argentina signed various contracts within its investment plan for the future acquisition of Property, plant and equipment for a total of \$18.0 million, and also subscribed various contracts for the maintenance and the operation of the wind farm for a total of \$53.3 million payable until the year 2054.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(e) On April 24, 2017, Ternium Mexico entered into a 25-year contract (effective as of December 1, 2016, through December 1, 2041) with Techgen, S.A. de C.V. for the supply of 699 MW (which represents 78% of Techgen's capacity) and covers most of Ternium Mexico's facilities electricity needs. Monthly payments are determined on the basis of capacity charges, operation costs, back-up power charges, and transmission charges. As of the seventh contract year (as long as Techgen's existing or replacing bank facility has been repaid in full), Ternium Mexico has the right to suspend or early terminate the contract if the rate payable under the agreement is higher than the rate charged by Comisión Federal de Electricidad ("CFE") or its successors. Ternium Mexico may instruct Techgen to sell to any affiliate of Ternium Mexico, to CFE, or to any other third party all or any part of unused contracted energy under the agreement and Ternium Mexico will benefit from the proceeds of such sale. The contract with Techgen is under the Self Supply Scheme. According to this regulatory scheme, CFE needs to authorize the sale of energy to other third party final users. On August 27, 2021, Ternium México and Techgen signed an amendment to the contract to establish changes in the supply to Ternium; these changes were mainly connected to a new direct transmission line between Techgen and Ternium's Pesqueria Site for the direct supply of electricity to this site.

(f) Ternium México issued a guarantee letter covering up to approximately \$28.8 million of the obligations of Gas Industrial de Monterrey, S.A. de C.V. ("GIMSA"), under the natural gas trading agreement between GIMSA and NEG Natural S.A. de C.V. ("NEG"). The credit line granted by NEG in connection with this natural gas trading agreement amounted to approximately \$21.6 million. As of December 31, 2025, the outstanding amount under the natural gas trading agreement was \$9.5 million, which is below the amount included in the guarantee letter issued by Ternium México.

(g) Ternium Mexico issued a guarantee letter covering up to approximately \$57.2 million of the obligations of Techgen S.A. de C.V. ("Techgen") under the Clean Energy Certificates trading agreement between Techgen and Enel Green Power ("ENEL"). The amount equals the remnant balance if Techgen decides to terminate the agreement prior to the expiration date (and decreases as time of the contract passes). The contract was signed on May 25, 2018, and terminates on June 30, 2041.

(h) In April 2025, Ternium Mexico entered into an amendment agreement for the industrial gas supply with Praxair Mexico for the Guerrero, Juventud and Universidad facilities, originally signed in June 2008. As of December 31, 2025, the agreement considers a minimum annual oxygen consumption of 96 million cubic meters, valued at approximately \$4.5 million per year, valid until September 2029. The Company is in compliance with the minimum annual quotas established, which represent less than half of the average annual consumption.

(i) On May 9, 2018, Ternium Mexico entered into a 10-year contract (effective as of July 1, 2018) with Kinder Morgan Texas Pipeline L.L.C., Kinder Morgan Tejas Pipeline L.L.C. and Kinder Morgan Border Pipeline L.L.C. for the transportation of natural gas in the United States of America (Texas). The contracted capacity is 60,000 MMBTU/day and the annual cost is approximately \$3.7 million.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(j) On December 30, 2019, Ternium Mexico entered into a 15-year contract (effective as of July 1, 2021) with Kinder Morgan Texas Pipeline L.L.C., Kinder Morgan Tejas Pipeline L.L.C. and Kinder Morgan Gas Natural de México S. de R.L. de C.V. for the transportation of natural gas in the United States of America (Texas) and in Mexico. The contracted capacity is 31,000 MMBTU/day and the annual cost is approximately \$4.8 million.

(k) In February 2023, Ternium's Board of Directors approved a new project in Pesquería, which involves the construction of an electric arc furnace and a direct reduced iron plant. As of December 31, 2025, Ternium México has commitments for property, plant and equipment for an amount of approximately \$535.4 million in Euros, Mexican pesos and U.S. dollars. These commitments are mainly covered by currency derivative financial instruments as commented in note 22 in these Consolidated Financial Statements.

(l) Techgen is a party to gas transportation capacity agreements with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for the whole transportation capacity starting on August 1, 2016 and ending during the second half of 2036. As of December 31, 2025, the outstanding value of this commitment was approximately \$150.4 million. Ternium's exposure under the guarantee in connection with these agreements amounts to \$72.2 million, corresponding to the 48% of the agreements' outstanding value as of December 31, 2025.

(m) Ternium issued two stand-by letters of credit covering 48% of the funding of a debt service reserve account under a syndicated loan agreement between Techgen and several banks led by Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, and Natixis, New York Branch acting as joint bookrunners. The loan agreement dated as of February 13, 2019, amounted to \$640 million and the proceeds were used by Techgen to refinance in full all amounts owed under a previous syndicated loan between Techgen and several banks, which funds were used in the construction of the facility. As of December 31, 2025, the outstanding aggregated amount under the stand-by letters of credit was \$44.1 million, as a result the amount guaranteed by Ternium was approximately \$21.2 million.

(n) During 2006, CSA, the predecessor of Ternium Brasil, has entered into a 15-year contract denominated "*Contrato de comercialização de energia elétrica no ambiente regulado - CCEAR por disponibilidade*" to provide electric energy to 24 distributors starting on 2011. Under this contract, Ternium Brasil has to provide 200 MW average per year and the price is adjusted by the Brazilian inflation index. The penalty for not delivering the volume of energy of the contract is the difference between the spot price and the unit variable cost (calculated and published by the Agência Nacional de Energia Elétrica), calculated per hour. This contract ended in December 2025.

(o) Ternium Brasil signed an exclusivity agreement with Vale S.A. for the purchase of iron ore (pellets, sinter feed and lump ore), which is due to terminate in 2029. The total purchased volume, in accordance with the actual production capacity, is of approximately 8.0 million tons per year. Ternium Brasil has not the obligation to take or pay the mentioned volume and only should pay logistic costs in case of not purchasing the contracted volume.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(p) Ternium Brasil also signed on March 2024 a contract with Primetals Technologies Brazil Ltda. for caster equipment maintenance services for the steel plant. As of December 31, 2025, the outstanding amount of the mentioned services was approximately \$135.3 million and is due to terminate in March 2034. The agreement prevents the delivery of the minimum take-or-pay volume by Ternium and a minimum quantity of contracted hours by Primetals.

(q) Ternium Brasil is a party to a long-term contract with the Consortium formed by Air Liquide Brasil Ltda., AirSteel Ltda., White Martins Gases Industriais Ltda., White Martins Steel Ltda. and ThyssenKrupp MinEnergy GmbH for the supply of air, oxygen, nitrogen and argon to satisfy the requirements up to January 2029. The outstanding amount was approximately \$97.2 million as of December 31, 2025. The contract has minimum daily-required volumes.

(r) Ternium Brasil, for its activity of energy generation through gas and steam turbines, signed on March 2017 a contract with GE Global Parts and Products GMBH, General Electric International Inc. and Alstom Energia Térmica e Indústria Ltda. for the maintenance services of such turbines (including the supply of spare parts) for a period of 20 years. This agreement was extended for an additional period of 4 years. As of December 31, 2025, the outstanding amount of this commitment was \$165.7 million.

(s) Ternium Brasil signed in December 2023 a contract with Vix Logística S.A. for logistics supply chain operations. This agreement is due to terminate in April 2029 and the outstanding amount was \$32.2 million as of December 31, 2025. The contract has minimum required volumes and a penalty for early termination.

(t) Ternium Brasil signed on January 2024 a contract with Petrobras S.A. for the supply of petcoke. As of December 31, 2025, the outstanding amount of the agreement was approximately \$20.1 million and is due to terminate in February 2026. The contract has minimum required volumes.

(u) Ternium Brasil signed on September 2024 a contract with Petrobrás S.A. for the supply of natural gas on free market. This agreement started on October 1, 2024. As of December 31, 2025, the outstanding amount for this agreement was approximately \$110.6 million. This agreement is due to terminate in December 2029. The contract has minimum required volumes.

(v) Ternium Brasil entered into an agreement with LSI Logística S.A. for the rental of mobile equipment for maintenance and operations. The contract is due to terminate in March 2028 and has a penalty for early termination. As of December 31, 2025, the outstanding amount was \$32.8 million.

(w) As of December 31, 2025, Usiminas' commitments for the acquisition of immobilized assets totaled \$108.9 million and are intended, mainly, for adaptation, reforms, and improvements in the primary areas of Ipatinga, increase in quality, reduction of costs, maintenance, technological updating of equipment and environmental protection.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(x) In July 2011, Usiminas Mineração S.A. subscribed an agreement with MBL Materiais Básicos Ltda, related to the mining rights adjacent to its mining reserves. On October 15, 2012, the agreement was authorized by the National Mining Agency (ANM). It has a duration of 30 years, or until the complete depletion of these mineral reserves. The monthly payments are linked to the volume of iron ore extracted from the areas covered by the agreement. Since 2015, a minimum annual volume of 3.6 million metric tons was established. If the annual volume of iron ore extracted is below the minimum volume, a payment under a take-or-pay arrangement will be due, calculated as the difference between the minimum volume and the volume effectively extracted. The outstanding amount was approximately \$346.6 million as of December 31, 2025.

(y) In January 2017, Usiminas S.A. entered into electricity purchase agreement with Cemig S.A. for the Cubatão steel plant facilities until December 2030. The contract has two ranges: the first range up to 32 MW and the second range up to 65.4 MW. The entire volume of the first range represents a take-or-pay arrangement, and if consumption reaches the second band, a lower tariff will be applied. The outstanding amount was approximately \$186.8 million as of December 31, 2025.

(z) In July 2023, Usiminas S.A. entered into an electricity purchase agreement with Engie S.A. for the Ipatinga steel plant facilities until December 2026. The contract is fully take-or-pay; however, Usiminas can sell this electricity in the market at any time, and even if consumption is lower than contracted, the energy is automatically sold by the Electric Energy Commercialization Chamber (CCEE). The outstanding amount was approximately \$29.4 million as of December 31, 2025.

(aa) In December 2021, Usiminas S.A. entered into a solar energy purchase agreement with Jaiba O Energias Renovaveis S.A. for the supply to the Ipatinga steel plant facilities until December 2039. Usiminas has the obligation to take or pay the agreed amount of the contract. As of December 31, 2025, the total outstanding amounted to approximately \$280.9 million.

(ab) In September 2023, Usiminas S.A. entered into an electricity purchase agreement with Enel S.A. for the Ipatinga steel plant facilities until December 2026. The contract is fully take-or-pay; however, Usiminas can sell this electricity in the market at any time, and even if consumption is lower than contracted, the energy is automatically sold by the Electric Energy Commercialization Chamber (CCEE). The outstanding amount was approximately \$30.3 million as of December 31, 2025.

(ac) In December 2023, Usiminas S.A. entered into an agreement with Gasmig S.A. for the supply of natural gas to the Ipatinga steel plant facilities until July 2026. The contracted capacity is 850 thousand cubic meters per day with a flexibility of plus or minus 10%. Daily, Usiminas S.A. can schedule any volume as needed, with acceptance conditioned on the availability in the Gasmig S.A. pipeline. The flexibility calculation is done on a daily basis, while the take-or-pay volume is 80% annually. The outstanding amount was approximately \$25.5 million as of December 31, 2025.

(ad) Usiminas S.A. signed in September 2024 a contract with the National Operator of the Electric System (ONS) for the use of the transmission system by the Ipatinga steel plant facilities until September 2026. Usiminas has the obligation to take or pay the total contracted amount. The outstanding amount was approximately \$28.0 million as of December 31, 2025.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(ae) Usiminas S.A. signed in April 1996 a contract with White Martins Gases Industriais LTD for the supply of oxygen, nitrogen and argon for the Ipatinga steel plant until December 2032. Usiminas has the obligation to take or pay the 50% of the contracted volume. The outstanding amount was approximately \$85.4 million as of December 31, 2025.

(af) Usiminas S.A. signed in July 2009 a contract with White Martins WK for the supply of oxygen, nitrogen and argon for the Cubatão steel plant until June 2032. Usiminas has the obligation to take or pay the 47.2% of the contracted volume. The outstanding amount was approximately \$78.8 million as of December 31, 2025.

(ag) Usiminas S.A. signed in May 2025 contracts with VLI Multimodal S.A. for the rail transportation of steel products, iron ore and other raw materials until December 2027. The outstanding amount was approximately \$314.0 million as of December 31, 2025. The contracts have minimum yearly-required volumes.

(ah) Usiminas S.A. signed in May 2025 a contract with VLI Multimodal S.A. for port and accessory services at the Port of Praia Mole until December 2027. The contract has an annual movement commitment linked to a take-or-pay agreement. The outstanding amount was approximately \$58.9 million as of December 31, 2025.

(ai) Mineração Usiminas S.A. signed in June 2021 a contract with Porto Sudeste do Brasil S.A. to load iron ore vessels for export until December 2026. The contract includes exclusivity in the provision of port services for the export of the product directly or indirectly by Usiminas S.A. Exclusivity is limited to 8 million tons of product per year. A penalty is established for the party that fails the exclusivity. The outstanding amount was approximately \$164.2 million as of December 31, 2025.

(aj) Usiminas S.A. signed in January 2022 a contract with MRS Logística S.A., a related company of Usiminas, for railway transportation services until December 2026. For the purposes of calculating the take-or-pay commitment, a minimum volume of 3.5 million tons and a maximum of 4.2 million tons should be considered, with a compensatory termination fine in case of early termination of the contract. The outstanding amount was approximately \$37.8 million as of December 31, 2025.

(ak) Mineração Usiminas S.A. signed in September 2023 an agreement with Armac Locação Logística e Serviços S.A. for the supply of internal material handling services from the Ouro Negro area until November 2026. The contract has a termination clause with a termination penalty of 50% of the remaining value of the contract from the 13th to the 21st month, 25% of the remaining value from the 22nd to the 24th month and no penalty from the 25th to the 36th month with 60 days' notice. The outstanding amount was approximately \$14.5 million as of December 31, 2025.

(al) Usiminas S.A. entered into an agreement with Seday Transportes Ltda. for transportation services. The contract is due to terminate in November 2027 and has a penalty for early termination. As of December 31, 2025, the outstanding amount was approximately \$11.9 million.

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25. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(am) Usiminas S.A. signed in July 2025 contracts with Petrobras for the supply of the natural gas for the industrial units of Ipatinga and Cubatão, with a minimum daily consumption volume of 889 thousand cubic meters, until December 2027. The outstanding amount was approximately \$346.7 million as of December 31, 2025. The flexibility calculation is done on a daily basis, while the take-or-pay volume is 70% annually. Usiminas also signed in January 2024 a purchase agreement with Petrobras for the supply of coke to support operations at the company's Ipatinga steel plant until February 2026. The agreement stipulated a total annual volume of 96 thousand tons, subject to a take-or-pay arrangement. The outstanding amount was approximately \$6.0 million as of December 31, 2025.

(an) Usiminas S.A. signed in July 2025 contracts with Ical Industria de Calcinacao Ltda. for the supply of lime and limestone for the industrial unit of Ipatinga, with a minimum monthly consumption volume of 9,282 tons of lime and 23,400 tons of limestone until August 2026. The outstanding amount was approximately \$16.2 million as of December 31, 2025. The contract's terms consider the payment of 100% take-or-pay.

(ao) Usiminas S.A. signed in January 2025 a contract of iron ore purchase agreement with BEMISA HOLDING SA until December 2026. Usiminas has the obligation to take or pay the 95% of the contracted volume. The outstanding amount was approximately \$51.2 million as of December 31, 2025.

(iii) Restrictions on the distribution of profits

In accordance with Luxembourg Law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve until such reserve equals 10% of the issued share capital.

As of December 31, 2025, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

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26. RELATED PARTY TRANSACTIONS

As of December 31, 2025, Techint Holdings S.à r.l. (“Techint”) indirectly owned 65.03% of the Company’s share capital and Tenaris Investments S.à r.l. (“Tenaris”) held 11.46% of the Company’s share capital and voting rights. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company (“San Faustin”). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin (“RP STAK”), a private foundation (Stichting) located in the Netherlands, held voting shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

For commitments with Related parties, see note 25.

The following transactions were carried out with related parties:

	Year ended December 31,		
	2025	2024	2023
(i) Transactions			
(a) Sales of goods and services			
Sales of goods to non-consolidated parties	99,911	138,416	163,591
Sales of goods to other related parties	183,807	151,270	174,869
Sales of services and others to non-consolidated parties	180	181	168
Sales of services and others to other related parties	3,368	2,844	3,932
	287,266	292,711	342,560
(b) Purchases of goods and services			
Purchases of goods from non-consolidated parties	401,835	333,260	491,011
Purchases of goods from other related parties	347,229	93,214	81,404
Purchases of services and others from non-consolidated parties	204,650	99,397	23,574
Purchases of services and others from other related parties	526,720	179,329	103,334
	1,480,434	705,200	699,323
(c) Financial results			
Income with non-consolidated parties	12,925	13,484	12,263
Expenses in connection with lease contracts from other related parties	(824)	(822)	(757)
	12,101	12,662	11,506
(d) Dividends received			
Dividends from non-consolidated parties	33,744	27,062	34,841
	33,744	27,062	34,841
(e) Other income and expenses			
Income (expenses), net with non-consolidated parties	699	915	1,396
Income (expenses), net with other related parties	1,345	2,548	1,753
	2,044	3,463	3,149
As of December 31,			
	2025	2024	
(ii) Year-end balances			
(a) Arising from sales/purchases of goods/services and other transactions			
Receivables from non-consolidated parties		159,059	156,937
Receivables from other related parties		31,811	26,988
Advances from non-consolidated parties		316	2,524
Advances to suppliers with other related parties		126,374	131,685
Payables to non-consolidated parties		(55,318)	(57,230)
Payables to other related parties		(188,030)	(39,721)
Lease liabilities with other related parties		(1,505)	(1,861)
		72,707	219,322

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26. RELATED PARTY TRANSACTIONS (continued)

(iii) Officers and Directors' compensation

During the year ended December 31, 2025, the cash compensation of Officers and Directors amounted to \$31,098 (2024: \$27,221). In addition, Officers received 1,155,500 Units for a total amount of \$7,031 (2024: \$6,408) in connection with the incentive retention program mentioned in note 4 (o)(3).

27. OTHER REQUIRED DISCLOSURES

(a) *Statement of comprehensive income*

	Cash flow hedges			Currency translation adjustment
	Gross amount	Income tax	Total	
As of December 31, 2023	22,721	(6,824)	15,897	(2,903,860)
(Decrease) / Increase	(76,039)	22,847	(53,192)	(823,783)
Reclassification to income statement	—	—	—	—
As of December 31, 2024	(53,318)	16,023	(37,295)	(3,727,643)
(Decrease) / Increase	112,027	(33,640)	78,387	402,386
Reclassification to income statement	—	—	—	—
As of December 31, 2025	58,709	(17,617)	41,092	(3,325,257)

(b) *Statement of cash flows*

	Year ended December 31,		
	2025	2024	2023
(i) Changes in working capital (1)			
Inventories	805,701	(108,826)	202,470
Receivables and others	104,448	(169,482)	6,342
Trade receivables	112,828	297,284	(104,280)
Other liabilities	(50,976)	39,305	(64,022)
Trade payables	63,431	(74,161)	280,571
	1,035,432	(15,880)	321,081
(ii) Income tax accrual less payments			
Tax accrued (Note 11)	345,144	554,224	334,408
Taxes paid (2)	(244,721)	(56,527)	(495,348)
	100,423	497,697	(160,940)
(iii) Interest accruals less payments			
Interest accrued (Note 10 and 23)	(6,226)	(84,678)	(113,433)
Interest received	213,481	263,192	202,000
Interest paid	(221,805)	(194,845)	(133,706)
	(14,550)	(16,331)	(45,139)

(1) Changes in working capital are shown net of the effect of exchange rate changes.

(2) For the year ended December 31, 2024, it includes the recovery of previously paid tax in Mexico for an amount of \$235.2 million.

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27. OTHER REQUIRED DISCLOSURES (continued)

(c) Financial debt reconciliation

	Financial debt			Total
	Finance lease liabilities	Short term borrowings	Long term borrowings	
As of December 31, 2023	(241,087)	(940,453)	(1,205,961)	(2,387,501)
Cash flows	70,632	541,250	(591,539)	20,343
Reclassifications	—	(106,116)	106,116	—
Acquisitions - finance leases	(13,040)	—	—	(13,040)
Foreign exchange adjustments	11,403	27,514	135,441	174,358
Other non cash movements	(38,032)	(192,267)	(4,104)	(234,403)
As of December 31, 2024	(210,124)	(670,072)	(1,560,047)	(2,440,243)
Cash flows	73,858	481,576	(371,779)	183,655
Reclassifications	—	(199,666)	199,666	—
Acquisitions - finance leases	(18,289)	—	—	(18,289)
Foreign exchange adjustments	(7,911)	(4,293)	(77,608)	(89,812)
Other non cash movements	(24,068)	(211,945)	(4,819)	(240,832)
As of December 31, 2025	(186,534)	(604,400)	(1,814,587)	(2,605,521)

28. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The following amendments, standards and interpretations have been applied on the year starting January 1, 2025:

Amendments to IAS 21 - Lack of Exchangeability.

On August 15, 2023, the IASB published Lack of Exchangeability (Amendments to IAS 21), which contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management has already assessed the effects of applying these amendments on the Company's consolidated financial statements and has not identified any material impact in the application of these amendments.

The following standards, amendments to standards and interpretations are not mandatory for the financial year beginning January 1, 2025, and have not been early adopted:

IFRS 18, 'Presentation and disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18, "Presentation and disclosure in financial statements", which introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss, provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation. Once implemented, it will replace IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them. IFRS 18 must be applied on annual periods beginning on or after January 1, 2027.

Management is in the process of determining the impact of applying IFRS 18 and has prepared a transition plan, which is on track to report the first IFRS 18-compliant consolidated condensed interim financial statements for the period ending on March 31, 2027, and consolidated financial statements for the period ending on December 31, 2027.

It is anticipated that the Company will conclude that its main business activity is manufacturing and operating activities in the steel and mining industries. The Company currently presents an operating profit subtotal. Management is performing a detailed assessment to determine the appropriate classification of items to ensure that the operating profit subtotal will comply with the requirements of IFRS 18. The Company expects significant changes in this regard, especially as a result of reclassifying foreign exchange gains and losses within operating activities. Furthermore, the new aggregation and disaggregation requirements will lead to changes to presenting the most useful structured summary. The Company currently reports an adjusted EBITDA measure in its press releases, and it expects that this measure will meet the definition of a management-defined performance measure. Management is performing an assessment of other measures that are currently being reported outside the financial information and whether or not these meet the definition of a management defined performance measure.

28. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued)

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 that clarify the recognition and derecognition date for certain financial assets and liabilities, including an exception allowing some financial liabilities settled through eligible electronic cash transfer systems to be derecognized before the settlement date. The amendments also refine the guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion. In addition, they introduce new disclosure requirements for instruments whose contractual terms may modify cash flows and update the disclosures for equity instruments designated at fair value through other comprehensive income. These amendments must be applied on annual periods beginning on or after January 1, 2026.

Management has already assessed the effects of applying these amendments on the Company's consolidated financial statements and has not identified any material impact in the application of these amendments.

Contracts Referencing Nature dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued targeted amendments to IFRS 7 and IFRS 9 to better reflect nature-dependent electricity contracts in the financial statements. The amendments clarify how the 'own-use' criteria apply to such contracts, permit their use as hedging instruments under hedge accounting, and introduce new disclosure requirements to help users understand their impact on an entity's financial performance and cash flows. These amendments must be applied on annual periods beginning on or after January 1, 2026.

Management has already assessed the effects of applying these amendments on the Company's consolidated financial statements and has not identified any material impact in the application of these amendments.

Other standards and interpretations non-significant for the Company's financial statements:

- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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29. FINANCIAL RISK MANAGEMENT

1) Financial risk factors

Ternium's activities expose the Company to a variety of risks: market risk (including the effects of changes in foreign currency exchange rates, interest rates and commodities prices), credit risk and liquidity risk.

Ternium's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Ternium's subsidiaries may use derivative financial instruments to hedge certain risk exposures.

1.1) Market Risk

(i) Foreign exchange rate risk

Ternium operates and sells its products in different countries, and as a result is exposed to foreign exchange rate volatility. Ternium's subsidiaries may use derivative contracts in order to hedge their exposure to exchange rate risk derived from their trade and financial operations.

Ternium's foreign exchange policy seeks to minimize the impact of fluctuations in the value of other currencies with respect to the U.S. dollar. Ternium's subsidiaries monitor their actual and expected short-term net cash flows in currencies other than the U.S. dollar and analyze potential hedging according to its needs in line with its derivative policy. This hedging can be carried out either by netting positions or by financial derivatives. However, regulatory or legal restrictions in the countries in which Ternium's subsidiaries operate, could limit the possibility of the Company carrying out its hedging policy.

The following table shows a breakdown of Ternium's assessed financial position exposure to currency risk as of December 31, 2025:

Exposure to functional currency	\$ million	BRL million
US dollar (\$)	—	(39)
EU euro (EUR)	(102)	(2)
Argentine peso (ARS)	34	—
Mexican peso (MXN)	(638)	—
Brazilian real (BRL)	(427)	—
Colombian peso (COP)	(25)	—
Yen (JPY)	(1)	—
Other currencies	(2)	(0)

The main relevant exposures correspond to:

(a) Argentine peso vs. U.S. dollar

If the Argentine peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax loss of \$0.3 million and \$0.2 million as of December 31, 2025 and 2024, respectively.

(b) Mexican peso vs. U.S. dollar

If the Mexican peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax gain of \$6.3 million and \$8.0 million as of December 31, 2025 and 2024, respectively.

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29. FINANCIAL RISK MANAGEMENT (continued)

(c) Colombian peso vs. U.S. dollar

If the Colombian peso had weakened by 1% against the U.S. dollar, it would have generated a pre-tax gain of \$0.2 million and \$0.6 million as of December 31, 2025 and 2024, respectively.

(d) Brazilian real vs. U.S. dollar

If the Brazilian real had weakened by 1% against the U.S. dollar, it would have generated a pre-tax loss of \$0.6 million and \$3.0 million as of December 31, 2025 and 2024, respectively.

We estimate that if the Argentine peso, Mexican peso, Colombian peso and Brazilian real had weakened simultaneously by 1% against the U.S. dollar with all other variables held constant, total pre-tax gain for the year would have been \$5.6 million higher (total pre-tax gain of \$5.4 million higher as of December 31, 2024), as a result of foreign exchange gains/losses on translation of U.S. dollar-denominated financial position, mainly local currency cash, trade receivables, trade payables, tax credits and liabilities, lease liabilities, borrowings and other liabilities.

Considering the same variation of the currencies against the U.S. dollar of all net investments in foreign operations amounting to \$2.7 billion, the currency translation adjustment included in total equity would have been \$6.3 million higher, arising mainly from the adjustment on translation of the equity related to the Brazilian real during the year 2025.

(ii) Interest rate risk

Ternium manages its exposure to interest rate volatility through its financing alternatives and hedging instruments. Borrowings issued at variable rates expose the Company to the risk of increased interest expense in the event of a raise in market interest rates, while borrowings issued at fixed rates expose the Company to a variation in its fair value. The Company's interest-rate risk mainly arises from long-term borrowings that bear variable-rate interest that could be partially fixed through different derivative transactions, such as interest rate swaps.

Ternium's nominal weighted average interest rate for its debt instruments, which do not include neither the effect of derivative financial instruments, nor the devaluation of the local currencies, was 9.17% and 8.83% as of December 31, 2025 and 2024, respectively. These rates were calculated using the rates set for each instrument in its corresponding currency and weighted using the dollar-equivalent outstanding principal amount of each instrument.

Ternium's total variable interest rate debt amounted to \$1,651.0 million (68.3% of total borrowings) as of December 31, 2025, and \$1,140.1 million (51.1% of total borrowings) as of December 31, 2024.

If interest rates on the aggregate average notional of U.S. dollar denominated borrowings held during 2025, excluding borrowings with derivatives contracts mentioned in Note 22 (a), had been 100 basis points higher with all other variables held constant, total pre-tax income for the year ended December 31, 2025 would have been \$22.8 million lower (\$21.1 million lower as of December 31, 2024).

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29. FINANCIAL RISK MANAGEMENT (continued)

1.2) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Ternium's subsidiaries have credit guidelines in place to ensure that derivative and treasury counterparties are limited to high credit quality financial institutions.

Ternium invests in financial assets with a minimum credit rating of investment grade established by an international qualification agency renowned in the financial market, in line with corporate investment portfolio policies. Approximately 34% of the Company's liquid financial assets correspond to investment grade rated instruments as of December 31, 2025, in comparison with approximately 41% as of December 31, 2024. The investments in financial assets are as follows:

	As of December 31, 2025	As of December 31, 2024
Cash and cash equivalents	1,531,204	1,691,263
Other Investments - Current and Non-Current	1,600,061	2,182,874
Fixed Income (time-deposit, zero-coupon bonds, commercial papers)	368,043	673,042
Deposit certificates and investment funds	368,043	636,104
Commercial papers	—	2,258
Other	—	34,680
Bonds and other fixed income	1,231,789	1,499,130
U.S. government securities	65,680	10,040
Non - U.S. government securities	851,519	1,201,842
Corporate securities	314,590	287,248
Other notes	229	10,702

Ternium has no significant concentrations of credit risk from customers. No single customer accounts for more than ten percent of Ternium's sales. Ternium's subsidiaries have policies in place to ensure that sales are made to customers with an appropriate credit history, and that credit insurances, letters of credit or other instruments are requested to reduce credit risk whenever deemed necessary. The subsidiaries maintain allowances for potential credit losses. The utilization of credit limits is regularly monitored.

Trade and other receivables are carried at face value less allowance for doubtful accounts, if applicable. This amount does not differ significantly from fair value. The other receivables do not contain significant impaired assets.

As of December 31, 2025, trade receivables total \$1,540.0 million (\$1,562.1 million as of December 31, 2024). These trade receivables are collateralized by guarantees under letter of credit and other bank guarantees of \$59.6 million (\$1.0 million as of December 31, 2024), credit insurance of \$588.2 million (\$576.5 million as of December 31, 2024) and other guarantees of \$31.0 million (\$27.0 million as of December 31, 2024).

As of December 31, 2025, trade receivables of \$1,497.3 million (\$1,515.1 million as of December 31, 2024) were fully performing.

As of December 31, 2025, trade receivables of \$90.4 million (\$99.4 million as of December 31, 2024) were past due (mainly up to 180 days).

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29. FINANCIAL RISK MANAGEMENT (continued)

The amount of the allowance for doubtful accounts was \$47.7 million as of December 31, 2025 (\$52.4 million as of December 31, 2024).

The carrying amounts of the Company's trade and other receivables as of December 31, 2025, are denominated in the following currencies:

Currency	\$ million
US dollar (\$)	1,062
EU euro (EUR)	79
Argentine peso (ARS)	61
Mexican peso (MXN)	554
Brazilian real (BRL)	1,496
Colombian peso (COP)	77
Other currencies	1
	3,329

1.3) Liquidity risk

Management maintains sufficient cash and marketable securities and credit facilities to finance normal operations. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow.

The table below analyses financial liabilities into relevant maturity groups based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

\$ million	2026	2027	2028	2029	Thereafter
Borrowings	604	297	220	538	760
Interests to be accrued (1)	199	179	166	126	124
Trade payables and other liabilities	2,041	27	29	17	108
Lease liabilities	49	38	35	12	53
Total	2,893	540	450	693	1,046

(1) These amounts do not include the effect of derivative financial instruments.

As of December 31, 2025, total cash and cash equivalents and other current and non-current investments less borrowings amounted to \$712.3 million.

1.4) Capital risk

Ternium seeks to maintain an adequate debt/equity ratio considering the industry and the markets where it operates. The year-end ratio debt over debt plus equity is 0.13 and 0.12 as of December 31, 2025 and 2024, respectively. The Company does not have to comply with regulatory capital adequacy requirements as known in the financial services industry.

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29. FINANCIAL RISK MANAGEMENT (continued)

2) Financial instruments by category and fair value hierarchy level

The accounting policies for financial instruments have been applied to the line items below. According to the scope and definitions set out in IFRS 7 and IAS 32, employers' rights and obligations under employee benefit plans, and non-financial assets and liabilities such as advanced payments and income tax payables, are not included.

As of December 31, 2025 (in \$ thousands)	Amortized cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
(i) Assets as per statement of financial position				
Receivables	500,477	—	—	500,477
Derivative financial instruments	—	28	42,553	42,581
Trade receivables	1,539,977	—	—	1,539,977
Other investments	214,556	244,424	1,141,081	1,600,061
Cash and cash equivalents	1,198,887	332,317	—	1,531,204
Total	3,453,897	576,769	1,183,634	5,214,300
(ii) Liabilities as per statement of financial position				
Other liabilities	—	511,961	—	511,961
Trade payables	—	1,987,270	—	1,987,270
Derivative financial instruments	1,081	—	—	1,081
Finance lease liabilities	—	186,534	—	186,534
Borrowings	—	2,418,987	—	2,418,987
Total	1,081	5,104,752	—	5,105,833
As of December 31, 2024 (in \$ thousands)	Amortized cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
(i) Assets as per statement of financial position				
Receivables	423,521	—	—	423,521
Derivative financial instruments	—	4,483	—	4,483
Trade receivables	1,562,058	—	—	1,562,058
Other investments	549,077	134,667	1,499,130	2,182,874
Cash and cash equivalents	1,267,336	423,927	—	1,691,263
Total	3,801,992	563,077	1,499,130	5,864,199
(ii) Liabilities as per statement of financial position				
Other liabilities	—	436,152	—	436,152
Trade payables	—	1,840,914	—	1,840,914
Derivative financial instruments	50,342	—	—	50,342
Finance lease liabilities	—	210,124	—	210,124
Borrowings	—	2,230,119	—	2,230,119
Total	50,342	4,717,309	—	4,767,651

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29. FINANCIAL RISK MANAGEMENT (continued)

Fair Value by Hierarchy

Following the requirements contained in IFRS 13, Ternium categorizes each class of financial instrument measured at fair value in the statement of financial position into three levels, depending on the significance of the judgment associated with the inputs used in making the fair value measurements:

- Level 1 comprises financial assets and financial liabilities whose fair values have been determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 includes financial assets and financial liabilities for which fair values have been estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 comprises financial instruments for which inputs to estimate fair value of the assets or liabilities are not based on observable market data (unobservable inputs).

The following table presents the assets and liabilities that are measured at fair value as of December 31, 2025 and 2024:

Description	Fair value measurement as of December 31, 2025 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3 (*)
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	332,317	332,317	—	—
Other investments	1,385,505	1,231,788	153,488	229
Derivative financial instruments	42,581	—	42,581	—
Total assets	1,760,403	1,564,105	196,069	229
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	1,081	—	1,081	—
Total liabilities	1,081	—	1,081	—

Description	Fair value measurement as of December 31, 2024 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3 (*)
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	423,927	423,927	—	—
Other investments	1,633,797	1,501,389	131,866	542
Derivative financial instruments	4,483	—	4,483	—
Total assets	2,062,207	1,925,316	136,349	542
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	50,342	—	50,342	—
Total liabilities	50,342	—	50,342	—

(*) The fair value of financial instruments classified as level 3 is not obtained from observable market information, but from measurements of the asset portfolio at market value provided by the fund manager. The evolution of such instruments during the years ended December 31, 2025 and 2024, corresponds to the initial investment and to the changes in its fair value, as follows:

	Guarantee fund companies
As of December 31, 2024	542
Disinvestment	(296)
Interest accrued	—
Changes in fair value	93
Reclassifications	—
Net foreign exchange gain	(110)
At December 31, 2025	229

29. FINANCIAL RISK MANAGEMENT (continued)

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy, there were no transfers from Level 1 to Level 3 and there were transfers of Non-U.S. Government securities from Level 3 to Level 2.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by Ternium is the current mid-price. These instruments are included in Level 1 and comprise primarily corporate and sovereign debt securities.

The fair value of financial instruments that are not traded in an active market (such as certain debt securities, certificates of deposits with original maturity of more than three months, forward and interest rate derivative instruments) is determined by using valuation techniques which maximize the use of observable market data when available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2. Ternium values its assets and liabilities included in this level using mid prices, interest rate curves, broker quotations, current exchange rates and forward rates volatilities obtained from market contributors as of the valuation date.

If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Ternium values its assets and liabilities in this level using observable market inputs, information provided by fund managers and management assumptions which reflect the Company's best estimate on how market participants would price the asset or liability at measurement date.

3) Accounting for derivative financial instruments and hedging activities

Depending on the nature of the hedged item, Ternium either recognizes its derivative financial instruments' transactions in the statement of financial position at cost and subsequently measures changes on a monthly basis at fair value, or undertakes hedge accounting, classifying these transactions as cash flow hedges. While changes in fair value are disclosed under "Other financial income (expenses), net" line item in the income statement, changes in transactions classified as cash flow hedges are disclosed as an equity reserve in the statement of comprehensive income. Ternium does not hedge its net investments in foreign entities.

Ternium designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. These transactions are classified as cash flow hedges (mainly capital expenditures). The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized within other comprehensive income. Amounts accumulated in other comprehensive income are recognized in the income statement in the same period than any offsetting losses and gains on the hedged item. Once the hedged item gets settled, the gain or loss relating to the ineffective portion is recognized immediately in the income statement. The fair value of Ternium derivative financial instruments (asset or liability) continues to be reflected on the statement of financial position.

29. FINANCIAL RISK MANAGEMENT (continued)

For transactions designated and qualifying for hedge accounting, Ternium documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Company also documents its assessment, on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. As of December 31, 2025 and 2024, the effective portion of designated cash flow hedges (net of taxes) amounted to \$41.1 million and \$(37.3) million, respectively, and were included under "changes in the fair value of derivatives classified as cash flow hedges" line item in the statement of comprehensive income (see Note 27 (a)).

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

4) Fair value estimation

The estimated fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For the purpose of estimating the fair value of financial assets and liabilities with maturities of less than one year, the Company uses the market value less any estimated credit adjustments. For other investments, the Company uses quoted market prices.

As most borrowings incorporate floating rates that approximate market rates and the contractual repricing occurs mostly every one month, the fair value of the borrowings approximates their carrying amount and it is not disclosed separately.

In assessing the fair value of derivatives and other financial instruments, Ternium uses a variety of methods, including, but not limited to, estimated discounted value of future cash flows using assumptions based on market conditions existing at each year-end.

30. MATTERS RELATED TO THE ARGENTINE SUBSIDIARIES

(i) Foreign exchange restrictions in Argentina

Ternium's Argentine subsidiary, Ternium Argentina S.A., is currently operating in a complex and volatile economic environment.

Between September 2019 and December 13, 2023, the Argentine government imposed significant restrictions on foreign exchange transactions. Since the new administration took office in Argentina in December 2023 certain restrictions have been gradually eased. On April 14, 2025, the Argentine government introduced flexibility to foreign exchange restrictions on certain transactions by individuals and companies. At the date of these Consolidated Financial Statements, foreign exchange restrictions remain and the scope and timing of additional flexibility or other upcoming changes, if any, remain unknown. The main currently applicable measures are described below:

- Foreign currency proceeds derived from exports of goods must be sold into the Argentine foreign exchange market ("MULC") and converted into Argentine pesos within 60 days (if made to related parties) or 180 days (if made to unrelated parties) from shipment date, or, if collected earlier, within 20 business days of collection. Foreign currency proceeds from exports of services must be sold into the MULC and converted into Argentine pesos within 20 business days of collection.
- Access to the MULC to pay for imports of services is permitted as from the date of supply or accrual of the service (if the service was rendered by a non-related party) or is deferred for 90 calendar days as from the date of supply or accrual of the service (if rendered by a related party).
- Access to the MULC to pay for imports of goods is permitted as from the date of customs clearance.
- Access to the MULC to pay imports of capital assets is permitted according to the following schedule: up to 30% in advance; up to 50% against shipment; and the balance against customs clearance.
- Access to the MULC to pay dividends will be permitted for distributable earnings corresponding to full fiscal years commencing after January 1, 2025. Access to the MULC to pay dividends for accumulated earnings relating to prior years remains subject to the approval of the Argentine Central Bank.

Ternium Argentina carries out all of its import and export transactions through the MULC. Therefore, assets and liabilities in foreign currency as of December 31, 2025, have been valued considering the official exchange rates at the end of the period.

Under Ternium Argentina's annual accounts as of December 31, 2025, and for the year then ended, revenues amounted to \$2,018 million (2024: \$2,212 million), net profit from continuing operations to \$85 million (2024: \$149 million), total assets to \$5,181 million (2024: \$5,726 million), total liabilities to \$499 million (2024: \$790 million) and shareholders' equity to \$4,682 million (2024: \$4,936 million).

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2025 and 2024
and for the years ended December 31, 2025, 2024 and 2023

30. MATTERS RELATED TO THE ARGENTINE SUBSIDIARIES (continued)

Ternium Argentina's cash and cash equivalents and other investments amounted to \$803 million as of December 31, 2025, broken down as follows:

- \$700 million in U.S. dollars-denominated instruments in sovereign bonds issued by the Argentine Government and payable in U.S. dollars, and Argentine Treasury bonds related to the official exchange rate. The U.S. dollar value of these instruments recorded in Ternium's consolidated financial statements is based on their Argentine peso local market price, converted to the U.S. dollar at the ARS/\$ official exchange rate. Therefore, the valuation of such investments is subject to the volatility of the Argentine financial market and currency exchange rates, leading to a potential significant reduction of such value in the consolidated financial statements.

- \$93 million in Argentine pesos-denominated instruments.

- \$10 million in negotiable obligations and promissory notes issued by Argentine export driven companies in U.S. dollars and mainly payable in Argentine pesos.

Ternium Argentina's financial position in ARS as of December 31, 2025, amounted to \$177 million in monetary assets and \$126 million in monetary liabilities. All of Ternium Argentina's ARS-denominated assets and liabilities are valued at the prevailing official exchange rate. In the event of a devaluation, Ternium Argentina may be adversely affected, and will also suffer a loss on deferred tax charge as a result of a deterioration on the tax value of their fixed assets. At this time, the Company is unable to estimate all impacts of a new devaluation of the Argentine peso against the U.S. dollar.

On December 12, 2025, Ternium Argentina's board of directors approved the payment of a dividend in kind in US dollar-denominated Argentine bonds for a total amount of up to \$300 million. On December 22, 2025, Ternium received its share of the dividend in kind. Considering the impact of foreign exchange restrictions in Argentina and based on the value of the bonds in the international market, Ternium recorded in its equity a reserve as of the collection date.

This context of volatility and uncertainty remains in place as of the issue date of these Consolidated Financial Statements. Management continues to monitor closely the evolution of the main variables affecting its business, identifying the potential impact thereof on its financial and economic situation and determining the appropriate course of action in each case. The Company's Consolidated Financial Statements should be read taking into account these circumstances.

(ii) Acquisition of Tubos Argentinos S.A.

On January 14, 2026, Ternium Argentina S.A. acquired for \$24.4 million: (i) 44,148,349 ordinary shares with a face value of ARS 1 each and one vote per share, issued by Tubos Argentinos S.A. ("TASA"), representing 100% of TASA's voting share capital, and (ii) all outstanding credits owed by TASA to its selling shareholders, amounting to \$8.2 million.

TASA is a service center specialized in manufacturing structural and conduit tubes, steel profiles, API-standard tubes, and highway guardrails and solar-panel profiles. It operates industrial plants in El Talar (Buenos Aires Province) and Justo Daract (San Luis Province), with annual sales of approximately 42,000 tons.

31. TARIFFS ON IMPORTS IN THE UNITED STATES

On February 1, 2025, the U.S. government announced the imposition, through the International Emergency Economic Powers Act (IEEPA), of tariffs applicable to all products imported from Mexico, Canada and China. Mexican and Canadian products complying with USMCA preferential rules of origin were exempt from this tariff.

Additionally, on March 12, 2025, the U.S. government imposed, under Section 232, a 25% tariff on virtually all imports of steel and on certain steel derivatives, revoking previously negotiated country-specific exemptions and quota arrangements. The tariff was later raised to 50%. In addition, after several rounds of consultations with domestic producers, a growing number of products containing steel have been added to a list of items subject to this tariff.

Further, on April 2, 2025, the Trump administration announced that the U.S. would implement reciprocal tariffs with trading partners (Mexico is currently not subject to these tariffs), with a minimum tariff of 10% and an extra tariff specific to each country, which was later postponed for 90 days. On August 1, 2025, the U.S. notified various countries about reciprocal tariffs applied on a case-by-case basis. Brazil and Argentina were subject to a reciprocal tariff of 10%. Subsequently, on October 27, 2025, President Sheinbaum announced that Mexico had been granted additional time due to the progress made regarding certain non-tariff barriers identified in Mexico by the USTR. Reciprocal tariffs did not add up to Section 232.

Also on April 2, 2025, the US government confirmed a previously announced 25% tariff under Section 232 on all imported automobiles produced outside the U.S. However, vehicles that comply with the USMCA are only subject to this tariff on their non-U.S. specific content. In the case of auto parts, if they comply with the USMCA they are exempt from the tariff, while parts used in vehicles assembled in the U.S. might qualify for an import adjustment offset amount. In this same line, starting November 1, 2025, President Trump imposed a 25% tariff on all imported medium and heavy-duty trucks. These tariffs apply the same USMCA exceptions for vehicles and parts.

On August 6, 2025, the U.S. government imposed a 40% extra tariff on all imports from Brazil (except for certain excluded products such as goods subject to Section 232 measures) to deal with policies, practices, and actions by the Government of Brazil that constituted an unusual and extraordinary threat to the United States' national security, foreign policy, and economy.

Tariffs imposed under IEEPA were terminated following a U.S. Supreme Court ruling stating that IEEPA does not authorize the president to impose tariffs absent clear congressional authorization. In replacement of such tariffs, on February 20, 2026, President Trump imposed a temporary import duty under section 122 of the U.S. Trade Act of 1974, consisting of a 10% ad valorem import duty on all articles imported into the United States.

Other countries have announced retaliatory tariffs against U.S. exports. It is also anticipated that parties may bring litigation regarding the timeliness and appropriateness of the Trump administration's actions. In light of the foregoing uncertainties, Ternium is unable at this time to predict the evolution or ultimate outcome of these developments or to quantify the impact that the tariffs and measures would have on its business or financial condition.

32. SUBSEQUENT EVENTS

a. Ternium to acquire Nippon Groups' remainder participation in Usiminas' Control Group

On November 5, 2025, Ternium S.A. announced that its subsidiary Ternium Investments S.à r.l. has entered into a share purchase agreement to acquire from Nippon Steel Corporation and Mitsubishi Corporation their remainder participations in the control group of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (“Usiminas”). This additional investment further strengthens Ternium’s commitment to Usiminas and the Brazilian steel market.

Pursuant to the transaction, Ternium would pay \$2.06 per ordinary share, which would result in an aggregate purchase price of approximately \$315.2 million in cash for 153.1 million ordinary shares, increasing its participation in the Usiminas control group from 51.5% to 83.1%.

The closing of the transaction occurred on February 10, 2026, after the approval of the transaction by the antitrust authorities in January, and it was settled with cash on hand.

The Usiminas control group holds the majority of Usiminas’ voting rights. Upon the closing of this transaction, Ternium Investments and its subsidiary Ternium Argentina, together with Confab, a subsidiary of its affiliate Tenaris S.A. (all of which compose the T/T group within Usiminas’ shareholders’ agreement), will hold an aggregate participation of 92.9% in Usiminas’ control group. Previdência Usiminas (Usiminas employees’ pension fund) will continue to hold the remainder 7.1%.

b. Change in the functional currency of Usiminas

The determination of the functional currency requires management to make significant judgements. Usiminas has performed a review of its functional currency and concluded that the currency that most faithfully represents the economics effects of the entity is the US dollar and therefore its functional currency has changed from the local currency to the US dollar. This change is prospective from January 1, 2026, and does not affect the balances as of December 31, 2025, nor results or cash flows for the year then ended.

The decision was based on the fact that new global trade restrictions, affecting the international trade of steel along with the increase of steel imports in Brazil, have led to a greater correlation of local prices to global prices. In this context, there is also a greater proportion of total production costs in US dollars. Furthermore, factors to determine the functional currency were always mixed; however, currently most of revenue and costs of production are linked to the US dollar.

The change in functional currency of Usiminas will significantly reduce the volatility of the effects generated by foreign exchange movements and the application of IAS 21 - The Effects of Changes in Foreign Exchange Rates. The decision was approved by the Board of Directors of Usiminas on February 12, 2026.

32. SUBSEQUENT EVENTS (continued)

c. Annual dividend proposal

Upon approval of the Company's 2025 annual accounts, the Board of Directors intends to propose, for the approval of the Annual General Shareholders' meeting to be held on May 12, 2026, the payment of an annual dividend of \$0.27 per share (\$2.70 per ADS), or approximately \$530 million, which includes the interim dividend of \$0.09 per outstanding share (\$0.90 per ADS) or approximately \$177 million, paid on November 12, 2025. If the annual dividend is approved by the shareholders, a dividend of \$0.18 per share (\$1.80 per ADS), or approximately \$353 million will be paid on May 15, 2026, with an ex-dividend date of May 14, 2026. These Consolidated Financial Statements do not reflect this dividend payable.



Pablo Brizzio
Chief Financial Officer

Item 19. Exhibits

Exhibit Number	Description
1.1	Consolidated Articles of Association of Ternium S.A., dated as of May 6, 2025
2.1	Deposit Agreement entered into between Ternium S.A. and The Bank of New York*
2.2	Description of securities**
4.1	Shareholders' Agreement, dated January 9, 2006, between Tenaris S.A. and Inversora Siderurgica Limited***
4.3	Second Amended and Restated Shareholders Agreement, dated July 3, 2023, between Previdência Usiminas, Confab Industrial S.A., Mitsubishi Corporation, Nippon Steel Corporation, Prosid Investments S.A., Ternium Argentina S.A., Ternium Investments S.à r.l., and Usinas Siderúrgicas de Minas Gerais S.A.****
8.1	List of subsidiaries of Ternium S.A.
11.1	Insider Trading Policy*****
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Statement explaining alternative performance measures
97.1	Clawback Policy*****
*	Incorporated by reference to Exhibit 1 from the Registration Statement on Form F-6, filed by Ternium S.A. on January 11, 2006 (File No. 333-130952).
**	Incorporated by reference to Exhibit 2.2 from the Annual Report on Form 20-F, filed by Ternium S.A. on March 30, 2023 (File No. 001-32734 23781454).
***	Incorporated by reference to Exhibit 10.5 from the Registration Statement on Form F-1, filed by Ternium S.A. on January 27, 2006 (File No. 333-130950).
****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 27, 2024 (File No. 001-34287 424000018).
*****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 28, 2025 (File No. 001-34287 425000024).
*****	Incorporated by reference to the Annual Report on Form 20-F, filed by Ternium S.A. on March 27, 2024 (File No. 001-34287 424000018).

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TERNIUM S.A.

A handwritten signature in black ink, appearing to read 'Pablo Brizzio', is written over a light gray rectangular background.

Name:	<u>Pablo Brizzio</u>
Title:	<u>Chief Financial Officer</u>

Date: March 31, 2026