

Salient features

- With the Longs Business continuing to operate, saving 3 500 direct jobs and some 80 000 more across the value chain, management is committed to working closely with all customers, suppliers and stakeholders to ensure the sustainability of long steel products supply in the Southern African region
- EBITDA loss of R221 million against a R443 million loss in the second half of 2023, and a R499 million profit in the first half of 2023
- Fixed costs of R3 417 million were R132 million lower despite inflationary pressures (H1 2023: R3 549 million)
- Blast furnace chilled hearth conditions at Vanderbijlpark in April and May resulted in a R716 million negative volume and cost impact within EBITDA against business plan
- Sales volumes down 2% to 1,2 million tonnes (crude steel production down 10% to 1,2 million tonnes)
- Realised Rand steel prices down 3% (down 6% in Dollar terms)
- Raw material basket (RMB) up 3% (Rand terms) (international RMB decreased 1% in Rand terms)
- Headline loss of R1 110 million against a R1 442 million loss in the preceding six months, and a R448 million loss in the first half of 2023
- Net borrowings of R3 793 million against R3 215 million at 31 December 2023 and R2 990 million at 30 June 2023
- Work continues on advancing the high payback projects portfolio along with a funding solution which will also seek to address balance sheet resilience

The analysis below relates to the six months ended 30 June 2024 (current period; "H1 2024") compared to the six months ended 30 June 2023 (prior or comparable period; "H1 2023"), except where otherwise indicated. The immediately preceding six months refers to the last six months of 2023 ("2023 H2").

Overview

The financial results were negatively impacted by the difficult local and regional trading conditions, and by the negative volume and direct cost impact of operational interruptions of the two blast furnaces at Vanderbijlpark.

Positively, as announced on 2 July 2024, the Board and Management decided that the Long steel products business ("Longs Business") will continue to operate to allow an opportunity for the short, medium- and longer-term initiatives aimed at securing the business's sustainability, to be fully explored. Management is committed to working closely with all customers, suppliers and stakeholders to ensure the sustainability of Long steel product supply in the Southern African region.

Furthermore, the advancement of the Company's high-payback investment portfolio closer to bankability is well on track. These projects form part of the greater sustainability and growth initiative. Investment in these projects will achieve incremental earnings and cash flow benefits from sales volume growth, cost savings, net capital expenditure savings, and progression of the decarbonisation initiatives. Work on the funding solution, which will also seek to address balance sheet resilience, continues.

Trading conditions

The World Bank expects global growth to stabilise at 2,6% in 2024, holding steady for the first time in three years. Notwithstanding this, the World Steel Association ("WSA") forecasts that apparent steel use in 2024 will increase by 1,7% to 1,8 billion tonnes. WSA also reported that global steel production was flat for the first six months of 2024 against 2023.

China's domestic steel consumption is expected to remain weak in 2024 due to its ongoing property crisis and weaker infrastructure demand. The high levels of steel exports from China seen in 2023 continue to pressurise international steel markets. At 90 million tonnes in 2023, China's steel exports were at the highest level since 2015/6. China's steel exports for the first six months of 2024 increased by 24% compared to the same period in 2023, and 2024 exports are anticipated to exceed 100 million tonnes.

Within this environment, most steel producing countries and regions have moved swiftly to implement trade remedies and non-tariff barriers. Mexico announced a near-80% tariff on imports from China. Brazil imposed a 25% tariff which equalled that imposed by the USA on China. These countries followed the lead of Europe, while India, Vietnam and Thailand, amongst others, are also taking similar action.

Overview**Trading conditions** *continue*

During the first half of 2024, China's export hot rolled coil and rebar prices fell by 9% in US Dollar terms compared to the comparable period in 2023. Over that period, the Raw Material Basket ("RMB") only decreased by around 4%. The spread between China hot rolled coil and the international RMB reached a low of \$64 per tonne in the last quarter of 2023. Although it showed improvements in the first half of 2024, recovering to above \$100 per tonne, the spread remained at low and unsustainable levels.

South African economic activity was largely stagnant in the first half of this year influenced by the uncertainty of the national elections.

Chilled hearth conditions at the Vanderbijlpark blast furnaces

Flats steel product operations ("Flats Business") in Vanderbijlpark experienced notable levels of instability at its Blast Furnaces in April and May, due to chilled hearth conditions. Blast Furnace C returned to operation on 1 May following a three-week outage, and Blast Furnace D returned on 29 May after a five-week outage.

As the business was preparing for a shotcrete repair of Blast Furnace C in the second quarter of the year ("Q2 2024"), steel inventory levels had been increased. This increase mitigated the impact and enabled the supply of inventory to customers to go largely uninterrupted, while surplus inventory destined for export jurisdictions were mainly re-routed to the domestic market.

Overall, some two weeks of sales volumes were lost, which, markets permitting, will be recovered in the second half of the year ("H2 2024").

Procurement supply chains were sharply contracted, and short working hours were applied at those plants that were semi-idled, to manage fixed cost levels. The already intensive cash management actions were further bolstered to preserve liquidity.

Recovery actions for the second half of 2024 ("H2 2024") have been devised, and include a well-considered, responsible, and risk-aware rescheduling of the Blast Furnace C shotcrete and hearth repair to later in the year, to aid the normalisation of the supply chain.

In both instances, water leaks were found to be the cause. Immediate actions were taken to avoid and minimise the impact of these events.

Against the business plan for the first half of the year, the negative impact on sales volumes and the direct cost to return the furnaces to operation amounted to R716 million. Against the comparable period in 2023, the EBITDA impact was R716 million. Were it not for the chilled hearth events, EBITDA would have been R495 million against R499 million for the comparable period.

Sustainability and growth

Despite the overall weak market and difficult trading conditions, it has been pleasing to see some "green shoots" within the manufacturing sector. The latest manufacturing growth forecast for 2024 is 1,2% year-on-year.

The increase in power generation in recent months, coupled with the renewable energy projects scheduled to come on stream over the next two years, suggests the drag on economic growth caused by the electricity shortage should gradually diminish, facilitating structurally higher production levels.

The new Public Procurement Act that will help to sustain localisation initiatives, is of critical importance.

ArcelorMittal South Africa is supporting the localisation drive in energy, logistics, infrastructure and automotive sectors.

Energy:

The transmission grid expansion programmes will consume 450kt of safety critical, high quality structural steels between 2025 and 2032. Steel demand by the renewable energy sector is beginning to yield benefit. This is reflective of the Company's engineering support and collaboration with international original equipment manufacturers to drive localised production.

Sustainability and growth *continue*

Logistics:

The new Transnet leadership has enabled a more positive and aligned focus on making much-needed operational improvements. This has yielded some positive outcomes on port efficiencies, rail performance and increased volumes. Consequential cost improvements for the Company are critically necessary given Transnet's uncompetitive logistics tariffs.

In addition, the Economic Regulation of Transport Act 6 of 2024 paves the way for privatisation of the rail sector. The Company is in advanced discussions with a private rail service provider thereby positioning the business to take advantage of the benefits that are sure to result from increased competition in this sector.

Transnet's R160 billion integrated investment programme, which provides for, amongst other matters, berth extensions and railway renewal and expansion, offers real opportunities for growth. ArcelorMittal Rail and Structures is well positioned to support Transnet in re-building South Africa's rail network.

Infrastructure:

Water infrastructure programmes including regional dams and reticulation pipelines, along with bridge and road renewals and expansions, are all catalysts for improved steel demand.

Automotive:

South Africa is a recognised global automotive hub, with a well-represented industry that continues to invest and support localisation of the automotive value chain. Engagements with NAAMSA (Auto business council) and the OEMs have led to a decision to establish an Auto Steel demand council, aimed at restoring confidence in local automotive steel supply driving localisation.

The Africa Continental Free Trade Agreement (AfCFTA) will enable easier trade with preferential access for South African goods compared to non-African countries with lower / liberalised tariffs. The regional market reports amongst the lowest steel consumption per capita in the world. By way of example, Africa's per capita steel consumption is 24kg/capita; against China's 628kg/capita and the world average of 219kg/capita¹ and provides ArcelorMittal South Africa with a unique opportunity for growth. The Company has made good progress to ensure participation in this important trade initiative.

Balance sheet resilience is required for strategic continuity. Reducing the net borrowing position to more comfortable levels is critical for the Company, as is securing suitable funding to target growth opportunities.

Advancement of the Company's high-payback investment portfolio closer to bankability is well on track. Investment in these projects will achieve incremental earnings and cash flow benefits from sales volume growth, cost savings, net capital expenditure savings, and progression of the decarbonisation initiatives.

First Half 2024 Results

The Company posted a headline loss of R1 110 million against a loss of R448 million in comparable period, and R1 442 million loss for the immediately preceding six-month period. The EBITDA loss of R221 million was substantially lower than the R499 million profit in the comparable period. The depreciation and amortisation expense decreased by 21% to R321 million (H1 2023: R405 million) and net finance charges increased by 10% to R591 million (H1 2023: R536 million).

Despite these major earnings challenges, the intense focus on cash management yielded notable benefits, enabling the Company to maintain net borrowing levels within tolerable levels. Consequently, the Company's net borrowings position of R3 793 million compares to R2 990 million and R3 215 million at June 2023 and December 2023, respectively.

Sales volumes decreased by 2% to 1,2 million, with crude steel production 10% lower at 1,2 million tonnes against the comparable period. Compared to the immediately preceding six months, sales volumes fell by 4% to 1,2 million tonnes, while crude steel production was 13% lower at 1,4 million tonnes.

¹ Source: Worldsteel Association (2023)

First Half 2024 Results *continue*

ArcelorMittal South Africa's realised average steel prices decreased by 3% in Rand terms. Its raw material basket rose by 3% in Rand terms (being in absolute terms and on a delivered basis). The components in the basket moved as follows: iron ore increased by 3%, scrap increased by 5%, and coking coal and coke decreased by 1%. After accounting for conversion cost, the variable cash cost of steel increased by 10%².

Fixed costs decreased by 4% or R132 million despite inflationary pressures against the comparable period.

The Value Plan realised H1 2024 improvements of R434 million (H1 2023: R1 007 million) consisting of commercial-related initiatives of R98 million (H1 2023: R378 million) and cost-based initiatives of R336 million (H1 2023: R629 million)

Free cash outflow of R588 million (2023 H1: R217 million cash outflow) was after capital expenditure cash outflow of R586 million (2023 H1: R818 million), which consisted of R395 million (2023 H1: R468 million) sustaining (including safety and structures), R36 million environmental (2023 H1: R218 million) and R155 million (2023 H1: R132 million) of strategic investments.

Safety, Environmental, Social and Governance (ESG)

Safety

Safety is the Company's highest priority as it remains committed to Zero Harm.

The Company's lost-time injury frequency rate (LTIFR³) increased from 0.72 to 1.13 and the total injury frequency rate (TIFR) decreased from 7.58 to 7.32. Total number of injuries decreased from 116 to 104.

The Company is participating in the ArcelorMittal group-wide audit of safety practices.

Progress as at the end of June 2024 includes:

- All Fatality Prevention Standards (FPS) audits were completed.
- Process safety risk management assessments were finalised, focusing on the highest priority assets.
- Interviews were concluded as part of a top-to-bottom health and safety governance review, assessing all health and safety systems, processes, structures and capabilities; governance and assurance processes; and systems and data management.

Environmental

The Company has made significant strides in fostering a greener future. The business' commitment to sustainability is evidenced by 100% certification of all operations to the ISO 14001 standard, showcasing dedication to effective environmental management.

A key focus is the reduction in Scope 1 and Scope 2 total gas emissions. The Company has successfully reduced particulate emissions by 34%, with a notable 67% reduction at Vanderbijlpark Works since 2008. Nationally, our efforts have led to a 45% improvement in sulphur dioxide emissions, underscoring the commitment to cleaner air and a healthier environment.

ArcelorMittal South Africa has refurbished and further extended the zero effluent discharge ("ZED") treatment plants to ensure that no effluent is released into the environment. Additionally, the Company has achieved a reduction in total freshwater intensity per tonne of liquid steel.

Commitment to environmental restoration is evident in the nearly complete dam rehabilitation projects. The Company has initiated the construction of a new waste site at Vanderbijlpark Works.

² Based on crude steel production

³ LTIFR: Lost time injury frequency rate defined as Lost Time Injuries (LTI) per 1,000,000 worked hours (own personnel and contractors); A LTI is an incident that causes an injury that prevents the person from returning to their next scheduled shift or work period; CTO refers to Chief Technology Officer.

Safety, Environmental, Social and Governance (ESG) *continue*

To further the commitment to air quality, an ambient station has been integrated into the existing monitoring network servicing the Vaal Triangle priority area.

The Company is making progress on the Decarbonisation Roadmap, with several key projects underway including the procurement of a large electric arc furnace, and coke battery replacement, as well as the renewable energy initiatives.

Social

In the local community, several initiatives are creating waves of positive change. At the heart of these efforts are science centres that provide crucial educational support to less fortunate schools. These centres have reached 27 000 learners and 929 teachers across 369 schools, enriching their educational journeys.

Beyond the classroom, outreach science, technology, engineering and mathematics (“STEM”) awareness programmes have reached 1 500 participants through 487 engagements.

Thusong Projects ensured that more than 2 900 less fortunate community members receive nutritious daily meals. 27 000 litres of soup are produced each month to support this effort.

The GetOn Foundation in the Vaal marked its one-year anniversary. This collaboration has been a beacon of hope for the local community, particularly for unemployed youth, by providing job-specific training. In the first half of 2024 alone, the foundation empowered over 1,000 students, equipping them with skills for a brighter future.

Empowering women has also been a focal point, with the Lusa Community Chest training women in business from disadvantaged backgrounds.

More than 1 000 learners have enrolled in various training programmes, predominantly in artisanal and production-related fields.

The Company is showcasing a commitment to gender equality and empowerment. There are 47 women in management positions, with a further 9 in senior management. The operational sector boasts 393 women, with an additional 286 in corporate roles and 165 in training or graduate programs. To further support women's growth, 23 bursaries have been made available, and five women are participating in global leadership programs. Additionally, 115 women are part of the ground-breaking Women of Steel programme, highlighting their growing influence and contribution to the industry.

Markets

Global crude steel production⁴ is flat for the first half of 2024 at 955 million tonnes when compared to the same period last year. Global crude steel production increased by 6% against the preceding six months.

China's crude steel production decreased from 536 million tonnes to 531 million tonnes, maintaining its market share at 56% (H1 2023: 56%). Europe's crude steel output increased by 1% to 67 million tonnes. North America decreased by 3% to 54 million tonnes, and Turkey increased by 17%. Russia decreased its output by 3%, and India increased by 7% to 74 million tonnes.

Africa's output increased by 3% to 11 million tonnes mainly due to improved production in Egypt and Morocco. South Africa's crude steel production decreased by 2% to 2.4 million tonnes.

International hot rolled coil (HRC) and rebar prices both decreased by 12% in Dollar terms when compared against the comparable period. These HRC and rebar prices increased by 1% compared to the last preceding six months. The international raw material basket (iron ore, coking coal, and scrap) was 4% down in Dollar terms. In absolute terms, scrap decreased by 9%, coking coal decreased by 6%, while iron ore decreased by 1%.

Turning to South Africa and the regional economy, the GDP growth rate forecast⁵ for South Africa is 0,7% for 2024, with those for near and Sub-Saharan African markets forecasted to be at 3,6%.

⁴ Source: WorldSteel Association

⁵ Source: Econometrix macro forecast Q3 2024

Markets *continue*

The South African steel market is experiencing constraints, evident in the following year-in-year growth performances: construction (-4.1%), machinery and equipment (-4.5%), agriculture (-2.1%), mining (+0.8%), electricity, gas and water (+0.8%), and manufacturing (+1.2%).

In South Africa, apparent steel consumption ("ASC") for H1 2024 was stable at 2,2 million tonnes against the comparable period in 2023 and increased by 10% compared to 2,0 million in the immediately preceding six months.

Steel imports of primarily HRC, galvanised sheet and plates and heavy sections increased to 711 000 tonnes in the first six months of 2024⁶. This volume constituted 33% of South Africa's ASC (H1 2023: 30%). Imports increased in H1 2024 by 103 000 tonnes compared to the immediately preceding six months. The intended closure of the Longs Business was a contributing factor to the higher imports.

The Company's total sales volumes decreased by 2%, or 21 000 tonnes, to 1,2 million tonnes compared to the comparable volumes in the first half of 2023. This was composed of a 3% decrease in domestic sales to 931 000 tonnes while exports increased by 5% to 241 000 tonnes⁷. Africa overland sales fell by 10% to 107 000 tonnes. Africa overland sales as a percentage of total exports was 44% (H1 2023: 52%). Total sales volumes were 47 000 tonnes lower when compared to the immediately preceding six months, with domestic sales flat, and export sales decreasing by 15%.

The Company's overall realised steel price in Dollar terms decreased by 6%. In Rand terms, this represented a 3% decrease as the average Dollar/Rand exchange rate weakened by 3%. Realised Dollar steel prices increased by 3% compared to the immediately preceding six months, with Rand prices up by 3% for the same period.

ArcelorMittal South Africa is the only primary producer of steel in South Africa which supports the downstream industry through a formal export support programme. This industry support totalled R54 million (H1 2023: R91 million) in value-added export and strategic rebate assistance during H1 2024.

Sales volumes of commercial market coke were up by 149% at 50 000 tonnes due to lower metallurgical coke consumption at Vanderbijlpark resulting from the chilled hearth conditions. Selling prices were 17% down in Dollar terms against the comparable period.

Operations

Crude steel production decreased by 10%, or 133 000 tonnes, from 1,36 million in the comparable period to 1,22 million tonnes for H1 2024. Crude steel production decreased by 13% against the immediately preceding six months.

The Company's average capacity utilisation⁸ decreased from 66% in H1 2023 to 60% in H1 2024 due to the blast furnace chilled hearth conditions at Vanderbijlpark. Were it not for the chilled hearth events, a 70% utilisation could have been achieved.

Operationally, the Longs Business is broadly performing stably and within expectations, which is particularly praiseworthy of the operating teams given the natural anxieties about the future of the business.

Financial results

ArcelorMittal South Africa reported an EBITDA loss of R221 million against R499 million profit in H1 2023, while its operating profit decreased from a R94 million profit to a R542 million loss. The EBITDA for the immediately preceding six months was a R443 million loss.

The loss for the six months of R1 214 million, amounted to a 109 cents per share compared to a loss of R359 million in H1 2023 (32 cents loss).

⁶ Source: South African Revenue Service, June estimated

⁷ Bluewater and Africa overland sales volumes

⁸ Based on achievable Hot Metal capacity for Vanderbijlpark and Newcastle Works

ArcelorMittal South Africa Limited

Reviewed condensed consolidated financial statements for the six months ended 30 June 2024



Financial results *continue*

The headline loss of R1 110 million (H1 2023: R448 million loss), amounted to a 100 cents per share loss (H1 2023: 40 cents loss).

Revenue decreased by 3% to R20 506 million (H1 2023: R21 045 million), due to a 2% decrease in total steel sales volumes, and a 3% fall in net realised steel sales prices. Revenue was flat (2023 H2: R20 592 million) compared to the immediately preceding six months.

The Company's RMB, representing 47% (H1 2023: 48%) of cash cost per tonne, was up 3% in Rand terms, compared to a 1% decrease in the international basket. The local basket was 8% up in Rand terms compared to the immediately preceding six months.

Consumables and auxiliaries represent 31% of cash cost per tonne⁹ (H1 2023: 31%). Electricity tariffs increased by 16%, while Dollar-denominated commodity-indexed consumables increased by 10%.

Fixed costs decreased from R3 549 million in H1 2023 to R3 417 million for the period under review. Fixed costs increased by 11% (2023 H2: R3 069 million) compared to the immediately preceding six months due to certain seasonal and period-specific reductions in H2 2023, not repeated in H1 2024, and salary increases on 1 April 2024.

Net financing charges were 10% higher at R591 million (H1 2023: R536 million) due to higher borrowing costs of R58 million.

Cash flow and borrowing position

Cash generated from operations of R284 million represented a R607 million decrease against the comparable period (H1 2023: R891 million cash generated), with a higher loss from operations of R636 million and a greater add-back of a non-cash net realisable value provision movement of R536 million, partly offset by lower working capital requirements of R479 million and higher realised foreign exchange gain of R79 million

Net finance charge outflows of R293 million (H1 2023: R234 million), were R59 million higher due to higher borrowing costs.

The net capital expenditure cash outflow was R586 million against R818 million in H1 2023, a decrease of R232 million.

The net borrowing position of R3 793 million at 30 June 2024 increased by R578 million from R3 215 million at 31 December 2023 mainly due to loss from operating activities of R14 million and net capital expenditure of R586 million. At 30 June 2023, the net borrowings position was R2 990 million.

Changes to the board of directors

Mr Gavin Griffiths was appointed as Chief Financial Officer ("CFO") and Executive Director of ArcelorMittal South Africa with effect from 1 April 2024. As set out in the AGM Notice, Ms N Gosa and Mr A Thebyane retired by rotation at the AGM had indicated that they will not be available for re-election and have accordingly stepped down as directors of the Company.

Ms Zee Cele has been appointed chairman of the Human Resources Committee and Mr Gert Gouws has been appointed chairman of the Social and Ethics Committee.

Dividends

No dividends were declared for the six months ended 30 June 2024.

⁹ Based on crude steel production

Outlook for the second half of 2024

Safety remains ArcelorMittal South Africa's highest priority. The Company will be focusing on implementing the recommendations of the ArcelorMittal group-wide safety audit.

Internationally, the World Steel Association expects a 1,7% increase in steel demand for 2024, with China continuing to play a directional role in international steel demand and pricing trends.

From a price perspective, the continued lower profitability of international steel exporters is likely to provide a floor to prices. An anticipated softening of interest rates internationally in the second half of this year, coupled with various trade remedies are likely to provide an improved environment for pricing sentiment, boding well for a gradual recovery in prices.

The provisional 9% safeguard duties on HRC and plate by the International Trade Administration Commission ("ITAC") will provide some protection against the surge in imports.

Domestically, the potential for interest rate cuts as well as a focus on infrastructure-build by the Government of National Unity may bring much needed support to the demand dynamics in the local market. The Company expects to further advance its progress into the African market.

With the Longs Business continuing to operate, management is committed to working closely with all customers, suppliers and stakeholders to ensure the sustainability of Long steel products supply into the Southern African region.

Within the Flats Business, the focus will be on returning it to operational reliability while increasing its production and sales volumes for the benefit of the business' customers.

The H2 2024 performance is expected to be more reflective of the underlying business performance, as the Company anticipates returning to profitability despite demand and price pressure. Exchange rates will continue to have an impact as will rail services and electricity reliability.

Finally, management will advance the high payback projects portfolio along with seeking a funding solution which will also address balance sheet resilience.

On behalf of the board of directors

HJ Verster
Chief Executive Officer
1 August 2024

GA Griffiths
Chief Financial Officer

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KEY STATISTICS

	Six months ended	
	30 June 2024	30 June 2023
Unreviewed/unaudited information		
Operational		
Crude steel production	1 223	1 356
Total steel sales (Thousand tonnes)	1 172	1 193
Local steel sales (Thousand tonnes)	931	963
Export steel sales (Thousand tonnes)	241	230
Capacity utilisation (%)	60	66
Average steel net realised price (R/tonne)	15 504	15 929
Commercial coke sales (Thousand tonnes)	50	20
Safety		
Lost time injury frequency rate	1.13	0.72
Reviewed information		
Financial		
Revenue (R million)	20 506	21 045
EBITDA (R million)	(221)	499
(Loss)/profit from operations (R million)	(542)	94
Loss for the period (R million)	(1 214)	(359)
Loss per share (cents)	(109)	(32)
Headline loss (R million)	(1 110)	(448)
Headline loss per share (cents)	(100)	(40)
Return on ordinary shareholders' equity per annum:		
- Attributable earnings (%)	(33.8)	(6.2)
- Headline earnings (%)	(30.9)	(7.8)
EBITDA margin (%)	(1.1)	2.4
Net borrowings (R million)	3 793	2 990
Net borrowings to equity (%)	57.6	26.4
Net asset value (R million)	6 587	11 341
Share statistics		
Ordinary shares (thousands):		
- in issue	1 138 060	1 138 060
- outstanding	1 114 612	1 114 612
- weighted average number of shares	1 114 612	1 114 612
- diluted weighted average number of shares	1 114 612	1 114 612
Share price (closing) (Rand)	1.19	3.57
Market capitalisation (R thousand)	1 354	4 063
Net asset value per share (Rand)	5.91	10.16

Reconciliation of earnings before interest, taxation, depreciation and amortisation

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
(Loss)/profit from operations	(542)	94
Adjusted for:		
Depreciation	315	397
Amortisation of intangible assets	6	8
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(221)	499

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of Rands	Note	Six months ended	
		30 June 2024 Reviewed	30 June 2023 Reviewed
Revenue	5	20 506	21 045
Raw materials and consumables used		(11 549)	(13 025)
Employee costs		(1 922)	(2 041)
Energy		(2 796)	(2 484)
Movement in inventories of finished goods and work-in-progress		(1 044)	328
Depreciation		(315)	(397)
Amortisation of intangible assets		(6)	(8)
Impairment reversal and movement in expected credit losses of trade and other receivables		3	4
Other operating expenses		(3 419)	(3 328)
(Loss)/profit from operations		(542)	94
Finance income	6	94	102
Finance costs	7	(685)	(638)
Fair value adjustment of investment properties and asset held-for-sale	10,13	(81)	86
Gain on remeasurement of asset held-for-sale	13	-	9
Income after tax from equity-accounted investments		5	28
Loss before taxation		(1 209)	(319)
Income taxation expense	8	(5)	(40)
Loss for the period		(1 214)	(359)
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to income or loss (net of tax):</i>			
Fair value adjustment on equity instruments		1	(9)
Revaluation of property, plant and equipment	10	-	6
<i>Items that may be reclassified subsequently to income or loss (net of tax):</i>			
Share of other comprehensive loss of equity accounted investments		(1)	-
Exchange differences on translation of foreign operations		(1)	10
Other comprehensive (loss)/income for the period		(1)	7
Total comprehensive loss for the period		(1 215)	(352)
Total comprehensive loss for the period attributable to owners of the company		(1 215)	(352)
Basic/diluted loss per share (cents) attributable to owners of the company		(109)	(32)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of Rands	Note	As at	
		30 June 2024 Reviewed	31 December 2023 Audited
Assets			
Non-current assets		9 618	9 459
Property, plant and equipment		8 089	7 974
Intangible assets		64	62
Investment properties	10	755	702
Equity-accounted investments		247	245
Investment held by environmental trust		444	438
Other receivables		19	27
Other financial assets	11	-	11
Current assets		18 909	19 517
Inventories		10 735	12 441
Trade and other receivables		4 467	3 552
Other financial assets	11	-	39
Cash, bank balances and restricted cash	12	3 707	3 485
Asset held-for-sale	13	-	134
Total assets		28 527	29 110
Equity and Liabilities			
Total equity		6 587	7 799
Stated capital		4 537	4 537
Reserves		(3 449)	(3 515)
Retained income		5 499	6 777
Non-current liabilities		6 130	5 061
Borrowings	14	3 700	2 700
Lease liabilities		133	156
Provisions	15	1 468	1 474
Trade and other payables		285	210
Other financial liabilities	16	544	521
Current liabilities		15 810	16 250
Borrowings	14	3 800	4 000
Lease liabilities		33	32
Provisions	15	1 057	924
Trade and other payables		10 638	11 020
Other financial liabilities	16	170	162
Taxation		112	112
Total equity and liabilities		28 527	29 110

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of Rands	Note	Six months ended	
		30 June 2024 Reviewed	30 June 2023 Reviewed
Cash flows from operating activities		(14)	614
Cash generated from operations	17	284	891
Finance income		39	43
Finance costs	18	(332)	(277)
Income taxation paid		(5)	(43)
Cash flows from investing activities		(563)	(818)
Investment to maintain and expand operations		(586)	(818)
Proceeds from disposal of property, plant and equipment		11	-
Proceeds from disposal of other financial assets	11	12	-
Cash flows from financing activities		789	288
Borrowings: Borrowing-base facility raised	14	4 350	1 000
Borrowings: Borrowing-base facility repaid	14	(4 550)	(700)
Borrowings: Loan from Industrial Development Corporation raised	14	1 000	-
Loan repaid by equity-accounted investment		-	1
Repayment of principal lease liabilities		(11)	(13)
Net increase in cash, cash equivalents and restricted cash		212	84
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash		10	34
Cash, cash equivalents and restricted cash at the beginning of the period		3 485	3 392
Cash, cash equivalents and restricted cash at the end of the period		3 707	3 510

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of Rands	Stated Capital	Treasury share equity reserve	Other Reserves	Retained earnings	Total
Six months ended 30 June 2023 (Reviewed)					
Balance as at 31 December 2022	4 537	(2 065)	(1 511)	10 714	11 675
Total comprehensive income for the period	-	-	7	(359)	(352)
Loss for the period	-	-	-	(359)	(359)
Other comprehensive income for the period	-	-	7	-	7
Share-based payment expenses	-	-	18	-	18
Transfer between reserves	-	-	28	(28)	-
Balance as at 30 June 2023 (Reviewed)	4 537	(2 065)	(1 458)	10 327	11 341
Six months ended 30 June 2024					
Balance as at 31 December 2023	4 537	(2 065)	(1 450)	6 777	7 799
Total comprehensive income for the period	-	-	(1)	(1 214)	(1 215)
Loss for the period	-	-	-	(1 214)	(1 214)
Other comprehensive income for the period	-	-	(1)	-	(1)
Share-based payment expenses	-	-	3	-	3
Transfer between reserves	-	-	64	(64)	-
Balance as at 30 June 2024 (Reviewed)	4 537	(2 065)	(1 384)	5 499	6 587

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS
ENDED 30 JUNE 2024**

1. Corporate information

ArcelorMittal South Africa Limited is a public limited company incorporated, domiciled in South Africa and listed on the JSE Limited (JSE). These condensed consolidated financial statements for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the Group). The Group is one of the largest steel producers on the African continent.

The reviewed condensed consolidated financial statements of the Group for the six months ended 30 June 2024 were authorized for issue in accordance with a resolution of the directors on 23 July 2024.

2. Basis of preparation

The reviewed condensed consolidated financial statements have been prepared under the supervision of GA Griffiths CA(SA), Chief Financial Officer, in accordance with the framework concepts, the recognition and measurement criteria of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and International Accounting Standard (IAS 34) Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa.

The reviewed condensed consolidated financial statements have been prepared in accordance with historical cost convention except for certain financial instruments which are stated at fair value and are presented in Rand, which is the functional and presentation currency of the company. All financial information presented in Rand has been rounded off to the nearest million.

2.1 Going concern

The current assets of the Group exceed current liabilities by R3 099 million (31 December 2023: current assets exceed current liabilities by R3 267 million). The cash preservation initiatives and working capital management, specifically in light of the chilled hearth conditions experienced at the blast furnaces in Vanderbijlpark, resulted in the Group generating R284 million (31 December 2023: R1 681 million) positive cash flow from operations with cash, bank balances and restricted cash being R3 707 million at 30 June 2024 (31 December 2023: R3 485 million). Net debt increased to R3 793 million (31 December 2023: R3 215 million) for the Group.

A R1 000 million short-term loan facility with the Industrial Development Corporation was successfully concluded and the amount fully drawn as at 30 June 2024. The Group complied with all covenants as it pertains to the borrowing-based facility (BBF). The balance of the BBF was R2 800 million (31 December 2023: R3 000 million). The Group continues to work closely with all lenders to ensure the required facilities remains in place.

ArcelorMittal Holdings AG continues to demonstrate their support through its subordinated Group loan of R2 700 million as at 30 June 2024 (31 December 2023: R2 700 million) in favour of the lenders of the BBF.

As required, the directors have prepared cash flow forecasts for a period of 12 months from the end of the reporting period, based on the most recent forecast and all available information. Ongoing cash management, monetisation of inventory and non-core assets together with cost reductions projects are key initiatives to optimise the liquidity and cash of the Group.

Shareholders are advised that the Group's financial performance is dependent upon the wider economic environment in which the Group operates. Other factors beyond the control of management, such as volatility of the rand/US dollar exchange rate, steel demand, commodity and steel prices, and rail service and electricity supply reliability can also have an impact on the business. The directors and management continue to evaluate, develop and improve business plans and liquidity models in order to effectively deal with the effects of these factors.

Based on the Group's 12-month funding plan and taking banking facilities into consideration, together with the ongoing support from the holding company, ArcelorMittal Holdings AG, the directors believe that the Group has sufficient funds to pay debts as they become due over the next 12 months, and therefore will remain a going concern.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continue*

3. Accounting policies

The accounting policies and methods of computation applied in the preparation of the reviewed condensed consolidated financial statements of the Group are consistent with those applied for the year ended 31 December 2023.

The following new amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and had been adopted by the Group at 31 December 2023:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier finance arrangements (amendments to IAS 7 and IFRS 7)
- Lack of exchangeability (Amendments to IAS 21)

The only new standard and amendment to standards and interpretations that are effective for annual periods beginning on or after 1 January 2025, of which and earlier application is permitted, that may be relevant to the Group are the Classification and Measurement of Financial Instruments (Amendments IFRS 9 and IFRS 7) and the new standard Presentation and Disclosures in Financial Statements (IFRS 18). The amendment and new standard have not been early adopted by the Group in the 2024 financial year, and is not expected to have a significant impact on the Group's financial statements.

4. Significant assumptions and areas of estimation uncertainty

The preparation of the interim financial statements in compliance with IFRS requires management to calculate estimates and assumptions that affect amounts reported in the interim financial statements. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they were revised and in any further periods affected.

Key judgements, estimates and assumptions which have the most significant effect on the annual financial statements include:

- Valuation of investment properties - a level 3 fair value utilising significant unobservable inputs, specifically the capitalisation rate, vacancy provision and expense ratio – refer to note 19.
- Expected credit loss assessment - The exposure to credit risk is insured and mainly underwritten by the Credit Guarantee Insurance Corporation of South Africa. The insurance excess ranges from 0% to 10%. The credit limits of customers were monitored and adjusted where applicable throughout the period. Goods were dispatched to customers in line with the approved credit limits. The assessment of expected credit losses was reperformed as at 30 June 2024 and an impairment reversal of R3 million has been recognised (June 2023: R4 million).
- Environmental remediation obligation and asset retirement obligation - specifically the expectation of future cost, discount rate and expected inflation rates. The average discount rate use for environmental remediation obligation is 10.14% (December 2023: 9.90%) and for asset retirement obligation is 9.71% (December 2023: 9.43%). The average escalation rate applied to the current cash flow estimates is 5.42% (December 2023: 5.44%).
- Impairment assessment of property, plant and equipment. For reporting purposes an impairment indicator assessment was performed and none of the indicators were triggered that could cause the recoverable amounts of the CGU's to be lower than the carrying amounts as at 30 June 2024. Any reasonably possible changes to the key assumptions would not reduce the recoverable amount to its carrying value.
- Going concern basis - refer to note 2.1.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS
ENDED 30 JUNE 2024 *continued***

5. Segment report

Operating segments are identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker, to allocate resources to the segment and to assess its performance.

The Group's reportable segments are:

- Steel Operations consisting of Vanderbijlpark plant, Newcastle plant, Vereeniging plant and ArcelorMittal Rail and Structures Steel (AMRAS)
- Non-Steel Operations consisting of Coke and Chemicals undertaking the processing and marketing of by-products and the production and marketing of commercial grade coal, decommissioned Saldanha plant, decommissioned Maputo plant, Pretoria Works and Thabazimbi Iron Ore Mine
- Corporate and other, consisting of commercial functions, procurement and logistics activities, shared services, investments and the results of the non-trading consolidated subsidiaries and consolidated structured entities

Earnings before interest, tax, depreciation and amortisation represents the earnings by each segment without the allocation of depreciation, amortisation and impairments (EBITDA).

Segment profit/(loss) from operations represents the profit/(loss) earned/(incurred) by each segment without the allocation of after-tax profits of equity-accounted investments.

All assets and liabilities are allocated to the operating segments, other than for the following items that are allocated exclusively to the corporate and other segment reflecting the way resource allocation is measured:

Assets

- Investments in equity-accounted entities
- Financial investments
- Cash and cash equivalents
- Income tax, capital gains tax, borrowings and value added tax-related assets, as applicable

Liabilities

- income tax
- value added tax-related liabilities, as applicable.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continued*

	Steel Operations	Non-Steel Operations	Corporate and other	Adjustments and eliminations	Total reconciling to the consolidated amounts
	R'm	R'm	R'm	R'm	R'm
For the six months ended 30 June 2024					
Revenue					
External customers	19 919	587	-	-	20 506
Internal customers	-	113	-	(113)	-
Total revenue	19 919	700	-	(113)	20 506
Revenue to external customers distributed as:					
Local	15 903	700	-	(113)	16 490
Export					
Rest of Africa	2 633	-	-	-	2 633
Asia	314	-	-	-	314
Europe	864	-	-	-	864
America	40	-	-	-	40
Other	165	-	-	-	165
Total	19 919	700	-	(113)	20 506
Expenses					
Raw materials and consumables used	(11 408)	(99)	(42)	-	(11 549)
Employee costs	(1 669)	(39)	(214)	-	(1 922)
Energy	(2 757)	(39)	-	-	(2 796)
Movement in inventories of finished goods and work-in-progress	(865)	(307)	-	128	(1 044)
Impairment reversal/(loss) and movement in expected credit losses of trade and other receivables	3	-	-	-	3
Other operating expenses	(3 569)	(66)	216	-	(3 419)
EBITDA	(346)	150	(40)	15	(221)
Depreciation and amortisation	(291)	(22)	(8)	-	(321)
(Loss)/profit from operations	(637)	128	(48)	15	(542)
Finance income	44	7	56	(13)	94
Finance costs	(300)	(65)	(332)	12	(685)
Fair value adjustment on investment properties	-	(24)	-	-	(24)
Fair value adjustment on asset held-for-sale	-	(57)	-	-	(57)
Impairment of financial assets	-	-	(11)	11	-
Income after tax from equity-accounted investments	-	-	5	-	5
(Loss)/profit before taxation	(893)	(11)	(330)	25	(1 209)
Income taxation expense	-	(5)	-	-	(5)
(Loss)/profit for the period	(893)	(16)	(330)	25	(1 214)
Additions to non-current assets	(467)	(2)	(4)	-	(473)
Segment assets (excluding investments in equity-accounted entities)	22 088	2 661	4 220	(689)	28 280
Investments in equity-accounted entities	-	-	175	72	247
Segment liabilities	9 758	1 759	11 111	(688)	21 940
Cash generated (utilised in)/from operations	(66)	117	240	(7)	284
Capital expenditure	(575)	(3)	(8)	-	(586)
Number of employees at the end of the period (owned)	5 261	151	670	-	6 082

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 *continued*

	R'm Steel Operations	R'm Non-Steel Operations	R'm Corporate and other	R'm Adjustments and eliminations	Total reconciling to the consolidated R'm amounts
Unreviewed information					
Crude steel production ('000 tonnes)	1 223				1 223
Steel sales ('000 tonnes)	1 172				1 172
Local	931				931
Export	241				241
Capacity utilisation (%)	60				60
Average net realised price (R/t)	15 504				15 504
EBITDA margin (%)	(1.7)				(1.1)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 *continued*

	Steel Operations	Non-Steel Operations	Corporate and other	Adjustments and eliminations	Total reconciling to the consolidated amounts
	R'm	R'm	R'm	R'm	R'm
For the six months ended 30 June 2023					
Revenue					
External customers	20 619	426	-	-	21 045
Internal customers	-	34	-	(34)	-
Total revenue	20 619	460	-	(34)	21 045
Revenue to external customers distributed as:					
Local	16 130	460	-	(34)	16 556
Export					
Rest of Africa	3 059	-	-	-	3 059
Asia	72	-	-	-	72
Europe	702	-	-	-	702
Other	656	-	-	-	656
Total	20 619	460	-	(34)	21 045
Expenses					
Raw materials and consumables used	(12 929)	(92)	(4)	-	(13 025)
Employee costs	(1 703)	(40)	(298)	-	(2 041)
Energy	(2 423)	(61)	-	-	(2 484)
Movement in inventories of finished goods and work-in-progress	471	(164)	-	21	328
Impairment reversal/(loss) and movement in expected credit losses of trade and other receivables	4	-	-	-	4
Other operating expenses	(3 579)	(28)	280	(1)	(3 328)
EBITDA	460	75	(22)	(14)	499
Depreciation and amortisation	(358)	(37)	(10)	-	(405)
Profit/(loss) from operations	102	38	(32)	(14)	94
Finance income	37	23	46	(4)	102
Finance costs	(269)	(55)	(318)	4	(638)
Fair value adjustment on investment properties	-	86	-	-	86
Gain on remeasurement of asset held-for-sale	-	9	-	-	9
Income after tax from equity-accounted investments	-	-	28	-	28
(Loss)/profit before taxation	(130)	101	(276)	(14)	(319)
Income taxation expense	(40)	-	-	-	(40)
(Loss)/profit for the period	(170)	101	(276)	(14)	(359)
Additions to non-current assets	(577)	(30)	(3)	-	(610)
Segment assets (excluding investments in equity-accounted entities)	25 142	3 125	5 054	(670)	32 651
Investments in equity-accounted entities	-	-	275	-	275
Segment liabilities	10 210	2 072	9 930	(627)	21 585
Cash generated from/(utilised in) operations	632	(15)	283	(9)	891
Capital expenditure	(767)	(30)	(21)	-	(818)
Number of employees at the end of the period (owned)	5 532	186	752	-	6 470

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 *continued*

	Steel Operations R'm	Non-Steel Operations R'm	Corporate and other R'm	Adjustments and eliminations R'm	Total reconciling to the consolidated R'm amounts
Unreviewed information					
Crude steel production ('000 tonnes)	1 356	-	-	-	1 356
Steel sales ('000 tonnes)	1 193				1 193
Local	963	-	-	-	963
Export	230	-	-	-	230
Capacity utilisation (%)	66	-	-	-	66
Average net realised price (R/t)	15 929	-	-	-	15 929
EBITDA margin (%)	2.2	-	-	-	2.4

Revenue from major products

	30 June 2024 R'm	30 June 2023 R'm
The Group's revenue from its major products sold to external customers was:		
Steel operations	19 919	20 619
Hot rolled	6 114	5 875
Uncoated	2 976	3 281
Coated	3 846	3 716
Merchant bars	5 291	4 945
Wire rod	1 216	1 852
Seamless	476	950
Non-steel operations	587	426
Coke and tar	474	293
Other	113	133
Total revenue	20 506	21 045

Information about major customers

	Steel Operations 30 June 2024 R'm	% of Group revenue	Steel Operations 30 June 2023 R'm	% of Group revenue
Revenue of major customers				
Customer 1	2 522	12	2 532	12
Total	2 522	12	2 532	12

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 *continued*

6. Finance income

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Bank deposits and other interest income	39	43
Discount rate adjustment of provisions	20	46
Net foreign exchange profit and net gains from foreign exchange contracts	35	13
Total	94	102

7. Finance costs

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Interest expense on loans and payables	550	492
Interest expense on lease liabilities	8	10
Unwinding of discounting effect on other financial liabilities and provisions	127	136
Other financial liabilities	31	104
Provisions	96	32
Total	685	638

8. Taxation

The Group only recognises deferred tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences. However, based on the considerations presented, management believes it is premature to conclude at this stage that it is more likely than not for sufficient future taxable profits to be available against which the full proposed deferred tax asset can be utilised. Therefore, deferred tax assets have been recognised to the extent of taxable temporary differences.

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Current taxation		
South African current taxation		
Current tax on profit for the period	5	8
Prior year adjustment	-	35
Total current taxation	5	43
Deferred taxation		
Temporary differences	-	(3)
Total income taxation expense	5	40

The prior year adjustment for current taxation for the six months ended 30 June 2023 relates to the taxable income made by a wholly owned subsidiary for the 2022 financial year.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continued*

9. Headline earnings

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Loss for the period	(1 214)	(359)
Adjusted for:		
Fair value adjustment on investment properties and asset held-for-sale	81	(86)
Gain on remeasurement of asset held-for-sale	-	(9)
Gain on disposal of property, plant and equipment	(10)	-
Loss on disposal or scrapping of property, plant and equipment*	33	8
Total tax effect of adjustments	-	(2)
Headline loss for the period	(1 110)	(448)
Basic/diluted headline loss per share (cents)	(100)	(40)
Weighted average number of shares (thousand)	1 114 612	1 114 612

* Adjustments for headline earnings are shown pre-tax and the tax effect of adjustments separately.

10. Investment properties

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Carrying amount at the beginning of the year	702	737
Transfer from/(to) investment property held for sale (refer note 13)	77	(134)
Transfer from property, plant and equipment	-	6
Change in fair value	(24)	93
Carrying amount at the end of the period	755	702

Refer to note 19 for details on the measurement, valuation techniques and inputs used for this investment property.

11. Other financial assets

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Equity instruments carried at Fair value through other comprehensive income (FVTOCI)	-	11
Other foreign exchange contracts carried at fair value through profit or loss (FVTPL)	-	39
Total	-	50
Non-current	-	11
Current	-	39

**Equity instruments carried at FVTOCI
Hwange Colliery Company Ltd**

The group holds 10% of the ordinary share capital of Hwange Colliery Company Ltd, a coal, coke and by-products producer in Zimbabwe. The shares of Hwange Colliery Company Ltd are traded on the dollarised Zimbabwe Stock Exchange. The Zimbabwean miner was placed under administration in October 2018 and consequently suspended on the JSE, resulting in the carrying amount of the investment reducing to Rnil (2022: Rnil). The fair value is observed on the open market and is therefore a level 1.

MC Mining Ltd

The company held 1.5% (2023: 1.5%) of the shares in MC Mining Ltd. MC Mining Ltd is listed on the Australian Stock Exchange, JSE and London Stock Exchange. During the current period, the company sold its shareholding in MC Mining Ltd for R12m, resulting in R59m of the cumulative fair value loss recognised in other reserves being transferred to retained earnings.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS
ENDED 30 JUNE 2024** *continued*

11. Other financial assets (continue)

Other forward exchange contracts carried at FVTPL

At 31 December 2023 the Group held financial instruments carried at FVTPL represent marked to market gains on foreign exchange contracts (FECs). The fair value was determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

12. Cash, bank balances and restricted cash

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Unrestricted cash	2 757	2 489
Restricted cash	950	996
True sales of receivables (TSR) programme	646	692
Environmental rehabilitation obligation	302	302
Litigation	2	2
Total	3 707	3 485

The restricted cash amount relating to the TSR programme are amounts collected on behalf of the TSR provider after the financing of the debtors. These amounts are required to be paid over to the TSR provider.

13. Asset held-for-sale

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Balance at the beginning of the year	134	80
Transfer (to)/from investment properties (refer note 10)	(77)	134
Fair value adjustment	(57)	9
Exchange rate movement	-	10
Proceeds on sale of property	-	(99)
Balance at the end of the period	-	134

During the 2022 financial year, the decision was taken to sell one of the investment properties in Maputo (Level 3 in the fair value hierarchy), and the property was classified as held-for-sale. The sale agreement was signed with certain conditions precedent. The sale of the property was concluded in October 2023 after all conditions were successfully met.

During the 2023 financial year, a non-binding offer was received for a certain warehouse property. The property was then classified as asset-held-for-sale. The non-binding offer was withdrawn during the six months ended 30 June 2024. Based on this the property was reclassified as investment property as it no longer meets the criteria to be classified as held-for-sale.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS
ENDED 30 JUNE 2024** *continued*

14. Borrowings

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Banks - Borrowing based facility (BBF):		
Balance at the beginning of the year	3 000	2 500
Proceeds from BBF	4 350	3 350
Repayment of BBF	(4 550)	(2 850)
Balance at the end of the period	2 800	3 000
Loan from holding company:		
Balance at the beginning of the year	3 700	3 700
Balance at the end of the period	3 700	3 700
Loan from Industrial Development Corporation (IDC):		
Balance at the beginning of the year	-	-
Proceeds from loan	1 000	-
Balance at the end of the period	1 000	-
Total borrowings	7 500	6 700
Non-current	3 700	2 700
Current	3 800	4 000

The carrying amounts are a reasonable approximation of fair value.

The BBF loan available to the Group with various financial institutions is subject to the following financial covenants:

- The consolidated tangible net worth of the Group on the last day of the relevant period (each quarter of each financial year of the Group) must be not less than R6 000 million; and
- At least R2 700 million of the consolidated tangible net worth of the Group on the last day of that relevant period must consist of subordinated loans from the holding company.
- At all times, the borrowings of the Group (excluding any permitted borrowings, which include subordinated loans from the holding company, environmental guarantees, any bank guarantees in favour of Eskom and the short-term loan from the IDC) must not exceed R1 500 million (or its equivalent in any other currency or currencies).

The Group is in compliance with all covenants as at 30 June 2024 and has been in compliance at the end of each relevant period. The consolidated tangible net worth of the Group is R9 223 million (December 2023: R10 437 million), which is determined as the sum of equity of the Group, the subordinated loan from the holding company of R2 700 million (December 2023: R2 700 million) and excluding intangible assets. The borrowings of the Group for the purposes of the applicable BBF covenant, are R1 166 million (December 2023: R1 188 million), determined as the unsubordinated portion of the loan from the holding company and the lease liabilities.

Eligible inventories and receivables are provided as securities for the BBF loan to the extent of the draw down. At 30 June 2024, the balance of the borrowing base facility was R2 800 million (December 2023: R3 000 million) with R1 700 million (December 2023: R1 500 million) still available.

Bank accounts of R1 013 million (December 2023: R828 million) were ceded in favour of the BBF loan.

The maturity date of the BBF loan is 6 September 2026. The run-off period will commence on the expiry of the 25th month following 30 August 2023. This facility is managed as part of the entity's working capital requirements. Drawdowns and repayments are made on a weekly or regular basis in order to manage working capital levels and cash flow.

A secured short-term loan of R1 000 million was received from the IDC in June 2024. The IDC loan will be used to ensure the sustainability of Long Products to supply the Southern African region. The loan is subject to market-related interest and will be repaid within 12 months with the first payment in December 2024 and the final amount payable at the end of June 2025. There are no covenants attached to the loan.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continued*

15. Provisions

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Asset retirement obligation and Environmental remediation:		
Balance at the beginning of the year	2 011	2 305
Additions and scope changes	(34)	(318)
Discount rate change	(20)	(17)
Unwinding of the discount effect	96	212
Utilised during the period	(57)	(171)
Balance at the end of the period	1 996	2 011
Other*:		
Balance at the beginning of the year	387	341
Additions and scope changes	142	149
Utilised during the period	-	(103)
Balance at the end of the period	529	387
Total provisions	2 525	2 398
Non-current	1 468	1 474
Current	1 057	924

*Movement in other provisions is mainly due to carbon tax payable 31 July 2024.

16. Other financial liabilities

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Competition Commission administrative penalty:		
Balance at the beginning of the year	683	720
Unwinding of the discounting effect	31	63
Repayment	-	(100)
Total other financial liabilities	714	683
Non-current	544	521
Current	170	162

The carrying amount is a reasonable approximation of fair value.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continued*

17. Cash generated from operations

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Loss before taxation	(1 209)	(319)
Adjusted for:		
Finance income	(94)	(102)
Finance costs	685	638
Fair value adjustment of investment properties and asset-held-for-sale	81	(95)
Income after tax from equity-accounted investments	(5)	(28)
Depreciation	315	397
Amortisation of intangible assets	6	8
Unrealised profit on sales to joint ventures	3	3
Share-based payment expenses	3	18
(Reversal)/write-down of inventory to net realisable value*	(349)	187
Loss on disposal of property, plant and equipment	23	8
Realised foreign exchange movements	65	(14)
Fair value adjustment of investment held by environmental trust	(6)	(13)
Other payables raised, released and utilised relating to employees	85	71
Movements in trade and other receivables allowances	(1)	(5)
Utilisation of provisions	(57)	(82)
Non-cash movement in provisions and financial liabilities	113	72
Operating working capital movements:	626	147
- Decrease/(increase) in inventories	2 039	(1 377)
- Increase in trade and other receivables	(912)	(1 221)
- (Decrease)/increase in trade and other payables	(501)	2 745
Cash generated from operations	284	891

*Reversal of the write down of inventory as at 30 June 2024 relates to the utilisation of the write down of inventory to net realisable value at 31 December 2023 partly offset by the lower average net realised prices achieved compared to 30 June 2023.

18. Reconciliation of finance costs paid

In millions of Rands	Six months ended	
	30 June 2024 Reviewed	30 June 2023 Reviewed
Finance costs per statement of comprehensive income	(685)	(638)
Adjusted for:		
Non-cash movement on interest expense borrowings and payables:	226	225
- Loan from holding company	207	209
- Other third-party payables	19	16
Unwinding of the discounting effect on provisions and financial liabilities:	127	136
- Provisions	96	104
- Other financial liabilities	31	32
Finance costs per statement of cash flows	(332)	(277)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2024 *continued*

19. Fair value measurements

In millions of Rands	Level 1	Level 2	Level 3	Classification
As at 30 June 2024				
Assets				
Investment properties	-	-	755	FVTPL
Investment environmental trust	-	444	-	FVTPL
	-	444	755	
As at 31 December 2023				
Assets				
Investment properties	-	-	702	FVTPL
Equity securities	11	-	-	FVTOCI
Investment environmental trust	-	438	-	FVTPL
Other financial assets	-	39	-	FVTPL
	11	477	702	

FVTPL – Fair value through profit or loss.

FVTOCI – Fair value through other comprehensive income.

Fair value hierarchy	Valuation technique
Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.	Other financial assets - Equity securities - valued at the closing share price at December 2023: R1.80, for investment in MC Mining Ltd.
Level 2: Fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).	Other financial assets – Forward exchange contracts - The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. Investment held by the environmental trust: The fair value of the investment is derived from the underlying listed share prices.
Level 3: Inputs for the assets or liability that are unobservable.	The valuation policy adopted by management is to revalue investment property externally by an independent registered valuer at financial year-end and for interim reporting purposes. The investment properties can be divided between industrial sector valued at R737 million (December 2023: R683 million), residential vacant land sector valued at R2 million (December 2023: R2 million) and farmland valued at R16 million (December 2023: R17 million). The fair value of the property in the industrial sector was determined by adopting the income capitalisation method, the market approach, or the discounted cash flow methodology. The income capitalisation method requires a market-derived projection of economic net annual income for the property, which is then capitalised into perpetuity using a market-related capitalisation rate to determine the market value estimate. Gross market rentals have been applied to the accommodation elements and then normal landlord outgoings were deducted and a management fee to arrive at a net annual income figure. The following key assumptions were applied: Expense ratio 21.9% (December 2023: 21.9%) Vacancy provision 7.5% (December 2023: 7.5%) Capitalisation rate 13.5% (December 2023: 13.5%)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 *continued*

19. Fair value measurements (continued)

Fair value hierarchy	Valuation technique
Level 3: Inputs for the assets or liability that are unobservable. <i>continue</i>	<p>A 2.5% increase or decrease in the expense ratio will impact the fair value by R3 million (December 2023: R3 million). A 2.5% increase or decrease in the vacancy provision will impact the fair value by R2 million (December 2023: R2 million). A 1% increase or decrease in the capitalisation rate will impact the fair value by R37 million (December 2023: R36 million).</p> <p>The market approach was applied for the land portion of one of the industrial properties. This approach is based comparing the subject asset with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar type of assets within an appropriate time horizon.</p> <p>The discounted cash flow methodology was applied to determine the fair values of the leased farm land and some of the industrial properties.</p> <p>The depreciable replacement cost approach is based on the economic theory of substitution, and it involves comparing the asset being valued with another. This approach was applied to the conference facilities on the farmland.</p> <p>The fair value of properties in the residential vacant land sector has been determined by applying the market approach, which is based on comparing the subject assets with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar, type of asset within an appropriate time horizon.</p> <p>In assessing the value of the farmland, the sales comparison approach was followed, whereby comparable sales were researched together with current asking prices in the surrounding areas. The market value for the improvements on the land was determined by using the depreciated replacement cost method of valuation.</p>

20. Commitments

In millions of Rands	30 June 2024 Reviewed	31 December 2023 Audited
Capital expenditure commitments on property, plant and equipment		
Capital expenditure authorised and contracted for	566	729
Capital expenditure authorised but not contracted for	946	785

Included in the capital commitments above is an amount of R575 million (December 2023: R581 million) to address emissions at Vanderbijlpark Works.

21. Related party transactions

The Group is controlled by ArcelorMittal Holdings AG, which effectively owns 69% (June 2023: 69%) of the Group's shares. At 30 June 2024, the outstanding ArcelorMittal Holdings AG loan amounted to R3 700 million (2023: R3 700 million). The interest expense for the six months ended 30 June 2024 was R207 million (2023: R209 million).

The Group purchased products and services to the value of R146 million (2023: R569 million) from and sold goods to the value of R230 million (2023: R145 million) to other companies in the greater ArcelorMittal Group.

The Company and its subsidiaries entered into sale and purchase transactions with joint ventures in the ordinary course of business.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2024** *continued*

22. Independent auditor's review report

The auditor, Ernst and Young Inc, has issued their unmodified review report on the condensed consolidation financial statements for the six months ended 30 June 2024. The review was conducted in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Equity.

The auditor's report on the reviewed condensed consolidated interim financial statements is included on page 29, and a copy of the auditor's report on the reviewed condensed consolidated interim financial statements is available for inspection at the Company's registered office. The reviewed condensed consolidated interim financial statements for the six months ended 30 June 2024 are available on the Company's website: <http://www.arcelormittalsa.com>

The auditor's report does not necessarily report on all the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the review engagement, they should read the accompanying financial information as included in this report.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

TO THE SHAREHOLDERS OF ARCELORMITTAL SOUTH AFRICA LIMITED

We have reviewed the condensed consolidated interim financial statements of ArcelorMittal South Africa Limited as at 30 June 2024 in the accompanying interim report on pages 11 to 28, which comprise the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated statement of comprehensive income and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Interim Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board (IAS) 34, Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council as well as the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of ArcelorMittal South Africa Limited for the six months ended 30 June 2024 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard as issued by the International Accounting Standards Board, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Director - Michiel (Mike) Christoffel Herbst

Registered Auditor

Chartered Accountant (SA)

1 August 2024

ArcelorMittal South Africa Limited

Reviewed condensed consolidated financial statements for the six months ended 30 June 2024



FORWARD-LOOKING STATEMENTS

Statements in this announcement that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to risks and uncertainties which could cause actual results and Company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

CORPORATE INFORMATION

Registered Office

Vanderbijlpark Works
Main Building
Delfos Boulevard,
Vanderbijlpark, 1911

Company secretary

FluidRock Co Sec (Pty) Ltd
Registration number: 2016/093836/07
Unit 5 First Floor Right
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion, 0169

Non-executive directors

Prof B Mohale (Chairman)*
LC Cele*
B Davey^o
D Earp*
GS Gouws
NP Gosa (resigned 24 May 2024)
R Karol+
NF Nicolau*
A Thebyane* (resigned 24 May 2024)

^o Citizen of Canada

+ Citizen of India

* Independent non-executive

Sponsor

Absa Bank Limited (acting through its Corporate and Investment Banking division)
Alice Lane North
15 Alice Lane, Sandton, 2196
Private Bag x10056, Sandton, 2146

Auditors

Ernst and Young Inc.
102 Rivonia Road
Dennehof, Sandton, 2146

Executive directors

HJ Verster (chief executive officer)
GA Griffiths (chief financial officer) (appointed 1 April 2024)

Release date: 1 August 2024

ArcelorMittal South Africa Limited
Registration number 1989/002164/06
Share code: ACL
ISIN: ZAE000134961

("ArcelorMittal South Africa", "the Company" or "the Group")