Audited consolidated and separate annual financial statements

2024

ArcelorMittal

Report contents

Our annual reporting suite

The full 2024 audited consolidated and separate annual financial statements provide comprehensive insight into the financial position and performance of the group and company for the year

These are available at https://www.arcelormittalsa.com/InvestorRelations/AnnualFinancialStatements.aspx

Our integrated report is available online at https://www.arcelormittalsa.com/InvestorRelations/IntegratedAnnualReports.aspx

Directors’ responsibility and approval of the group and company's audited consolidated and separate annual financial statements

for the year ended 31 December 2024

To the shareholders of ArcelorMittal South Africa Limited

The board of directors (directors) is required to maintain adequate accounting records and is responsible for the content and integrity of the consolidated (group) and company audited consolidated and separate annual financial statements (annual financial statements) and related financial information included in this report. It is their responsibility to ensure that the annual financial statements, comprising the statements of financial position as at 31 December 2024, the statements of comprehensive income, cash flows, changes in equity for the year then ended, and the notes to the annual financial statements, which include a summary of material accounting policies and other explanatory notes, are prepared in accordance with International Financial Reporting Standards (IFRS), audited in accordance with International Standards on Auditing, the requirements of the Companies Act No 71 of 2008 (as amended) (Companies Act) and the JSE Listings Requirements. The annual financial statements have been prepared by the finance staff of ArcelorMittal South Africa Limited, headed and supervised by GA Griffiths CA(SA), the group’s chief financial officer.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal control aimed at reducing the risk of error or loss in a cost-effective manner. The directors, primarily through the audit and risk committee, which consists of independent non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The group’s internal auditors independently evaluate the internal controls. The external auditors are responsible for reporting on the financial statements. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the audit and risk committee. The directors are not aware of any material breakdown in the functioning of these controls and systems during the period under review.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group and company annual financial statements.

The directors have reviewed the group and company’s financial budgets for the year to 31 December 2025. In light of their review of the current financial position and existing borrowing facilities, they consider it appropriate that the group and company annual financial statements continue to be prepared on the going concern basis. Refer to note 41 for further details.

The annual financial statements for the year ended 31 December 2024 have been audited by Ernst & Young Inc, the company's independent external auditor, whose report can be found on pages 12 to 17.

The directors of the company accept responsibility for the annual financial statements, which were approved by the board of directors on 16 April 2025 and are signed on its behalf by:

HJ Verster
Chief executive officer

GA Griffiths
Chief financial officer

Chief executive officer and chief financial officer's internal financial control responsibility statement

In accordance with paragraph 3.84(k) of the JSE Limited (JSE) Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 18 to 101, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards (IFRS) accounting standards;

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

c) Internal financial controls have been put in place to ensure that material information relating to the issuer, and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer.

d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

e) Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies.

f) We are not aware of any fraud involving directors.

HJ Verster
Chief executive officer

16 April 2025

GA Griffiths
Chief financial officer

16 April 2025

Certificate by the company secretary

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, the company has, in respect of the financial year reported upon, lodged with the Companies Intellectual Property Commission all returns and notices required of a public company and that all such returns are true, correct and up to date.

FluidRock Co Sec (Pty) Ltd
Company secretary

16 April 2025

Directors' report

for the year ended 31 December 2024

The directors submit their report for the year ended 31 December 2024.

Nature of business

ArcelorMittal South Africa Limited (ArcelorMittal South Africa or company) and its subsidiaries (together, the group) manufacture and sell long and flat steel products and beneficiated by-products. The group's operations are primarily concentrated in South Africa with a sales focus domestically and internationally, with specific emphasis on sub-Saharan Africa.

The company is a public company incorporated and domiciled in South Africa. The address of the registered office is detailed on the inside of the back cover of this report.

The company is listed on the main board of the JSE Limited in Johannesburg, South Africa, and is a subsidiary of ArcelorMittal Holdings AG, which is part of the ArcelorMittal group. The functional and reporting currency is the South African rand (ZAR).

Financial results and activities

The contents of the annual financial statements adequately reflect the financial performance of the group for the financial year ended 31 December 2024.

Further detailed reports on the activities and performance of the group and the various segments of the group are contained in the integrated report.

At 31 December 2024, the group had a net asset value per share of 176 cents (2023: 700 cents). The net asset value per share was calculated using a net asset value of R1 963 million (2023: R7 799 million) and total number of shares outstanding of 1 114 612 789 (2023: 1 114 612 789).

Note 12 of the annual financial statements contains the information on loss and headline loss per share.

Dividends

Consistent with the group's dividend policy, payment of dividends is subject to the discretion of the board of directors. No dividends were declared for the 2024 financial year (2023: Rnil).

Property, plant and equipment

Details of capital expenditure are provided in note 14.

Authorised and issued share capital

Details of the authorised and issued share capital are set out in note 26.

Shareholders

ArcelorMittal Holdings AG, as controlling shareholder, holds 53.1% (2023: 53.1%) of the ordinary shares in issue and an effective shareholding of 69.2% (2023: 69.2%). Details of beneficial shareholders equal to or exceeding 5% as at 31 December 2024 are disclosed in note 26.

Directors' interests

The details of the beneficial direct and indirect interests of executive directors in the shares of the company are set out in note 36 of the annual financial statements.

Details of the direct and indirect interests of non-executive directors, including their associates, in the shares of the company are set out below:

	2024			2023		
Director	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
NF Nicolau	**100 000**	**–**	**100 000**	100 000	–	100 000
NP Gosa	**–**	**–**	**–**	–	68 566 674	68 566 674
GS Gouws	**–**	**292**	**292**	–	292	292
Total	**100 000**	**292**	**100 292**	100 000	68 566 966	68 666 966

NP Gosa resigned as director on 24 May 2024. The indirect interest of 2023 is due to a 40% beneficial interest in Likamva Resources (Pty) Ltd. Likamva Resources (Pty) Ltd holds 70.47% in Amandla we Nsimbi (RF) (Pty) Ltd.

There have been no changes to the directors' interests since the financial year ended 31 December 2024 and the date of this report.

Directors' report continued

for the year ended 31 December 2024

Borrowing powers

In terms of clause 35 of the Memorandum of Incorporation (MoI), the directors have the power to borrow for purposes of the company and secure payment or repayment of such sums subject to the aggregate sum (if any) authorised to be borrowed at that time.

Directorate

GA Griffiths was appointed as an executive director and chief financial officer with effect from 1 April 2024.

NP Gosa and A Thebyane resigned with effect from 24 May 2024.

M Maasdorp was appointed as non-executive director with effect from 1 March 2025.

The names and details of the directors who presently hold office and served on the various committees of the board are set out in the integrated report.

Retirement by rotation

Directors are appointed in line with the MoI and in terms thereof a third shall retire at each annual general meeting (AGM), subject to being eligible for re-election.

Going concern

Based on the going concern assessment noted in note 41, the board is of the view that the group and company have adequate resources to continue in operations for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis.

Subsequent events

Note 40 provides details of the events that occurred subsequent to 31 December 2024.

Independent auditor

Ernst & Young Inc (EY) were appointed as the independent auditors of the group with effect from the date of the AGM, 24 May 2024.

The financial statements of the group and the company have been audited by independent auditors EY.

The board has endorsed the recommendation of the audit and risk committee to shareholders that EY be appointed as the independent auditors of the group for the ensuing year with effect from the date of the AGM to be held on 23 May 2025.

The committee has confirmed that EY is independent of the company as required by Section 90 of the Companies Act. The board agrees with the committee's assessment.

Company secretary

The company secretary of ArcelorMittal South Africa is FluidRock Co Sec (Pty) Ltd. Their business and postal addresses appear on the inside back cover.

Audit and risk committee report

The committee submits its report for the year ended 31 December 2024 to the shareholders as required by section 94(7)(f) of the Companies Act 71 of 2008 (as amended) (Companies Act). The committee confirms that it has executed the responsibilities set out in section 3.84(g) of the JSE Listings Requirements and the King Report on Corporate Governance for South Africa 2016 (King IV Report).

Membership of the committee, evaluation of members and attendance at meetings

In compliance with the Companies Act, the following committee members were elected by shareholders at the annual general meeting (AGM) of the company held in 2024 to serve until the next AGM to be held on 23 May 2025:

- LC Cele (independent non-executive director)
- D Earp (independent non-executive director and chairperson)
- NF Nicolau (independent non-executive director)

The committee comprises only independent non-executive directors who are all financially literate and have the adequate, relevant skills and experience to execute their duties and responsibilities effectively.

The experience and qualifications of the members and the details of the committee meetings attended by each of the members is set out on pages 27 and 28 respectively of the integrated report. The committee was found to be effective and to have served as critical support structure of the board after its last evaluation and the review of its terms of reference during the year.

The committee held five meetings during the financial year. The chief executive officer and chief financial officer attended the committee meetings by invitation. The chairperson reports to the board on key matters arising after each of these meetings.

Statutory duties

The committee is a statutory committee of the board in terms of the Companies Act and has an independent role. The committee aids the board in carrying out its oversight duties and responsibilities and has terms of reference in place which regulate both its statutory duties and responsibilities and those duties delegated to it by the board. The terms of reference were reviewed and updated in 2023. The committee's scope extends to all activities of the group and company.

Executing on the statutory duties and other areas of responsibilities

The committee evaluates the quality and integrity of the financial statements and integrated report

The committee carried out the following duties in overseeing the quality and integrity of the company's interim results, its annual financial statements and its integrated report:

- Considered the going concern assumptions by reviewing the assessment on solvency and liquidity, compliance with the conditions of loan covenants and arrangements held with financial institutions and testing the robustness of the deleveraging plans and confirmed the going concern as the basis for preparation of the annual financial statements
- Considered the appropriateness of the accounting policies adopted and changes thereto, accounting treatments, significant unusual transactions and accounting judgements and considered whether any concerns and/or risks were identified regarding significant tax, legal and other matters that could have a material bearing on the financial statements
- Reviewed the JSE's reports on its proactive monitoring of financial statements in 2025 and the limited scope thematic review on cash flow, designed remedial actions, where necessary, and improved upon certain disclosures and presentations, where required. Where applicable, the actions to implement the recommendations made by the JSE are monitored by the committee
- Considered the adequacy and effectiveness of the internal financial controls relied upon by management in compiling the annual financial statements in order to discharge their obligations in terms of section 3.84(k) of the JSE Listings Requirements
- Reviewed the interim financial results and oversaw the preparation of the annual financial statements and is satisfied that they fairly present the consolidated and separate results of the operations, cash flows and financial position of the group and company for the year ended 31 December 2024 and comply, in all material respects with the Companies Act, the International Financial Reporting Standards (IFRS) accounting standards and the Financial Pronouncements as issued by the Financial Reporting Standards Council and applicable legislation
- Reviewed reports to shareholders and other announcements on the group's 2024 financial results and is satisfied that they comply in all material respects with IFRS and other appropriate standards as required by the JSE
- Confirmed that it is satisfied with the quality and integrity of the integrated report and the annual financial statements and wish to highlight the following key audit matters and significant areas of judgement taken under consideration during the year

The committee reviewed the critical judgements and assumptions made by management together with the sensitivity analyses performed and the conclusions on the key financial statement reporting issues during the year. The key issues are:

- **Impairment of property, plant and equipment**
  The committee concurs with management's decision that, following the announcement to place Newcastle plant in care and maintenance, the previously long steel cash-generating unit (CGUs) comprising of Vereeniging, AMRAS and Newcastle plant has led to a re-determination of the CGUs. The AMRAS and Vereeniging plants will be accounted for as separate CGUs
- **Environmental remediation provision and asset retirement obligation**
  The committee reviewed the key assumptions and the discount rate used together with the movement in the provisions

The committee reviewed compliance with legal and regulatory requirements to the extent that these might have an impact on the annual financial statements

The committee considered the views of internal and/or external counsel and management in considering legal and ethics matters that could have a material impact on the group.

The committee reviewed reports on the group's tax position, status of tax litigation claims and the status of the group's tax compliance.

The committee reviewed the adequacy and effectiveness of the group's procedures to ensure compliance with financial, legal and regulatory responsibilities.

The committee assessed the suitability of the appointment of the external auditor and designated individual partner

The committee nominated EY to serve as external auditor of the group, and the nomination was approved by the shareholders on 24 May 2024. EY will serve as external auditor until the AGM to be held on 23 May 2025. The committee reviewed a presentation by EY and, after conducting its own review, is satisfied with the independence and objectivity of EY as external auditor. The committee is satisfied that the auditor has at all times acted with unimpaired independence. The committee is satisfied that EY is compliant with the relevant external audit partner's JSE qualification and the rotation rules.

The committee approved the external audit plan, which was based on the principles of ISA600, the terms of the engagement and the audit fee.

Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors, EY confirmed in an annual written statement that their independence has not been impaired.

All non-audit services were approved by the committee in accordance with the approved policy on non-audit services performed by the external auditor.

The committee meets with the auditor independently of senior management. The committee agendas provide for confidential meetings between committee members and the internal and external auditors.

The committee assessed the adequacy of the performance of the internal audit function and the adequacy of the available internal audit resources

The committee is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors and serves as a link between the board of directors and these functions. The head of internal audit reports administratively to the CEO and functionally to the chairman of the committee and head of group internal audit of the holding company, ArcelorMittal Holdings AG.

The committee reviewed the assurance services charter in 2023 and approved the risk-based integrated internal audit plan. The committee evaluated the independence, effectiveness, skills and experience and performance of the internal audit function and compliance with its charter and concluded these to be satisfactory.

The committee is satisfied with the effectiveness of the head of internal audit.

The committee assists the board in carrying out its information and information technology responsibilities to ensure ethical and responsible use and compliance

The committee monitored the ethical and responsible use of technology and information and compliance with relevant laws in order to assist the board in carrying out its information and information technology responsibilities.

The committee reviewed the appropriateness of the control environment in respect of the management of material information and communication technology risks.

The committee assessed the internal controls over financial reporting as of 31 December 2024

The committee has oversight of the group and company system of internal financial control.

The review of controls by the CEO and CFO comprised the identification and classification of risks, as well as the determination of materiality, testing of the design, and determining control implementation. The process was supported by utilisation of the internal audit function to test the operating effectiveness of controls.

The committee, the CEO and the CFO rely on the assurance provided by the internal audit function of the group on the system of internal financial controls. Management provides quarterly feedback on the status of the effectiveness of internal controls together with remediation action plans. The committee has discussed the impact of the internal control deficiencies together with compensating controls, including financial statement review controls with internal and external auditors as well as management.

The committee assessed the risk management process

The committee has oversight over the enterprise risk management processes, development and has recommended the review of a policy and plan for risk management to the board. The committee has reviewed the integrity of the overall risk exposure and the risk control systems, as well as the key risks and responses from management that the group had faced, and the committee is satisfied with risk mitigation measures that are in place. The committee receives and reviews key risks faced by the group on a quarterly basis. These risks include the top strategic risks (including credit risk, liquidity risk, market risk, human resources risks and compliance risks), the operation risks and the information technology (IT) risks.

The committee assessed the appropriateness of the combined assurance model and its effectiveness

The committee is responsible for monitoring the appropriateness of the group and company's combined assurance model and ensuring that significant risks facing the company are adequately addressed as well as monitoring the relationship between the external assurance providers and the company. The committee further ensured that the combined assurance provided by the internal and external assurance providers and management are sufficient to satisfy the committee that significant risk areas within the company have been adequately addressed and suitable controls exist to mitigate and reduce these risks.

The committee assessed the finance function and the chief financial officer

The committee assessed the competency, skills and resourcing of the group's finance function, and was satisfied as to the overall adequacy and appropriateness of the finance function, and further ensured that the company had established appropriate financial reporting procedures and that these procedures are performed with due care.

The committee has satisfied itself that the CFO, GA Griffiths CA(SA), has the appropriate expertise and experience to carry out his duties.

Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the CFO, is experienced and operate effectively.

The committee assessed the company secretary

The committee assessed the expertise and experience of the company secretary, FluidRock Co Sec (Pty) Ltd. The committee was satisfied that FluidRock Co Sec (Pty) Ltd has the appropriate competence and experience to serve as company secretary of the company.

Audit and risk committee report continued

Discharge of responsibilities

The company continues to prepare group accounts that comply with IFRS, the statutory requirements of the Companies Act, the JSE Listings Requirements and King IV Report, and these responsibilities are discharged within an acceptable timeframe.

The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board, apart from the statutory duties, the committee makes recommendations for approval by the board.

The committee determined that, during the financial year under review, it had discharged its legal and other responsibilities as outlined in its terms of reference, details of which are included in the integrated report.

The chairperson of the committee attends the AGM and is available to answer any questions in relation to matters pertaining to the committee.

D Earp
Chairperson

16 April 2025

Shareholders' analysis

ArcelorMittal South Africa Limited

Analysis of ordinary shareholders as at 31 December 2024

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	41 116	86.23	4 558 687	0.4
1 001 – 10 000	4 701	9.86	15 524 055	1.36
10 001 – 100 000	1 508	3.16	49 484 368	4.35
100 001 – 1 000 000	320	0.67	88 106 435	7.74
Over 1 000 000	38	0.08	980 386 280	86.15
Total	**47 683**	**100.00**	**1 138 059 825**	**100.00**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance and insurance companies	1	0.00	366 281	0.03
Collective investment schemes and hedge funds	1	0.00	150 000	0.01
Corporate holdings	5	0.01	771 600 624	67.80
Custodians, brokers and nominees	27	0.06	21 436 437	1.88
Other managed funds	11	0.02	108 797 520	9.56
Retail shareholders, trusts and private companies	1 954	4.10	216 956 221	19.07
Unclassified holders (less than 10 000 shares)	45 684	95.81	18 752 742	1.65
Total	**47 683**	**100.00**	**1 138 059 825**	**100.00**

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Public shareholders	47 677	99.99	366 423 585	32.20
Non-public shareholders	6	0.01	771 636 240	67.80
Directors and associates	2	0.00	100 292	0.01
GS Gouws	1	0.00	292	0.00
NF Nicolau	1	0.00	100 000	0.01
ArcelorMittal SA Limited	2	0.00	46 548	0.00
ArcelorMittal Holdings AG	2	0.00	771 489 400	67.79
Total	**47 683**	**100.00**	**1 138 059 825**	**100.00**

Fund managers with a holding in 5% or more of the issued shares	Number of shares	% of issued capital
None		

Shareholders' analysis continued

Beneficial shareholders with a holding in 5% or more of ordinary shares issued	Number of shares	% of issued capital
ArcelorMittal Holdings AG	771 489 400	67.79
Industrial Development Corporation (IDC)	93 044 068	8.18
Total	**864 533 468**	**75.97**

Beneficial shareholders in the A1 and A2 register	A1 shares	A2 shares
Amandla we Nsimbi (Pty) Ltd	243 240 276	–
The Isabelo Employee Share Trust	–	72 972 083
Total	**243 240 276**	**72 972 083**

Geographical holding by owner	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Switzerland	10	0.02	776 194 192	68.20
South Africa	47 262	99.12	347 821 685	30.56
United States	22	0.05	2 725 455	0.24
United Kingdom	34	0.07	2 681 867	0.24
Namibia	189	0.40	1 082 586	0.10
Liechtenstein	1	0.00	4 706 834	0.41
Luxembourg	5	0.01	1 376 414	0.12
Balance	160	0.33	1 470 792	0.13
Total	**47 683**	**100.00**	**1 138 059 825**	**100.00**

Share price performance	
Opening price 2 January 2024	R1.60
Closing price 31 December 2024	R1.34
Closing high for period	R2.08
Closing low for period	R1.00
Number of shares in issue	1 138 059 825
Volume traded during period	181 673 383
Ratio of volume traded to shares issued (%)	15.96
Rand value traded during the period	R239 205 351
Price/earnings ratio as at 31 December 2024	(0.58)
Earnings yield as at 31 December 2024 (%)	(171.64)
Dividend yield as at 31 December 2024 (%)	0.00
Market capitalisation at 31 December 2024	R1 525 000 166

Independent auditor's report

To the Shareholders of ArcelorMittal South Africa Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of ArcelorMittal South Africa Limited and its subsidiaries ('the group') and company set out on pages 18 to 101, which comprise of the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final materiality

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgments about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group final materiality:

We determined final materiality for the group to be R202 000 000, which is based on 0,5% of Revenue. We have identified Revenue as the most appropriate basis as it is the most consistent measure when compared to the earnings measurements. Given its prominence in the communications with the users of the financial statements as well as its use in industry benchmarks, we have concluded that the focus of the main users of the financial statements will be on Revenue, at least for the immediate future. Our review of information provided to users by the group confirms our view.

Company final materiality:

We determined final materiality for the standalone company to be R183 000 000, which is based on 0,5% of Revenue. We have identified Revenue as the most appropriate basis as it is the most consistent measure when compared to the earnings measurements. Given its prominence in the communications with the users of the financial statements as well as its use in industry benchmarks, we have concluded that the focus of the main users of the financial statements will be on Revenue, at least for the immediate future. Our review of information provided to users by the company confirms our view.

Group and company audit scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the group and company. Taken together, this enables us to form an opinion on the consolidated and separate financial statements. We take into account the size and risk profile of the components in the group and company. In addition, we further consider the organisation of the group and company and effectiveness of group-wide controls, changes in the business environment, and other factors such as our experience in prior years and recent internal audit results when assessing the level of work to be performed at each component of the group and company. Our process focuses on identifying and assessing the risk of material misstatements of the consolidated and separate financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the group and company audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team.

In selecting components, we perform risk assessment activities across the group and company and their components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the consolidated and separate financial statements. This assessment included performing overall analytical procedures at group level.

Of the eleven components in group (six in company) selected, we identified:
- Eight components in group (six in company) which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.
- Three components in group (none in company) where our procedures were more focussed or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

At group level, we also tested the consolidation process.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matters applies equally to the audit of the consolidated and separate financial statements.

Key audit mater description	How the matter was addressed in the audit
Valuation of property, plant and equipment As at 31 December 2024, the carrying amount for property, plant and equipment of the group and the company were R7 373 million and R7 152 million, respectively. As disclosed in note 7 and note 14 of the consolidated and separate financial statements, the group and company assess the impairment of property, plant and equipment as part of their respective cash-generating units. This assessment involves comparing the recoverable amount of each cash-generating unit (CGU) to their respective carrying amounts. The Recoverable amounts calculated as the value in use (VIU) of Vanderbijlpark and Coke and Chemicals CGUs exceeded their carrying amounts. As disclosed in note 7 the Long steel business encountered financial difficulties, prompting management to restructure the Long Products CGUs which were split out into the Vereeniging, ArcelorMittal Rail and Structures (AMRAS), and Newcastle Plant CGUs. The recoverable amounts of the Vereeniging and AMRAS CGUs exceeded their carrying amounts, however the Newcastle plant was impaired as the carrying amount exceeded the recoverable amount based on fair value less costs of disposal. Key assumptions significantly influenced the estimate of the recoverable amounts (VIU) of the relevant cash-generating units (Vanderbijlpark, Coke and Chemicals, Vereeniging and AMRAS), included: • Future shipment volumes; • Future selling prices; • Terminal growth rate; • Exchange rates; and • Discount rate. Variations in these assumptions could substantially affect the recoverable amounts of a CGU and the valuation of property, plant, and equipment. Management exercises significant judgment in estimating these assumptions.	As part of our procedures, among others, we: • Obtained an understanding, evaluated the design, and tested the operating effectiveness of key controls over the preparation and review of the cash flow forecasts. • Performing a comparative analysis between current year business projections to that of the prior year to assess whether there has been an improvement or decline in current value. • Assessed management's forecasting ability by analysing the actual performance of each CGU in 2024 in relation to the budget. • Assessed the reasonableness of shipment volumes by: – Comparing Historical Actual Sales Volumes (5 years) to Historical Budgeted Sales Volumes to assess management's ability to reasonably forecast. – Comparing AMSA's forecasted volumes to local demand and market share analysis to assess the forecast is reasonably in line with the market demand. – Comparing the shipment volume projections to production capacity. – Performing a sensitivity analysis in respect of the forecasted shipment volumes and the impact this has on the recoverable amount. In addition to the above, with the support of our internal valuation specialists, we performed the following procedures: • Assessed the appropriateness of the key input parameters noted below that are used in Management's VIU calculation by comparing them to (1) broker consensus prices, and (2) the CGU's actual historical performance. • Reviewed the discount rates (WACC & Client Specific Risk Premiums(CSRP)) and methodology for reasonableness by comparing to industry benchmarks and publicly available market data for comparable companies within a given range. • Evaluated Management's assessment on whether a CSRP is applicable to the CGU's VIU model. In doing this, considered factors that appear to indicate a heightened level of risk associated with the CGU's forecast cash flows. • Reviewed the arithmetic accuracy of the discounting formulae applied to present value the free cash flows in Management's VIU model. • Assessed the appropriateness of Management's terminal value calculations within the VIU model. • Performed sensitivity analysis using various growth rates and discount rates (where applicable) and in respect of significant business assumptions and the impact it will have on the recoverable amount. • Assessed Management's calculation of the CGU's carrying value applied in the impairment model.

Key audit matter	How the matter was addressed in the audit
Valuation of property, plant and equipment continued For the Newcastle Plant CGU, Key assumptions impacting the estimate of the recoverable amounts (fair value less cost of disposal) included: • Scrap values; • Estimated cost of disposal; and • Similar individual second hand assets prices. Auditing the valuation of property, plant, and equipment, particularly the recoverable amounts of the relevant CGUs, proved to be complex and necessitated a high degree of auditor judgment, including the engagement of valuation specialists. Given the significant estimation uncertainty and the subjective nature of the assumptions involved, the valuation of property, plant, and equipment was identified as a key audit matter.	For the Newcastle Plant, we performed the following procedures to assess the recoverable amount: • Assessed the fair value less cost of disposal attributed to Newcastle plant to ensure that the valuation is correct by assessing management fair value assessment. • Assessed the scrap value associated with the Newcastle Plant by comparing the square meters outlined in the building plans to the mass of steel based on the plant's footprint against industry benchmarks. • Evaluated the scrap price and demolition and transport costs elements applied to the mass of scrap against market prices applied to these relevant elements for reasonability. • Assessed the prices allocate to individual assets where reliable second hand sales prices are available for reasonability • We also evaluated the adequacy of the disclosures in note 7 and note 14 of the consolidated and separate financial statements to the requirements of IAS 36 – Impairment of Assets.
Key observations – valuation of property, plant and equipment Based on the procedures performed over the Valuation of Property, Plant and Equipment, we identified areas of discussions with management and after resolution we were able to conclude on our procedures.	
Going concern The recent challenging trading environment, coupled with the volatility of the rand against the US dollar exchange rate, fluctuations in steel demand, commodity and steel prices, and various input costs, may raise concerns regarding the group's and company's ability to continue as a going concern. In light of this difficult trading landscape, the group and company respectively, reported a net loss after taxation of R5 837 million and R5 441 million for the 2024 financial year. This loss includes an impairment of property, plant, and equipment amounting to R682 million, related to the wind down and restructuring of the Long steel business cash-generating unit (CGU). Consequently, there are heightened concerns regarding the solvency and liquidity of ArcelorMittal South Africa (AMSA) group and company. As disclosed in Note 2, the group's financial statements were prepared on a going concern basis, supported by management's assertion regarding going concern in the same note. Management believes that, based on the group's 12-month funding plan and considering available banking facilities, along with ongoing support from the holding company, ArcelorMittal Holdings AG, the group and company has adequate funds to meet its obligations as they become due over the next 12 months, thereby ensuring its status as a going concern.	As part of our procedures, among others, we: • Obtained an understanding, evaluated the design and tested the operating effectiveness of key controls over the preparation and review of managements 12-month funding plan. • Performed a comparative analysis of current year business projections to that of the prior year to assess whether there has been an improvement or decline in current performance. • Evaluated management's forecasting ability by analysing the group's actual performance in 2024 in relation to the 12-month funding plan for the 2024 financial year. • Performed various sensitivities analysis on the forecasted volumes and prices to evaluate the impact on the net cash position. • Assessed the reasonability of the cash saving initiatives. • Evaluated management realisation of cash flow initiatives against the subsequent contracts that were signed. • Assessed the disclosures in note 41 of the annual financial statements on going concern.

Key audit matter	How the matter was addressed in the audit
Going concern continued Key assumptions included in management's 12 month funding plan that significantly impact on the group and company's going concern assumption are as follows: • Future shipments volumes; • Future production volumes; • Future selling prices; • Future costs; • Exchange rates; and • Realisation of cash flow initiatives aimed at addressing the liquidity concerns, which included the reclassification of interest and fees, payable to the holding company, to the Shareholder's loan, as well as the extension of the IDC loan as disclosed in Notes 27 and 40 respectively. Given the significant estimation uncertainty and the subjective nature of the assumptions utilised in these estimates, the going concern assumption was identified as a key audit matter.	

Key observations – going concern

Based on the procedures performed over going concern, we identified areas of discussion with management and after resolution, we were able to conclude on our procedures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 102-page document titled "ArcelorMittal South Africa Limited Audited Consolidated and Separate Annual Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, the Audit and Risk Committee Report and the Certificate by the company Secretary as required by the Companies Act of South Africa, as well as the Directors' responsibility and approval of the group and company annual financial statements, chief executive officer and chief financial officer internal financial control responsibility statement, Shareholders' analysis and Corporate Information. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report continued

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc has been the auditor of ArcelorMittal South Africa Limited for three years.

Ernst & Young Inc
Director – Michiel (Mike) Christoffel Herbst
Registered Auditor
Chartered Accountant (SA)

16 April 2025

102 Rivonia Road
Sandton

Group and company statements of comprehensive income

for the year ended 31 December 2024

	Notes	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Revenue	4	**38 596**	41 637	**36 678**	39 648
Raw materials and consumables used		**(22 296)**	(26 651)	**(22 042)**	(26 153)
Employee costs		**(4 329)**	(3 920)	**(4 205)**	(3 800)
Energy		**(5 892)**	(5 343)	**(5 709)**	(5 121)
Movement in inventories of finished goods and work-in-progress		**(1 737)**	1 006	**(455)**	2 075
Depreciation		**(807)**	(861)	**(783)**	(828)
Amortisation of intangible assets		**(11)**	(17)	**(11)**	(17)
Impairment (loss)/reversal and movement in expected credit losses of trade and other receivables		**(10)**	(2)	**(8)**	(2)
Impairment of equity-accounted investments and subsidiaries	6	**–**	(19)	**(7)**	(206)
Impairment of property, plant and equipment and intangible assets	7	**(682)**	(2 096)	**(682)**	(2 017)
Other operating expenses		**(7 279)**	(6 671)	**(7 031)**	(6 516)
Loss from operations	8	**(4 447)**	(2 937)	**(4 255)**	(2 937)
Finance income	9	**82**	285	**108**	310
Finance costs	10	**(1 454)**	(1 342)	**(1 285)**	(1 182)
Fair value adjustment of investment properties	16	**37**	93	**(10)**	6
(Loss)/gain on remeasurement of assets held-for-sale	25	**(57)**	9	**–**	–
Income after tax from equity-accounted investments		**5**	17	**–**	–
Loss before taxation		**(5 834)**	(3 875)	**(5 442)**	(3 803)
Income taxation expense	11	**(5)**	(45)	**–**	–
Loss for the year attributable to owners of the company		**(5 839)**	(3 920)	**(5 442)**	(3 803)
Other comprehensive income/(loss)					
Items that will not be reclassified to income or loss (net of tax):					
Fair value adjustment of equity instruments		**1**	(12)	**1**	(12)
Revaluation of property, plant and equipment		**–**	6	**–**	6
Items that may be reclassified subsequently to income or loss (net of tax):					
Exchange differences on translation of foreign operations		**1**	9	**–**	–
Share of other comprehensive income/(loss) of equity-accounted investments		**–**	2	**–**	–
Other comprehensive income/(loss) for the year		**2**	5	**1**	(6)
Total comprehensive loss for the year attributable to owners of the company		**(5 837)**	(3 915)	**(5 441)**	(3 809)
Basic/diluted loss per share (cents) attributable to owners of the company	12	**(524)**	(352)	**–**	–

Group and company statements of financial position

as at 31 December 2024

	Notes	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
ASSETS					
Non-current assets					
Property, plant and equipment	14	7 373	7 974	7 152	7 755
Intangible assets	15	58	62	58	62
Investment properties	16	690	702	674	684
Equity-accounted investments	17	243	245	32	32
Investments in subsidiaries	18	–	–	2 321	2 426
Investment held by environmental trust	19	486	438	–	–
Other receivables	21	12	27	11	27
Other financial assets	22	–	11	–	11
Investment in sub-lease	23	–	–	35	59
Total non-current assets		8 862	9 459	10 283	11 056
Current assets					
Inventories	20	10 113	12 441	9 975	12 210
Trade and other receivables	21	2 246	3 552	2 109	3 407
Other financial assets	22	–	39	–	39
Investment in sub-lease	23	–	–	26	25
Cash, bank balances and restricted cash	24	3 594	3 485	3 504	3 389
Total current assets		15 953	19 517	15 614	19 070
Asset held-for-sale	25	126	134	–	–
Total assets		24 941	29 110	25 897	30 126
EQUITY AND LIABILITIES					
Equity					
Stated capital	26	4 537	4 537	4 537	4 537
Reserves		(3 448)	(3 515)	1 392	1 331
Retained income/(loss)		874	6 777	(2 167)	3 334
Total equity		1 963	7 799	3 762	9 202
Non-current liabilities					
Borrowings	27	5 055	2 700	5 055	2 700
Lease liabilities	28	142	156	142	156
Provisions	29	1 578	1 474	1 155	1 435
Trade and other payables	30	228	210	227	208
Other financial liabilities	31	703	521	703	521
Total non-current liabilities		7 706	5 061	7 282	5 020
Current liabilities					
Borrowings	27	3 650	4 000	3 650	4 000
Lease liabilities	28	39	32	39	32
Provisions	29	1 714	924	1 494	835
Trade and other payables	30	9 708	11 020	9 621	10 875
Other financial liabilities	31	49	162	49	162
Taxation		112	112	–	–
Total current liabilities		15 272	16 250	14 853	15 904
Total equity and liabilities		24 941	29 110	25 897	30 126

Group and company statements of cash flows

for the year ended 31 December 2024

		Group		Company	
	Notes	**2024 Rm**	2023 Rm	**2024 Rm**	2023 Rm
Cash flows from operating activities					
Cash generated from operations	32.1	**1 029**	1 681	**1 286**	1 911
Finance income		**80**	93	**107**	98
Finance costs	32.2	**(720)**	(751)	**(624)**	(668)
Income taxation paid	32.3	**(5)**	(45)	**–**	–
Net cash generated from operating activities		**384**	978	**769**	1 342
Cash flows from investing activities					
Investment to maintain and expand operations	32.4	**(938)**	(1 489)	**(907)**	(1 460)
Proceeds from disposal of property, plant and equipment		**11**	–	**11**	–
Proceeds from disposal of asset held-for-sale		**–**	99	**–**	–
Proceeds from disposal of other financial assets		**12**	–	**12**	–
Loan repaid by equity-accounted investment		**–**	1	**–**	1
Loans advanced to subsidiaries		**–**	–	**(409)**	(384)
Net cash utilised by investing activities		**(915)**	(1 389)	**(1 293)**	(1 843)
Cash flows from financing activities					
Borrowings: Borrowing based facility raised		**8 100**	3 350	**8 100**	3 350
Borrowings: Borrowing based facility repaid		**(8 400)**	(2 850)	**(8 400)**	(2 850)
Borrowings: Loan from Industrial Development Corporation raised		**1 000**	–	**1 000**	–
Borrowings: Loan from Industrial Development Corporation repaid		**(50)**	–	**(50)**	–
Repayment of principal lease liabilities		**(28)**	(20)	**(28)**	(20)
Net cash generated from financing activities		**622**	480	**622**	480
Increase/(decrease) in cash, cash equivalents and restricted cash		**91**	69	**98**	(22)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash		**18**	24	**17**	22
Cash, cash equivalents and restricted cash at the beginning of the year		**3 485**	3 392	**3 389**	3 389
Cash, cash equivalents and restricted cash at the end of the year		**3 594**	3 485	**3 504**	3 389

Group and company statements of changes in equity

for the year ended 31 December 2024

	Stated capital Rm	Retained income Rm	Treasury share equity reserve[1] Rm	Management share trust reserve[2] Rm	Share-based payment reserve Rm	Attributable reserves of equity-accounted investments Rm	Vested treasury shares[3] Rm	Deemed equity reserve[4] Rm	Translation reserve Rm	Other reserves[5] Rm	Total equity Rm
Group											
Year ended 31 December 2023											
Balance at 1 January 2023	4 537	10 714	(2 065)	(302)	1 228	(748)	(1 854)	398	(232)	(1)	11 675
Total comprehensive income for the year	–	(3 920)	–	–	–	2	–	–	9	(6)	(3 915)
Profit	–	(3 920)	–	–	–	–	–	–	–	–	(3 920)
Other comprehensive income	–	–	–	–	–	2	–	–	9	(6)	5
Share-based payment expense	–	–	–	–	39	–	–	–	–	–	39
Transfer between reserves	–	(17)	–	–	–	17	–	–	–	–	–
Balance at 31 December 2023	4 537	6 777	(2 065)	(302)	1 267	(729)	(1 854)	398	(223)	(7)	7 799
Year ended 31 December 2024											
Balance at 1 January 2024	**4 537**	**6 777**	**(2 065)**	**(302)**	**1 267**	**(729)**	**(1 854)**	**398**	**(223)**	**(7)**	**7 799**
Total comprehensive income for the year	**–**	**(5 839)**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**(5 837)**
Loss	**–**	**(5 839)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5 839)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**2**
Share-based payment expense	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Transfer between reserves	**–**	**(64)**	**–**	**–**	**–**	**5**	**–**	**–**	**–**	**59**	**–**
Balance at 31 December 2024	**4 537**	**874**	**(2 065)**	**(302)**	**1 268**	**(724)**	**(1 854)**	**398**	**(222)**	**53**	**1 963**

Group and company statements of changes in equity continued

for the year ended 31 December 2024

	Stated capital Rm	Retained income/ (accumulated loss) Rm	Treasury share equity reserve Rm	Management share trust reserve[2] Rm	Share-based payment reserve Rm	Deemed equity reserve[4] Rm	Other reserves[5] Rm	Total equity Rm
Company								
Year ended 31 December 2023								
Balance at 1 January 2023	4 537	7 137	–	(302)	1 228	398	(26)	12 972
Total comprehensive income for the year	–	(3 803)	–	–	–	–	(6)	(3 809)
Loss	–	(3 803)	–	–	–	–	–	(3 803)
Other comprehensive loss	–	–	–	–	–	–	(6)	(6)
Share-based payment expense	–	–	–	–	39	–	–	39
Balance at 31 December 2023	4 537	3 334	–	(302)	1 267	398	(32)	9 202
Year ended 31 December 2024								
Balance at 1 January 2024	**4 537**	**3 334**	**–**	**(302)**	**1 267**	**398**	**(32)**	**9 202**
Total comprehensive income for the year	**–**	**(5 442)**	**–**	**–**	**–**	**–**	**1**	**(5 441)**
Loss	**–**	**(5 442)**	**–**	**–**	**–**	**–**	**–**	**(5 442)**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Share-based payment expense	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Transfer between reserves	**–**	**(59)**	**–**	**–**	**–**	**–**	**59**	**–**
Balance at 31 December 2024	**4 537**	**(2 167)**	**–**	**(302)**	**1 268**	**398**	**28**	**3 762**

[1] ***Treasury share equity reserve***
In 2009, the company implemented a share buyback arrangement, acquiring a number of its own shares from each shareholder. In September 2020, some of these shares were utilised as part of the employee share ownership plan and were transferred to other reserves, this amounted to R1 854 million.

[2] ***Management share trust reserve***
The management share trust reserve represents the net outflow from the purchase of treasury shares in order to meet obligations in terms of the ArcelorMittal South Africa equity-settled share option plan that were housed in the management share trust. The trust has been deregistered.

[3] ***Vested treasury shares***
The vested treasury shares of -R1 854 million (2023: -R1 854 million) for the group were transferred from treasury share equity reserve during the 2020 financial year.

[4] ***Deemed equity***
Deemed equity reserve of R398 million (2023: R398 million) for the group and company. The reserve relates to the measurement of the interest-free portion of the loan from holding company at amortised cost.

[5] ***Other reserves***
Other reserves consist of the following:
Capital redemption reserve of R24 million (2023: R24 million) for the group and company. The capital redemption reserve was created following the redemption of shares during the year ended 30 June 2000, out of profits that would otherwise be available for distribution to ordinary shareholders.

Equity instruments carried at fair value through other comprehensive income (FTVOCI) reserve of -R8 million (2023: -R67 million) for the group and -R5 million (2023: -R64 million) for the company. This reserve relates to the unrealised fair value gains/(losses) relating to the group's investment in Hwange Colliery Company Limited. During the current year, the company sold its shareholding in MC Mining Limited, resulting in R59 million of the cumulative fair value loss recognised in other reserves being transferred to retained earnings, refer to note 22.

The remaining other reserves relate to revaluation of property, plant and equipment of R37 million (2023: R37 million) for the group and R9 million (2023: R9 million) for the company, following the transfer of properties from property, plant and equipment to investment properties.

Notes to the group and company audited consolidated and separate annual financial statements

for the year ended 31 December 2024

1. General information

ArcelorMittal South Africa (the company) and its subsidiaries consolidated in these annual financial statements to reflect "the group", is one of the largest steel producers on the African continent. The company is domiciled in South Africa and it is a public limited company listed on the JSE.

2. Application of new and revised International Financial Reporting Standards

2.1. Changes in material accounting policies due to new IFRS Accounting Standards

In the current year, a number of amendments to IFRS and Interpretations issued by the International Accounting Standard Board (IASB) became effective for the annual period that begins on or after 1 January 2024. These have been early adopted by the group and company and applied in the previous financial year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these annual financial statements.

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)

In September 2022, the board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments clarify how an entity classifies liabilities as current or non-current. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS interpretations committee (the committee) issued a tentative agenda decision, which analysed the applicability of the amendments to three scenarios. However, due to the feedback received and various concerns raised about the outcome of applying the amendment, the committee did not finalise the tentative agenda decision and referred the matter to the IASB. The IASB, at its meeting held in June 2021, tentatively decided to amend the requirements in IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning no earlier than on or after 1 January 2024.

In November 2021, the IASB issued an exposure draft to modify the 2020 amendments – Non-current Liabilities with Covenants. This exposure draft aims to address the concerns raised by stakeholders.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments in Non-current Liabilities with Covenants (Amendments to IAS 1) modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months.

2. Application of new and revised IFRS continued

2.2 Standards and interpretations not yet effective for December 2024

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2025, and earlier application is permitted. Those which may be relevant to the group and company are set out below and are not expected to have a material impact on the group and company's financial statements:

Lack of exchangeability (Amendments to IAS 21) – effective 1 January 2025

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not and requires disclosure of additional information when not exchangeable.

These amendments have been early adopted by the group in the 2024 financial year and have had no material impact on the group and company's financial statements.

Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7) – effective 1 January 2026

On 30 May 2024, the IASB published Amendments to the Classification and Measurement of Financial Instruments. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*.

These amendments have not been early adopted by the group in the 2024 financial year and are not expected to have a material impact on the group and company's financial statements.

Annual Improvements – Volume 11 (Amendments to IFRS 1, 7, 9, 10 & IAS 7) – effective 1 January 2026

The IASB issued amendments to IFRS Accounting Standards as part of its annual improvements process. These annual improvements are minor or narrow in scope and the amendments are unrelated. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements of the standards.

These amendments have not been early adopted by the group in the 2024 financial year and are not expected to have a material impact on the group and company's financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements – effective 1 January 2027

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 will be early adopted by the group in the 2025 financial year and the impact on the group and company's financial statements are in the process of being assessed.

3. Material accounting policy information

The principal accounting policies applied in the preparation of the group and company annual financial statements are set out below.

These policies have been consistently applied from the comparative year presented, except as noted above.

3.1 Statement of compliance

The annual financial statements are prepared in compliance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB), the Companies Act 71 of 2008, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee relevant to its operations.

3.2 Basis of preparation

The annual financial statements have been prepared under the historical cost convention, except for certain equity instruments which are at fair value through other comprehensive income (FVTOCI), certain equity instruments and derivatives at fair value through profit or loss (FVTPL) and investment properties at fair value. The consolidated and separate annual financial statements are presented in Rand and all values are rounded to the nearest million (R' 000 000), except when indicated otherwise.

The group and company have prepared the consolidated and separate annual financial statements on the basis that it will continue to operate as a going concern, refer note 41.

3. Material accounting policy information continued

3.3 Significant assumptions and areas of estimation uncertainty

The preparation of the annual financial statements in compliance with IFRS requires management to calculate estimates and assumptions that affect amounts reported in the 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 estimates and assumptions that 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 16
- Expected credit loss assessment on trade receivables – specifically the forward-looking adjustment – refer to note 21
- The residual value and useful life of property, plant and equipment were reassessed as required by IAS 16 Property, Plant and Equipment – refer to note 14
- Impairment assessment of property, plant and equipment – The discount rate, future exchange rates, future sales prices and future sales volumes – refer to note 14
- Environmental remediation provision and asset retirement obligation – specifically the expectation of future cost and the discount rate – refer to note 29
- Going concern basis – refer to note 41

3.4 Investments in subsidiaries, joint ventures and associates by the company

The company accounts for all investments in subsidiaries at cost less impairment. All investments in jointly controlled entities and associates are accounted for using the equity method of accounting.

Dividends received from subsidiaries, jointly controlled entities and associates are recognised in profit or loss when the company has the right to receive the dividend.

3.5 Basis of consolidation

The group's annual financial statements incorporate the financial statements of the company and its subsidiaries.

Subsidiaries are all investees over which the group has control. The group controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

3.6 Interest in equity-accounted investees

A joint venture is a contractual arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement that exists only when the decision about the relevant activities requires the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The assets and liabilities of jointly controlled entities and associates are incorporated into the group's annual financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the group's share of the net assets of the joint venture and associate, less any impairment in the value of individual investments.

3. Material accounting policy information continued

3.6 Interest in equity-accounted investees continued

The group's share of its jointly controlled entities' post-acquisition profits or losses and other comprehensive income is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised as reserves of the group. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investment.

Losses of a jointly controlled entity and associate in excess of the group's interest in that entity (which includes any long-term interests that, in substance, form part of the group's net investment in the jointly controlled entity and associate) are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity and associate.

Where a group entity transacts with a jointly controlled entity and associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant jointly controlled entity and associate.

3.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee of the group.

3.8 Foreign currency translation

Functional and presentation currency items included in the annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in ZAR, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 foreign currencies are recognised as gains or losses in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges.

For fair value through other comprehensive income assets, changes in the fair value of such monetary securities denominated in foreign currency are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences are recognised in the statement of comprehensive income.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency of the group as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate at the date of the statement of financial position
- Income and expenses for each reporting period are translated at average exchange rates for the reporting period
- All resulting exchange differences are recognised as a separate component of equity within the translation of foreign operations reserve

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are disclosed in the statement of comprehensive income and are taken to shareholders' equity.

3.9 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Cost includes professional fees and, for assets constructed by the group and company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset.

Property, plant and equipment, except land, are depreciated using the straight-line method over the useful lives of the related assets. Depreciation, gains and losses on disposal and impairment losses are recognised in the statement of comprehensive income when incurred.

3. Material accounting policy information continued

3.9 Property, plant and equipment continued

Major improvements, which are expected to generate future economic benefits over more than one reporting period, are capitalised, while repairs and maintenance are charged as an expense when incurred. Where a tangible fixed asset comprises major components having different useful lives, these components are accounted for as separate items. The estimated residual values and expected useful lives of assets are reviewed annually.

Property, plant and equipment under construction are recorded as assets under construction until they are ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. Gains and losses on retirement or disposal of assets are reflected in the statement of comprehensive income.

Property, plant and equipment is derecognised upon disposal or when the property, plant and equipment is permanently withdrawn from use and no future economic benefits are expected from the disposal.

3.10 Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation (including property under development for such purposes).

Investment property is initially recognised at cost including transaction costs. Cost includes initial costs, costs incurred subsequently to extend or refurbish investment property and the cost of any development rights.

Investment property is subsequently measured at fair value as determined on an annual basis by an independent registered valuer. Gains or losses arising from changes in fair value, after deducting the straight-line rental income accrual, are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the property. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Realised gains or losses arising on the disposal of investment properties are recognised in profit or loss for the year.

3.11 Leases

The group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. The group and company assess whether a contract is, or contains a lease at inception of the contract.

3.11.1 Accounting for leases as lessee

The group and company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), and leases of low-value assets. For these leases, the group and company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group and company use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. Material accounting policy information continued

3.11 Leases continued

3.11.1 Accounting for leases as lessee continued

The group and company remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed; in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The group and company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group and company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as part of the property, plant and equipment line in the consolidated statement of financial position.

The group and company apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group and company have not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the group allocated the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

3.11.2 Accounting for leases as lessor

The group determines at the inception of the agreement whether each agreement is a finance lease or an operating lease. The group assesses whether the agreement transfers substantially all the risk and rewards incidental to ownership of the underlying lease assets to the lessee and classifies it as a finance lease. If not the case, the agreement is classified as an operating lease. If the arrangement contains lease and non-lease components, the group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

Assets leased out under operating leases are included under investment properties. The group recognises rental income, net of any incentives given to the lessee, on a straight-line basis over the lease term.

3. Material accounting policy information continued

3.12 Impairment of tangible and intangible non-financial assets

At each statement of financial position date, the group and company review the carrying amounts of tangible and intangible non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In order to ensure completeness of the impairment assessment of individual assets, all tangible assets and intangible assets are allocated to the cash-generating unit (CGU) to which they belong. An impairment assessment is then undertaken on the individual CGU.

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

3.13 Financial assets

Financial assets are recognised and derecognised on the trade date where the purchase or sale of the asset is under a contract whose terms require delivery within the timeframe established by the market concerned. These assets are initially measured at fair value, net of transaction costs except for those financial assets classified as FVTPL, which are initially measured at fair value.

Financial assets are classified into the following specified categories:
- Amortised cost
- FVTOCI
- FVTPL

3.13.1 Measured at amortised cost

Trade receivables and other receivables held to collect contractual cash flows that are solely payments of principal and interest on specified dates are classified as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by impairment losses, expected credit loss and other allowances.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3.13.2 FVTOCI financial assets

Certain listed shares and similar securities held by the group and company that are traded in an active market are classified as being FVTOCI and are subsequently measured at fair value.

The entity has elected to measure certain listed shares at FVTOCI because these are seen as long-term investments and are not speculative.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

3.13.3 FVTPL financial assets

All other financial assets that are neither classified as measured at amortised cost nor FVTOCI are classified as FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

3. Material accounting policy information continued

3.13 Financial assets continued

3.13.4 Impairment of financial assets

The group and company recognise a loss allowance for expected credit losses on financial assets measured at amortised cost. The group and company measure loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit losses :
- Debt securities that are determined to have low credit risk at the reporting date
- Other debt securities and bank balances for which credit risk (ie the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses . Lifetime expected credit losses are the credit losses that result from all probable default events over the expected life of a financial asset.

A trade receivable is in default when contractual payments are past due the standard credit terms, which are 30 days to 60 days. 90% (2023: 88%) of trade customers have payment terms of 30 days or less. This is considered to be an appropriate indicator of default when considered against the group's customer base, the trading terms for which are predominantly 30 days. This is also informed by the group's extensive experience with its customer base.

Trade receivables are covered by the credit insurance provider. An outstanding trade receivable amount that is claimed from the insurer is written off upon the conclusion of an insurance claim when applicable. For outstanding amounts not recovered via the claim process, once all internal measures to collect contractual cash flows have been exhausted, the matter is referred for legal action in an attempt to secure recoveries. Contractual amounts outstanding, still subject to enforcement activity, are not written off. Such amounts are provided for and only impaired upon settlement of action.

Every case is assessed on its own merit before a decision to write off is finalised. The timing of this decision is uncertain and will depend on the facts and merits of the collection efforts and is based on the cost versus benefit of continuing the collection effort.

3.13.5 Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.14 Financial liabilities and equity instruments issued by the group and company

3.14.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3.14.3 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or measured at amortised cost. A financial liability is classified as FVTPL if it is held-for-trading, a derivative or it is designated as such on initial recognition.

3. Material accounting policy information continued

3.14 Financial liabilities and equity instruments issued by the group and company continued

3.14.4 Measured at amortised cost

Borrowings

Borrowings are recognised initially at cost, which typically reflects the fair value of the funding transaction.

Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the group and company have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Subsequently, these are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.14.5 FVTPL financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

3.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The group and company do not apply hedge accounting.

3.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Work-in-progress and finished goods include the purchase costs of raw materials and conversion costs such as direct labour and an allocation of fixed and variable production overheads. Raw materials, qualifying spare parts and consumables are valued at cost inclusive of freight, shipping and handling costs.

Net realisable value represents the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

Costs incurred when production levels are abnormally low are capitalised as inventories based on normal capacity with the remaining costs incurred recorded as a component of cost of sales in the consolidated statements of operations.

3.17 Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale when:
- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of:
- Their carrying amount immediately prior to being classified as held-for-sale in accordance with the group's accounting policy
- Fair value less costs of disposal.

Following their classification as held-for-sale, non-current assets (including those in a disposal group) are not depreciated and equity accounting of interests in equity-accounted investees ceases.

3. Material accounting policy information continued

3.18 Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Restricted cash includes cash held in ceded bank accounts relating to environmental obligations and the true sale of receivables (TSR) programme. The restricted cash related to the TSR programme is cash proceeds subsequently received from TSR debtors by the company that is collected on behalf of the TSR programme provider and will be paid over to them.

The TSR programme is the sale of receivables balances by the group with no recourse to third parties. At the date of sale, the group retains substantially all risks, primarily credit risk, and rewards, being the right to receive cash normally associated with ownership of these receivables. These trade receivables are therefore not derecognised from the statement of financial position as financial assets at the date of sale to third parties. The debtors will settle the balance due to the group, at which point the balance receivable is derecognised, and thereafter the group is obligated to transfer those amounts to the third parties. Once transferred, the group derecognises the liability towards the TSR programme provider.

3.19 Stated capital

Equity instruments issued by the group and company are classified according to the substance of the contractual arrangements entered into and the definition of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group and company after deducting all liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or portions are shown in equity as a deduction, net of tax effects, from the proceeds.

Where any group or company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is recognised in an equity reserve attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the company's equity holders.

3.20 Employee benefits

3.20.1 Short-term employee benefits

Services rendered by employees during a reporting period are recognised as the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability, after deducting any amount already paid; and as an expense, unless included in the cost of inventory or property, plant and equipment. The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, is recognised during the period in which the employee renders the related service.

3.20.2 Short-term compensated absences (leave pay benefits)

The expected cost of short-term employee benefits in the form of compensated absences are recognised (i) in the case of accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences; and (ii) in the case of non-accumulating compensated absence, when the absence occurs. The leave pay benefits of the group and company are accumulative in nature.

3.20.3 Retirement benefits

Contributions are paid in return for services rendered by the employees during the period. Such payments are expensed as they are incurred in line with the treatment of short-term employee benefits. No provisions are established in respect of defined contribution plans as they do not generate future commitments.

3. Material accounting policy information continued

3.20 Employee benefits continued

3.20.4 Medical benefits

No contributions are made to the medical aid of retired employees, except for a closed group of early retirees in respect of whom contributions are made. The present value of the post-retirement medical aid obligation for such early retirements is actuarially determined annually on the projected unit credit method and any deficit or surplus is immediately recognised in profit or loss.

3.20.5 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group and company recognise termination benefits when demonstrably committed to either:

- Terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal
- Provide termination benefits as a result of an accepted offer made to encourage voluntary redundancy in exchange for these benefits.

3.21 Provisions

Provisions for asset retirement obligations, environmental remediation obligations, onerous contracts, restructuring costs, legal claims and similar obligations are recognised when:

- A present legal or constructive obligation exists as a result of past events
- It is probable that an outflow of resources will be required to settle the obligation
- The amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in provisions due to the passage of time is recognised as accretion expenses within finance costs. Changes in the discount rate are recognised as finance costs or finance income.

3.22 Revenue recognition

The group and company generate revenue primarily from the sale of long and flat steel products as well as beneficiated by-products in the ordinary course of the group and company's activities.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point in time and to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Revenue is presented net of value added tax, returns, rebates and discounts. The group and company base such estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. All amounts invoiced to a customer in a sale transaction related to distribution and handling costs are classified as revenue, at a point in time with the costs related thereto shown as distribution and handling costs within other operating expenses.

For contracts that permit the customer to return an item, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the most likely outcome (which is determined using historical data). In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory.

The group and company review its estimate of expected returns at each reporting date and update the amounts of the asset and liability accordingly.

The group and company recognise revenue when it transfers control over goods to a customer. Sales of goods are recognised based on the relevant delivery terms at which point the performance obligations are met and control of goods has been transferred to the customer. Control of goods transfers either when the customer has accepted the products in accordance with the sales contract or the group and company have objective evidence that all criteria for acceptance have been satisfied.

The standard payment terms range between 0 and 30 days from month-end statement date.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

3. Material accounting policy information continued

3.22 Revenue recognition continued

The group has taken advantage of the practical exemptions:

- Not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less
- Expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

3.23 Share-based payments

3.23.1 Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Fair value determination of equity-settled share-based transactions is measured using the share price as a reference point.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group and company's estimate of the number of equity instruments that will eventually vest. At each statement of financial position date, the group and company revise their estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share-based payment reserve.

3.23.2 Vesting conditions

Vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. Features of a share-based payment that are not vesting conditions are included in the grant date fair value of the share-based payment. The fair value also includes market-related vesting conditions.

3.24 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.24.1 Current tax

The current tax is based on taxable income or loss for the year. Taxable income or loss differs from income or loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

3.24.2 Deferred income tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the group and company annual financial statements. Deductible temporary differences are only recognised to the extent that taxable temporary differences exist or it is probable that future taxable profit will flow to the entity.

4. Revenue

The group and company generate revenue primarily from the sale of steel products as well as beneficiated by-products in the ordinary course of the group and company's activities.

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Revenue from major products				
Steel operations				
Coated	**7 203**	7 529	**7 203**	7 529
Heavy sections/rails	**1 887**	1 948	**–**	–
Hot rolled	**12 058**	12 320	**12 058**	12 320
Merchant bars	**7 169**	7 304	**7 163**	7 310
Seamless tubular products	**813**	1 350	**813**	1 350
Uncoated	**5 426**	6 424	**5 426**	6 424
Wire rod	**2 707**	4 010	**2 707**	4 010
	37 263	40 885	**35 370**	38 943
Non-steel operations				
Coke and tar	**1 111**	513	**1 111**	513
Other[1]	**222**	239	**197**	192
	1 333	752	**1 308**	705
Total	**38 596**	41 637	**36 678**	39 648
Revenue to external customers				
Local	**30 500**	32 332	**28 728**	30 666
Export	**8 096**	9 305	**7 950**	8 982
Rest of Africa	**5 184**	5 651	**5 038**	5 328
America	**25**	152	**25**	152
Asia	**909**	1 626	**909**	1 626
Europe	**1 669**	1 876	**1 669**	1 876
Middle East	**305**	–	**305**	–
Other	**4**	–	**4**	–
Total	**38 596**	41 637	**36 678**	39 648

[1] *Other revenue consist of sales of by-products.*

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
- 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, Saldanha plant, 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 (EBITDA) represents the earnings by each segment without the allocation of depreciation, amortisation, impairments and exceptional items.

Exceptional items, being abnormal items unrelated to the ordinary activities of the group, include charges relating to onerous contracts, severance packages and write down of inventory, including plant spares and consumables, that arose as a result of the wind down of the Longs business, refer note 29 and note 38.

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 not allocated to operating segments:
- Investments in equity-accounted entities
- Financial investments
- Cash and cash equivalents
- Income tax, capital gains tax and value added tax-related assets, as applicable

Liabilities not allocated to operating segments:
- Income tax
- Value added tax-related liabilities, as applicable

5. Segment report continued

	Steel operations Rm	Non-steel operations Rm	Corporate and other Rm	Adjustments and eliminations Rm	Total reconciling to the consolidated amounts Rm
For the year ended 31 December 2024					
Revenue					
External customers	37 263	1 333	–	–	38 596
Internal customers	–	293	–	(293)	–
Total revenue	37 263	1 626	–	(293)	38 596
Revenue to external customers distributed as:					
Local	29 167	1 626	–	(293)	30 500
Export	8 096	–	–	–	8 096
Rest of Africa	**5 184**	–	–	–	**5 184**
America	**25**	–	–	–	**25**
Asia	**909**	–	–	–	**909**
Europe	**1 669**	–	–	–	**1 669**
Middle East	**305**	–	–	–	**305**
Other	**4**	–	–	–	**4**
Total	37 263	1 626	–	(293)	38 596
Expenses					
Raw materials and consumables used	(22 161)	(209)	(238)	312	(22 296)
Employee costs	(3 758)	(76)	–	–	(3 834)
Energy	(5 807)	(85)	–	–	(5 892)
Movement in inventories of finished goods and work-in-progress	(937)	(800)	–	–	(1 737)
Impairment (loss)/reversal and movement in expected credit losses of trade and other receivables	(2)	(8)	–	–	(10)
Other operating expenses	(6 519)	(124)	–	–	(6 643)
EBITDA	(1 921)	324	(238)	19	(1 816)
Impairment of property, plant and equipment and intangible assets	(682)	–	–	–	(682)
Depreciation and amortisation	(759)	(43)	(16)	–	(818)
Exceptional items:					
Longs business wind down charge	(244)	–	–	–	(244)
Restructuring charge for severance packages	(495)	–	–	–	(495)
Longs business – write down of inventory – including plant spares and consumables	(392)	–	–	–	(392)
(Loss)/profit from operations	(4 493)	281	(254)	19	(4 447)
Finance income	(10)	1	119	(28)	82
Finance costs	(621)	(141)	(720)	28	(1 454)
Fair value adjustment of investment properties	–	37	–	–	37
Loss on remeasurement of asset held-for-sale	–	(57)	–	–	(57)
Income after tax from equity-accounted investments	–	–	5	–	5
(Loss)/profit before taxation	(5 124)	121	(850)	19	(5 834)
Income taxation expense	–	(5)	–	–	(5)
(Loss)/profit for the year	(5 124)	116	(850)	19	(5 839)
Segment assets (excluding investments in equity-accounted entities)	18 358	2 358	4 153	(171)	24 698
Investments in equity-accounted entities	–	–	243	–	243
Segment liabilities	9 268	1 740	12 146	(176)	22 978
Cash generated from/(utilised in) operations	524	96	432	(23)	1 029
Capital expenditure	915	5	18	–	938
Number of employees at the end of the year (own)	5 165	156	676	–	5 997

5. Segment report continued

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

	Steel operations Rm	Non-steel operations Rm	Corporate and other Rm	Adjustments and eliminations Rm	Total reconciling to the consolidated amounts Rm
For the year ended 31 December 2023					
Revenue					
External customers	40 885	752	–	–	41 637
Internal customers	–	155	–	(155)	–
Total revenue	40 885	907	–	(155)	41 637
Revenue to external customers distributed as:					
Local	31 580	907	–	(155)	32 332
Export	9 305	–	–	–	9 305
Rest of Africa	5 651	–	–	–	5 651
America	152	–	–	–	152
Asia	1 626	–	–	–	1 626
Europe	1 876	–	–	–	1 876
Total	40 885	907	–	(155)	41 637
Expenses					
Raw materials and consumables used	(26 553)	(198)	(12)	112	(26 651)
Employee costs	(3 264)	(76)	(580)	–	(3 920)
Energy	(5 215)	(128)	–	–	(5 343)
Movement in inventories of finished goods and work-in-progress	1 247	(241)	–	–	1 006
Impairment (loss)/reversal and movement in expected credit losses of trade and other receivables	(1)	2	(3)	–	(2)
Other operating expenses	(7 472)	268	533	–	(6 671)
EBITDA	(373)	534	(62)	(43)	56
Impairment of equity-accounted investments and subsidiaries	–	–	(206)	187	(19)
Impairment of property, plant and equipment and intangible assets	(2 096)	–	–	–	(2 096)
Depreciation and amortisation	(782)	(74)	(22)	–	(878)
(Loss)/profit from operations	(3 251)	460	(290)	144	(2 937)
Finance income	48	15	239	(17)	285
Finance costs	(526)	(166)	(667)	17	(1 342)
Fair value adjustment of investment properties	–	93	–	–	93
Gain on remeasurement of asset held-for-sale	–	9	–	–	9
Income after tax from equity-accounted investments	–	–	17	–	17
(Loss)/profit before taxation	(3 729)	411	(701)	144	(3 875)
Income taxation expense	(45)	–	–	–	(45)
(Loss)/profit for the year	(3 774)	411	(701)	144	(3 920)
Segment assets (excluding investments in equity-accounted entities)	21 845	2 393	4 913	(286)	28 865
Investments in equity-accounted entities	–	–	245	–	245
Segment liabilities	9 100	1 781	10 689	(259)	21 311
Cash generated from/(utilised in) operations	913	(144)	924	(12)	1 681
Capital expenditure	1 422	36	31	–	1 489
Number of employees at the end of the year (own)	5 458	154	710	–	6 322

5. Segment report continued

5.1 Geographical information

The group operates primarily in South Africa. Export sales are primarily sold into sub-Saharan Africa, Asia, Europe and America.

5.2 Information about major customers

	2024		2023	
	Steel operations Rm	**% of group revenue**	Steel operations Rm	% of group revenue
Revenue of major customers				
Customer 1	**4 695**	**12.2**	**4 747**	**11.4**

6. Impairment of equity-accounted investments and subsidiaries

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Impairment of equity-accounted investments	**–**	(19)	**–**	(133)
Impairment of investment in subsidiary	**–**	–	**(7)**	(73)
Total	**–**	(19)	**(7)**	(206)

Impairment of equity-accounted investment

Group

The impairment of the equity-accounted investment of R19 million relates to the impairment of our investment in the joint venture Polokwane Iron Ore Company (Pty) Ltd. The joint venture does not generate income. As at year-end, uncertainty surrounding the future operation of the joint venture indicates that the cost of the investment in the equity instrument may not be recovered. The recoverable amount, based on value in use has been determined to be Rnil given that the prospecting rights is not currently owned by the joint venture or parties to the joint venture resulting in impairment of the carrying amount of the investment.

Company

The impairment of the equity-accounted investment of R133 million relates to the impairment of our net investment in the joint venture Polokwane Iron Ore Company (Pty) Ltd. The balance impaired represents the cost of the investment (R19 million) and a loan advanced to the joint venture of R114 million.

Impairment of investment in subsidiary

Company

An impairment of R7 million (2023: R73 million) relates to the investment in Vicva Investments and Trading Nine Proprietary Limited. Vicva Investments and Trading Nine (Pty) Ltd is a beneficial shareholder of ArcelorMittal South Africa and holds 1.6% (2023: 1.6%) of the issued shares, representing the only investment held by the subsidiary. The recoverable amount, R31 million (2023: R38 million) is based on fair value less costs to sell. The fair value is based on the share price of ArcelorMittal South Africa and is therefore a level 1.

7. Impairment of property, plant and equipment and intangible assets

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Impairment of property, plant and equipment and intangible assets – LSP CGU	**–**	(2 096)	**–**	(2 017)
Impairment of property, plant and equipment and intangible assets – Newcastle plant	**(682)**	–	**(682)**	–
Total	**(682)**	(2 096)	**(682)**	(2 017)

The Long steel business has been undergoing significant financial challenges. In the current year, management has decided to restructure this business and place the Newcastle plant in care and maintenance. Previously, the Long steel business was accounted for as a single cash-generating unit (CGU) comprising of Vereeniging, ArcelorMittal Rail and Structures (AMRAS) and Newcastle plant. The decision to place Newcastle in care and maintenance has led to a re-determination of the CGU. The AMRAS and Vereeniging plants will be accounted for as separate CGUs. This is due to management's decision to repurpose these assets to maximise individual profitability with a view to generate independent cash flows which was not the case previously. Based on management's financial projections AMRAS and Vereeniging recoverable amount exceeds the carrying amount, therefore no impairment required. The disaggregation of CGUs did not have an impact on reportable segments in terms of IFRS 8 *Operating Segments* as disclosed in the segment report, since information reported to the chief operating decision maker for the 2024 financial year was still for the combined CGU.

The Newcastle plant has been impaired as the carrying amount of the plant exceeded its recoverable amount, representing fair value less cost to sell, of R455 million.

In 2023, the Long steel products CGU (LSP CGU) consist of the Newcastle plant, Vereeniging plant and AMRAS, and forms part of the steel operations segment. It was concluded that the LSP CGU's carrying amount exceeded the recoverable amount and the CGU was impaired by the amount exceeding the recoverable amount. The impairment loss recognised was largely due to the decrease in projected shipment volumes because of lower market demand and overcapacity in the long steel market. Other key inputs such as imported raw material prices and higher logistics costs had a negative impact on the forecasted margins. The recoverable amount of the CGU, representing its value in use, was R4.9 billion based on the assumptions used as noted in note 14.

The main classes of assets affected by the impairment loss are as follows:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Property, plant and equipment:				
Buildings and infrastructure	**(44)**	(133)	**(44)**	(97)
Machinery, plant and equipment	**(495)**	(1 962)	**(495)**	(1 919)
Right-of-use assets	**(20)**	–	**(20)**	–
Assets under construction	**(122)**	–	**(122)**	–
Intangible assets:				
Non-integrated software	**(1)**	(1)	**(1)**	(1)
Total	**(682)**	(2 096)	**(682)**	(2 017)

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

8. Loss from operations

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Loss from operations have been arrived at after charging:				
Amortisation	**(11)**	(17)	**(11)**	(17)
Depreciation	**(807)**	(861)	**(783)**	(828)
Employee costs				
Salaries and wages	**(3 384)**	(3 435)	**(3 266)**	(3 320)
Termination benefits	**(495)**	(7)	**(495)**	(7)
Pension and medical costs	**(440)**	(439)	**(434)**	(434)
Share-based payment expense	**(10)**	(39)	**(10)**	(39)
Loss on disposal or scrapping of property, plant and equipment	**(35)**	(17)	**(35)**	(17)
Railage and transport	**(1 668)**	(1 767)	**(1 583)**	(1 706)
Repairs and maintenance	**(2 713)**	(2 498)	**(2 689)**	(2 483)
Research and development	**(134)**	(187)	**(134)**	(178)
Reversal of write down/(write down) of inventory to net realisable value	**154**	(301)	**135**	(275)
Auditor's remuneration				
Audit fees	**(26)**	(24)	**(26)**	(24)
Other services and expenses	**(3)**	(4)	**(3)**	(3)
Impairment (loss)/reversal and allowance for expected credit losses recognised on trade and other receivables	**(10)**	(2)	**(8)**	(2)
Other allowances on trade receivables	**79**	191	**83**	190

9. Finance income

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Bank deposits and other interest income	**80**	93	**107**	99
Discount rate adjustment of provisions	**–**	17	**–**	39
Net foreign exchange profit and net gains from foreign exchange contracts	**2**	175	**1**	172
Total	**82**	285	**108**	310

10. Finance costs

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Interest expense on loans and payables	**(1 149)**	(1 047)	**(1 051)**	(958)
Interest expense on lease liabilities*	**(18)**	(20)	**(18)**	(20)
Discount rate adjustment of provisions	**(34)**	–	**(28)**	–
Unwinding of discounting effect on other financial liabilities and provisions:	**(253)**	(275)	**(188)**	(204)
Provisions*	**(189)**	(212)	**(124)**	(141)
Other financial liabilities*	**(64)**	(63)	**(64)**	(63)
Total	**(1 454)**	(1 342)	**(1 285)**	(1 182)

* *These amounts have been calculated using the effective interest method.*

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

11. Income taxation expense

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
11.1 Income tax recognised in profit or loss				
Adjustments for current tax of prior periods	**(5)**	(45)	**–**	–
Total	**(5)**	(45)	**–**	–
Effective tax rate	**0.1%**	1.2%	**0.0%**	0.0%

The total charge for the year can be reconciled to the accounting loss as follows:

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Loss before taxation	**(5 834)**	(3 875)	**(5 442)**	(3 803)
Income tax calculated at 27% (2023: 27%)	**(1 575)**	(1 046)	**(1 469)**	(1 027)
Non-temporary differences				
Effect of deductible special allowances – learnerships	**(5)**	(3)	**(5)**	(3)
Effect of non-taxable income	**(16)**	(21)	**(2)**	(7)
Receipts of capital nature	**–**	(5)	**–**	(6)
Fair value adjustment of investment held by environmental trust	**(13)**	(7)	**–**	–
Equity-accounted investments income	**(1)**	(5)	**–**	–
Employee tax incentive	**(2)**	(1)	**(2)**	(1)
Exempt foreign subsidiary income	**–**	(2)	**–**	–
Effect of non-deductible expenses	**33**	63	**29**	122
Impairment of equity-accounted investments	**–**	36	**–**	36
Impairment of investment in subsidiaries	**–**	–	**2**	20
Fair value adjustment of investment properties	**7**	2	**7**	1
Revaluation of right of recovery	**–**	–	**–**	42
Unwinding of discount effect on Competition Commission liability	**17**	17	**17**	17
Expenditure incurred not in the production of income	**8**	2	**3**	1
SARS penalties and interest	**–**	2	**–**	–
Capital losses and other expenses	**1**	1	**–**	5
Depreciation	**–**	3	**–**	–
Effect of timing differences in the current year	**1 558**	1 007	**1 447**	915
Underprovision of corporate tax	**–**	45	**–**	–
Total income tax expense	**5**	45	**–**	–

Tax on each component of other comprehensive loss is as follows:

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Items that will not be reclassified to profit or loss:				
None				

11. Income taxation expense continued

11.2 Deferred income tax asset/(liability)

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	Property, plant, equipment and intangible assets Rm	Investment property Rm	Employee costs Rm	Provisions Rm	Doubtful debts Rm	Lease obligations Rm	Other Rm	Closing balance Rm
Group								
2024								
Temporary differences								
At the beginning of the year	**(627)**	**(163)**	**123**	**932**	**41**	**51**	**(122)**	**235**
Charged/(credit) to profit or loss	**109**	**(2)**	**168**	**77**	**(7)**	**(2)**	**455**	**798**
At the end of the year	**(518)**	**(165)**	**291**	**1 009**	**34**	**49**	**333**	**1 033**
Unrecognised portion								**(1 033)**
Recognised deferred tax asset/(liability)								**–**
2023								
Temporary differences								
At the beginning of the year	(1 326)	(133)	136	1 034	41	28	2	(218)
Charged/(credit) to profit or loss	699	(30)	(13)	(102)	–	23	(124)	453
At the end of the year	(627)	(163)	123	932	41	51	(122)	235
Unrecognised portion								(235)
Recognised deferred tax asset/(liability)								–
Company								
2024								
Temporary differences								
At the beginning of the year	**(628)**	**(122)**	**96**	**853**	**41**	**28**	**(147)**	**121**
Charged/(credit) to profit or loss	**134**	**(5)**	**133**	**(59)**	**(8)**	**12**	**590**	**797**
At the end of the year	**(494)**	**(127)**	**229**	**794**	**33**	**40**	**443**	**918**
Unrecognised portion								**(918)**
Recognised deferred tax asset/(liability)								**–**
2023								
Temporary differences								
At the beginning of the year	(1 365)	(119)	135	839	41	28	(2)	(443)
Charged/(credit) to profit or loss	737	(3)	(39)	14	–	–	(145)	564
At the end of the year	(628)	(122)	96	853	41	28	(147)	121
Unrecognised portion								(121)
Recognised deferred tax asset/(liability)								–

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for the year ended 31 December 2024

11. Income taxation expense continued

11.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Unrecognised tax losses	**17 615**	13 324	**13 269**	9 405
Unrecognised deferred tax asset at the end of the year	**5 789**	3 597	**4 492**	2 539
Tax losses	**4 756**	3 362	**3 583**	2 418
Deductible temporary differences	**1 033**	235	**909**	121

Management believes that the turnaround initiatives may result in the group and company returning to profitability but also considers the timing and uncertainty of these initiatives. With the difficulty of accurately measuring the possible future effects, 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, no deferred tax asset has been recognised.

12. Loss per share attributable to owners of the company

Loss per share is calculated by dividing (loss)/profit attributable to the owners of the company by the weighted average number of ordinary shares, after taking the effects of the vesting of the treasury shares to the employee share ownership plan into account. Where appropriate adjustments are made in calculating diluted (loss)/profit, headline and diluted headline loss per share.

	Group	
	2024	2023
Weighted average number of shares	**1 114 612 789**	1 114 612 789
Weighted average number of diluted shares	**1 114 612 789**	1 114 612 789
Weighted average number of diluted shares are calculated by adjusting the weighted average number of ordinary shares with additional ordinary shares held by third parties that would have been outstanding assuming the conversion of all outstanding share options representing dilutive potential ordinary shares. Based on the current share price of ArcelorMittal South Africa, the B-BBEE transaction does not have a dilutive impact on the shareholding. No other outstanding shares had a dilutive impact.		
Loss attributable to the owners of the company per share		
Basic		
Loss attributable to owners of the company (Rm)	**(5 839)**	(3 920)
Weighted average number of shares	**1 114 612 789**	1 114 612 789
Loss per share (cents)	**(524)**	(352)
Diluted		
Loss attributable to owners of the company (Rm)	**(5 839)**	(3 920)
Weighted average number of diluted shares	**1 114 612 789**	1 114 612 789
Diluted loss per share (cents)	**(524)**	(352)

12. Loss per share attributable to owners of the company continued

	Group	
	2024	2023
Headline loss per share		
The calculation for headline (loss)/earnings per share is based on the earnings per share calculation, reconciled as follows:		
Gross		
Loss before tax (Rm)	**(5 834)**	(3 875)
Less: Fair value adjustment of investment properties (Rm)	**(37)**	(93)
Add/(less): Loss/(gain) on remeasurement of asset held-for-sale (Rm)	**57**	(9)
Add: Impairment of property, plant and equipment and intangible assets (Rm)	**682**	2 096
Add: Impairment of equity-accounted investment (Rm)	**–**	19
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	**35**	17
Headline loss before tax (Rm)	**(5 097)**	(1 845)
Net of tax		
Loss attributable to owners of the company (Rm)	**(5 839)**	(3 920)
Less: Fair value adjustment of investment properties (Rm)	**(37)**	(93)
Add/(less): Loss/(gain) on remeasurement of asset held-for-sale (Rm)	**57**	(9)
Add: Impairment of property, plant and equipment and intangible assets (Rm)	**682**	2 096
Add: Impairment of equity-accounted investment (Rm)	**–**	19
Add: Loss on disposal or scrapping of property, plant and equipment (Rm)	**35**	17
Headline loss net of tax (Rm)	**(5 102)**	(1 890)
Basic		
Headline loss (Rm)	**(5 102)**	(1 890)
Weighted average number of shares	**1 114 612 789**	1 114 612 789
Basic headline loss per share (cents)	**(458)**	(170)
Diluted		
Headline loss (Rm)	**(5 102)**	(1 890)
Weighted average number of diluted shares	**1 114 612 789**	1 114 612 789
Diluted headline loss per share (cents)	**(458)**	(170)

13. Dividend per share

Consistent with the group's dividend policy, payment of any dividends is subject to the discretion of the board. It will depend on the earnings, financial condition, cash availability and any capital requirements necessary to sustain the business and support future growth. No dividends were declared for the 2024 and 2023 financial years.

14. Property, plant and equipment

	Land Rm	Buildings and infra-structure Rm	Machinery, plant and equipment Rm	Site pre-paration Rm	Asset retirement obligation Rm	Right-of-use assets – machinery, plant and equipment Rm	Con-struction in progress Rm	Total Rm
Group								
For the year ended 31 December 2024								
Carrying amount at the beginning of the year	**27**	**276**	**5 742**	**4**	**–**	**183**	**1 742**	**7 974**
Additions	**–**	**2**	**465**	**–**	**–**	**62**	**427**	**956**
Disposals	**–**	**–**	**(46)**	**–**	**–**	**–**	**–**	**(46)**
Depreciation	**–**	**(16)**	**(762)**	**–**	**–**	**(29)**	**–**	**(807)**
Impairment	**–**	**(44)**	**(495)**	**–**	**–**	**(20)**	**(122)**	**(681)**
Other movements	**–**	**–**	**447**	**–**	**–**	**(40)**	**(447)**	**(40)**
Transfer from inventories	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**17**
Carrying amount at the end of the year	**27**	**218**	**5 368**	**4**	**–**	**156**	**1 600**	**7 373**
At 31 December 2024								
Cost	**59**	**2 457**	**38 928**	**89**	**233**	**1 157**	**1 772**	**44 695**
Accumulated depreciation and impairment	**(32)**	**(2 239)**	**(33 560)**	**(85)**	**(233)**	**(1 001)**	**(172)**	**(37 322)**
Net carrying amount	**27**	**218**	**5 368**	**4**	**–**	**156**	**1 600**	**7 373**
For the year ended 31 December 2023								
Carrying amount at the beginning of the year	27	264	6 521	6	–	212	2 540	9 570
Additions	–	95	632	–	–	6	560	1 293
Disposals	–	–	(17)	–	–	–	–	(17)
Depreciation	–	(33)	(797)	(2)	–	(29)	–	(861)
Impairment	–	(133)	(1 962)	–	–	–	–	(2 095)
Other movements	–	83	1 281	–	–	(6)	(1 358)	–
Revaluation through other comprehensive income	6	–	–	–	–	–	–	6
Transfer to investment properties	(6)	–	–	–	–	–	–	(6)
Transfer from inventories	–	–	84	–	–	–	–	84
Carrying amount at the end of the year	27	276	5 742	4	–	183	1 742	7 974
At 31 December 2023								
Cost	59	2 457	38 316	89	233	1 135	1 792	44 081
Accumulated depreciation and impairment	(32)	(2 181)	(32 574)	(85)	(233)	(952)	(50)	(36 107)
Net carrying amount	27	276	5 742	4	–	183	1 742	7 974

14. Property, plant and equipment continued

	Land Rm	Buildings and infra-structure Rm	Machinery, plant and equipment Rm	Site pre-paration Rm	Asset retirement obligation Rm	Right-of-use assets – machinery, plant and equipment Rm	Con-struction in progress Rm	Total Rm
Company								
For the year ended 31 December 2024								
Carrying amount at the beginning of the year	**26**	**246**	**5 677**	**4**	**–**	**96**	**1 706**	**7 755**
Additions	**–**	**2**	**462**	**–**	**–**	**62**	**401**	**927**
Disposals	**–**	**–**	**(46)**	**–**	**–**	**–**	**–**	**(46)**
Depreciation	**–**	**(15)**	**(757)**	**–**	**–**	**(11)**	**–**	**(783)**
Impairment	**–**	**(44)**	**(495)**	**–**	**–**	**(20)**	**(122)**	**(681)**
Other movements	**–**	**–**	**442**	**–**	**–**	**(37)**	**(442)**	**(37)**
Transfer from inventories	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**17**
Carrying amount at the end of the year	**26**	**189**	**5 300**	**4**	**–**	**90**	**1 543**	**7 152**
At 31 December 2024								
Cost	**49**	**2 021**	**27 914**	**89**	**198**	**1 057**	**1 665**	**32 993**
Accumulated depreciation and impairment	**(23)**	**(1 832)**	**(22 614)**	**(85)**	**(198)**	**(967)**	**(122)**	**(25 841)**
Net carrying amount	**26**	**189**	**5 300**	**4**	**–**	**90**	**1 543**	**7 152**
For the year ended 31 December 2023								
Carrying amount at the beginning of the year	26	263	6 490	6	–	109	2 381	9 275
Additions	–	94	629	–	–	6	528	1 257
Disposals	–	–	(17)	–	–	–	–	(17)
Depreciation	–	(30)	(783)	(2)	–	(13)	–	(828)
Impairment	–	(98)	(1 918)	–	–	–	–	(2 016)
Other movements	–	17	1 192	–	–	(6)	(1 203)	–
Revaluation through other comprehensive income	6	–	–	–	–	–	–	6
Transfer to investment properties	(6)	–	–	–	–	–	–	(6)
Transfer from inventories	–	–	84	–	–	–	–	84
Carrying amount at the end of the year	26	246	5 677	4	–	96	1 706	7 755
At 31 December 2023								
Cost	49	2 023	27 308	89	198	1 032	1 706	32 405
Accumulated depreciation and impairment	(23)	(1 777)	(21 631)	(85)	(198)	(936)	–	(24 650)
Net carrying amount	26	246	5 677	4	–	96	1 706	7 755

During the current year, the group pledged non-core property, with a carrying value of R1 million, for the loan received from the IDC, refer note 27. The borrowing based facility lenders registered a general notarial bond over movable assets. No other property, plant and equipment have been pledged as security by the group and company.

14. Property, plant and equipment continued

Asset retirement obligation

Asset retirement obligation assets are either fully impaired or fully depreciated.

Useful lives and residual values of property, plant and equipment

The useful lives of the classes of plant, machinery and equipment reflect current estimated life over which the group and company have the ability and intention to use such assets.

Land	Not depreciated
Buildings and infrastructure	5 to 55 years
Machinery, plant and equipment	2 to 50 years
Site preparation	10 to 30 years
Right-of-use assets, machinery, plant and equipment	5 to 10 years

These useful lives represent management's current best estimates.

Impairment of assets

In accordance with IAS 36 *Impairment of Assets*, an impairment test was performed on all CGUs. An asset is impaired if the carrying amount of the asset is greater than the recoverable amount of the asset.

An impairment assessment was completed for the 31 December 2024 year end, using a discounted cash flow model with an explicit forecast period for five years. These cash flows are USD-based. To determine the terminal value, the Gordon growth model is used, and year five free cash flow is taken in perpetuity. The value in use for the Vanderbijlpark and Coke and Chemicals CGUs exceeded their carrying amounts. Management has considered the sensitivity of the impairment calculations to various key inputs and assumptions and concluded that reasonable adjustments to these key inputs and assumptions applied would not result in any additional impairment loss.

The Long steel business has been undergoing significant financial challenges. In the current year, management has decided to restructure this business and place the Newcastle plant in care and maintenance. Previously, the Longs business was accounted for as a single CGU comprising of Vereeniging, AMRAS and Newcastle plant. The decision to place Newcastle plant in care and maintenance has led to a re-determination of the CGU. The AMRAS and Vereeniging plants will be accounted for as separate CGUs. This is due to management's decision to repurpose these assets to maximise individual profitability with a view to generate independent cash flows which was not the case previously. Based on management's financial projections AMRAS, Vereeniging, Vanderbijlpark and Coke and Chemicals' recoverable amount exceeds the carrying amount, therefore no impairment required.

The Newcastle plant has been impaired as the carrying amount of the plant exceeded its recoverable amount, representing fair value less cost to sell, of R455 million. The Newcastle CGU's recoverable amount was determined by comparing the plants assets with identical or similar assets for which price information is available, whether as scrap or for sale in the relevant market.

In 2023, the Longs business CGU consist of the Newcastle, Vereeniging and AMRAS plants, and forms part of the steel operations segment. It was concluded that the Longs business CGU's carrying amount exceeded the recoverable amount and the CGU was impaired by the amount exceeding the recoverable amount. The impairment loss recognised was largely due to the decrease in projected shipment volumes because of lower market demand and overcapacity in the long steel market. Other key inputs such as imported raw material prices and higher logistics costs had a negative impact on the forecasted margins. The recoverable amount of the CGU, representing its value in use, is R4.9 billion based on the assumptions used as noted in note 7.

The major assumptions in arriving at the present value of future cash flows are:

	Vanderbijlpark		Vereeniging	AMRAS	Longs business	Coke and Chemicals	
	2024	2023	**2024**	**2024**	2023	**2024**	2023
Major assumptions							
Total pre-tax WACC/discount rate (% USD-based)[2]	**17.71**	19.91	**19.39**	**20.38**	21.08	**17.07**	16.79
Company-specific premium (% USD-based)[2]	**1.60**	1.95	**3.00**	**3.00**	3.45	**0.80**	0.75
Growth rate (% USD-based)	**2.00**	2.00	**2.00**	**2.00**	2.00	**2.00**	2.00
Exchange rate range (R/USD)[1]	**17.93 – 19.41**	18.50 – 21.80	**17.93 – 19.41**	**17.93 – 19.41**	18.50 – 21.80	**17.93 – 19.41**	18.50 – 21.80
Steel sales price range (average USD/t)[1]	**771 – 818**	716 – 850	**1 048 – 1 080**	**699 – 793**	691 – 748	**67 – 153**[3]	22 – 45[3]
Sales volume range (kt)[1]	**1 881 – 2 063**	1 889 – 2 279	**96 – 108**	**123 – 136**	1 191 – 1 273	**840 – 1 555**	1000 – 1 235

[1] *Lowest to highest range over period of 2025 to 2029 (2023: 2024 to 2028).*

[2] *Decarbonisation risk is incorporated in company-specific premium.*

[3] *Commercial coke sales price range (average USD/t).*

15. Intangible assets

	Patents Rm	Non-integrated software Rm	Total Rm
Group			
For the year ended 31 December 2024			
Carrying amount at the beginning of the year	**–**	**62**	**62**
Additions	**–**	**8**	**8**
Amortisation	**–**	**(11)**	**(11)**
Impairment	**–**	**(1)**	**(1)**
Carrying amount at the end of the year	**–**	**58**	**58**
At 31 December 2024			
Cost	**38**	**392**	**430**
Accumulated amortisation and impairment	**(38)**	**(334)**	**(372)**
Net carrying amount	**–**	**58**	**58**
For the year ended 31 December 2023			
Carrying amount at the beginning of the year	–	71	71
Additions	–	9	9
Amortisation	–	(17)	(17)
Impairment	–	(1)	(1)
Carrying amount at the end of the year	–	62	62
At 31 December 2023			
Cost	38	384	422
Accumulated amortisation and impairment	(38)	(322)	(360)
Net carrying amount	–	62	62

	Non-integrated software Rm	Total Rm
Company		
For the year ended 31 December 2024		
Carrying amount at the beginning of the year	**62**	**62**
Additions	**8**	**8**
Amortisation	**(11)**	**(11)**
Impairment	**(1)**	**(1)**
Carrying amount at the end of the year	**58**	**58**
At 31 December 2024		
Cost	**380**	**380**
Accumulated amortisation and impairment	**(322)**	**(322)**
Net carrying amount	**58**	**58**
For the year ended 31 December 2023		
Carrying amount at the beginning of the year	71	71
Additions	9	9
Amortisation	(17)	(17)
Impairment	(1)	(1)
Carrying amount at the end of the year	62	62
At 31 December 2023		
Cost	372	372
Accumulated amortisation and impairment	(310)	(310)
Net carrying amount	62	62

No intangible assets have restricted titles or have been pledged as security in the current year.

15. Intangible assets continued

Patents

The patent related to the steel operations at Saldanha Works, the plant has been placed in care and maintenance. The patents will be brought back into use once operations commence at Saldanha Works.

Useful lives and residual values of intangible assets

The estimates of amortisation rates and the residual lives of the assets are reviewed annually taking cognisance of:
- Forecast commercial and economic realities
- Benchmarking within the greater ArcelorMittal group

The useful lives of the classes of intangible assets reflect current estimated life over which the group has the ability and intention to use such assets.

Useful life range

Patents	20 years
Non-integrated software	5 to 25 years

These useful lives represent management's current best estimates.

16. Investment properties

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Carrying amount at the beginning of the year	**702**	737	**684**	672
Transfer to assets held-for-sale	**(126)**	(134)	**–**	–
Transfer from assets held-for-sale	**77**	–	**–**	–
Transfer from property, plant and equipment	**–**	6	**–**	6
Change in fair value	**37**	93	**(10)**	6
Carrying amount at the end of the year	**690**	702	**674**	684
Amounts recognised in profit or loss				
Rental income	**75**	59	**63**	57
Direct operating expenses from rental property	**(21)**	(8)	**(18)**	(7)
Fair value gain/(loss)	**37**	93	**(10)**	6

** All rental property generate income.*

Fair value measurement of the investment properties

The fair value of the group and company's investment properties at 31 December 2024 has been arrived at based on a valuation carried out at that date by Broll Valuation and Advisory Services, independent valuators not connected with the group or company. Valuations are the responsibility of Jurgen Karg, Chartered Valuation Survey, RICS Registered Valuer (1247597).

The valuer has experience in the location and category of the property being valued. The valuation conforms to international standards. The fair value hierarchy used to value these properties is a level 3.

The investment properties can be divided between industrial sector valued at R672 million (2023: R683 million), residential vacant land sector valued at R2 million (2023: R2 million) and farmland valued at R16 million (2023: R17 million).

16. Investment properties continued

Fair value measurement of the investment properties continued

The fair value of the property in the industrial sector was determined by adopting the income capitalisation method or the depreciable replacement cost approach or market value approach. 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 27.7% (2023: 21.9%)
- Vacancy provision 7.5% (2023: 7.5%)
- Capitalisation rate 13.5% (2023: 13.5%)

A 2.5% increase or decrease in the expense ratio will impact the fair value by R4 million (2023: R3 million).
A 2.5% increase or decrease in the vacancy provision will impact the fair value by R2 million (2023: R2 million).
A 1% increase or decrease in the capitalisation rate will impact the fair value by R38 million (2023: R36 million).

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.

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 similar, type of asset within an appropriate time horizon.

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.

Non-current assets pledged as security

None of the investment properties are pledged as security by the group.

Leasing arrangements

Minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2024 Rm	2023 Rm
Year 1	72	66
Year 2	45	41
Year 3	45	40
Year 4	34	40
Year 5	31	33
Longer than 5 years	30	29
Total	**257**	249

17. Equity-accounted investments

None of the company's associates or jointly controlled entities are considered to be individually material compared to the others.

Summarised financial information

	2024 Rm	2023 Rm
17.1 Associates		
Aggregate information of associates not individually material		
Profit after tax	10	26
Share of other comprehensive income	–	2
Share of total comprehensive income	10	28
Aggregate carrying amount of the group's interest in these associates		
Group	59	55
Company	16	16
17.2 Joint venture		
Aggregate information of joint ventures not individually material		
Loss after tax	(5)	(9)
Share of other comprehensive income	–	–
Share of total comprehensive income	(5)	(9)
Aggregate carrying amount		
Group	184	190
Company	16	16
17.3 Total carrying amount of equity-accounted joint ventures and associates		
Group	243	245
Company	32	32

18. Investments in subsidiaries

	Company	
	2024 Rm	2023 Rm
Shares at cost	–	–
Indebtedness – by subsidiaries	2 321	2 426
Total	**2 321**	**2 426**
Aggregate after-tax losses	(445)	(470)

The carrying value of the company's investment in subsidiaries consists largely of its investment in Saldanha Steel (Pty) Ltd, being the cost of shares and indebtedness, at the initial and subsequent acquisition dates.

Consolidation of entities

ArcelorMittal South Africa Management Share Fund (the Share Fund) was previously consolidated into the group results, with the cost of open-market share purchases being included as a debit to the group's equity. There have been no transactions since 2021. The Share Fund was deregistered on 18 December 2023 and is therefore no longer consolidated into the group results.

The following entities are not consolidated:

- Certain non-core services and corporate social development activities of the company are managed via two associations not for gain, namely the Vesco group and Thusong Projects NPC (formerly known as Vesco Community Enterprises.) The company is involved in these entities by way of the memorandum of incorporation of each entity which gives the company the authority to appoint the members of the board on the Vesco group board of directors and for Vesco group to appoint the members of the board of Thusong Projects NPC board of directors. The company is not exposed to returns from these associations, being not for gain entities, and therefore does not have control of these entities. These entities are therefore not consolidated within the group
- Likewise, the results of the ArcelorMittal Foundation Trust, a public benefit organisation, are not included in the consolidated results of the group

The effect, if these entities were to be consolidated by the group, would be immaterial on the numbers and/or disclosure.

Isabelo Empowerment Share Trust and Amandla we Nsimbi (RF) (Pty) Ltd

During 2016, the Isabelo Empowerment Share Trust and Amandla we Nsimbi (RF) (Pty) Ltd were created as part of the company's B-BEEE initiatives. ArcelorMittal South Africa issued empowerment shares to Amandla we Nsimbi (RF) (Pty) Ltd, and the Isabelo Empowerment Share Trust (representing 17% and 5%, respectively, of the voting rights in ArcelorMittal South Africa through a notional loan). Both the trust and RF company are consolidated in terms of IFRS 10 *Consolidated Financial Statements*.

18. Investments in subsidiaries continued

Name of subsidiary	% share-holding	Country of incorporation	Reporting currency	Number of ordinary shares issued	Shares at cost 2024 R	Shares at cost 2023 R	Indebtedness[1] 2024 Rm	Indebtedness[1] 2023 Rm
Manufacturing								
Iscor Building Systems (Pty) Ltd	100	RSA	ZAR	100	**100**	100	**–**	–
Saldanha Steel (Pty) Ltd[1]	100	RSA	ZAR	2 000	**1 009**	1 009	**1 471**	1 337
ArcelorMittal Rail and Structures (Pty) Ltd[2]	100	RSA	ZAR	100	**100**	100	**650**	444
Mining								
Oakwood Trading 21 (Pty) Ltd	100	RSA	ZAR	100	**100**	100	**–**	–
Thabazimbi Iron Ore Mine (Pty) Ltd[3]	100	RSA	ZAR	1	**1**	1	**168**	606
Services								
Pybus Fifty-Seven (Pty) Ltd	100	RSA	ZAR	1	**1 000**	1 000	**–**	–
Vicva Investments and Trading Nine (Pty) Ltd	100	RSA	ZAR	1	**1 000**	1 000	**32**	39
Dombotema Mining Investments (Pty) Ltd	100	RSA	ZAR	100	**100**	100	**–**	–
ArcelorMittal African Investments	100	Mauritius	USD	100	**716**	716	**–**	–
					4 126	4 126	**2 321**	2 426

[1] *The indebtedness amount includes the shareholders' loan of R2 627 million (2023: R2 627 million) and intercompany balances in favour of Saldanha Steel (Pty) Ltd of R1 156 million (2023: R1 290 million).*

[2] *The indebtedness amount of ArcelorMittal Rail and Structures (Pty) Ltd increased during the current year due to losses realised by the subsidiary.*

[3] *The indebtedness amount of Thabazimbi Iron Ore Mine (Pty) Ltd decreased during the current year largely due to the settlement of the company's contractual liability towards environmental rehabilitation obligation of the mine, refer to note 29.*

19. Investments held by environmental trust

	Group 2024 Rm	Group 2023 Rm
Balance at the beginning of the year	**438**	408
Fair value adjustment (FVTPL)	**48**	30
Balance at the end of the year	**486**	438

The group holds an environmental trust which holds equity and interest-bearing assets.

The trust's investment activities are managed by Old Mutual Investment Group (South Africa) (Pty) Ltd. It aims to achieve its objectives by investing in a diversified portfolio of equity. The fair value of the domestic and global equity instruments is derived from the underlying listed share prices and the fair value of the interest-bearing assets is based on the price of inflation-linked bonds, floating rate notes and money market assets. The combined portfolio is therefore a level 2 fair value.

These investments may only be utilised for the purposes of settling decommissioning and rehabilitation obligations relating to Thabazimbi's mining operations. The investment returns are reinvested by the trust. Refer to note 29 for the environmental rehabilitation provisions. The trust is consolidated in terms of IFRS 10 *Consolidated Financial Statements.*

20. Inventories

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Finished products	**2 058**	2 223	**2 023**	2 141
Work-in-progress	**4 357**	5 061	**4 311**	4 975
Raw materials	**2 848**	3 938	**2 846**	3 935
Plant, spares and consumables	**846**	1 280	**791**	1 220
Transfer of spares to property, plant and equipment	**(17)**	(84)	**(17)**	(84)
Right to recover returned goods	**21**	23	**21**	23
Total	**10 113**	12 441	**9 975**	12 210

Eligible inventories, together with eligible receivables, are provided as security to the lenders of the BBF to the extent of the drawdown amount of R2 700 million (2023: R3 000 million). Refer note 27 for detail on borrowings.

Transfer of spares to property, plant and equipment

During the year, spare parts that met the recognition criteria of IAS 16 was identified and transferred to property, plant and equipment.

Right to recover returned goods

An asset for a right to recover returned goods is recognised in relation to products sold with a right to return.

Inventory at net realisable value

During the year, the group recognised a reversal of adjustment of inventory to net realisable value of R154 million (2023: R301 million adjustment down to net realisable value) in loss, the company R135 million (2023: R275 million adjustment down to net realisable value). The reversal of the write down of inventory is mainly attributable to a decrease in volumes of inventory on hand at year-end, with a significant reduction in inventory holding allocated to the export market when compared to the 2023 financial year-end.

21. Trade and other receivables

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Trade receivables				
Local	**1 851**	2 560	**1 733**	2 488
Exports	**295**	497	**278**	490
Total gross trade receivables	**2 146**	3 057	**2 011**	2 978
Allowance for expected credit losses				
Local	**(44)**	(49)	**(44)**	(49)
Exports	**(3)**	–	**(2)**	–
Total allowances for expected credit losses	**(47)**	(49)	**(46)**	(49)
Other allowances				
Local	**(278)**	(340)	**(271)**	(337)
Exports	**(11)**	(28)	**(11)**	(28)
Total other allowances	**(289)**	(368)	**(282)**	(365)
Net trade receivables				
Local	**1 529**	2 171	**1 418**	2 102
Exports	**281**	469	**265**	462
Total net trade receivables	**1 810**	2 640	**1 683**	2 564
Other receivables				
Net value added tax receivable	**130**	181	**128**	152
Other receivables	**437**	913	**425**	872
Allowance for expected credit losses of other receivables	**(119)**	(155)	**(116)**	(154)
Total other receivables	**448**	939	**437**	870
Total trade and other receivables	**2 258**	3 579	**2 120**	3 434
Non-current other receivables	**12**	27	**11**	27
Current trade and other receivables	**2 246**	3 552	**2 109**	3 407
Total	**2 258**	3 579	**2 120**	3 434

Included in Other receivables is capitalised transaction cost relating to the BBF amounting to R28 million (2023: R48 million) of which R12 million (2023: R27 million) is non-current.

Trade receivables are provided as security for the BBF to the extent of the drawdown of R2 700 million (2023: R3 000 million). Refer to note 27 for detail on borrowings.

Transfer of trade receivables

The true sale of receivable (TSR) programme is the sale of receivables balances by the group with no recourse to the TSR provider. At the date of sale, the group retains substantially all risks, primarily credit risk, and rewards, being the right to receive cash normally associated with ownership of these receivables. These trade receivables are therefore not derecognised from the statement of financial position as financial assets at the date of sale to the TSR provider.

The debtors will settle the balance due to the group and thereafter the group is obligated to transfer those amounts to the TSR provider.

As at 31 December 2024, the trade receivables sold to the TSR provider with a carrying amount of R1 230 million (2023: R940 million) were not derecognised from the statement of financial position as financial assets, and the cash proceeds of R1 230 million (2023: R940 million) from the TSR provider received for the sale of the trade receivables have been recognised as a financial liability.

Expenses incurred under the TSR programme (reflecting the discount granted to the TSR provider acquiring the accounts receivable) recognised in the statement of comprehensive income for the year ended 31 December 2024 are R78 million (2023: R71 million).

21. Trade and other receivables continued

Credit risk

Credit risk is the risk of financial loss to the group and company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group and company's receivables from customers, defined as trade receivables.

The carrying amounts of financial assets represent the maximum credit exposure.

The credit risk management policy sets out the framework within which the customer credit risk is managed.

The objectives of the credit risk management policy are to:
- Increase sales through investing in the customer base
- Avoid extensions that could lead to financial distress and default by customers
- Maintain productive customer relationships within the framework of prudent risk management
- Optimise cash collection periods
- Diversify credit exposure over a broad client base

The credit risk management policy is enacted by the credit management department. Credit management ensures that credit extension and management are conducted within the approved frameworks, and adequately assesses and reports all credit exposures, which include the maintenance of appropriate collateral, financial guarantees and credit insurance. The credit management's review includes the review of financial statements, credit insurers' information and industry information.

The group and company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Each customer's credit profile is determined by considering the customer's financial position, payment record, guarantees and other relevant information. Credit limits are monitored regularly, and credit exposures are monitored daily. Any sales exceeding those limits either require additional credit cover, collateral or guarantees. Where these are not available, it requires the approval of the executive directors, and above certain threshold, that of ArcelorMittal group. This decision will be based on past payment history, size of the customer and the strategic nature of the customer.

Credit insurance is mainly underwritten by the Credit Guarantee Insurance Corporation of South Africa Limited under five different policies. A total of R1 507 million (2023: R2 094 million) of the net trade receivables balance is covered by credit insurance, representing 83% (2023: 79%) of the balance at year-end.

The insurance excess ranges from 0% to 10%.

The group and company are exposed to three main customers. These top three customers operate in the domestic market. The table below details the cumulative credit limit and balances (both inclusive of value added tax) of the top three customers at the statement of financial position date for the group and company:

	Credit limit inclusive of VAT		Balance	
	2024	2023	**2024**	2023
Outstanding balance of the top three customers by sales for the year (Rm)				
Group – Grading B	**2 962**	2 399	**417**	825
Company – Grading B	**2 962**	2 399	**345**	798
Percentage of net trade receivables (%)				
Group	**–**	–	**23**	31
Company	**–**	–	**20**	31

The most significant customer is Customer 1 (Grading B). The outstanding customer balance as at 31 December 2024 was R228 million (2023: R190 million).

21. Trade and other receivables continued

Credit risk continued

	Group 2024 %	Group 2023 %	Company 2024 %	Company 2023 %
Credit risk exposure by class				
Local	**84**	83	**84**	83
Exports	**16**	17	**16**	17
Total	**100**	100	**100**	100

	Group 2024 Days	Group 2023 Days	Company 2024 Days	Company 2023 Days
Average credit period for trade receivables				
Local	**22**	49	**21**	49
Exports	**13**	16	**12**	16

No interest is charged on trade receivables for the first 30 days from date of statement. Thereafter, interest is charged at 2% per month on the outstanding balance.

Allowances on trade receivables

The following allowances exist:

- Allowance for expected credit losses, which is based on the ageing and recoverability of receivables. Customers handed over for collection are fully provided for unless insured, in which case the participation percentage of the insurer is deducted. Overdue customers without cover are fully provided for
- Other allowances relate to settlement discount, price, quality, dispatch and related claims for which credit notes still have to be issued

Movement in the allowance for expected credit losses in respect of trade receivables

The movement in the allowance for expected credit losses in respect of trade receivables during the year was as follows:

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Balance at the beginning of the year	**(49)**	(50)	**(49)**	(50)
Utilisation of expected credit loss provision	**–**	–	**–**	–
Remeasurement of expected credit loss provision	**2**	1	**3**	1
Balance at the end of the year	**(47)**	(49)	**(46)**	(49)

The movement in allowance for expected credit losses relates to outstanding balances for trade receivables within category B, medium risk, as the allowance for expected credit losses relating to outstanding balances for trade receivables within category A and C is not material, such that balances and the movement in the allowance for these categories, rounded to the nearest rand million, will reflect as Rnil.

Expected credit loss assessment for trade receivables

The group and company allocate each exposure to credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings from credit insurers, audited financial statements, management accounts and cash flow projections and available press/industry information). Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating factors from credit insurers. The estimation techniques and assumptions used in the expected credit loss assessment have been consistently applied.

21. Trade and other receivables continued

Expected credit loss assessment for trade receivables continued

The following table provides information about the exposure to credit risk for trade receivables as at 31 December 2024:

		Group		Company	
Grading	Risk	2024 Rm	2023 Rm	2024 Rm	2023 Rm
A – grading	Low risk	196	512	196	512
B – grading	Medium risk	1 917	2 543	1 782	2 464
C – grading	High risk	33	2	33	2
Total gross trade receivables		2 146	3 057	2 011	2 978

Risk profiles

Grading	Characteristics	Application
A Low risk	1. Full insurance cover 2. Sufficient securities 3. Excellent payment history	If customer meets all characteristics – no risk to the company as the credit facility is fully covered by bank guarantees.
B Medium risk	1. Positive net asset value 2. Strong asset base 3. Positive cash inflow exceptions may be made in case of capital investments 4. Profitable 5. Good payment history 6. Full insurance cover 7. Sufficient securities (if required)	If customer meets five or more of these characteristics – additional orders, which will cause customers to exceed their approved credit facility, will be subjected to a prior investigation by credit risk management. Securities listed below will be required: • Cession of debtors • Company guarantee (by a company with adequate liquidation value and with a low/medium company risk profile) • Cession of loan accounts • Notarial bonds (special or general) over plant and machinery • Debt set-off agreement • Cession of shares in listed companies on the JSE • Second bond on property
C High risk	1. Consistent negative net asset value. Deficit on revalued assets 2. Poor payment history Defaults often and needs to be reminded to pay 3. Consistent fluctuation in cash flow 4. No adequate securities 5. Adequate credit insurance cover cannot be obtained 6. Customer regularly experience operating losses	If customer meets three or more of these characteristics and additional orders are required, the securities listed below will be required: • Guarantees from acceptable financial institutions • First bonds over fixed property • Letters of credit • Cession of endowment policies • Guarantees from the IDC

21. Trade and other receivables continued

Determining the allowance for expected credit losses

In accordance with IFRS 9, the group and company followed a simplified approach when determining expected credit losses for trade receivables. In terms of the simplified approach, the group and company are not required to determine whether the credit risk has increased significantly since initial recognition of the trade receivable. Instead, the group and company recognised a loss allowance equal to the lifetime expected credit losses on every reporting date. The applicable default rates are applied to overdue balances after considering insured trade receivable balances. The trade receivables do not have a significant financing component.

In addition, all known specifically impaired trade receivables are provided for. The group and company use the following matrix:

	Group				
Date of statement (Days past due)	Default rate %	Ageing of overdue trade receivables Rm	Lifetime expected credit losses Rm	Specifically impaired trade receivables Rm	Total expected credit losses allowance Rm
For the year ended 31 December 2024					
30 – 60 days	**0.4**	**269**	**(2)**	**(3)**	**(5)**
60 – 90 days	**1**	**92**	**–**	**–**	**–**
90 – 120 days	**1.4**	**4**	**–**	**–**	**–**
120 – 150 days	**2.5**	**29**	**–**	**–**	**–**
>150 days	**1.3**	**43**	**(10)**	**(32)**	**(42)**
Total		**437**	**(12)**	**(35)**	**(47)**
For the year ended 31 December 2023					
30 – 60 days	0.4	323	(2)	–	(2)
60 – 90 days	1	44	(1)	(8)	(9)
90 – 120 days	1.4	5	–	(5)	(5)
120 – 150 days	2.5	3	–	(3)	(3)
>150 days	1.3	30	(11)	(19)	(30)
Total		405	(14)	(35)	(49)

Movement in other allowances

Other allowances relate to settlement discounts, price, quality, dispatch and related claims for which credit notes still have to be issued.

	Group		Company	
	2024 Rm	2023* Rm	**2024 Rm**	2023* Rm
Balance at the beginning of the year	**(368)**	(559)	**(365)**	(555)
Allowances reversed	**27**	132	**30**	130
Allowances utilised	**52**	59	**53**	60
Balance at the end of the year	**(289)**	(368)	**(282)**	(365)

* The movement in Other allowances were presented on a gross basis in the prior year. Comparatives have been updated on a net basis to allow for better understanding of the movements and comparability.

21. Trade and other receivables continued

Allowance for expected credit losses of other receivables

Other receivables relate primarily to by-product sales, site rental due, staff education and bursary loans. In determining the recoverability of trade and other receivables, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted, up to the reporting date.

An allowance is also made for expected credit losses on other receivables relating to site rental that are more than 90 days overdue as the presumption that there is a significant increase in credit risk after 30 days is rebutted. The expected credit loss allowance relates mainly to outstanding balances on site rental. Overdue balances on other receivables, excluding site rental, are not material and these balances are subjected to specific expected credit loss impairment.

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Balance at the beginning of the year	**(155)**	(152)	**(154)**	(151)
Utilisation of expected credit loss provision	**45**	–	**47**	–
Remeasurement of expected credit loss provision	**(9)**	(3)	**(9)**	(3)
Balance at the end of the year	**(119)**	(155)	**(116)**	(154)

22. Other financial assets

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Equity instruments carried at FVTOCI	**–**	11	**–**	11
Other forward exchange contracts carried at FVTPL	**–**	39	**–**	39
Total	**–**	50	**–**	50
Non-current	**–**	11	**–**	11
Current	**–**	39	**–**	39

Critical judgements and estimates

Equity instruments carried at FVTOCI

Hwange Colliery Company Limited

The group holds 10% of the ordinary share capital of Hwange Colliery Company Limited, a coal, coke and by-products producer in Zimbabwe. The shares of Hwange Colliery Company Limited 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 (2023: Rnil). The fair value is observed on the open market and is therefore a level 1.

MC Mining Limited

The group 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 group sold its shareholding in MC Mining Ltd, with an opening balance of R11 million, for R12 million, resulting in R59 million of the cumulative fair value loss recognised in other reserves being transferred to retained earnings.

Other forward exchange contracts carried at FVTPL

At 31 December 2023, the group held financial instruments carried at FVTPL represent mark-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.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

23. Investment in sub-lease

	Company	
	2024 Rm	2023 Rm
Secured – at amortised cost		
Balance at the beginning of the year	**84**	98
Adjustments	**(6)**	–
Interest income	**7**	9
Rental received	**(24)**	(23)
Balance at the end of the year	**61**	84
Non-current	**35**	59
Current	**26**	25
Total	**61**	84
Maturity profile		
Minimum lease payments receivable		
Due in 2024	**–**	32
Due in 2025	**31**	64
Due in 2026	**35**	–
Total	**66**	96
Future finance income	**(5)**	(12)
Present value of minimum lease receipts	**61**	84

In 2022, the company entered into a sub-lease agreement for machinery, plant and equipment within the group. The sub-lease was due to expire in 2025, however, the contract term has been extended during the current year and will expire in 2026.

There were no breaches or defaults in contracts during the current year.

The following are the amounts recognised in profit or loss:

	Company	
	2024 Rm	2023 Rm
Interest income	**7**	9
Adjustments	**(6)**	–
Total amount recognised in profit or loss	**1**	9

There were no lease contracts that include extension and termination options during the current year.

Refer to note 28 for disclosure related to the lease liabilities.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

24. Cash, bank balances and restricted cash

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Bank balances	**3 594**	3 485	**3 504**	3 389

Bank balances are held with and derivatives are entered into with banks and financial institutions that are rated A+ to BB based on ratings from Fitch. The group and company consider that its cash, cash equivalents and restricted cash have a low credit risk based on the external ratings of the counterparties. Based on this and the short-term maturities of these exposures there is no expected credit loss and hence no provision for expected credit losses has been raised against these positions and balances.

For the purposes of the group and company statements of cash flows, cash, cash equivalents and restricted cash include cash on hand and in banks. Restricted cash at the end of the reporting period consist of the following:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Restricted cash (TSR) programme	**895**	692	**895**	692
Environmental rehabilitation obligation	**443**	302	**443**	302
Guarantee for payment of foreign obligation	**72**	–	**72**	–
Litigation	**2**	2	**2**	2
Total	**1 412**	996	**1 412**	996

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. The restricted cash is held in bank accounts of ArcelorMittal South Africa.

Bank accounts of R855 million (2023: R828 million) were ceded in favour of the lenders of the BBF.

25. Asset held-for-sale

Investment property held-for-sale

		Group	
	Notes	**2024 Rm**	2023 Rm
Carrying amount at the beginning of the year		**134**	80
(Loss)/gain on remeasurement		**(57)**	9
Transfer to investment properties	16	**(77)**	–
Transfer from investment properties	16	**126**	134
Exchange rate movement		**–**	10
Proceeds on sale of property		**–**	(99)
Carrying amount at the end of the year		**126**	134

During the 2023 financial year, a non-binding offer was received for a certain warehouse property (Level 3 in the fair value, refer note 33, Measurement of fair values). The property was then classified as asset-held-for-sale. The non-binding offer was withdrawn during the six months ended 30 June 2024 and the property transferred back to investment property. Towards the end of the 2024 financial year the offer was reinstated, and the property transferred from investment property to asset held-for-sale. The sale of this property is in process and is expected to be concluded in the 2025 financial year.

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.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

26. Stated capital

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Ordinary shares	**4 537**	4 537	**4 537**	4 537
A1 ordinary shares at no par value*	**–**	–	**–**	–
A2 ordinary shares at no par value*	**–**	–	**–**	–
Total	**4 537**	4 537	**4 537**	4 537

** Value less than R1 million.*

	Group		Company	
	2024 Number of shares	2023 Number of shares	**2024 Number of shares**	2023 Number of shares
Reconciliation of authorised shares				
Ordinary shares at no par value	**1 200 000 000**	1 200 000 000	**1 200 000 000**	1 200 000 000
A1 ordinary shares at no par value	**243 240 276**	243 240 276	**243 240 276**	243 240 276
A2 ordinary shares at no par value	**72 972 083**	72 972 083	**72 972 083**	72 972 083
Total	**1 516 212 359**	1 516 212 359	**1 516 212 359**	1 516 212 359
Issued shares				
Ordinary shares at no par value	**1 138 059 825**	1 138 059 825	**1 138 059 825**	1 138 059 825
A1 ordinary shares at no par value	**243 240 276**	243 240 276	**243 240 276**	243 240 276
A2 ordinary shares at no par value	**72 972 083**	72 972 083	**72 972 083**	72 972 083
Total shares in issue	**1 454 272 184**	1 454 272 184	**1 454 272 184**	1 454 272 184
Reconciliation of shares issued to shares outstanding				
Total shares issued	**1 454 272 184**	1 454 272 184	**1 454 272 184**	1 454 272 184
Amandla we Nsimbi (RF) (Pty) Ltd	**(243 240 276)**	(243 240 276)	**(243 240 276)**	(243 240 276)
Isabelo Employee Share Trust	**(72 972 083)**	(72 972 083)	**(72 972 083)**	(72 972 083)
Ordinary shares	**1 138 059 825**	1 138 059 825	**1 138 059 825**	1 138 059 825
Vicva Investments and Trading Nine (Pty) Ltd	**(23 447 036)**	(23 447 036)	**(23 447 036)**	(23 447 036)
Total shares outstanding	**1 114 612 789**	1 114 612 789	**1 114 612 789**	1 114 612 789

The unissued ordinary shares are not under the control of the directors. All other shares in issue are fully paid up.

26. Stated capital continued

A1 and A2 shares

In 2016, a B-BBEE transaction was completed.

In terms of the scheme, ArcelorMittal South Africa issued empowerment shares to Amandla we Nsimbi (RF) (Pty) Ltd and Isabelo Employee Share Trust (representing 17% and 5%, respectively, of the voting rights in ArcelorMittal South Africa) through a notional loan.

Amandla we Nsimbi (RF) (Pty) Ltd whose shares are owned by broad-based black consortium, Likamva Resources, subscribed for 243 240 276 A1 ordinary shares in ArcelorMittal South Africa. A1 ordinary shares were issued at a nominal value through a notional loan structure. The original notional loan was for 10 years of which 2.75 years are still left. Likamva Resources was initially the only shareholder but has introduced a broad-based party in the form of a community trust during November 2019. The trust holds 29.53% (2023: 29.53%) of the shares in Amandla we Nsimbi (RF) (Pty) Ltd, reducing Likamva Resources' shareholding to 70.47% (2023: 70.47%). Therefore, an indirect effective shareholding of 5% is achieved by the community trust.

The Isabelo Employee Share Trust was set up for permanently employed management and non-management employees of all job grades of ArcelorMittal South Africa. The Isabelo Employee Share Trust subscribed for 72 972 083 A2 ordinary shares in ArcelorMittal South Africa, representing 5% of the voting rights in ArcelorMittal South Africa. A2 ordinary shares are also issued at a nominal value through a notional loan structure.

The "A" class shares granted to Amandla we Nsimbi (RF) (Pty) Ltd and the Isabelo Employee Share Trust will convert into ArcelorMittal South Africa ordinary shares on 12 December 2026. The number of shares that will convert will be the equivalent of the value of the shares in surplus of the balance of the notional loan on 12 December 2026. There is a 10-year vesting period for the share-based payment benefit provided to the Isabelo Employee Empowerment Share Trust and no vesting period for the share-based payment benefit provided to Amandla we Nsimbi (RF) (Pty) Ltd. There are no performance targets for vesting for both ownership schemes.

Analysis of shareholding

The analysis of ordinary shareholders below represents a summary of beneficial shareholders with a holding greater than 5% of issued shares as at 31 December 2024:

	2024		2023	
	Number of shares	**% of shares in issue**	Number of shares	% of shares in issue
ArcelorMittal Holdings AG	**771 489 400**	**53.05**	771 489 400	53.05
Amandla we Nsimbi (RF) (Pty) Ltd	**243 240 276**	**16.73**	243 240 276	16.73
Industrial Development Corporation (IDC)	**93 044 068**	**6.40**	93 044 068	6.40
Isabelo Employee Share Trust	**72 972 083**	**5.02**	72 972 083	5.02
Shareholding more than 5%	**1 180 745 827**	**81.20**	1 180 745 827	81.20
Shareholding less than 5%	**273 526 357**	**18.80**	273 526 357	18.80
Total	**1 454 272 184**	**100.00**	1 454 272 184	100.00

Of the issued shares, Vicva Investments and Trading Nine (Pty) Ltd owns 1.6% (2023: 1.6%).

The shares held by Vicva Investments and Trading Nine (Pty) Ltd, Amandla we Nsimbi (RF) (Pty) Ltd and Isabelo Employee Share Trust are treated as treasury shares for accounting purposes.

27. Borrowings

	Group		Company	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Secured – at amortised cost				
Borrowing based facility (BBF Loan)	2 700	3 000	2 700	3 000
Loans from holding company	5 055	3 700	5 055	3 700
Loan from Industrial Development Corporation (IDC)	950	–	950	–
Loans	8 705	6 700	8 705	6 700
Non-current	5 055	2 700	5 055	2 700
Current	3 650	4 000	3 650	4 000
Total	8 705	6 700	8 705	6 700

The carrying amounts are a reasonable approximation of fair value.

The BBF loan available to the group and company 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
- 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 and any bank guarantees in favour of Eskom) must not exceed R2 500 million (or its equivalent in any other currency or currencies)

The group is in compliance with all covenants as at 31 December 2024 and has been in compliance at the end of each relevant period. The consolidated tangible net worth of the group is R6 940 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 R5 055 million (December 2023: R2 700 million) excluding intangible assets. The borrowings of the group for the purposes of the applicable BBF covenant, are R1 131 million, determined as the outstanding balance of the loan from the IDC and the lease liabilities (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 drawdown. At 31 December 2024, the balance of the borrowing base facility was R2 700 million (December 2023: R3 000 million) with R1 800 million (December 2023: R1 500 million) still available. The weighted average interest rate payable on the BBF loan is 11.86% (2023: 11.90%).

Bank accounts of R855 million (December 2023: R828 million) were ceded in favour of the BBF loan.

The maturity date of the BBF loan is 7 September 2026. The run-off period will commence on 30 September 2025. This facility is managed as part of the entity's working capital requirements. Drawdowns and repayments are made on a weekly or regular basis to manage working capital levels and cash flow. The loan is therefore classified as a current liability. The group will commence negotiation of the renewal of the BBF loan to conclude its renewal ahead of the commencement of the run-off period of the current facility.

During the current year, the group capitalised interest on the loan from the holding company, worth R762 million, and management, research and development fees payable to the holding company, worth R593 million, to the loan from the holding company. The subordinated portion of the loan was also increased from R2 700 million to R5 055 million. The full balance of the loan from the holding company is therefore subordinated at year-end. Interest is payable on a quarterly basis. The weighted average interest rate payable on the group loan is 11.12% (2023: 11.83%).

A secured short-term loan of R1 000 million was received from the IDC in June 2024. The loan is subject to market-related interest and will be repaid within 12 months with the first payment having been made in December 2024 and the final amount payable in June 2025. There are no covenants attached to the loan. The repayment of this loan was restructured after year end, refer to note 40.

28. Lease liabilities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Secured – at amortised cost				
Balance at the beginning of the year	**188**	202	**188**	202
Additions	**62**	6	**62**	6
Interest	**18**	20	**18**	20
Modification	**(41)**	–	**(41)**	–
Payment	**(46)**	(40)	**(46)**	(40)
Balance at the end of the year	**181**	188	**181**	188
Non-current	**142**	156	**142**	156
Current	**39**	32	**39**	32
Maturity profile				
Minimum lease payments				
Due in 2024	**–**	48	**–**	48
Due in 2025	**56**	80	**56**	80
Due in 2026	**59**	18	**59**	18
Due in 2027	**25**	18	**25**	18
Due in 2028	**24**	17	**24**	17
Thereafter	**75**	67	**75**	67
Total	**239**	248	**239**	248
Future finance charges	**(58)**	(60)	**(58)**	(60)
Present value of minimum lease payments	**181**	188	**181**	188

The group and company leases machinery, plant and equipment over a period of 10 years. The lease liabilities are effectively secured.

In the current year, the group and company recognised a modification on a lease contract with a specific supplier that resulted from an amendment to the capital repayment amounts of the specified assets. The modification did not result in the recognition of a separate lease.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Depreciation expense of right-of-use assets	**29**	29	**11**	13
Interest	**18**	20	**18**	20
Total	**46**	49	**46**	33

There is a lease contract with a specific supplier which does contain a termination option and the group and company may exercise this option as part of the wind down of the Longs business, refer note 7, for assets under the lease contract that cannot be repurposed elsewhere in the group. The relevant termination charges have been provided for at year end, refer note 29.

Refer to note 14 for disclosure related to the right-of-use asset.

29. Provisions

	Asset retirement obligation Rm	Environ-mental reme-diation obligation Rm	Restruc-turing cost Rm	Onerous contracts Rm	Other Rm	Total Rm
Group						
For the year ended 31 December 2024						
At the beginning of the year	199	1 812	–	–	387	2 398
Charge to the statement of comprehensive income	(5)	49	495	244	356	1 139
Scope changes and increases	(26)	(153)	495	244	356	916
Discount rate change	1	33	–	–	–	34
Unwinding of the discount effect	20	169	–	–	–	189
Utilisation	(8)	(102)	–	–	(135)	(245)
At the end of the year	186	1 759	495	244	608	3 292
Non-current	145	1 431	–	–	2	1 578
Current	41	328	495	244	606	1 714
Total	186	1 759	495	244	608	3 292
For the year ended 31 December 2023						
At the beginning of the year	309	1 996	–	2	339	2 646
Charge to the statement of comprehensive income	(96)	(27)	–	(2)	151	26
Scope changes and increases	(121)	(197)	–	(2)	151	(169)
Discount rate change	(4)	(13)	–	–	–	(17)
Unwinding of the discount effect	29	183	–	–	–	212
Utilisation	(14)	(157)	–	–	(103)	(274)
At the end of the year	199	1 812	–	–	387	2 398
Non-current	125	1 346	–	–	3	1 474
Current	74	466	–	–	384	924
Total	199	1 812	–	–	387	2 398

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

29. Provisions continued

	Asset retirement obligation Rm	Environ-mental reme-diation obligation Rm	Restruc-turing cost Rm	Onerous contracts Rm	Other Rm	Total Rm
Company						
For the year ended 31 December 2024						
At the beginning of the year	**137**	**1 811**	**–**	**–**	**322**	**2 270**
Charge to the statement of comprehensive income	**(2)**	**–**	**495**	**244**	**316**	**1 053**
Scope changes and increases	**(16)**	**(138)**	**495**	**244**	**316**	**901**
Discount rate change	**2**	**26**	**–**	**–**	**–**	**28**
Unwinding of the discount effect	**12**	**112**	**–**	**–**	**–**	**124**
Settlement of obligation*	**–**	**(438)**			**–**	**(438)**
Utilisation	**–**	**(102)**	**–**	**–**	**(134)**	**(236)**
At the end of the year	**135**	**1 271**	**495**	**244**	**504**	**2 649**
Non-current	**111**	**1 042**	**–**	**–**	**2**	**1 155**
Current	**24**	**229**	**495**	**244**	**502**	**1 494**
Total	**135**	**1 271**	**495**	**244**	**504**	**2 649**
For the year ended 31 December 2023						
At the beginning of the year	255	1 939	–	–	274	2 468
Charge to the statement of comprehensive income	(119)	(65)	–	–	151	(33)
Scope changes and increases	(137)	(149)	–	–	151	(135)
Discount rate change	(5)	(34)	–	–	–	(39)
Unwinding of the discount effect	23	118	–	–	–	141
Utilisation	1	(63)	–	–	(103)	(165)
At the end of the year	137	1 811	–	–	322	2 270
Non-current	87	1 345	–	–	3	1 435
Current	50	466	–	–	319	835
Total	137	1 811	–	–	322	2 270

* *During the current year, the company settled a portion of its contractual liability towards rehabilitation costs of the Thabazimbi Iron Ore Mine. The settlement amount represents costs that have been incurred by Thabazimbi Iron Ore Mine towards rehabilitation of the mine since the mine was acquired in 2018 to 2023.*

29. Provisions continued

Maturity profile

The gross value maturity profile of the provisions is set out in the table below:

	Asset retirement obligation Rm	Environ-mental remediation obligation Rm	Restruc-turing cost Rm	Onerous contracts Rm	Other Rm	Total Rm
Group						
For the year ended 31 December 2024						
Less than one year	45	355	537	265	657	1 859
More than one year, less than five years	144	1 358	–	–	3	1 505
Greater than five years	71	715	–	–	–	786
Total	260	2 428	537	265	660	4 150
Company						
For the year ended 31 December 2024						
Less than one year	25	249	537	265	544	1 620
More than one year, less than five years	123	939	–	–	3	1 065
Greater than five years	32	596	–	–	–	628
Total	180	1 784	537	265	547	3 313

The present value maturity profile of the provisions is set out in the table below:

	Asset retirement obligation Rm	Environ-mental remediation obligation Rm	Restruc-turing cost Rm	Onerous contracts Rm	Other Rm	Total Rm
Group						
For the year ended 31 December 2024						
Less than one year	41	328	495	244	606	1 714
More than one year less than five years	109	1 065	–	–	2	1 176
Greater than five years	36	366	–	–	–	402
Total	186	1 759	495	244	608	3 292
Company						
For the year ended 31 December 2024						
Less than one year	24	229	495	244	502	1 494
More than one year less than five years	94	733	–	–	2	829
Greater than five years	17	309	–	–	–	326
Total	135	1 271	495	244	504	2 649

Asset retirement obligation and environmental remediation obligation provisions

Environmental obligations consist of asset retirement obligations and environmental remediation obligations.

The asset retirement obligations represent management's best estimate of the present value of costs that will be required to retire plant and equipment. The majority of the obligation relates to ancillary plant and equipment that will be retired as part of the clean-up and closure of those facilities to be remediated via the asset remediation obligation. The net carrying amount of the asset retirement obligation, asset component, included in note 14,

Environmental remediation obligations represent the present value of the cost of remedial action to clean up and restore a site. These actions are primarily attributable to legacy waste disposal activities. Legal obligations exist to remediate these facilities. Estimating the future cash flows associated with these obligations and the related asset components is complex. In particular, judgement is required in distinguishing between asset retirement obligations and environmental remediation obligations. Existing laws and guidelines are not always clear as to the required end-state situation. The obligations are also affected by changing technologies, environmental, safety, business and legal considerations. The investment held in environmental trust will be used in part to settle this obligation (refer to note 19).

29. Provisions continued

Asset retirement obligation and environmental remediation obligation provisions continued

The directors assess the long-term operational plans, technological and legislative developments, guidelines issued by the authorities, advice from external environmental experts, and computations provided by quantity surveyors to derive an estimated future cash flow profile to serve as basis for the computation of the obligations and related assets.

The term of the obligation assessment varies according to the site. The maximum term is 11 years.

	2024 %	2023 %
Average discount rates		
Asset retirement obligation	8.8	9.4
Environmental remediation obligation	9.2	9.9

The average escalation factor applied to the current cash flow estimates is 4.3% (2023: 5.4%).

The following table details the sensitivity of the obligations to a 10% increase in cash flows and discount rates applied. As the risks are symmetrical in nature, a change in the opposite direction would result in an equal but opposite amount to that detailed in the sensitivity below.

Carrying amount at 31 December 2024	Asset retirement obligation increase/ (decrease) Rm	Environmental remediation obligation increase/ (decrease) Rm
Increase of 10% in all cash flows	19	176
Increase of 10% in cash flows in first five years	15	139
Increase of 100-basis points in discount rate	(3)	(31)
Increase of 100-basis points in discount rate in first five years	(2)	(19)

Restructuring cost

The restructuring cost relates to the section 189 severance packages for employees affected by the wind down of the Longs business.

Onerous contract

The onerous contract relates to contract termination costs resulting from the wind down of the Longs business.

Other

Included in the other provision category is a provision relating to carbon tax and a provision for a dispute with suppliers in relation to penalty clauses.

30. Trade and other payables

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Trade payables				
Trade payables	**7 848**	9 176	**7 773**	9 024
TSR programme	**1 230**	940	**1 230**	940
Total	**9 078**	10 116	**9 003**	9 964
Other payables				
Leave pay	**396**	371	**393**	366
Refund liability	**17**	9	**17**	9
Sundry	**445**	734	**435**	744
Total	**858**	1 114	**845**	1 119
Non-current	**228**	210	**227**	208
Current	**9 708**	11 020	**9 621**	10 875
Total	**9 936**	11 230	**9 848**	11 083

TSR programme
The TSR programme is the sale of receivables balances by the group and company with no recourse to the TSR provider.

Leave pay benefits accrual
In terms of group and company policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle. The obligation is reviewed annually.

Refund liability
The refund liability relates to customers with a right to return goods.

Sundry
Sundry payables comprise primarily of accruals for corporate fees, other general accruals and payroll-related payables.

Supplier finance arrangement
The company has an agreement with a third-party service provider, two finance providers and specific suppliers whereby the finance providers pay amounts owed by the group and company to its suppliers at terms and conditions that are different from that agreed between the group and company and suppliers that are not part of this agreement.

The group and company's payment terms with these finance providers are 60 days, providing the company with extended payment terms, or the company's suppliers with early payment terms compared to the original payment due dates, as the finance providers pay the company's suppliers on payment terms of 30 days.

30. Trade and other payables continued

Supplier finance arrangement continued

Supplier invoices are submitted by the company on an electronic platform, provided by a third-party service provider, for trading by finance providers.

		Group		Company	
		2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Carrying amount of financial liabilities					
Presented in trade payables		**2 123**	2 369	**2 123**	2 369
Of which suppliers have received payment from finance providers		**1 908**	1 888	**1 908**	1 888
Concentrations of risk	**Credit rating**				
Financier A	BB-	**1 908**	1 888	**1 908**	1 888
Financier B	Ba3	**–**	–	**–**	–
Range of payment due dates					
Liabilities that are part of the agreement		30 days		30 days	
Comparable trade payables that are not part of the agreement		60 days		60 days	

There were no non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities during the current or prior year. All invoices submitted for trading are denominated in rand.

31. Other financial liabilities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Carrying amount at the beginning of the year	**683**	720	**683**	720
Unwinding of the discounting effect	**64**	63	**64**	63
Repayment	**–**	(100)	**–**	(100)
	747	683	**747**	683
Other forward exchange contracts carried at FVTPL	**5**	–	**5**	–
Carrying amount at the end of the year	**752**	683	**752**	683
Non-current	**703**	521	**703**	521
Current	**49**	162	**49**	162

Competition Commission administrative penalty

In 2016, the Competition Tribunal approved a Settlement Agreement reached with the Competition Commission and which provided for an administrative penalty of R1 500 million to be paid over a five-year period. In August 2022, the Commission accepted a revised payment plan which led to derecognition of the original liability and recognition of a new liability in September 2022. In 2024, a revised payment plan was agreed with the Commission which resulted in updating the current and non-current liability positions of the administrative penalty. The financial liability is to be paid over a period of eight years with the last payment being due in 2032.

Other forward exchange contracts carried at FVTPL

At 31 December 2024, the group and company held financial instruments carried at FVTPL representing mark-to-market losses 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.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

32. Notes to the statement of cash flows

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
32.1 Cash generated from operations				
Loss before tax	**(5 834)**	(3 875)	**(5 442)**	(3 803)
Adjusted for:				
Finance income	**(82)**	(285)	**(108)**	(310)
Finance costs	**1 454**	1 342	**1 285**	1 182
Fair value adjustment of investment properties	**(37)**	(93)	**10**	(6)
Loss/(gain) on remeasurement of asset held-for-sale	**57**	(9)	**–**	–
Income after tax from equity-accounted investments	**(5)**	(17)	**–**	–
Impairment of equity-accounted investments and subsidiaries	**–**	19	**7**	206
Depreciation	**807**	861	**783**	828
Amortisation of intangible assets	**11**	17	**11**	17
Impairment of property, plant and equipment and intangible assets	**682**	2 096	**682**	2 017
Unrealised profit on sales to joint ventures	**6**	6	**–**	–
Share-based payment expenses	**10**	39	**10**	39
Settlement of long-term incentive plan	**(9)**	–	**(9)**	–
Non-cash movement in provisions	**916**	(181)	**1 044**	(158)
(Reversal of write down)/write-down of inventory to net realisable value	**(154)**	301	**(135)**	275
Adjustment for slow-moving inventory	**(22)**	–	**(20)**	–
Write down of inventory – plant spares and consumables	**392**	–	**392**	–
Movements in trade and other receivable allowances	**(38)**	–	**(38)**	(1)
Loss on disposal or scrapping of property, plant and equipment	**35**	17	**35**	17
Fair value adjustment of investment held by environmental trust	**(48)**	(30)	**–**	–
Realised foreign exchange movements	**41**	130	**41**	127
Investment in sub-lease	**–**	–	**23**	14
Other payables raised, released and utilised relating to employee benefit	**100**	8	**100**	8
Changes in financial liabilities or assets	**(10)**	(100)	**(10)**	(100)
Utilisation of provisions	**(245)**	(274)	**(236)**	(165)
Operating working capital movements:	**3 002**	1 709	**2 861**	1 724
Decrease/(increase) in inventories	**2 094**	(852)	**1 980**	(905)
Decrease/(increase) in trade and other receivables	**1 374**	(98)	**1 367**	(83)
(Decrease)/increase in trade and other payables	**(466)**	2 659	**(486)**	2 712
Cash generated from operations	**1 029**	1 681	**1 286**	1 911

32. Notes to the statement of cash flows continued

32.2 Finance costs

	Notes	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Finance costs per statement of comprehensive income	10	**(1 454)**	(1 342)	**(1 285)**	(1 182)
Adjusted for:					
Non-cash movement on interest expense on loans					
Loan from holding company		**415**	288	**415**	288
Other third-party payables		**32**	28	**30**	22
Discount rate adjustment on provisions	29	**34**	–	**28**	–
Unwinding of the discounting effect on provisions and financial liabilities		**253**	275	**188**	204
Provisions	29	**189**	212	**124**	141
Other financial liabilities	31	**64**	63	**64**	63
Total		**(720)**	(751)	**(624)**	(668)

32.3 Income tax paid

	Notes	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Normal taxation payable at the beginning of the year		**(112)**	(112)	**–**	–
Amounts charged to the statement of comprehensive income		**(5)**	(45)	**–**	–
Less: Normal taxation payable at the end of the year		**112**	112	**–**	–
Total		**(5)**	(45)	**–**	–

Notes to the group and company audited consolidated and separate annual financial statements continued

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32. Notes to the statement of cash flows continued

32.4 Investment to maintain and expand operations

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Investment to maintain operations	**(927)**	(1 454)	**(896)**	(1 425)
Replacement of property, plant and equipment	**(633)**	(1 097)	**(602)**	(1 068)
Intangible assets	**(6)**	(9)	**(6)**	(9)
Environmental	**(237)**	(269)	**(237)**	(269)
Reconditionable spares	**(51)**	(79)	**(51)**	(79)
Investment to expand operations	**(11)**	(35)	**(11)**	(35)
Property, plant and equipment	**(11)**	(35)	**(11)**	(35)
Total	**(938)**	(1 489)	**(907)**	(1 460)

Reconciliation of additions of property, plant and equipment and intangible assets to cash flows of capital expenditure

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Total additions	**964**	1 302	**935**	1 266
Additions to property, plant and equipment	**956**	1 293	**927**	1 257
Additions to intangible assets	**8**	9	**8**	9
Adjusted for:				
Movement in capital creditors	**(36)**	193	**(34)**	200
Non-cash lease additions	**(62)**	(6)	**(62)**	(6)
Cash flows of capital expenditure	**(938)**	1 489	**907**	1 460

33. Financial instruments – Fair value and risk management

33.1 Accounting classifications

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

	2024			
	FVTPL Rm	FVTOCI Rm	Assets/ liabilities amortised cost Rm	Total Rm
Group				
Options and financial assets measured at fair value				
Other forward exchange contracts	–	–	–	–
Investments in environmental trust	486	–	–	486
Equity securities	–	–	–	–
	486	–	–	486
Options and financial liabilities measured at fair value				
Other forward exchange contracts	5	–	–	5
	5	–	–	5
Financial assets measured at amortised cost				
Trade and other receivables[1]	–	–	2 157	2 157
Cash, cash equivalents and restricted cash	–	–	3 594	3 594
	–	–	5 751	5 751
Financial liabilities measured at amortised cost				
Borrowings	–	–	8 705	8 705
Other financial liabilities	–	–	747	747
Lease liabilities	–	–	181	181
Trade payables	–	–	9 078	9 078
Other payables[1]	–	–	461	461
	–	–	19 173	19 173

[1] *Other payables that are not financial liabilities and other receivables that are not financial assets, are not included.*

2023				
FVTPL Rm	FVTOCI Rm	Assets/ liabilities amortised cost Rm	Total Rm	Fair value hierarchy
39	–	–	39	Level 2
438	–	–	438	Level 2
–	11	–	11	Level 1
477	11	–	488	
–	–	–	–	Level 2
–	–	–	–	
–	–	3 450	3 450	
–	–	3 485	3 485	
–	–	6 935	6 935	
–	–	6 700	6 700	
–	–	683	683	
–	–	188	188	
–	–	10 116	10 116	
–	–	768	768	
–	–	18 455	18 455	

33. Financial instruments – fair value and risk management continued

33.1 Accounting classifications continued

	2024			
	FVTPL Rm	FVTOCI Rm	Assets/ liabilities amortised cost Rm	Total Rm
Company				
Financial assets measured at fair value				
Other forward exchange contracts	–	–	–	–
Equity securities	–	–	–	–
	–	–	–	–
Financial assets measured at amortised cost				
Trade and other receivables[1]	–	–	2 049	2 049
Cash, cash equivalents and restricted cash	–	–	3 504	3 504
	–	–	5 553	5 553
Financial liabilities measured at fair value				
Other forward exchange contracts	5	–	–	5
	5	–	–	5
Financial liabilities measured at amortised cost				
Borrowings	–	–	8 705	8 705
Other financial liabilities	–	–	747	747
Lease liabilities	–	–	181	181
Trade payables	–	–	9 003	9 003
Other payables[1]	–	–	452	452
	–	–	19 089	19 094

[1] *Other payables that are not financial liabilities and other receivables that are not financial assets, are not included.*

The carrying amount of financial assets and liabilities measured at amortised cost approximates their fair value. Equity securities are designated at FVTOCI.

Notes to the group and company audited consolidated and separate annual financial statements continued

for the year ended 31 December 2024

2023				
FVTPL Rm	FVTOCI Rm	Assets/ liabilities amortised cost Rm	Total Rm	Fair value hierarchy
39	–	–	39	Level 2
–	11	–	11	Level 1
39	11	–	50	
–	–	3 358	3 358	
–	–	3 389	3 389	
–	–	6 747	6 747	
–	–	–	–	Level 2
–	–	–	–	
–	–	6 700	6 700	
–	–	683	683	
–	–	188	188	
–	–	9 964	9 964	
–	–	778	778	
–	–	18 313	18 313	

33. Financial instruments – fair value and risk management continued

33.2 Measurement of fair values – valuation techniques

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position.

Type	Level	Valuation technique
Forward exchange contracts	2	Forward pricing: 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. The use of observable market information results in a level 2 fair value measurement.
Investments in environmental trust	2	The fair value is derived from the underlying listed share prices.
Asset held-for-sale	3	The fair value is derived from the offer price of the purchaser, less costs to sell.

When measuring the fair value of an asset or a liability, the group and company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level	Valuation technique
Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33.3 Financial risk management overview and objectives

The group and company's board of directors has overall responsibility for the establishment and oversight of the group and company's risk management framework. The audit and risk committee is responsible for developing and monitoring the group and company's risk management policies. The committee reports regularly to the board of directors on its activities.

The group and company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group and company's activities. The group and company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group and company's audit and risk committee oversees how management monitors compliance with the group and company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group and company. The group and company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

Financial risks to which the group and company are exposed consist of financial market risk, capital management and gearing risk, customer credit risk, liquidity risk and equity price risk.

The treasury policy addresses market, liquidity, capital management, gearing risk and customer credit risk through the direction of the following activities. The treasury policy is enacted by the treasury department (treasury). Treasury identifies, evaluates and mitigates financial risks in close cooperation with the group and company's operating units. Board-approved written policies cover the specific activities noted above and address risk limits, the use of derivative and non-derivative financial instruments to hedge certain exposures, and the approval framework governing transaction levels.

33.3.1 Financial market risk

Through its activities, the group is exposed primarily to the financial risks of changes in commodity prices, foreign currency exchange rates, interest rates and potential liquidity constraints.

The group manages currency risk through economic hedging of foreign exchange rates relating primarily to capital procurement, trade imports.

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.2 Foreign currency risk management

The carrying amount in ZAR, as translated at the closing exchange rate, of the foreign denominated monetary assets and monetary liabilities at the reporting date is:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Monetary assets				
United States dollar (USD)				
Cash and cash equivalents	**475**	426	**475**	425
Trade and other receivables (unrelated parties)	**230**	507	**213**	501
Metical (MZN)				
Cash and cash equivalents	**89**	95	**–**	–
Total foreign-denominated monetary assets	**794**	1 028	**688**	926
Monetary liabilities				
USD				
Trade and other payables (related parties)	**(28)**	(906)	**(28)**	(906)
Trade and other payables (unrelated parties)	**(1 159)**	(750)	**(1 159)**	(750)
Euro (EUR)				
Trade and other payables (related parties)	**(72)**	(66)	**(72)**	(66)
Trade and other payables (unrelated parties)	**(61)**	(103)	**(61)**	(103)
British pound sterling (GBP)				
Trade and other payables (unrelated parties)	**(5)**	(14)	**(5)**	(14)
Total foreign-denominated monetary liabilities	**(1 325)**	(1 839)	**(1 325)**	(1 839)
Total net foreign-denominated monetary liabilities	**(531)**	(811)	**(637)**	(913)

Only notable currency holdings are disclosed.

The following table details the sensitivity to a 10% strengthening in the ZAR against the respective foreign currencies. As the risks are symmetrical in nature, weakening of the ZAR would result in an equal but opposite amount to that detailed in the sensitivity below.

A positive number indicates an increase in profit where the ZAR strengthens against the relevant currency.

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
USD	**49**	72	**51**	73
EUR	**13**	17	**13**	17
GBP	**1**	1	**1**	1
Total	**63**	90	**65**	91

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.3 Currency risk

The group and company are exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and payables are denominated. The currency in which these transactions are primarily denominated are USD.

Economic hedging using derivative contracts

The foreign exchange hedging derivative contracts not designated within hedge accounting relationships, outstanding at the end of the reporting period are:

Unmatured instruments

Foreign currency	Average price FC/R	Contract value FCm	Fair value favourable/ (unfavourable) Rm	Profit or (loss) Rm
Group				
2024				
Other forward contracts				
Sell USD	**18.71**	**40**	**(5)**	**5**
2023				
Other forward contracts				
Buy USD	18.55	60	39	39
Company				
2024				
Other forward contracts				
Sell USD	**18.71**	**40**	**(5)**	**(5)**
2023				
Other forward contracts				
Buy USD	18.55	60	39	39

33.3.4 Interest rate risk management

Sources of interest rate risk are:
- Interest expenses, on drawn financing facilities, and promissory notes issued to trade vendors as well as arrangements to fund the construction of assets either in the form of bona fide borrowing arrangements or through supply arrangements containing financial lease structures at fixed interest rates
- Interest income, due to the group and company's net cash position and the investment thereof at variable interest rates.

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Estimated impact on profit or loss based on a change in interest rate:				
100-basis point (increase)/decrease	**(51)/51**	(32)/32	**(52)/52**	(33)/33

The group and company manages interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings.

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group and company's short, medium and long-term funding and liquidity management requirements.

The objectives of the liquidity management policy are:
- Maintain adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities
- Optimise the account and domestic cash pool structures
- Minimise bank charges
- Optimise the availability and use of short-term liquidity positions across the group without compromising the day-to-day cash needs
- Optimise the net interest result
- Minimise the number of bank accounts

Details of additional undrawn financing facilities that the group and company have at their disposal to reduce liquidity risk are:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Facilities at the end of the reporting period	**1 800**	1 500	**1 800**	1 500

The BBF loan decreased from R3 000 million at 31 December 2023 to R2 700 million at 31 December 2024 and the new loan with the IDC had a balance of R950 million at 31 December 2024.

The BBF available to the group and company is subject to financial covenants, as at 31 December 2024, the group and company are in compliance with all covenants.

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.5 Liquidity risk management continued

Contractual maturity for its non-derivative financial liabilities

The following table details the group and company's remaining contractual maturity for non-derivative financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows.

	1 year Rm	2 years Rm	3 years Rm	4 – 9 years Rm	Total Rm	Carrying amount Rm
Group						
For the year ended 31 December 2024						
Trade payables	9 078	–	–	–	9 078	9 078
Other payables	461	–	–	–	461	461
Other financial liabilities*	50	50	80	1 373	1 553	747
Lease liabilities	56	59	25	99	239	181
Borrowings	2 990	6 722	–	–	9 712	8 705
Total	12 635	6 831	105	1 472	21 043	19 173
For the year ended 31 December 2023						
Trade payables	10 116	–	–	–	10 116	10 116
Other payables	768	–	–	–	768	768
Other financial liabilities*	171	171	171	342	855	683
Lease liabilities	48	80	18	102	248	188
Borrowings	4 329	298	2 904	–	7 531	6 700
Total	15 432	549	3 093	444	19 518	18 455

** Other financial liabilities consist of Competition Commission administration penalty, refer to note 31.*

The group and company have access to financing facilities as noted earlier of which R1 800 million (2023: R1 500 million) was undrawn at the end of the reporting date. The group and company expect to meet most of its other obligations from operating cash flows and proceeds from maturing financial assets.

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.5 Liquidity risk management continued

Contractual maturity for its non-derivative financial liabilities continued

	1 year Rm	2 years Rm	3 years Rm	4 – 9 years Rm	Total Rm	Carrying amount Rm
Company						
For the year ended 31 December 2024						
Trade payables	9 003	–	–	–	9 003	9 003
Other payables	452	–	–	–	452	452
Other financial liabilities*	50	50	80	1 373	1 553	747
Lease liabilities	56	59	25	99	239	181
Borrowings	2 990	6 722	–	–	9 712	8 705
Total	12 551	6 831	105	1 472	20 959	19 089
For the year ended 31 December 2023						
Trade payables	9 964	–	–	–	9 964	9 964
Other payables	778	–	–	–	778	778
Other financial liabilities*	171	171	171	342	855	683
Lease liabilities	48	80	18	102	248	188
Borrowings	4 329	298	2 904	–	7 531	6 700
Total	15 290	549	3 093	444	19 376	18 313

* *Other financial liabilities consist of Competition Commission administration penalty, refer to note 31.*

Expected maturity of non-derivative financial assets

The following table details the group and company's expected maturity for non-derivative financial assets.

The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	0 – 6 months Rm	7 – 12 months Rm	1 – 5 years Rm	Total Rm	Carrying amount Rm
Group					
For the year ended 31 December 2024					
Trade and other receivables	2 145	–	12	2 157	2 157
Cash, cash equivalent and restricted cash	3 594	–	–	3 594	3 594
Total	5 739	–	12	5 751	5 751
For the year ended 31 December 2023					
Trade and other receivables	3 413	10	27	3 450	3 450
Cash, cash equivalent and restricted cash	3 485	–	–	3 485	3 485
Total	6 898	10	27	6 935	6 935

33. Financial instruments – fair value and risk management continued

33.3 Financial risk management overview and objectives continued

33.3.5 Liquidity risk management continued

Expected maturity of non-derivative financial assets continued

	0 – 6 months Rm	7 – 12 months Rm	1 – 5 years Rm	Total Rm	Carrying amount Rm
Company					
For the year ended 31 December 2024					
Trade receivables	2 034	–	11	2 045	2 045
Cash, cash equivalents and restricted cash	3 504	–	–	3 504	3 504
Total	5 538	–	11	5 549	5 549
For the year ended 31 December 2023					
Trade receivables	3 321	10	27	3 358	3 358
Cash, cash equivalents and restricted cash	3 389	–	–	3 389	3 389
Total	6 710	10	27	6 747	6 747

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments.

The table has been drawn up based on the undiscounted net cash (outflows)/inflows on the derivative instruments that settle on a net cash-settled basis.

	0 – 6 months Rm	7 – 12 months Rm	1 – 5 years Rm	Total Rm	Carrying amount Rm
Financial liability					
Group					
For the year ended 31 December 2024					
Net cash-settled foreign currency derivatives	(5)	–	–	(5)	(5)
Total	(5)	–	–	(5)	(5)
For the year ended 31 December 2023					
Net cash-settled foreign currency derivatives	39	–	–	39	39
Total	39	–	–	39	39

33.3.6 Equity price risk

Equity price risk arises from changes in share prices for the group's listed investments. The group is exposed to insignificant equity price risk.

33. Financial instruments – fair value and risk management continued

33.4 Capital risk management

The group and company objectives when managing capital are:

- To safeguard the ability to continue as a going concern, to be able to continue to provide returns for shareholders and benefits for other stakeholders
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk

The amount of capital is set in proportion to risk. The capital structure is managed and adjusted in light of changes in economic conditions within the domestic and global steel industry and the risk characteristics of the underlying assets.

The group and company overall strategy remained unchanged in 2023.

Consistent with others in the industry, the group and company monitor capital on a debt-to-total shareholders' equity basis.

Net debt is total interest-bearing borrowings less cash and cash equivalents. Total shareholders' equity is as per the statement of financial position.

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Cash, cash equivalents and restricted cash	**3 594**	3 485	**3 504**	3 389
Interest-bearing borrowings	**(8 705)**	(6 700)	**(8 705)**	(6 700)
Net debt	**(5 111)**	(3 215)	**(5 201)**	(3 311)
Total shareholders' equity	**(1 963)**	(7 799)	**(3 762)**	(9 202)
Gearing ratio (%)	**260.4**	41. 2	**138.3**	35.9

33.5 Customer credit risk

The total exposure to credit risk is as follows:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Trade and other receivables				
Gross carrying value	**2 713**	4 150	**2 564**	4 002
Expected credit loss and other allowances	**(455)**	(572)	**(444)**	(568)
Bank balances				
Gross carrying value	**3 594**	3 485	**3 504**	3 389
Expected credit loss	**–**	–	**–**	–

The treasury and financial risk management policy (treasury policy) details the framework within which the financial risk (other than customer credit risk) of the group and company is managed. The policy is approved by the board of directors and is reviewed annually.

This is discussed further in note 21.

34. Related-party disclosures

During the year, the group, in the ordinary course of business, entered into sale and purchase transactions with its jointly controlled entities, its associates and other entities within the greater ArcelorMittal group.

Companies within the greater ArcelorMittal group

The group purchased products and services to the value of R280 million (2023: R1 687 million) from and sold goods to the value of R404 million (2023: R193 million) to other companies in the ArcelorMittal group. The payment terms are 30 days.

Included in borrowings (refer to note 27) is a loan of R5 055 million (2023: R3 700 million) with the holding company. The interest expense for the year was R415 million (2023: R438 million).

The outstanding balances at year-end are:
- Included in trade receivables, R17 million (2023: R23 million)
- Included in trade and other payables, R93 million (2023: R923 million)

Jointly controlled entities

The group purchased goods and services to the value of Rnil (2023: Rnil) from and sold goods to the value of R518 million (2023: R472 million) to its equity-accounted entities.

The outstanding balances at year-end are:
- Included in trade receivables, R79 million (2023: R71 million)
- Included in trade payables, Rnil (2023: Rnil)
- No bad debts were realised and the payment terms are 30 days

Included in the carrying value of jointly controlled entities are non-current loans of Rnil (2023: Rnil).

Associates

The group purchased goods and services to the value of Rnil (2023: Rnil) and sold goods and services to the value of R390 million (2023: R405 million) to its associates.

The outstanding balances at year-end are:
- Included in trade receivables, R14 million (2023: R21 million)
- No bad debts were realised and the payment terms are 30 days

Subsidiaries

Details of income from investments and indebtedness in subsidiaries are disclosed in note 18.

ArcelorMittal South Africa received a management fee of R12 million (2023: R12 million) from Saldanha Steel Proprietary Limited for ArcelorMittal South Africa employees employed at Saldanha Works and R25 million (2023: R20 million) from ArcelorMittal Rail and Structure Proprietary Limited for management services.

Key management personnel

Details relating to directors' remuneration and shareholdings, including long-term incentive plan (LTIP) units in the company, are disclosed in notes 36 and 37.

Senior employees and prescribed officers

Details relating to shareholdings (including LTIP units) and share transactions are disclosed in note 36.

35. Post-employment benefits

35.1 Pensions

Independent funds provide pension and other benefits for all permanent employees and their dependants. At the end of the financial year the following funds were in existence:

- ArcelorMittal South Africa Selector Pension Fund (registration number 12/8/35421) and ArcelorMittal South Africa Selector Provident Fund (registration number 12/8/35423), both operating as defined contribution plans
- Iscor Employees' Umbrella Provident Fund (registration number 12/8/27484), operating as a defined contribution plan

The assets of these plans are held separately from those of the group and are in funds under the control of the trustees. All funds are governed by the South African Pension Funds Act of 1956 as amended.

35.2 Defined contribution plans

Membership of each fund and employer contributions to each fund recognised in the statement of comprehensive income were:

	Working members		Employer contributions	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
ArcelorMittal South Africa Selector Pension and Provident Funds	**4 025**	4 183	**169**	213
Iscor Employees' Umbrella Provident Fund	**1 556**	1 720	**54**	55
Total	**5 581**	5 903	**223**	268

35.3 Medical benefits

The company contributes to medical aid schemes for the benefit of retired employees and their dependants, where those qualifying retirees accepted early retirement in 1994. At 31 December 2024 there were 13 qualifying retirees (2023: 14). At year-end the liability was R3 million (2023: R4 million).

36. Share-based payments

36.1 Equity-settled share plan – local employees

Long-term incentive plan

An LTIP is a conditional award of company shares offered to eligible senior employees. The shares vest only after a predetermined period over which certain grant conditions must be met. The extent to which these grant conditions are met, governs the number of shares that vest.

The number of LTIP shares granted is calculated in accordance with the employees' grading within the group and is approved by the board and human resources committee (HRC).

Designated members of the executive committee, senior management, specialists' grades and any employee selected by the HRC are eligible for participation in the scheme. LTIP shares granted to specialists' grades and any selected employees will vest after three years subject to ongoing employment. Executive committee members and senior management LTIP shares will vest after three years subject to ongoing employment, prescribed performance conditions and individual performance conditions. Proportionate awards are made in the event of change of effective control of the company, retrenchment, retirement or death.

Upon vesting of the award, the company shall deliver the number of shares that have vested to the participating employee. The unvested units carry neither rights to dividends nor voting rights until the date of vesting.

The fair value of each equity-settled unit is determined using the market value at measurement date.

36. Share-based payments continued

36.1 Equity-settled share plan – local employees continued

Long-term incentive plan continued

During the current financial year, the allocation of grants, in terms of the LTIP established in 2012 pursuant to Schedule 14 of the JSE Limited ("JSE") Listings Requirements ("2012 LTIP"), was not made. The 2012 LTIP was established as a dilutive scheme, however implemented by the purchase of securities through the market.

In the circumstances, the company determined that it would be appropriate to establish the 2024 Long Term Incentive Plan ("2024 LTIP") as a non-dilutive scheme in terms of which grants allocated to participants will be settled by purchases through the market, as has been the case previously. The rules of the 2024 LTIP are based on the rules of the 2012 LTIP, appropriately adapted for a non-dilutive scheme. Consequently, the 2024 LTIP, as a non-dilutive scheme is not subject to the requirements of Schedule 14 of the JSE Listings Requirements.

It should also be noted that the 2012 LTIP will continue until all unvested grants allocated in terms of the 2012 LTIP have vested.

	Group and Company	
	2024 Rm	2023 Rm
Shares available for distribution		
Opening balance	**11.6**	37.0
Utilisation	**–**	(25.4)
Releases, forfeitures, resignations	**13.2**	–
Closing balance[1]	**24.8**	11.6

[1] *2012 LTIP scheme share balance.*

Isabelo Employee Share Trust (B-BBEE)

In terms of the scheme ArcelorMittal South Africa issued empowerment shares to the Isabelo Employee Share Trust, representing 5% of the voting rights in ArcelorMittal South Africa through a notional loan. The economic valuation of the transaction was calculated using Monte Carlo simulations based on the Geometric Brownian Model. The fair value of the option on grant date was determined to be the present value of the option pay-off and the future value of trickle dividends.

Key assumptions

For the purposes of valuing the different grants the following assumptions were made:

	Isabelo		LTIP	
	2024	2023	2024	2023
Weighted average fair value on grant date (R)*	**3.30**	3.30	**–**	–
Expected attrition rate over the life of the scheme (%)	**26.21**	17.42	**13.47**	12.24
Amount recognised in the statement of comprehensive income	**(13)**	18	**23**	17

* *Market value of ArcelorMittal South Africa shares (which takes dividends into account) is used as the fair value.*

During the current year, the attrition rates applicable to the Isabelo share scheme were re-aligned which resulted in a reduction to the reserve and a credit to the income statement of R13 million, which when offset with the R23 million charge on the LTIP share scheme, results in a total expense of R10 million.

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36. Share-based payments continued

36.1 Equity-settled share plan – local employees continued

Reconciliation of outstanding LTIP units/shares

	Isabelo		2024 LTIP	2012 LTIP	
	2024	2023	**2024***	**2024**	2023
Outstanding at the beginning of the year (millions)	**51**	51	**–**	**45.3**	19.9
Granted (million)	**–**	–	**49.8**	**–**	25.4
Exercised	**–**	–	**–**	**(13.2)**	–
Outstanding at the end of the year (millions)	**51**	51	**49.8**	**32.1**	45.3
Exercisable units					
Weighted average remaining contractual life in days at year-end					
Average days until fully vested/until expiry (days)	**699**	1 065	**958**	**774**	699
Weighted average prices applicable per transaction type					
Granted (R/unit)	**3.30**	3.30	**1.24**	**2.23**	2.23
Exercised share price (R/unit)	**N/A**	N/A	**N/A**	**1.23**	N/A
Lapsed/cancelled (R/unit)	**3.30**	3.30	**N/A**	**4.99**	N/A
Outstanding (R/unit)	**3.30**	3.30	**1.24**	**3.22**	3.65

* *No comparatives as this LTIP was granted in the current year.*

Detail of LTIP units/shares as at 31 December are:

	Isabelo		2024 LTIP	2012 LTIP	
	2024	2023	**2024***	**2024**	2023
Latest expiry date	**N/A**	N/A	**–**	**–**	–
Exercise price range (R/unit)	**N/A**	N/A	**–**	**–**	–
Number of outstanding units/shares	**50 527 045**	50 527 045	**49 770 713**	**32 090 008**	45 306 804
Total proceeds to employees if exercised immediately** (Rm)	**–**	–	**67**	**43**	74
Total intrinsic value of out-of-the-money options (Rm)	**N/A**	N/A	**–**	**–**	–
ArcelorMittal South Africa closing price at 31 December (R)	**1.34**	1.64	**1.34**	**1.34**	1.64

* *No comparatives as this LTIP was granted in the current year.*
** *Proceeds to employees should all options vest on 31 December.*

36. Share-based payments continued

36.1 Equity-settled share plan – local employees continued

The following table reflects the status of LTIPs for executive directors, prescribed officers and highest paid employees.

	Award date	Number of allocations outstanding at the start of the year	Number of allocations made during the year	Adjustment for units not expected to vest	Number of allocations vested during the year	Number of allocations forfeited during the year	Number of allocations at the end of the year	Present value of invested share units at the end of the year[1] R
Executive directors								
HJ Verster	27/05/2021	1 635 269	–	–	(850 340)	(784 929)	–	–
	02/08/2022	1 059 816	–	(473 384)	–	–	586 432	785 818
	04/09/2023	3 216 390	–	(718 327)	–	–	2 498 063	3 347 404
	18/08/2024	–	5 910 486	–	–	–	5 910 486	7 920 051
		5 911 475	5 910 486	(1 191 711)	(850 340)	(784 929)	8 994 981	12 053 273
GA Griffiths	27/05/2021	180 361	–	–	(108 217)	(72 144)	–	–
	02/08/2022	182 926	–	(40 244)	–	–	142 682	191 194
	04/09/2023	1 465 272	–	(244 212)	–	–	1 221 060	1 636 220
	18/08/2024	–	2 947 133	–	–	–	2 947 133	3 949 158
		1 828 559	2 947 133	(284 456)	(108 217)	(72 144)	4 310 875	5 776 572
Prescribed officers and highest paid employees								
M Adam	27/05/2021	539 058	–	–	(280 310)	(258 748)	–	–
	02/08/2022	354 238	–	(118 079)	–	–	236 159	316 453
	04/09/2023	1 035 967	–	(172 661)	–	–	863 306	1 156 830
	18/08/2024	–	2 366 392	–	–	–	2 366 392	3 170 965
		1 929 263	2 366 392	(290 740)	(280 310)	(258 748)	3 465 857	4 644 248
J Kotze	27/05/2021	384 258	–	–	(199 814)	(184 444)	–	–
	02/08/2022	270 915	–	(90 305)	–	–	180 610	242 017
	04/09/2023	911 136	–	(151 856)	–	–	759 280	1 017 435
	18/08/2024	–	1 716 497	–	–	–	1 716 497	2 300 106
		1 566 309	1 716 497	(242 161)	(199 814)	(184 444)	2 656 387	3 559 558
G Nagpal	27/05/2021	581 819	–	–	(302 546)	(279 273)	–	–
	02/08/2022	489 262	–	(163 087)	–	–	326 175	437 074
	18/08/2024	–	3 718 789	–	–	–	3 718 789	4 983 177
		1 071 081	3 718 789	(163 087)	(302 546)	(279 273)	4 044 964	5 420 251
VA Sampula	04/09/2023	863 230	–	(143 872)	–	–	719 358	963 940
	18/08/2024	–	2 128 896	–	–	–	2 128 896	2 852 721
		863 230	2 128 896	(143 872)	–	–	2 848 254	3 816 661
W Venter	27/05/2021	370 533	–	–	(192 677)	(177 856)	–	–
	02/08/2022	297 597	–	(99 199)	–	–	198 398	265 853
	04/09/2023	870 322	–	(145 054)	–	–	725 268	971 860
	18/08/2024	–	1 639 607	–	–	–	1 639 607	2 197 073
		1 538 452	1 639 607	(244 253)	(192 677)	(177 856)	2 563 273	3 434 786

LTIP shares vest within three years.

[1] *Based on the closing price as at 31 December 2024 of R1.34.*

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36. Share-based payments continued

36.1 Equity-settled share plan – local employees continued

Vested LTIP units for the directors and prescribed officers

	2024* R	2023 R
Executive directors		
HJ Verster	1 062 925	–
GA Griffiths	135 271	–
Sub-total	1 198 196	–
Prescribed officers and highest paid employees		
M Adam	350 388	–
J Kotze	249 768	–
G Nagpal	378 183	–
W Venter	240 846	–
Sub-total	1 219 185	–
Total	2 417 381	–

* *No LTIP units vested during 2023.*

Restricted/performance stock unit plan

The ArcelorMittal group commenced with the restricted/performance stock unit plan in 2011. The stock units are issued for the benefit of senior executives of the group. The restricted stock unit entitles the holder of the unit to receive one ArcelorMittal group share on or after the vesting date of the restricted stock unit, subject to the vesting conditions being met. Restricted stock units vest after three years of continued employment within the group. Performance stock units vest upon continued employment, as well as specific performance conditions being met. This plan replaces the Executive International Mobility Share Option Plan.

	Group and Company	
	December 2024*	December 2023
Number of units outstanding	–	6 500
Units fully vested	–	1 100
Weighted average fair value at grant date (USD/unit)	–	23.74
Average days until fully vested	–	690
Reconciliation of outstanding restricted stock units		
Outstanding at the beginning of the year	–	10 100
Granted	–	1 800
Exercised/expired	–	(5 400)
Outstanding at the end of the year	–	6 500

* *No outstanding restricted stock units as the holder repatriated to country of origin.*

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37. Remuneration of directors and prescribed officers

The following tables summarises the fixed remuneration of executive directors, prescribed officers and highest paid employees for services rendered:

Fixed remuneration

	Cash salary[1] 2024 R	Retirement funding[2] 2024 R	Other[3] 2024 R	Total 2024 R	Total 2023 R
Executive directors					
HJ Verster	10 197 854	628 938	395 219	11 222 011	10 593 200
GA Griffiths[4]	4 361 483	356 404	310 509	5 028 396	3 707 119
SK Mthwethwa[5]	–	–	–	–	652 985
Sub-total	14 559 337	985 342	705 728	16 250 407	14 953 304
Prescribed officers and highest paid employees					
M Adam	3 733 907	309 754	71 807	4 115 468	3 851 597
TS Didiza[6]	–	–	–	–	1 453 988
J Kotze	3 179 806	270 313	179 853	3 629 972	3 906 924
JM Lotter[7]	–	–	–	–	904 573
D Mocke[8]	570 000	30 000	1 922	601 922	–
G Nagpal[9]	4 312 142	357 753	136 571	4 806 466	1 813 193
VA Sampula[10]	3 464 651	182 269	58 559	3 705 479	2 078 551
JF Swart[11]	–	–	–	–	3 482 082
S van Wyk[12]	–	–	–	–	956 648
W Venter	3 112 240	258 204	79 487	3 449 931	3 249 303
Sub-total	18 372 746	1 408 293	528 199	20 309 238	21 696 859
Total	32 932 083	2 393 635	1 233 927	36 559 645	36 650 163

1 *Cash salary includes basic salary (cash component) and acting allowance.*
2 *Consist of Employer contributions towards the Retirement Fund.*
3 *Other includes UIF, COID, monthly leave structuring, leave encashment, travel claims, telephone costs, ad hoc payments, death benefit, employer contribution to medical aid and travel allowance.*
4 *GA Griffiths was appointed interim CFO from 18 July 2023 to 31 March 2024 and appointed as CFO and executive director with effect from 1 April 2024.*
5 *SK Mthethwa appointed as CFO effective 1 June 2023 and resigned 17 July 2023.*
6 *Due to organisational changes, TS Didiza as chief communication officer reports to the chief human resources officer effective 1 September 2023.*
7 *JM Lotter was appointed as interim chief human resources officer effective 1 July 2022 to 31 May 2023.*
8 *D Mocke appointed as chief procurement officer effective 1 November 2024.*
9 *G Nagpal resigned as chief marketing officer on 31 May 2023 and reappointed on 1 January 2024.*
10 *VA Sampula appointed as chief human resources officer effective 1 June 2023.*
11 *JF Swart retired effective 31 August 2023 as chief procurement officer. From 1 September 2023, the acting chief procurement officer reports directly to the interim chief financial officer.*
12 *S van Wyk appointed as interim chief financial officer, effective 1 October 2021 to 31 May 2023.*

Notes to the group and company audited consolidated and separate annual financial statements continued

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37. Remuneration of directors and prescribed officers continued

Employee retention scheme

The following table reflects the employee retention for executive directors, prescribed officers and highest paid employees:

	Total 2024 R	Total 2023 R
Executive directors		
HJ Verster	**1 870 000**	1 700 000
Sub-total	**1 870 000**	1 700 000
Prescribed officers and highest paid employees		
G Nagpal[1]	**1 577 600**	1 493 940
VA Sampula[2]	**818 182**	2 818 182
Sub-total	**2 395 782**	4 312 122
Total	**4 265 782**	6 012 122

1 *G Nagpal resigned as chief marketing officer on 31 May 2023 and reappointed on 1 January 2024.*
2 *VA Sampula appointed as chief human resources officer effective 1 June 2023.*

The following table reflects the non-executive directors' remuneration:

	Directors' fees 2024 R	Committee fees 2024 R	Total remune-ration 2024 R	Total remune-ration 2023 R
Non-executive directors[1]				
BF Mohale	**1 711 704**	**–**	**1 711 704**	1 800 440
AM Thebyane[2]	**96 374**	**167 995**	**264 369**	517 064
LC Cele[3]	**231 296**	**435 144**	**666 440**	485 136
KM Musonda[4]	**–**	**–**	**–**	187 763
G Gouws[5]	**231 296**	**404 147**	**635 443**	495 412
NF Nicolau	**231 296**	**641 530**	**872 826**	859 665
NP Gosa[6]	**96 374**	**83 994**	**180 368**	473 775
D Earp	**231 296**	**559 423**	**790 719**	734 560
Total	**2 829 636**	**2 292 233**	**5 121 869**	5 553 815

1 *Directors' fees include fees paid to directors for services rendered to or on behalf of the company. Payments based on invoices considering rounding differences. There were no increases in directors' fees or meeting fees in 2024.*
2 *AM Thebyane resigned effective 24 May 2024.*
3 *LC Cele appointed as chairperson of HRC effective 23 July 2024.*
4 *M Musonda resigned 25 May 2023.*
5 *G Gouws appointed as chairperson of social and ethics committee effective 23 July 2024.*
6 *NP Gosa resigned effective 24 May 2024.*

38. Wind down of the Longs business

The accounting impact of the Longs business* that is being wound down to a state of care and maintenance is as follows.

Income and expenses

	Total 2024 R	Total 2023 R
Revenue	15 952	17 840
Expenses	(16 618)	(18 857)
Loss from operations before impairment and other expenses	(666)	(1 017)
Impairment	(682)	(1 777)
Wind down cost	(1 131)	–
Loss from operations	(2 479)	(2 794)
Finance income	9	4
Finance costs	(501)	(351)
Loss before taxation	(2 971)	(3 141)
Income taxation expense	–	(45)
Net loss for the year	(2 971)	(3 186)

Assets and liabilities

	Total 2024 R	Total 2023 R
Assets		
Property, plant and equipment	976	1 575
Intangible assets	–	1
Inventories	3 308	3 532
Trade and other receivables	910	1 054
Total assets	5 194	6 162
Liabilities		
Lease liabilities	(51)	(44)
Provisions	(1 272)	(552)
Trade and other payables	(2 550)	(2 400)
Total liabilities	(3 873)	(2 996)

* *The Longs business consists of the Newcastle, Vereeniging and AMRAS plants.*

39. Commitments

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Capital expenditure commitments on property, plant and equipment				
Capital expenditure authorised and contracted for	**742**	723	**735**	721
Capital expenditure authorised but not contracted for	**759**	777	**757**	756
Total	**1 501**	1 500	**1 492**	1 477
Capital expenditure commitments on intangible assets				
Capital expenditure authorised and contracted for	**12**	6	**12**	6
Capital expenditure authorised but not contracted for	**15**	8	**15**	8
Total	**27**	14	**27**	14

Included in the capital commitments above is an amount of R51 million (2023: R581 million) to address emissions at Vanderbijlpark Works over the next two years.

40. Subsequent events

Subsequent to year end, the IDC agreed to an extension of the repayment period and a revised repayment profile of the R1 billion Working Capital Facility received in June 2024, refer note 27. According to the amended terms, as confirmed by the IDC on 20 January 2025, the repayment profile is structured over 20 months with the final payment due on 1 September 2026. The original maturity date of the loan was June 2025 and the outstanding balance is therefore classified as current as at 31 December 2024. Following the amendment an amount of R750 million will be reclassified to non-current borrowings.

The Longs business wind down implementation plan was delayed by approximately one month from end of January to end of February to enable the fulfilment of the higher than anticipated outstanding order book. The extended operations were enabled through funding support of R380 million from the IDC in the form of a shareholder loan for operations at the Newcastle plant per the loan agreement. The loan was formally approved by the board on 4 February 2025. The loan is interest free with no fixed maturity date and repayment is subject to the solvency and liquidity of the Newcastle plant, on such a date and terms as may be agreed between the parties in writing.

On 31 March 2025 the Board approved additional funding of R1 683 million from the IDC to enable extension of the Longs business operations from 1 March 2025 to 31 August 2025. The IDC facility is interest free with no fixed maturity date. The repayment is subject to agreement between the parties and conditional on Longs business generating positive EBITDA, having available Free Cash Flow, and being subject to solvency and liquidity. This facility, together with the R380 million loan, is subordinated to debts or payment obligations or claims of all the company's other creditors, including its lenders (save in respect of subordinated shareholder's loans). The company has also received a Temporary Employee Relief Scheme (TERS) grant to assist in funding employee costs relating to the Longs business and has undertaken to apply TERS funding to reduce the draw down required against the IDC facility.

The directors are not aware of any other material matters or circumstances arising since 31 December 2024 to the date of this report that would significantly affect the operations, the results or financial position of the group.

41. Going concern

As a result of the very challenging trading environment, the group and company recognised a net loss after taxation of R5 837 million and R5 441 million, respectively, for the 2024 financial year. The net loss is after impairment of the Newcastle plant's property, plant and equipment of R682 million relating to the wind down of the LSP (Longs business) cash-generating unit (CGU) which had no cash flow impact, as disclosed in note 7, note 14 and note 38.

The current assets of the group and company exceed current liabilities by R680 million and R761 million respectively as at 31 December 2024 (31 December 2023: Current assets exceed current liabilities by R3 267 million and R3 166 million, respectively). The cash preservation initiatives and working capital management deployed resulted in the group and company respectively generating R1 029 million (31 December 2023: R1 681 million) and R1 286 million (31 December 2023: R1 911 million) positive cash flow from operations with cash, bank balances and restricted cash being R3 594 million for the group and R3 504 million for the company at year end (31 December 2023: R3 485 million and R3 389 million respectively). Subsequent to year-end, the IDC loan maturity date was extended from June 2025 to September 2026 and the repayment profile restructured such that an amount of R750 million will be reclassified to non-current liabilities, refer note 40. Net borrowings increased to R5 111 million (31 December 2023: R3 215 million) for the group and R5 201 million (31 December 2023: R3 311 million) for the company.

The group currently has a number of high-yield projects and long-term initiatives, in different stages of implementation, that will contribute to the group and company's shift to sustainable profitability. These include but are not limited to:

- The Hydrogen DRI (direct reduced iron) project at the Saldanha Steel plant, whereby the existing Midrex DR (direct reduction) plant will be utilised to produce hydrogen-based DRI by 2028/29.
- Beneficiation of existing stockpiles and extraction of iron at the slime dams of Thabazimbi mine with improved technology as well as recommencing the mining of iron ore reserves at the mine.
- Joint venture initiatives in the local rail industry whereby the AMRAS CGU will service the main rail infrastructure of the country by supplying rail product that is currently being imported.
- Renewable energy projects to be constructed on the group and company's vacant land in different locations.

The group and company complied with all covenants as it pertains to the BBF. The balance of the BBF was R2 700 million at year end (31 December 2023: R3 000 million). The loan is currently classified as a current liability, however, the final maturity date is only in September 2026 and therefore not fully payable within 12 months after year-end, refer to note 27 for detail. The group and company continue to work closely with all lenders to ensure the required facilities remains in place, while being fully cognisant that the wind down of the Longs business will impact the level of the borrowing base (ie asset securitisation) supporting the maximum facility amount.

ArcelorMittal Holdings AG, as holding company, continues to demonstrate support through its subordinated Shareholder's loan in favour of the lenders of the BBF. During the current year, the ArcelorMittal group enabled the capitalisation of R1 355 million worth of interest and fees, payable to the holding company, to the shareholder's loan and it was agreed by the holding company to subordinate the full balance of the outstanding loan, being R5 055 million as at 31 December 2024 (31 December 2023: R2 700 million).

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. Assertive working capital management, monetisation of non-core assets together with cost reductions projects are key initiatives to optimise the liquidity and cash of the group and company.

Shareholders are advised that the group and company's financial performance is dependent upon the wider economic environment in which the group and company 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 to effectively deal with the effects of these factors.

Based on the group and company'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 and company have sufficient funds to pay debts as they become due over the next 12 months, and therefore will remain a going concern.

Corporate information

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A copy of the ArcelorMittal South Africa Annual Financial Statements can be requested by sending an email to: **Veronique.Fernandes@arcelormittal.com**

Bastion

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