

# **ArcelorMittal Liberia Holdings Limited**

## **Report and financial statements for the year ended 31 December 2023**

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# ArcelorMittal Liberia Holdings Limited

## Board of Directors and other officers

### Board of Directors

Ram Chandra Saraf	- Appointed on 26 <sup>th</sup> November 2010
Themis Themistocleous	- Appointed on 13 <sup>th</sup> November 2014
Eleni Ierodiakonou	- Appointed on 13 <sup>th</sup> November 2014
Johannes Heystek	- Appointed on 4 <sup>th</sup> December 2018
Paul Glyn Jackson	- Appointed on 18 <sup>th</sup> October 2019
Joseph Mathew	- Appointed on 28 December 2021
Mark Andrianus Dingeman Van Dongen	- Appointed on 14 <sup>th</sup> April 2021 and resigned on 3 <sup>rd</sup> March 2022
Petrus Stephanus Buys	- Appointed on 18 <sup>th</sup> October 2021 and resigned on 26 <sup>th</sup> April 2024
Thomas S Grupee	- Appointed on 10 <sup>th</sup> December 2021 and resigned on 22 <sup>nd</sup> July 2024
Francis Korkpor	- Appointed on 2 <sup>nd</sup> August 2023
Sergey Ippolitov	- Appointed on 3 <sup>rd</sup> March 2022
Kleber De Souza E Silva	- Appointed on 26 <sup>th</sup> April 2024
Doris Younger Wilson	- Appointed on 22 <sup>nd</sup> July 2024

### Company Secretary

PricewaterhouseCoopers Associates Limited  
PwC Central  
43 Demostheni Severi Avenue,  
CY-1080 Nicosia  
Cyprus

### Independent Auditors

Ernst & Young Cyprus Ltd  
Certified Public Accountants and Registered Auditors  
10, Esperidon Street, P.O. Box 21656  
1087 Nicosia, Cyprus

### Registered office

Kyriakou Matsi ,46  
Office 101,  
1082 Nicosia  
Cyprus

### Registration number

HE163905

# ArcelorMittal Liberia Holdings Limited

## Report of the Board of Directors

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2023.

### Principal activities

The Company's principal activities are mining, milling, concentrating, converting, port and rail operations, shipping, preparing for market, manufacturing, buying, selling, exchanging, producing and dealing in all kinds of ores, metals, and minerals within the Republic of Liberia.

### Review of current position, future developments and performance of the Company's business

The mining operation in Liberia is currently split in two phases. Phase 1 relates to ongoing operation of production and shipment of Direct Shipped Ore ("DSO"), and Phase 2 consists of the development of a concentrator plant for processing lower grade ore which requires beneficiation, and enhancement of the existing infrastructure to increase transport and shipment capacity. As explained below the development of phase 2 was suspended in 2015 however, the company has restarted construction of a concentrator and associated infrastructure of Phase 2. Project commissioning is ongoing with most procurement and civil works completed in 2024 (with minor areas still to be concluded) and structural, mechanical, piping and platework well progressed. The Company is now planning to recommence the phase 2 expansion through leveraging the existing infrastructure to further develop the iron ore resource.

#### *Phase 1*

During the year ended 31 December 2023 the Company shipped 3.59 million tonnes (2022: 4.56 million tonnes) of DSO, generating revenue of US\$ 256,440,872 (2022: US\$ 312,068,902). ArcelorMittal Liberia has been operating at 5 million tonnes of direct shipping ore ("DSO") since 2011 (Phase 1)

#### *Phase 2*

The capital expenditure required to conclude the project is forecasted at US\$ 1.8 billion (previously US\$ 1.4 billion). The revised cost forecast reflects an increased production volume from 15 million tonnes per annum to 20 million tonnes per annum, reflecting a multiple product approach (DSO, sinter feed and concentrate) following a revised mining plan and additional investment in material handling, port infrastructure, covered stockpile and power generation. First concentrate was produced during commissioning activities in the fourth quarter of 2024, with commissioning targeted in third quarter of 2025 and full project completion and capacity ramp-up expected in the fourth quarter of 2025.

The accumulated capital expenditure relating to Phase 2 up to 31 December 2016 was US\$ 871,517,886 which was impaired in prior years (Note 11 and 24). During the year 2023 the company has made additional capital expenditure(gross) of US\$ 374,197,719 (2022: US\$ 179,816,432) for development of Phase 2.

### Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 2, 3 and 4 of the financial statements.

For further developments regarding the current operating environment and the impact of Covid-19 pandemic, refer to Note 1 to the financial statements.

# ArcelorMittal Liberia Holdings Limited

## Report of the Board of Directors (continued)

### Going concern

The financial statements have been prepared on a going concern basis. In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company, refer to note 2.

### Operating and Net results

The Company's financial results for the year are detailed on page 8. During the year company has generated gross profit of US\$ 173,866,605 (2022 US\$ 232,855,678). The net loss for the year was US\$ 73,154,934 (Profit 2022: US\$ 41,337,609). As of December 31, 2023, the Company's total assets stood at US\$ 1,197,125,865 (2022 US\$ 848,437,993). However, The Company had a net liability position of US\$ 946,830,316 as of December 31, 2023 (2022: US\$ 973,675,382).

### Dividends

The Board of Directors does not recommend the payment of dividend for the year ended 31 December 2023.

### Share capital

During the year, the Company has issued a further 100,000,000 ordinary shares at nominal value US\$1 for a total of US\$ US\$ 100,000,000 and in previous year 2022 company has issued ordinary shares at nominal value US\$ 1 for a total of US\$ 300,000,000. Total share capital as on December 31, 2023, was US\$ 659,010,000 (2022: 559,010,000)

### Events after the reporting date

All significant events after the reporting date are disclosed in note 25 of the Financial Statements.

### Branches

During the year, the Company did not operate any branches. The Company has a permanent establishment in the Republic of Liberia.

The Company is a party to the operating agreement signed with ArcelorMittal Liberia Limited, incorporated in Liberia, which is a wholly owned subsidiary of the Company. In accordance with the terms of the operating agreement, ArcelorMittal Liberia Limited acts on behalf of the Company as an independent contractor in connection with the conduct of the operations in the Republic of Liberia, in accordance with the provisions of the Mineral Development Agreement (“MDA”).

### Independent auditors

The Independent Auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### By Order of the Board

  
Themis Themistocleous  
Director  
31<sup>st</sup> July 2025



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1087 Nicosia  
P.O. Box 21656  
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## **Independent Auditor's Report**

### **To the Members of ArcelorMittal Liberia Holdings Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of ArcelorMittal Liberia Holdings Limited (the "Company"), which are presented in pages 6 to 63 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the Management Report and Additional information to the Statement of Profit or loss and Other Comprehensive Income, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.



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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of 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.

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion based on the work undertaken in the course of our audit, the Management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report, we have nothing to report in this regard.

### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Katerina Mina  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
Ernst & Young Cyprus Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 4 August 2025

# ArcelorMittal Liberia Holdings Limited

## Statement of Profit or loss and Other Comprehensive Income for the year ended 31 December 2023

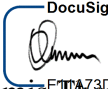
	Note	31.12.2023 US\$	31.12.2022 US\$
Revenue	5	256,440,872	312,068,902
Cost of sales	6	(82,574,267)	(79,213,224)
<b>Gross profit</b>		<b>173,866,605</b>	<b>232,855,678</b>
Administrative, selling and distribution expenses	6	(69,816,644)	(71,297,644)
<b>Operating profit</b>		<b>104,049,961</b>	<b>161,558,034</b>
Other income	8	2,234,228	25,413,899
Finance cost (net)	9	(179,439,123)	(145,634,324)
<b>(Loss) / profit before tax</b>		<b>(73,154,934)</b>	<b>41,337,609</b>
Income tax expense	10(a)	-	-
<b>(Loss) / profit for the year</b>		<b>(73,154,934)</b>	<b>41,337,609</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (Loss) / Profit for the year</b>		<b>(73,154,934)</b>	<b>41,337,609</b>

# ArcelorMittal Liberia Holdings Limited

## Statement of Financial Position as at 31 December 2023

	Note	31.12.2023 US\$	31.12.2022 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	11	775,610,516	310,658,203
Intangible assets	12	45,033,753	28,244,159
Investment in subsidiary	13	100	100
Inventory	14	114,013,677	92,169,819
<b>Total non-current assets</b>		<b>934,658,046</b>	<b>431,072,281</b>
<b>Current assets</b>			
Inventory	14	55,186,322	35,570,639
Trade and other receivables	16	207,281,497	381,795,073
<b>Total current assets</b>		<b>262,467,819</b>	<b>417,365,712</b>
<b>Total assets</b>		<b>1,197,125,865</b>	<b>848,437,993</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	17	659,010,000	559,010,000
Accumulated losses and other reserves		(1,643,218,839)	(1,570,063,905)
Shareholders' contribution	15	37,378,523	37,378,523
<b>Total shareholders' equity</b>		<b>(946,830,316)</b>	<b>(973,675,382)</b>
<b>Non-current liabilities</b>			
Provisions	19	20,142,885	22,176,578
Loans payable	20	1,479,439,661	1,354,439,661
<b>Total non-current liabilities</b>		<b>1,499,582,546</b>	<b>1,376,616,239</b>
<b>Current Liabilities</b>			
Trade and other payables	18	601,917,990	404,838,359
Taxation	10	27,421,069	17,722,451
Provisions	19	15,034,576	22,936,326
<b>Total current liabilities</b>		<b>644,373,635</b>	<b>445,497,136</b>
<b>Total equity and liabilities</b>		<b>1,197,125,865</b>	<b>848,437,993</b>

On 31<sup>st</sup> July, 2025 the Board of Directors of ArcelorMittal Liberia Holdings Limited authorized these financial statements for issue.

DocuSigned by:  
  
 Themis Themistocleous  
 Director

Signed by:  
  
 Eleni Ierodiakonou  
 Director

The notes on pages 11 to 63 are an integral part of these financial statements.



# ArcelorMittal Liberia Holdings Limited

## Statement of Changes in Equity for the year ended 31 December 2023

	Share capital US\$	Share Issue costs US\$	Shareholder's Contribution US\$	Accumulated losses US\$	Total US\$
<b>At 1 January 2022</b>	<b>259,010,000</b>	<b>(1,237,274)</b>	<b>37,378,523</b>	<b>(1,610,164,240)</b>	<b>(1,315,012,991)</b>
Increase in Share capital during the year	300,000,000	-	-	-	300,000,000
Total comprehensive profit for the year	-	-	-	41,337,609	41,337,609
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>559,010,000</b>	<b>(1,237,274)</b>	<b>37,378,523</b>	<b>(1,568,826,631)</b>	<b>(973,675,382)</b>
Increase in Share capital during the year	100,000,000	-	-	-	100,000,000
Total comprehensive profit for the year	-	-	-	(73,154,934)	(73,154,934)
<b>Balance at 31 December 2023</b>	<b>659,010,000</b>	<b>(1,237,274)</b>	<b>37,378,523</b>	<b>(1,641,981,565)</b>	<b>(946,830,316)</b>

The notes on pages 11 to 63 are an integral part of these financial statements.

# ArcelorMittal Liberia Holdings Limited

## Statement of Cash Flows for the year ended 31 December 2023

	Note	31.12.2023 US\$	31.12.2022 US\$
<b><u>Cash flows from operating activities</u></b>			
Profit/ (loss) after tax		(73,357,049)	41,337,609
Adjustments for:			
Depreciation of property, plant and equipment	11	16,965,572	13,992,860
Interest expense (including unwinding)	9	180,630,971	145,842,251
Assets W/off- Disposal	11(b)	-	237,200
Reassessment of provision	8	(2,189,060)	(16,338,610)
Reversal of excess provision	8	-	(9,075,289)
<b>Cash flows used in operations before working capital changes</b>		<b>122,050,434</b>	<b>175,996,021</b>
<b><u>Changes in working capital:</u></b>			
(Increase)/Decrease in inventories	14	(41,459,541)	(41,957,398)
(Increase)/Decrease in trade receivables	16	174,513,576	(275,059,512)
Increase/(decrease) in trade payable	18	16,448,660	74,932,815
Increase in provisions (net)	19	1,952,236	(11,163,036)
<b>Cash generated from operating activities</b>		<b>273,505,364</b>	<b>(77,251,110)</b>
Tax (paid)/ refunded		-	-
<b>Net cash generated from/ (used in) operating activities</b>		<b>273,505,364</b>	<b>(77,251,110)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of tangible assets	11	(498,505,364)	(222,748,890)
<b>Net cash used in investing activities</b>		<b>(498,505,364)</b>	<b>(222,748,890)</b>
<b><u>Cash flows from financing activities</u></b>			
Increase in Share capital	17	100,000,000	300,000,000
Loan addition from related parties	20	125,000,000	-
<b>Net cash generated from financing activities</b>		<b>225,000,000</b>	<b>300,000,000</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>		<b>-</b>	<b>-</b>

The notes on pages 11 to 63 are an integral part of these financial statements.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability Company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

#### Principal activities

The Company's principal activities are mining, milling, concentrating, converting, port and rail operations, shipping, preparing for market, manufacturing, buying, selling, exchanging, producing and dealing in all kind of iron ores, metals, and minerals within the Republic of Liberia.

The Company has a permanent establishment in the Republic of Liberia. The Company, through a signed Mineral Development Agreement ("MDA") with the Government of Liberia, obtained the right and license to conduct exploration, development, production and marketing of Iron Ore and associated minerals and products, and rehabilitation of the associated infrastructure in the specific area for a period of 25 years starting from September 2005, that can be extended for an additional 25 years.

In addition, the Company entered into an operating agreement with ArcelorMittal Liberia Limited (AML), the Company's wholly owned subsidiary, whereby ArcelorMittal Liberia Limited acts on behalf of the Company as an independent contractor in connection with the conduct of the operations in the Republic of Liberia, in accordance with the provisions of the MDA.

AML has three deposits located approximately 300 kilometers northeast of Monrovia, Liberia. These three deposits are grouped under the name "Western Range Project", which includes the Tokadeh, Gangra and Yuelliton deposits. In addition to the rights to explore and mine iron ore, the Government of Liberia ("GOL") has granted the right to develop, use, operate and maintain the Buchanan to Yekepa railroad and the Buchanan port. A phased approach has been taken to establish the final project configuration. Currently only high-grade ore reserves of oxidized iron ore (DSO) are mined. This ore only requires crushing and screening to make it suitable for export. The materials-handling operation consists of stockyards at both the mine and port areas, linked by a 250-kilometer single track railway running from Tokadeh to the port of Buchanan. Production in 2023 was at 3.54 million tonnes (2022: 4.43 million tonnes). The mining operation in Liberia is currently split in two phases. Phase 1 relates to the development of the necessary infrastructure for the production and shipment of Direct Shipped Ore ("DSO") and Phase 2 which relates to the enhancement of the existing infrastructure and the development of new infrastructure in order to enable the Company to produce and process lower grade iron ore, and increase the volume of shipments.

The Nimba Itabirites is a 250 to 450-meter-thick recrystallized iron formation. Although the iron deposit at Tokadeh, Gangra and Yuelliton fit the general definition of Itabirite as laminated metamorphosed oxide-facies iron formation, they are of lower iron grade than the ore previously mined at Mount Nimba Tropical weathering has caused the decomposition of the rock forming minerals resulting in enrichment in the iron content that is sufficient to support a DSO operation.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 1 General information (continued)

#### Principal activities (continued)

##### *Phase 1*

During the year ended 31 December 2023 the Company shipped 3.59 million tonnes (2022: 4.56 million tonnes) of DSO, generating revenue of US\$ 256,440,872 (2022: US\$ 312,068,902).

##### *Phase 2*

The capital expenditure required to conclude the project is forecasted at US\$ 1.8 billion (previously US\$ 1.4 billion). The revised cost forecast reflects an increased production volume from 15 million tonnes per annum to 20 million tonnes per annum, reflecting a multiple product approach (DSO, sinter feed and concentrate) following a revised mining plan and additional investment in material handling, port infrastructure, covered stockpile and power generation. First concentrate was produced during commissioning activities in the fourth quarter of 2024, with commissioning targeted in third quarter of 2025 and full project completion and capacity ramp-up expected in the fourth quarter of 2025.

The accumulated capital expenditure relating to Phase 2 up to 31 December 2015 was US\$ 871,517,886 which was impaired in prior years (Note 11 and 24). During the year 2023 the company has made additional capital expenditure (gross) of US\$ 374,197,719 (2022: US\$ 179,816,432) for development of Phase 2.

#### Operating environment in Liberia

##### Production of direct shipping ore (“DSO”)

Production of direct shipping ore (“DSO”) in 2023 was 3.54 million tonnes (2022: 4.43 million tonnes). In the current DSO phase, significant cost reductions and re-structuring has continued to ensure competitiveness at current prices whilst drilling for DSO resource extension is ongoing.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 1 General information (continued)

#### Principal activities (continued)

##### Covid-19 Pandemic Update

As of 31 December 2023, the Covid-19 pandemic continued to impact the economy. However, management consider the existing levels of the commodities prices and the current liquidity position of the company to mitigate any potential financial risk linked to the Covid-19 pandemic. Management has considered the unique circumstances and the risk exposure of the company and has concluded that there is no impact in the company's profitability position. COVID-19 did not have an immediate material impact on the business operations.

The Management of the company and the Group believes that it is taking all the necessary measures to maintain the viability of the company and the development of its business in the current business and economic environment. Management will continue to monitor the situation closely and will assess the need for further action.

### 2 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### Basis of preparation

The financial statements of ArcelorMittal Liberia Holdings Limited have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Going concern

During year 2023 the Company suffered a net Loss of US\$ 73,154,934 (2022 Net Profit of: US\$ 41,337,609) and as at 31 December 2023 its current liabilities exceeds its current Assets by US\$ 381,905,816 (2022: 28,131,426) and its total liabilities exceed its total assets by US\$ 946,830,316 as on December 31, 2023 (December 2022 US\$ 973,675,382). The Company is dependent upon the continuing financial support of its ultimate parent company without which there would be significant doubt about its ability to continue as a going concern. The ultimate parent company has indicated its intention to continue providing such financial assistance to the company to enable it to continue as a going concern and to meet its obligations as they fall due.

The financial statements continue to be prepared on a going concern basis. In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company.

For the reasons set out below, the Directors consider that the Company will continue as a going concern and that the financial statements are appropriately prepared on this basis:

- the Directors have considered the present policy of the parent entity in providing continuing support to the Company to meet its operating costs and financial obligations for the foreseeable future, which is not less than twelve months from the date of the report. Post year-end, the shareholder continues to provide the financial support required by the Company as is also described in Note 20 and 25.
- the Directors also noted that US\$ 1,915,265,418 out of the total liabilities of the Company as at 31 December 2023 (2022: US\$1,622,445,952) relate to amounts due to the ultimate parent company pertaining to loan and interest accrued. It is an established practice that the maturities of borrowings and payables to group entities are regularly extended until the liquidity position of the borrowers allows settlement. Maturity of loan is extended until 15<sup>th</sup> December, 2027, refer to Note 20 for further details.
- The financial performance of the Company continues to show significant improvement in the subsequent period, noting an increase in sales volumes and long-term stability in the prices
- There is no intention to liquidate the Company.

Refer to Note 1 and 25 for further details.

# **ArcelorMittal Liberia Holdings Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2023**

### **2 Summary of material accounting policy information (continued)**

#### **Consolidated financial statements**

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS 10 Consolidated Financial Statements, has been used. The Company's ultimate parent company is ArcelorMittal SA, a company registered in Luxembourg, and its results are consolidated in the financial statements of the ultimate parent company for the year.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements since ArcelorMittal SA publishes consolidated financial statements in accordance with International Financial Reporting Standards. The consolidated financial statements, prepared by ultimate parent company ArcelorMittal SA, can be obtained from the Groups official website [www.corporate.arcelormittal.com/](http://www.corporate.arcelormittal.com/).

Users of these financial statements should read them in conjunction with the ArcelorMittal SA consolidated financial statements to obtain a better understanding of the group's performance and financial position.

#### **Adoption of new and revised International Financial Reporting Standards**

In the current year, the Company has adopted all of the new and revised IFRS Accounting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2023. The adoption of these Standards did not have a material effect on the accounting policies of the Company.

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements of previous year. Several other amendments and interpretations apply for the first time in 2023 but do not have a significant impact on the financial statements of the Company for the year ended 31 December 2023.

#### **Standards issued but not yet effective**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Revenue recognition

##### *Revenue from contracts with customers*

The Company is principally engaged in the business of producing iron ore. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue contracts because it controls the goods or services before transferring them to the customer.

##### *(a) Iron ore (DSO) sales*

For most iron ore sales, the enforceable contract is each purchase order, which is an individual, short-term contract. The Company's ore sales are sold mostly under FOB Incoterms, where the Company has no responsibility for freight or insurance once control of the products has passed at the loading port. For arrangements which have these Incoterms, the only performance obligations are the provision of the product at the point where control passes (ie: delivery of the ore).

The majority of the Company's sales of ore allow for price adjustments based on the market price at the end of the relevant QP stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and three months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the ore is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price or expected market price as the case may be as well as corresponding trade receivable is recognised.

For these provisional pricing arrangements, any future changes that occur over the QP are included within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised as part of revenue in the statement of profit or loss and other comprehensive income each period and disclosed separately from revenue from contracts with customers as part of 'Fair value gains/losses on provisionally priced trade receivables'. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices or expected market price for iron ore as well as taking other relevant fair value considerations as set out in IFRS 13, into account, including interest rate and credit risk adjustments.



# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Revenue recognition (continued)

Final settlement is based on quantities adjusted as required following the inspection of the product by the customer as well as applicable commodity prices. IFRS 15 requires that variable consideration should only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As the adjustments relating to the final assay results for the quantity and quality of concentrate sold are not significant, they do not constrain the recognition of revenue.

#### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Company does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### Foreign currency translation

##### (a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

##### (b) 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 recognized in the statement of comprehensive income.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

#### Share capital

Ordinary shares are classified as equity. The issued share capital is recognized on its nominal value. The difference between the fair value of the consideration received from the Company and the nominal value of the share capital is recorded in the share premium reserve.

#### Share issue costs

Costs directly attributable to the issue of share capital of the Company, including underwriting and selling commissions, are written off in equity in the accounting year in which they are incurred.

#### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are few similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in the statement of profit or loss and other comprehensive income, except when the mine is in the exploration and evaluation phase or the development phase and the interest is capitalized as part of the costs of the mine and amortized over the units of production when the mine becomes productive.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Mineral exploration evaluation and development expenditure

##### *(a) Exploration and evaluation (“E&E”)*

The costs of exploration and evaluation of mineral resources include the costs in prospecting, acquiring mineral rights to explore, geological and geophysical studies and other direct costs of exploration, and appraisal, including directly related overheads.

E&E costs are initially capitalized as exploration and evaluation assets and are not amortized until the existence (or otherwise) of commercial reserves, which constitute proved reserves, has been determined. Upon discovery of commercial reserves, the related capitalized costs are assessed for impairment and any impairment loss is recognized in the statement of comprehensive income. The remaining carrying value of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment or mine properties. Costs associated with general corporate activities, however, are expensed in the period incurred.

E&E assets are assessed for impairment when facts and circumstances indicate that the carrying amounts may exceed the recoverable amounts. The expected recoverable amount is determined by reference to the present value of the future net cash flows expected to be derived from the production of commercial reserves. The remaining carrying amount of relevant E&E assets is reclassified as development and production assets within property, plant and equipment or mine properties. Any impairment loss is recognized in the statement of comprehensive income and it is separately disclosed.

##### *(b) Development and production*

Development and production assets include the E&E costs as described above together with the costs to develop the commercial reserves discovered and to bring them into production. All expenditures will be depleted from the commencement of production on a unit-of-production or straight-line basis in accordance with the useful lives of the assets.

##### *Stripping Cost*

In iron ore mining, stripping activity is a continuous process. Cost related to stripping is charged to the statement of comprehensive income during the respective period.

In production, stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within deferred mining costs provided all the following conditions are met:

- i. it is probable that the future economic benefit associated with the stripping activity will be realised;
- ii. the component of the ore body for which access has been improved can be identified and;
- iii. the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the income statement as they are incurred.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Mineral exploration evaluation and development expenditure (continued)

##### *(b) Development and production (continued)*

###### *Construction contracts*

Work in progress from construction contracts comprise of construction costs, which include raw materials, direct labor cost, depreciation of plant and equipment, other direct costs and, for qualifying assets, it also includes the relevant borrowing costs.

The costs of construction contracts that are under suspension/termination are capitalized when the contractors' claims can be measured and assessed reliably.

Contractor claims for contracts that are under negotiations for settlement, and mainly relate to extension of time, variations in contract work and variations in price, are capitalized only when negotiations have reached a stage such that it is probable that the Company will accept the claim and the amount of the claim can be measured reliably. These estimates are subjective to the management of the Company and are subject to change depending on the progress of the negotiations for final settlement.

In addition, certain costs relating to the demobilization of the contractor personnel and its equipment are expensed as incurred since they do not offer any expected benefit to the Company.

When events and circumstances arising during the development or production phase indicate that the carrying amount of a development or production asset may exceed its recoverable amount an impairment test is performed. The aggregate carrying amount is compared to the expected recoverable amount of the cash generating unit. The expected recoverable amount is determined by present valuing the future net cash flows expected to be derived from the production of commercial reserves.

##### *(c) Property, plant and equipment and mine properties*

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets it also includes the relevant borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases, and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, mine development or mineable reserve development.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Mineral exploration evaluation and development expenditure (continued)

##### *(d) Depreciation/ amortization*

Accumulated mine development costs are depreciated/ amortized on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines (ROM) costs is tonne of ore. Rights and concessions are depleted on the unit-of-production basis over the total reserves of the relevant area. The unit-of-production rate for the depreciation/ amortization of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. The premium paid in excess of the intrinsic value of land to gain access is amortized over the life of the mine. Stripping is a continuous development for mining of marketable iron ore, cost related to stripping charged to cost in the same month.

The current annual depreciation/ amortization rates are:

Buildings	Over 19 years
Furniture fixtures, office equipment and vehicles	40%
Port	Units of Production
Railway infrastructure	Units of Production
Railway equipment	20%
Mine infrastructure	Units of Production
Mine equipment	20%
Infrastructure	Over 19 years or Units of Production
Mining interest concessions	Units of Production
Computer software	40%

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized. The assets' residual value, useful lives and methods of depreciation/ amortization are reviewed at each reporting period, and adjusted prospectively if appropriate.

##### *(e) Decommissioning/rehabilitation liability*

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is adjusted by the change in present value based on the

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### *(e) Decommissioning/rehabilitation liability (continued)*

discount rates that reflect current market assessments and the risks specific to the liability. The periodic rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

#### **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Financial assets and liabilities**

##### ***Classification***

The Company classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.
- those to be measured subsequently at fair value through OCI, and.
- those to be measured subsequently at fair value through profit or loss.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ('SPPI')

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### **Financial assets and liabilities (continued)**

on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### ***Amortised cost***

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Impairment losses are presented as separate line item in the statement of profit or loss.

The Company's financial assets at amortised cost include receivables (other than trade receivables which are measured at fair value through profit and loss) and cash and cash equivalents.

#### ***Fair value through other comprehensive income***

Financial assets which are debt instruments, that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### Financial assets and liabilities (continued)

##### *Fair value through other comprehensive income (continued)*

At transition to IFRS 9, the Company had certain financial asset that were accounted for as debt instruments at fair value through other comprehensive income; however, at the reporting date, no such assets existed.

##### *Equity instruments designated as fair value through other comprehensive income*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

##### *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

##### *Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (other than trade receivables which are measured at FVPL), the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### *Hedge accounting*

The Company does not apply hedge accounting.

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand and in bank including deposits held at call with banks, with a maturity of less than 3 months.

#### *Trade and other payables*

Trade and other payables are classified and measured at amortized cost using the effective interest rate method. Finance costs are recognized by applying the effective interest rate, except in the case of short-term payables when the recognition of interest would be immaterial.

#### *Derecognition of financial assets and liabilities*

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

# **ArcelorMittal Liberia Holdings Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2023**

### **2 Summary of material accounting policy information (continued)**

#### **Interest-bearing loans and borrowings**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

#### **Financial liabilities and trade payables**

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 2 Summary of material accounting policy information (continued)

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets over the duration of the period until such time as the assets are substantially ready for their intended use.

All other borrowing costs are expensed.

#### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **Inventories**

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Costs of production of in-process and finished goods include the conversion costs, such as direct labour, and an allocation of fixed and variable production overheads. In accordance with IAS 2 “Inventories”, interest charges, if any on purchases have been recorded as financing costs. Net realizable value represents the estimated selling price at which the inventories can be realized 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 capitalized as inventories based on normal capacity with the remaining costs incurred recorded as a component of cost of sales in the statement of comprehensive income.

Stockpiles represent ore that has been extracted and is available for further processing. High Grade Iron Ore (Direct Shipped Ore “DSO”) usually does not require further processing and is classified as current asset. If the iron ore inventory will not be processed within the 12 months after the statement of financial position date it is included within non-current assets at the lower of cost or net realizable value, and the net realizable value is calculated on a discounted cash flow basis. The inventory that is classified as non-current relates to Low Grade Iron Ore inventory for which further processing is required before being ready for shipment. Quantities are assessed primarily through surveys and assays. Consumables (materials and supplies) are valued at the lower of cost or net realizable value. Obsolete, redundant and slow moving inventories are identified and written down to net realisable value.

#### **Comparative amounts**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management

#### (a) Financial risk factors

The Company's activities expose it to interest rate risk, credit risk, liquidity risk, currency risk, capital management risk, risks relating to the global economy and the steel industry and mining risks. The risk management policies employed by the Company to manage these risks are discussed below:

##### (i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2023	2022
	US\$	US\$
<b>Variable rate instruments</b>		
Financial liabilities	1,479,439,661	1,354,439,661
	<b>1,479,439,661</b>	<b>1,354,439,661</b>

##### Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Profit and Loss	
	2023	2022
	US\$	US\$
Variable rate instruments	(14,794,397)	(13,544,397)

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management (continued)

#### (ii) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the statement of financial position date. Credit risk arises from loans and other balances receivable from related parties, trade and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	2023	2022
	US\$	US\$
Receivables from related parties	<b>39,771,304</b>	254,986,966
Advances and prepayments	<b>167,473,983</b>	126,771,897
Other receivables	<b>36,210</b>	36,210
	<b>207,281,497</b>	381,795,073

Advances and prepayments mainly relate to payments made in relation to certain contracts that might be subject to credit risk depending on the credit worthiness of the contractor.

#### (iii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses by monitoring its liquidity needs through maintaining highly liquid current assets and by obtaining additional funding from the parent company, adjusting the repayment schedules or both.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The majority of current liabilities are due to related companies within the Group (Note 18 & 20). Refer to Notes 2 and 20 for details on financial support from the parent and details on loans.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management (continued)

#### (iv) Liquidity risk (continued)

31-Dec-23	Carrying Amounts US\$	Contractual cash flows US\$	3 months or Less US\$	Between 3 and 12 months US\$	Between 1 and 2 Years US\$	Between 2 and 5 Years US\$	More than 5 Years US\$
Trade and other payables	160,894,192	160,894,192	160,894,192	-	-	-	-
Payables to related parties	441,023,798	441,023,798	5,198,041	435,825,757	-	-	-
Withholding Tax Liability	27,421,069	27,421,069	-	27,421,069	-	-	-
Loans payable to related parties	1,479,439,661	1,479,439,661	-	-	-	1,479,439,661	-
	<b>2,108,778,720</b>	<b>2,108,778,720</b>	<b>166,092,233</b>	<b>463,246,826</b>	<b>-</b>	<b>1,479,439,661</b>	<b>-</b>

31-Dec-2022	Carrying Amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3 and 12 months US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	More than 5 years US\$
Trade and other payables	133,009,563	133,009,563	133,009,563	-	-	-	-
Payables to related parties	271,828,796	271,828,796	3,822,506	268,006,290	-	-	-
Withholding Tax Liability	17,722,451	17,722,451	-	17,722,451	-	-	-
Loans payable to related parties	1,354,439,661	1,354,439,661	-	-	-	-	1,354,439,661
	<b>1,777,000,471</b>	<b>1,777,000,471</b>	<b>136,832,069</b>	<b>285,728,741</b>	<b>-</b>	<b>-</b>	<b>1,354,439,661</b>

#### (v) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, Canadian Dollar, Australian Dollar, South African Rand and British Pounds.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The nature and extent of the currency risk is being analysed by the Board of Directors of the Company on a continuous basis. The Company takes measures to mitigate currency risk in relation to short- term transactions.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management (continued)

#### (iv) Currency risk (continued)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Euro	1,064,332	444,027	-	-
CHF	-	4,345	-	-
British pound	964,715	1,809,092	-	-
Australian dollar	878	-	-	-
	<b>2,029,925</b>	<b>2,257,464</b>	<b>-</b>	<b>-</b>

#### *Sensitivity analysis*

A 10% strengthening of the US\$ against the following currencies at 31 December 2023 would have increased/ (decreased) equity and results by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US\$ against the relevant currency, there would be an equal and opposite impact on the results and equity.

	Equity/ Results	
	2023 US\$	2022 US\$
Euro	96,760	40,366
CHF	-	395
British pound	87,701	164,463
Australian dollar	80	-
	<b>184,541</b>	<b>205,224</b>

#### (vi) Capital management risk

The intention of the Company when managing its capital is to ensure that it will be able to continue as a going concern while maximizing the return to its shareholders and benefits of other parties of the Company through the optimization of the debt and equity balance.

The Company can maintain or alter its capital structure by altering the amount of dividends payable to the shareholders, return capital to the shareholders or issue new shares.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management (continued)

#### (v) Capital management risk (continued)

The Company reviews its capital on the basis of the ratio of debt to total equity. The gearing ratio is determined as the proportion of net debt to equity. The net debt is defined as total borrowing (including borrowing from related parties) less cash in hand and at banks. Total capital is calculated as total equity of the Company as presented in the statement of financial position, plus the net debt.

	2023	2022
	US\$	US\$
Total borrowings / Net debt	<b>1,479,439,661</b>	1,354,439,661
Total equity	<b>(946,830,316)</b>	(973,675,382)
<b>Total capital</b>	<b>532,609,345</b>	380,764,279
<b>Debt to capital ratio</b>	<b>N/A</b>	<b>N/A</b>

The Company's share capital is not subject to any external requirements.

#### (vi) Risks relating to the global economy and the steel industry

The Company's activities and results might be substantially affected by international, national and regional economic conditions.

#### (vii) Mining risks

Mining operations are subject to hazards and risks usually associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, hazards associated with open-pit mining operations include, among others:

- flooding of the open pit;
- collapse of the open-pit wall;
- accidents associated with the operation of large open-pit mining and rock transportation equipment;
- incidents associated with the preparation and ignition of large-scale open-pit blasting operations;
- production disruptions due to weather; and
- Hazards associated with the disposal of mineralized waste water, such as groundwater and waterway contamination.
- The Company is exposed to all of these hazards. The occurrence of any of these events could delay production, increase production costs and result in death or injury to persons, damage to property and liability for the Company. The management of the Company is focused on ensuring the health and safety of its employees and is taking all possible preventive measures to avoid such events from occurring.



# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 3 Financial risk management (continued)

#### (b) Fair value estimation

The carrying value less any estimated impairment for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments traded in active markets, such as publicly traded and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

#### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
<b>31 December 2023</b>				
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	29,017,131	-	29,017,131
<b>Total</b>	-	29,017,131	-	29,017,131
<b>31 December 2022</b>				
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	45,185,068	-	45,185,068
<b>Total</b>	-	45,185,068	-	45,185,068

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 4 Critical accounting estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

#### Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons, relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. In performing these estimates the following assumptions are taken into consideration:

- Future production estimates — which include proved and probable reserves, resource estimates and committed expansions;
- Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price; and
- Future cash costs of production, capital expenditure and rehabilitation obligations.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

- The carrying value of capitalized assets may be affected due to changes in estimated future cash flows;
- The carrying value of inventory might be affected in case the cost of extraction becomes higher than the Net Realizable Value;
- Depreciation and amortization charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change;
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 4 Critical accounting estimates and judgments (continued)

#### Decommissioning liability

The Company assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the statement of financial position date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized on the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*.

Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36 *Impairment of Assets*. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognized immediately in the statement of comprehensive income. Also, rehabilitation obligations that arose as a result of the production phase of a mine, should be expensed as incurred.

#### Units of production depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, in relation to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production (UOP) depreciation methodologies are available to choose from. The Company adopts a Run of the Mine (ROM) tonnes of ore produced methodology for mining costs. Changes in estimates are accounted for prospectively.

#### Impairment of assets

The Company assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 4 Critical accounting estimates and judgments (continued)

These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. 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. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

#### **Inventories**

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Refer to Note 14 for more information.

#### **Construction contracts**

Contracts under suspension/termination require significant judgment and estimates by the management of the Company in relation to the expected settlement amount. The management of the Company performs its estimate based on the currently available information for each contract and this information is subject to change depending on the progress of negotiations for each contract. As a result, the estimated amount included in the financial statements in relation to construction contracts might be significantly different from the final settlement amount and this may affect the amount to be capitalized as assets under construction and the impairment of the assets under construction that might be recorded in profit and loss.

#### **Taxation and deferred tax**

The tax computation based on the legislation requires various estimations during the preparation of the financial statements, since the final tax assessment of the Company's liability is confirmed by the tax authorities at a later stage. Any possible differences between the final tax assessment and the provision in the financial statements will affect the taxation charge of subsequent periods.

The Company records deferred tax assets and liabilities based on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax assets are also recognized for the estimated future effects of tax losses carried forward. The management of the Company reviews the deferred tax assets to assess the possibility of realizing such assets based on projected taxable profit, the expected timing of the reversals of existing temporary differences, the carry forward period of temporary differences and the tax losses carried forward and the implementation. Due to the variables associated with these judgments and assumptions, both the precision and reliability of the resulting estimates of the deferred tax assets are subject to uncertainties.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 5 Revenue

	2023 US\$	2022 US\$
Revenue from contracts with customers -Iron Ore (DSO) Sales	246,524,017	278,362,024
Fair value gain/losses relating to provisional pricing within sales <sup>(1)</sup>	9,916,855	33,706,878
<b>Total revenue</b>	<b>256,440,872</b>	<b>312,068,902</b>

(1) Represents the change in fair value of the embedded derivative arising on provisional pricing on sales of DSO.

The total amount of revenue during the year related to sales to a related company within ArcelorMittal group.

### 6 Expenses by nature

	2023 US\$	2022 US\$
Auditors' remuneration for the statutory audit of the annual accounts - current year	223,302	187,849
Rent	965,201	1,125,404
IT and communication	4,749,648	2,917,735
Advertising expenses	96,386	32,550
Consumables	32,560,020	26,982,602
Royalty fee (Note 21)	11,863,188	15,452,967
Commission and Marketing expense (Note 21)	11,814,432	12,746,217
Other expenses	1,980,802	1,101,571
Government fees	1,325,679	1,704,445
Staff costs (Note 7)	42,299,324	39,287,849
Fuel costs	31,601,645	32,101,597
Travelling, transport and shipping costs	10,000,364	15,404,623
Security costs	7,487,366	6,280,356
Insurance expenses	9,077,871	10,922,223
Repairs and maintenance	4,323,249	5,667,003
Professional fees	5,467,682	5,186,783
Depreciation and amortization	16,763,454	13,992,860
Write off of Assets	-	237,200
Sundry Expenses	1,250,839	1,136,433
<b>Total costs</b>	<b>193,850,452</b>	<b>192,468,266</b>
Change in inventory	(41,459,541)	(41,957,398)
<b>Total expenses</b>	<b>152,390,911</b>	<b>150,510,868</b>

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 6 Expenses by nature (continued)

The above expenses are broken down as follows:

	2023 US\$	2022 US\$
Cost of sales	82,574,267	79,213,224
Administration, selling and distribution	69,816,644	71,297,644
<b>Total expenses</b>	<b>152,390,911</b>	<b>150,510,868</b>

### 7 Staff costs

	2023 US\$	2022 US\$
Wages and salaries	43,951,758	36,175,389
Other staff costs and other contributions	15,073,718	13,023,498
<b>Total staff cost</b>	<b>59,025,476</b>	<b>49,198,887</b>

The total staff costs are broken down as follows:

	2023 US\$	2022 US\$
<b>Administrative, selling and distribution expenses</b>		
Wages and salaries	13,624,392	12,045,131
Other staff costs and other contributions	3,723,966	3,962,790
<b>Total staff cost included in administrative, selling and distribution expenses (note 6)</b>	<b>17,348,358</b>	<b>16,007,921</b>
<b>Cost of production</b>		
Wages and salaries	19,164,266	17,204,935
Other staff costs and other contributions	5,786,701	6,074,993
<b>Total staff cost included in cost of production (note 6)</b>	<b>24,950,967</b>	<b>23,279,928</b>
<b>Capitalized as part of tangible fixed assets</b>		
Wages and salaries	11,163,100	6,925,324
Other staff costs and other contributions	5,563,051	2,985,715
<b>Total staff cost capitalized as part of tangible fixed assets</b>	<b>16,726,151</b>	<b>9,911,038</b>

The Average staff number for the Year ended 31 December 2023 was 2,174 (2022: 2,094)

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 8 Other Income

	2023 US\$	2022 US\$
Gain on Change in Estimate of MDA Liability	2,172,883	1,351,877
Gain on change in Estimate of Decommissioning Liability	16,177	14,986,732
Reversal of Prior year accruals	-	9,075,290
Insurance claim and Others	45,170	-
<b>Total other income</b>	<b>2,234,230</b>	<b>25,413,899</b>

### 9 Finance cost (net)

	2023 US\$	2022 US\$
Interest expense (Note 20 and 21)	176,159,002	140,844,317
Interest expense on treasury	2,784,270	121,494
Interest income on treasury	(3,761,962)	(534,239)
Net foreign exchange loss/(gain)	(429,741)	83,146
Bank charges	215,585	121,672
Unwinding of Interest	4,471,969	4,997,934
<b>Total finance costs (net)</b>	<b>179,439,123</b>	<b>145,634,324</b>

### 10 Tax

	2023 US\$	2022 US\$
<b>Current tax liabilities:</b>		
Withholding tax payable in Liberia*	27,421,069	17,722,451
<b>Total Current tax payable</b>	<b>27,421,069</b>	<b>17,722,451</b>

\*Withholding tax payable mainly relates to 5% tax withheld at source on the interest payable on loan from parent (see Note 18 and 20). This withholding tax is recognised as liability for the Company.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 10 Tax (continued)

The Tax on the Company's Loss before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	US\$	US\$
<b>Profit / (Loss) before tax</b>	<b>(73,154,934)</b>	<b>41,337,609</b>
Tax Calculated at the applicable corporation tax rate (25% for the permanent establishment in Liberia)	<b>(18,288,734)</b>	<b>10,334,402</b>
Tax effect of expenses not deductible for tax purposes	<b>49,698,055</b>	<b>39,917,441</b>
Tax effect of allowable deductions not taxable in determining taxable profits	<b>(36,192,213)</b>	<b>(41,071,444)</b>
<b>Tax effect of losses carried forward</b>	<b>(4,782,892)</b>	<b>9,180,399</b>
Tax effect of brought forward losses to utilised to the extent of current year profit	<b>(4,782,892)</b>	<b>(9,180,399)</b>
Tax Expense	-	-

#### *Cyprus tax regime*

The taxation for the year is calculated on the taxable profits of the year in accordance to the applicable rates. A provision is also made for deferred tax at the rates it is expected that the tax on the temporary differences between the tax bases of assets and liabilities and their carrying amounts, will be payable. Any possible debit balances from deductible temporary differences are recognized to the extent that it is probable that future taxable profits will be available.

#### *Corporation tax*

The corporation tax rate for Cyprus is 12,5%. In addition, 75% of the gross rent receivable are subject to defence contribution at the rate of 3%.

#### *Special contribution for defence*

Under special conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

#### *Tax losses*

Tax losses in Cyprus may be carried forward and be set off against taxable income of the five succeeding years.

#### *Permanent establishment*

Profits from the permanent establishment are exempt from taxation in Cyprus subject to certain conditions. Profits from permanent establishments are subject to tax in the place of business which is the Republic of Liberia. The effective tax rate in the Republic of Liberia is 25%.

In accordance with the Revenue code in Liberia the Company (through its permanent establishment) is subject to withholding tax on interest payments and on other payments as provided by section 806 and 905 of the Revenue Code of Liberia. During the year ended 31 December 2023 the withholding tax rate on interest payments was set at 5% and on other payments was set at 6%. Tax losses in Liberia will be carried forward and be set off against the taxable income of the seven succeeding years.



# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 11 Tangible assets

The Net Book Value of the Tangible Assets under the Development and Production phase is presented below:

	<b>Development Phase (note a) US\$</b>	<b>Production Phase (note b) US\$</b>	<b>Total US\$</b>
<b>Net Book Value 31 December 2023</b>	<b>688,071,376</b>	<b>87,539,140</b>	<b>775,610,516</b>
Net Book Value 31 December 2022	257,137,230	53,520,972	310,658,202

Due to Ebola epidemic in 2014 and with continuing force majeure the management of the Company had to suspend all operations relating to Phase 2 Project decided in March of 2015 (development of a plant for processing low grade iron ore).

Following the suspension of operations, the management has identified impairment indicators and assessed the entire operation for impairment in 2015, including both Phase 1 and Phase 2 assets. During the assessment for impairment the Company's management tried to estimate the recoverable amount of the assets by considering the highest of the value in use and the fair value less cost of sell. The management assessed that the value in use was not determinable since the Group had not decided on how to proceed with the operation (e.g. volume to be extracted and scale of operation) and as a result no reliable assumptions could be made at the time.

The management tried to estimate a reliable measurement of fair value less cost to sell by taking into consideration several factors that affect the operation in Liberia such as:

- a) the current operating environment and market conditions in Liberia and the nearby countries,
- b) the fact that most of the assets were customized with respect to the operations in Liberia, and
- c) the difficulty in identifying an active market for those assets and thus the difficulty in selling the relevant assets.

After carefully considering these factors the management decided that it was not possible to estimate a reliable measurement of the fair value less cost to sell for the relevant assets.

Since the value in use could not be determined and the fair value less cost to sell could not be reliably measured, the management decided to proceed with impairment of all the assets during the year ended 31 December 2015 with the exception of the assets that were sold after the year end. Those assets were presented in the financial statements at their Net Book Value as Assets Held for Sale as at 31 December 2015. As a result, an impairment loss of US\$ 72,825,573 was recognised in the profit or loss in 2015, and US\$ 1,400,867,555 in 2014 (out of which US\$ 1,390,875,552 related to assets under the development and operation phases and US\$ 9,992,003 related to assets that were written off due to obsolescence). Refer to Note 24 for further details.

During 2016 the Management recognised an additional impairment loss in relation to new capital expenditure relating to Phase 2 assets under construction in the amount of US\$ 5,898,825. There was no additional capital expenditure incurred during the year 2017 to 2020 in relation to Phase 2. During the year 2023 company has incurred capital expenditure of US\$ 374,197,719 (2022:US\$ 179,816,432) for development of Phase 2.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 11 Tangible assets (continued)

#### (a) Mine properties – Development phase

	Mines and infrastructure under construction	Sustainable Capital	Buildings	Furniture, fixtures, and office equipment	Motor vehicles and machinery	Railway equipment	Civil and other infrastructure	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Balance 31 December 2021/1 January 2022</b>	<b>65,739,186</b>	-	-	-	-	-	-	<b>65,739,186</b>
Additions	226,522,182	-	-	-	-	-	-	226,522,182
Transferred to production phase	(35,557,885)	-	-	-	-	-	-	(35,557,885)
Depreciation Capitalized	433,747	-	-	-	-	-	-	433,747
Impairment	-	-	-	-	-	-	-	-
<b>Balance 31 December 2022</b>	<b>257,137,230</b>	-	-	-	-	-	-	<b>257,137,230</b>
Additions	481,479,298	-	-	-	-	-	-	481,479,298
Transferred to production phase	(53,322,781)	-	-	-	-	-	-	(53,322,781)
Depreciation Capitalized	2,777,629	-	-	-	-	-	-	2,777,629
Impairment	-	-	-	-	-	-	-	-
<b>Balance 31 December 2023</b>	<b>688,071,376</b>	-	-	-	-	-	-	<b>688,071,376</b>
<b>Accumulated depreciation</b>								
<b>Balance 31 December 2021/1st January 2022</b>	-	-	-	-	-	-	-	-
Depreciation charge for the period capitalized as part of assets under construction	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>Balance 31 December 2022</b>	-	-	-	-	-	-	-	-
Depreciation charge for the period capitalized as part of assets under construction	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>Balance 31 December 2023</b>	-	-	-	-	-	-	-	-
<b>Net Book Value 31 December 2023</b>	<b>688,071,376</b>	-	-	-	-	-	-	<b>688,071,376</b>
Net Book Value 31 December 2022	257,137,230	-	-	-	-	-	-	257,137,230

# **ArcelorMittal Liberia Holdings Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2023**

### **11 Tangible assets (continued)**

#### **Mines and infrastructure under construction**

On 1 June 2011 the Company commenced the production of iron ore from its mining activities in the Republic of Liberia. As a result, the assets which were previously classified as under construction have been transferred to mine properties in the production phase (note 11(b)). This represents Phase 1 of the mine.

Mining equipment and mines under construction consists of development projects relating to mines and generally includes all necessary expenses incurred for the mining operation of the Company. Mines under construction include also capitalized operating expenses and overheads regarding the mining concession held by the Company through its subsidiary ArcelorMittal Liberia Limited, incorporated in Liberia.

Mine properties in the course of construction are carried at cost less any impairment loss.

Additional capital expenditure incurred during the year majorly includes expenditure relating to construction of Phase 2 i.e. US \$ 374 million.

As of 31 December 2023, the company the accumulated impairment losses recognised by the company in relation to the assets under construction for Phase 2 project amounted to US\$ 871,517,886 (Note 24).

#### **Infrastructure, Railway, Furniture, fixtures and office equipment, motor vehicles and buildings**

The above assets represent assets directly related to the mine under construction. They are depreciated over their useful life and the depreciation charge is capitalized as part of the mines, infrastructure, and buildings under construction. During the prior years 2015 and 2014 the total amount of US\$7,999,176 and US\$4,088,973 respectively have been impaired, with no additional impairment for 2017 to 2023.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 11 Tangible assets (continued)

#### (b) Mine properties – Production phase

	Buildings and mine infrastructure	Furniture, fixtures, and office equipment	Motor vehicles and machinery	Mine equipment	Railway equipment	Port equipment	Infrastructure	Port	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Opening balance 1 January 2022</b>	49,278,380	644,692	1,780,968	28,733,459	7,474,690	2,311,798	2,634,969	310,352	93,169,308
Additions/transfers from development phase	1,214,284	174,413	1,273,012	24,408,286	6,864,674	1,120,129	-	-	35,054,798
Write-off	-	-	(32,736)	(3,593,473)	-	-	-	-	(3,626,209)
Reassessment of discount rate	-	-	-	-	-	-	(2,634,969)	-	(2,634,969)
Impairment Reversal	-	-	-	-	-	-	-	-	-
<b>Balance 31 December 2022/1 January 2023</b>	<b>50,492,664</b>	<b>819,105</b>	<b>3,021,244</b>	<b>49,548,272</b>	<b>14,339,364</b>	<b>3,431,927</b>	-	<b>310,352</b>	<b>121,962,928</b>
Additions/transfers from development phase	15,685,530	-	2,676,797	30,783,125	4,110,186	-	-	-	53,255,638
Write-off	-	-	-	-	-	-	-	-	-
Reassessment of discount	-	-	-	-	-	-	-	-	-
<b>Balance 31 December 2023</b>	<b>66,178,194</b>	<b>819,105</b>	<b>5,698,041</b>	<b>80,331,397</b>	<b>18,449,550</b>	<b>3,431,927</b>	-	<b>310,352</b>	<b>175,218,566</b>
<b>Accumulated depreciation</b>									
<b>Opening balance 1 January 2022</b>	35,732,598	269,435	1,403,119	17,759,160	919,775	1,435,375	149,348	160,348	57,829,158
Charge for the period to the income statement	3,951,168	201,173	157,458	7,242,455	1,414,870	580,177	(149,348)	62,070	13,460,023
Depreciation capitalized to Development Phase	-	-	241,030	117,117	75,600	-	-	-	433,747
Write-off	-	-	(8,329)	(3,272,644)	-	-	-	-	3280,973
<b>Balance 31 December 2022/1 January 2023</b>	<b>39,683,766</b>	<b>470,608</b>	<b>1,793,278</b>	<b>21,846,088</b>	<b>2,410,245</b>	<b>2,015,552</b>	-	<b>222,418</b>	<b>68,441,955</b>
Charge for the period to the income statement	3,701,735	135,271	660,970	9,229,587	2,238,205	432,004	-	62,070	16,459,842
Depreciation capitalized to Development Phase	-	-	535,948	1,038,706	1,202,975	-	-	-	2,777,629
Write-off	-	-	-	-	-	-	-	-	-
<b>Balance 31 December 2023</b>	<b>43,385,501</b>	<b>605,879</b>	<b>2,990,197</b>	<b>32,114,381</b>	<b>5,851,425</b>	<b>2,447,556</b>	-	<b>284,488</b>	<b>87,679,426</b>
<b>Net Book Value 31 December 2023</b>	<b>22,792,693</b>	<b>213,226</b>	<b>2,707,845</b>	<b>48,217,016</b>	<b>12,598,125</b>	<b>984,371</b>	-	<b>25,864</b>	<b>87,539,140</b>
Net Book Value 31 December 2022	10,808,897	348,497	1,227,966	27,702,184	11,929,119	1,416,376	-	87,934	53,520,973

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 11 Tangible assets (continued)

#### (c) Production phase

On 1 June 2011 the Company started the production of iron ore from its mining activities in the Republic of Liberia. On 27 September 2011 the Company commenced commercial production of DSO. As a result, assets that were previously classified as under construction have been transferred to mine properties in the production phase. During the year ended 31 December 2015 and 2014 the majority of these assets have been impaired due to the adverse effect of the significant decline in the iron ore price which resulted in an impairment of US\$572,749,096. Assets acquired after this date and transferred to the production phase have been used in the production activities of the Company and with no additional impairment loss being recognised on the production phase for the years ended 2016 to 2023.

#### Mine equipment

Mine equipment comprises of the following assets:

	Crusher US\$	Other mining equipment US\$	Total US\$
<b>Cost</b>			
<b>Balance at 1 January 2022</b>	-	<b>28,733,459</b>	<b>28,733,459</b>
Additions	-	24,408,286	24,802,588
Write-off	-	(3,593,473)	(3,593,473)
<b>Balance at 31 December 2022/1 January 2023</b>	-	<b>49,548,272</b>	<b>49,942,573</b>
Additions	-	30,783,125	30,783,125
Write-off	-	-	-
<b>Balance 31 December 2023</b>	-	<b>80,331,397</b>	<b>80,331,397</b>
<b>Accumulated depreciation</b>			
<b>Balance at 1 January 2022</b>	-	<b>17,759,160</b>	<b>17,759,160</b>
Depreciation charged during the period	-	7,242,455	7,242,455
Depreciation capitalized to Development Phase	-	117,117	117,117
Write off	-	(3,272,644)	(3,272,644)
<b>Balance at 31 December 2022/1 January 2023</b>	-	<b>21,846,088</b>	<b>21,846,088</b>
Depreciation charged during the period	-	9,229,587	9,229,587
Depreciation capitalized to Development Phase	-	1,038,706	1,038,706
Write-off	-	-	-
<b>Balance 31 December 2023</b>	-	<b>32,114,381</b>	<b>32,114,381</b>
<b>Net Book Value 31 December 2023</b>	-	<b>48,217,016</b>	<b>48,217,016</b>
<b>Net Book Value 31 December 2022</b>	-	<b>27,702,184</b>	<b>27,702,184</b>

The crusher is depreciated over the units of production of the mine. Other mining equipment is depreciated on straight line basis at 20% per year.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 11 Tangible assets (continued)

#### Infrastructure

Infrastructure comprises of the following assets:

	Decommissioning asset US\$	Railway US\$	Mine US\$	Other infrastructure US\$	Total US\$
<b>Cost</b>					
<b>Balance 31 December 2022/1</b>					
<b>January 2023</b>	<b>2,634,969</b>	-	-	-	<b>2,634,969</b>
Additions	-	-	-	-	-
Impairment	-	-	-	-	-
Reassessment of discount rate	(2,634,969)	-	-	-	(2,634,969)
<b>Balance 31 December 2022/1</b>					
<b>January 2023</b>	-	-	-	-	-
Additions	-	-	-	-	-
Write off	-	-	-	-	-
Reassessment of discount rate	-	-	-	-	-
<b>Balance 31 December 2023</b>	-	-	-	-	-
<b>Accumulated depreciation</b>					
<b>Balance 31 December 2020/1</b>					
<b>January 2022</b>	<b>149,348</b>	-	-	-	<b>149,348</b>
Charge for the year	(149,348)	-	-	-	(149,348)
<b>Balance 31 December 2022/1</b>					
<b>January 2023</b>	-	-	-	-	-
Charge for the year	-	-	-	-	-
Impairment	-	-	-	-	-
<b>Balance 31 December 2023</b>	-	-	-	-	-
<b>Net Book Value 31 December 2023</b>	-	-	-	-	-
Net Book Value 31 December 2022	-	-	-	-	-

The decommissioning asset, and mine and railway infrastructure are depreciated over the units of production of the mine. Other infrastructure and general civil construction are depreciated straight line over 19 years.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 12 Intangible assets

#### (a) Mine properties – Exploration phase

	Mining interests / concessions and licenses US\$	Total US\$
<b>Balance 31 December 2022</b>	-	-
Addition during the Year	17,500,000	17,500,000
<b>Balance 31 December 2023</b>	<b>17,500,000</b>	<b>17,500,000</b>
<b>Accumulated depreciation</b>		
<b>Balance 31 December 2022</b>	-	-
Charge for the period to the income statement	-	-
Impairment	-	-
<b>Balance 31 December 2023</b>	<b>-</b>	<b>-</b>
<b>Net Book Value 31 December 2023</b>	<b>17,500,000</b>	<b>17,500,000</b>
Net Book Value 31 December 2022	-	-

During the current year the Company acquired a new license for exploration of new area from the Government of Liberia for the amount of \$17.5million representing the first tranche of the payment and with a remaining amount of \$32.5million expected to be paid upon ratification of new mineral development agreement.

#### (b) Mine properties – Development phase

On 1 June 2011 the Company commenced commercial iron ore production from its mining activities in the Republic of Liberia. As a result, the assets which were previously classified as under construction have been transferred to mine properties in the production phase (note 12(b)). This represents Phase 1 of the mine.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 12 Intangible assets (continued)

#### (c) Mine properties – Production phase

##### (i) Mine properties

	Mining interests / concessions and licenses US\$	MDA- GY Road US\$	Total US\$
<b>Balance at 1 January 2022</b>	-	<b>30,162,340</b>	<b>30,162,340</b>
<b>Addition during the year</b>	-	-	-
Reassessment of provision	-	(1,036,393)	(1,036,393)
<b>Balance 31 December 2022</b>	-	<b>29,125,947</b>	<b>29,125,947</b>
<b>Addition during the Year</b>	-	-	-
Reassessment of provision	-	(515,763)	(515,763)
<b>Balance 31 December 2023</b>	-	<b>28,610,184</b>	<b>28,610,184</b>
<b>Accumulated depreciation</b>			
<b>Opening balance 1 January 2022</b>	-	<b>858,145</b>	<b>858,145</b>
Charge for the period to the income statement	-	215,428	215,428
<b>Balance 31 December 2022</b>	-	<b>1,073,573</b>	<b>1,073,573</b>
Charge for the period to the income statement	-	106,649	106,649
<b>Balance 31 December 2023</b>	-	<b>1,180,222</b>	<b>1,180,222</b>
<b>Net Book Value 31 December 2023</b>	-	<b>27,429,962</b>	<b>27,429,962</b>
<b>Net Book Value 31 December 2022</b>	-	<b>28,052,377</b>	<b>28,052,377</b>

##### (ii) IT licence – Software

	IT Licenses US\$	Total US\$
<b>Balance at 1 January 2022</b>	-	-
Addition during the year	503,087	503,087
Impairment	-	-
<b>Balance 31 December 2022</b>	<b>503,087</b>	<b>503,087</b>
Addition during the Year	67,144	67,144
Reversal of impairment	-	-
<b>Balance 31 December 2023</b>	<b>570,231</b>	<b>570,231</b>
<b>Accumulated depreciation</b>		
<b>Opening balance 1 January 2022</b>	-	-
Charge for the period to the income statement	311,305	311,305
<b>Balance 31 December 2022</b>	<b>311,305</b>	<b>311,305</b>
Charge for the period to the income statement	155,129	155,129
<b>Balance 31 December 2023</b>	<b>466,434</b>	<b>466,434</b>
<b>Net Book Value 31 December 2023</b>	<b>103,797</b>	<b>103,797</b>
<b>Net Book Value 31 December 2022</b>	<b>191,781</b>	<b>191,781</b>

## Notes to the financial statements

For the year ended 31 December 2023



# ArcelorMittal Liberia Holdings Limited

## 12 Intangible assets (continued)

### (c) Production phase (continued)

#### Production phase

On 1 June 2011 the Company started the production of iron ore from its mining activities in the Republic of Liberia. On 27 September 2011 the Company commenced commercial production of DSO. As a result, assets that were previously classified as under construction have been transferred to mine properties in the production phase.

During the year ended 31 December 2015 and 2014 the management of the Company decided to impair the total amount of the intangible assets due to the persistence of the lower iron ore price, resulting in an impairment of US\$2,914,195 in 2015 and US\$58,403,445 in 2014. During 2016 an additional amount of US\$253,755 was impaired. In 2017, 2018 and 2019 the Company reversed an amount of US\$393,761, US\$495,573 and US\$125,731 and respectively and an impairment of US\$828,376 in 2020. During the year 2023 the Company has recognised a gain of US\$ 2,172,883 (2022: US\$1,351,878) (note 8). Expenses relating to MDA previously capitalised and impaired as shown below.

#### Mineral interests/ concessions and license

Mineral interests/ concessions and licenses comprises of the following assets:

	2023	2022
	US\$	US\$
MDA related expenses	29,243,410	29,243,410
MDA – GY Road related expenses	27,429,962	28,052,377
Rights and Licenses	15,585,169	15,585,169
Various MDA expenses	15,000,000	15,000,000
Mine resettlement plan	910,504	910,504
Amortization capitalized as part of intangible assets	71,620	71,620
	88,240,665	88,863,080
Less: Impairment provision	(60,810,703)	(60,810,703)
	27,429,962	28,052,377

#### MDA related expenses

The MDA related expenses of US\$ 29,243,410 at 2023 (2022: US\$ 29,243,410) derive from specific clauses and provisions of the MDA signed between the Company (the “Concessionaire”) and the Government of Liberia (note 22). The agreement provides for certain fixed costs to be paid on a yearly basis for the duration of the agreement (25 years) regardless of whether mining activities are carried out. These payments (e.g. social contribution payments or payments for the establishment of a scholarship fund) generally relate to improving the social welfare of Liberia.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 12 Intangible assets (continued)

#### (c) Production phase (continued)

The above payments are discounted to present value using a discount rate of 12.00% (2022: 11.20%) and have been capitalized as part of mineral interests/ concession and licenses class under the description MDA related expenses, with a corresponding liability recorded in provisions. The change in the discount rate and change in terms resulted in a decrease in the provision by US\$ 2,172,883 (2022: US\$ 1,351,877). Refer to Note 19 for further details.

#### *MDA-GY Road related expenses*

The MDA-GY Road related expenses of US\$ 27,429,962 at 2023 (2022: US\$ 28,052,377) derive from the Memorandum of Understanding with Government of Liberia. The Company agreed to contribute US\$40 million on progressive basis to upgrade the Ganta Yekepa highway project as part of MDA. The above payments are discounted to present value using a discount rate of 12.00% (2022: 11.20%) and have been capitalized as part of mineral interests/concession and licenses class under the description MDA GY- road related expenses, with a corresponding liability recorded in provisions. Present value of all the payment pertaining to Ganta Yekepa road is US\$ 3,875,928 (Note 19). During the year the Company has contributed US\$ 8,418,822 (2022: US\$ 7,947,838) as part of contribution to this project.

#### *Rights and licenses*

The rights and licenses recognized at a value of US\$15,585,169 represents the contribution in kind from the Government of Liberia as the granting of the use of the Mining License in the production areas and the rights to develop, use, operate and maintain the railroad including the IT software's for rail operations and the Iron Ore port.

#### *Various MDA expenses*

According to the Act of Ratifying the MDA the Company was requested to make a one-time payment of US\$15 million in three instalments to the Government of Liberia after the amendment effective date of 7 May 2007.

### 13 Investment in subsidiary

Name	Activities	Country of Incorporation	Ownership	2023 US\$	2022 US\$
ArcelorMittal Liberia Limited	Operating a mining concession	Liberia	100%	100	100

The Company holds 100% of ArcelorMittal Liberia Limited which operates a mining concession held by the Company to mine iron ore, gold, silver, copper, coal, and all kinds of ores, metals and minerals for a period of 25 years starting from September 2005.

The investment in subsidiary is stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 14 Inventories

	2023 US\$	2022 US\$
<b>Non-current</b>		
Low grade iron ore	114,013,677	92,169,819
<b>Current</b>		
Finished product – DSO	23,043,533	12,557,178
Consumables	32,142,790	23,013,461
	<b>55,186,322</b>	<b>35,570,639</b>
<b>Total</b>	<b>169,199,999</b>	<b>127,740,458</b>

Direct Shipping Ore (“DSO”) is iron ore which is extracted and available for shipment and so has been classified as current asset. Low grade iron ore requires further processing in order to be brought into the necessary condition for sale, and has been classified as non-current, as this relates to Phase 2 of the mine, which is still in the development phase.

The DSO produced had an average iron content of approximately 62 % during 2023 and 2022 respectively. The classification of iron ore reserves estimates as probable reflects the variability in the mineralization at the selected cut-off grade, the mining selectivity and the production rate ability of the operation to blend the different ore types that may occur within each deposit.

The tables below set out the proven and probable iron ore reserves:

As at December 31, 2023						As at December 31, 2022	
Proven ore reserves		Probable ore reserves		Total ore reserves		Total ore reserves	
Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe
45.6	46.8	776	42.7	821.6	42.9	862	42.6

As at December 31, 2023				As at December 31, 2022			
Measured & Indicated resources		Inferred resources		Measured & Indicated resources		Inferred resources	
Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe
1115	37.9	767	38.2	904	38.2	1,045	39.1

### Impairment

#### Iron Ore

During the year ended 31 December 2023 the management of the Company has assessed the Net Realizable Value (NRV) of low-grade iron ore inventory. As a result of the assessment of NRV impairment reversal of US\$ 12,993,810 (Impairment of 2022:US\$ 25,405,563) was recognized in profit or loss. The provision on low grade iron ore inventory as at 31 December 2023 amounts to US\$ Nil (2022: US\$12,993,810). Based on the assumptions made as at 31 December 2023, the sales of low grade iron ore are estimated to start in 2025 (after the iron ore undergoes further

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 14 Inventory (continued)

#### Impairment (continued)

##### Iron Ore (continued)

processing) and it is also estimated that the current quantities of low-grade iron ore will be consumed and sold in 2025.

- It was estimated that the current quantities of low-grade iron ore will suffer an additional loss of approximately 42% due to further processing;
- Estimated additional costs per ton, such as processing cost, rail cost, port cost and selling cost, that are necessary to bring the low-grade iron to the condition that is ready to be sold have been added to the current cost per ton in order to estimate the total cost of low grade iron ore at the point of sale;
- A discount rate of 15.7% (2022: 15.8%) that represents the weighted average cost of capital was used to discount the expected cash inflows from sale to the present date

A significant change in the above key assumptions/estimated might have a significant effect in the estimated NRV of inventory.

#### Consumables

During the year ended 31 December 2023 management has assessed the Net Realizable Value of the consumables after taking into account the results of a full stock count and aging of inventory that was undertaken. As a result, an impairment loss of US\$ 1,289,445 (2022: US\$ 639,024) has been recorded in respect of the consumables. Consumables provided for as at 31 December 2023 amount to US\$ 29,294,647 (2022: US\$ 28,005,202).

### 15 Shareholder's contribution

	2023	2022
	US\$	US\$
<b>Opening Shareholder's Contribution</b>	<b>37,378,523</b>	37,378,523
Shareholder's contribution for the year	-	-
<b>Closing Shareholder's Contribution</b>	<b>37,378,523</b>	37,378,523

On 10 December 2015 the Company entered into an amendment agreement with the related party ArcelorMittal SA with an effective date 1 January 2015 in relation to the original credit facility of US\$150,000,000 dated 1 November 2011, according to which the interest rate and final maturity date of the credit facility agreement were amended and the lender, ArcelorMittal SA, partially waived its right to interest due in the amount of US\$ 37,378,523, since the lender acknowledged that the Company will not be in position to repay its obligations that derive from the above agreement. This amount of US\$37,378,523 has been presented as shareholders contribution in the statement of financial position.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 16 Trade and other receivables

	2023 US\$	2022 US\$
Advances and prepayments	167,473,982	126,771,897
Other receivables	36,210	36,210
Receivables from related parties at fair value - (subject to provisional pricing) (note 21)	29,017,131	45,185,068
Receivables from related parties (note 21)	10,754,174	209,801,898
<b>Total</b>	<b>207,281,497</b>	<b>381,795,073</b>

Advances and prepayments mainly relate to payments made to contractors in relation to project and operational advances.

The fair values of trade and other receivables approximate their carrying amounts.

### 17 Share capital

	2023		2022	
	Number of shares	US\$	Number of shares	US\$
<b>Authorized</b>				
Ordinary shares of nominal value US\$1 each	659,010,000	659,010,000	559,010,000	559,010,000
<b>Issued and fully paid</b>				
Ordinary shares of nominal value US\$1 each	659,010,000	659,010,000	559,010,000	559,010,000

On 7 December 2023, the authorised and issued share capital of the Company increased by 100,000,000 ordinary shares of nominal value US\$1 each for a total of US\$ 100,000,000, by allocating 85,000,000 shares to ArcelorMittal Switzerland (formerly ArcelorMittal Holdings AG) and 15,000,000 shares to the Government of Liberia.

On 2 December 2022, the authorised and issued share capital of the Company increased by 300,000,000 ordinary shares of nominal value US\$1 each for a total of US\$300,000,000, by allocating 255,000,000 shares to ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) and 45,000,000 shares to the Government of Liberia.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 18 Trade and other payables

	2023 US\$	2022 US\$
Payable to related parties (note 21)	441,023,798	271,828,796
Trade and other payables and accrued expenses	158,438,847	129,735,371
Royalty payable (note 21)	2,455,345	3,274,192
	<b>601,917,990</b>	<b>404,838,359</b>

The fair value of other payables which are due within one year approximates their carrying amount at the statement of financial position date.

### 19 Provisions

	MDA related expenses US\$	MDA – GY Road related expenses US\$	Provision for decommissioning liability US\$	Provision for other expenses US\$	Total US\$
<b>As at 31 December 2021/1 January 2022</b>	<b>25,282,893</b>	<b>18,649,429</b>	<b>22,699,806</b>	<b>6,206,978</b>	<b>72,839,106</b>
Additions during the year	-	-	-	1,209,320	1,209,320
Change in discount rate	144,424	(399,009)	(6,059,698)	-	(6,314,283)
Unwinding of discount	2,439,800	1,972,660	585,475	-	4,997,935
Release of Provision	-	-	-	(1,555,151)	(1,555,151)
Change in Expenses & Payment Terms	(1,496,301)	(637,383)	(11,412,653)	-	(13,546,337)
Payments	(4,569,848)	(7,947,838)	-	-	(12,517,686)
<b>As at 31 December 2022</b>	<b>21,800,968</b>	<b>11,637,859</b>	<b>5,812,930</b>	<b>5,861,147</b>	<b>45,112,904</b>
Additions during the year	-	-	-	834,092	834,092
Change in discount rate	(494,940)	(515,762)	(1,243,907)	-	2,254,609
Unwinding of discount	2,441,708	1,334,651	695,610	-	4,471,969
Release of Provision	-	-	-	(1,209,320)	(1,209,320)
Change in Expenses & Payment Terms	(1,677,946)	(1,61,999)	1,227,729	-	(612,216)
Payments	(2,746,535)	(8,418,822)	-	-	(11,165,357)
<b>As at 31 December 2023</b>	<b>19,323,255</b>	<b>3,875,927</b>	<b>6,492,362</b>	<b>5,485,917</b>	<b>35,177,463</b>
Current 2023	5,672,732	3,875,927	-	5,485,917	15,034,576
Non-current 2023	13,650,523	-	6,492,362	-	20,142,885
	<b>19,323,255</b>	<b>3,875,927</b>	<b>6,492,362</b>	<b>5,485,917</b>	<b>35,177,463</b>
Current 2022	5,437,320	11,637,859	-	5,861,147	22,936,326
Non-current 2022	16,363,648	-	5,812,930	-	22,176,578
	<b>21,800,968</b>	<b>11,637,859</b>	<b>5,812,930</b>	<b>5,861,147</b>	<b>45,112,904</b>

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 19 Provisions (continued)

#### *Provision for decommissioning liability*

In accordance with the provisions of the MDA Agreement the Concessionaire is required to conduct an annual environmental audit and assessment consistent with the relevant legislation applicable in Liberia. It is further required that if any disturbance is caused to the environment consequent to the Concessionaire's operations the Concessionaire is required to mitigate and/ or restore the environment as much as possible to its original and natural state within an agreed time scale and it is responsible to take preventive measures to avoid further damage to the environment. The Company's obligation with regard to decommissioning of the operation in Liberia was estimated as of the date of this report by the Board of Directors to US\$ 278,961,956 (2022: US\$ 213,335,360). The present value of the above amount is US\$ 6,942,363 (2022: US\$ 5,812,930) and it was provided as decommissioning liability in the financial statements. The unwinding interest for the year amounted to US\$ 695,610 (2022 US\$ 585,475). In 2023 the reassessment of discount rate and the expense base resulted in a net decrease of the liability by US\$ 16,178 (2022: US\$ 17,472,353). The Discount rate used for calculation of the provision as at 31 December 2023 was 12.00 % (2022: 11.20%)

#### *MDA related expenses*

The MDA signed between the Company and the Government of Liberia provides for certain fixed costs to be paid on a yearly basis for the duration of the agreement (25 years) regardless of whether mining activities are carried out. These payments (e.g. social contribution payments or payments for the establishment of a scholarship fund etc.) generally relate to improving the social welfare of Liberia.

The amount of the liability at 31 December 2023 is US\$ 19,323,255 comprising of US\$ 5,672,732 which is due for payment in 2023, and the remaining US\$ 13,650,523 which is due for payment over the duration of the MDA. The unwinding interest for the year amounted to US\$ 2,441,708 (2022: US\$ 2,439,800). The reassessment of the discount rate and change in terms resulted in a decrease of the liability by US\$ 2,172,886 (2022: US\$ 1,351,877).

The total commitment of the company in relation to the above payments as at 31 December 2023 is estimated to be approximately US\$ 29,619,765 (2022: US\$ 34,046,300) with a present value of US\$ 19,323,255 (2022: US\$ 21,800,968). The discount rate used in the calculation of the provision as at 31 December 2023 was 12.00% (2022: 11.20%).

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 19 Provisions (continued)

#### *MDA – GY Road related expenses*

The MDA-GY Road related expenses derive from the Memorandum of Understanding with Government of Liberia. The Company agreed to contribute US\$40 million on progressive basis to upgrade the Ganta Yekepa highway project as part of MDA. The above payments are discounted to present value using a discount rate of 12.00% (2022: 11.20%) and have been capitalized as part of mineral interests/concession and licenses class under the description MDA GY- road related expenses, with a corresponding liability recorded in provisions. The present value of all payments pertaining to Ganta Yekepa road is US\$ 3,875,927. During the year the company contributed a further US\$ 8,418,822 (2022: US\$ 7,947,838) towards this project.

The amount of Liability at 31 December 2023 is US\$ 3,875,927 (2022: US\$ 11,637,858) comprising of US\$ 3,875,927 which is due for payment in future years . The unwinding interest for the year amounted to US\$ 1,334,651 (2022: US\$ 1,972,660). The reassessment of the discount rate and change in terms resulted in decrease in the liability by US\$ 677,761 (2022: decrease US\$ 1,036,392)

### 20 Loan payable

The loan is payable to the related party ArcelorMittal SA (note 21)

	<b>2023</b>	2022
	<b>US\$</b>	US\$
Loan payable	<b>1,479,439,661</b>	1,354,439,661
Less: Short term portion	-	-
Long term portion	<b>(1,479,439,661)</b>	(1,354,439,661)

On 15 December 2020 the existing term loan facility has been amended with maturity date of 16<sup>th</sup> June 2021 with condition that interest will accrue from 1<sup>st</sup> November 2020 until the final repayment date at the relevant rate which is aggregate 3 months LIBOR for USD and the margin, being 11.59%. Thereafter parties agree to extend the repayment period of the outstanding loan till 15<sup>th</sup> December 2022 and update the margin to 8.47%. The parties further extended the repayment period of the loan till 15 June 2022. On 14<sup>th</sup> December 2022 there was a change in margin of the interest to 8.69%. Further on 16<sup>th</sup> December 2023 the agreement has been extended with a new maturity date up to 15<sup>th</sup> December 2027.

On 21st December 2023 the Company has entered into a new loan agreement with ArcelorMittal S.A in which company has borrowed USD\$ 125,000,000 where the rate of interest is aggregate of 12month term SOFR for USD and the margin, where margin is 7.99%. The new loan has maturity date up to 21st December 2027.

During the year ended 31 December 2023 interest accrued amounted to US\$ 435,825,757 (2022: US\$ 268,006,290) and is included in Trade and other payables in current liabilities. The interest expense for the year in relation to the above loans amounted to US\$ 176,159,002 (2022: US\$ 140,844,317) and is presented gross of withholding tax.



# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 21 Related party transactions

The Company is controlled by ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG), incorporated in Switzerland, which owns 85% of the Company's shares. The remaining 15% of the shares are held by the Government of the Republic of Liberia. The ultimate controlling company is ArcelorMittal SA, a company registered in Luxembourg.

#### *Key Management personnel Compensation*

The compensation of the Key Management Personnel is as follows:

	2023 US\$	2022 US\$
Services rendered	234,140	239,578
Salaries and other short-term employee benefits	2,329,931	1,778,717
Long term portion	2,564,071	2,018,295

The Key Management Personnel of the company have signed employment agreements with the company that are usually for a duration of two to three years with a renewal option attached to them. The remuneration of the Key Management Personnel is determined by the terms of the relevant agreements, and it usually comprises of bonus and certain allowances and other benefits.

#### *Transactions with related companies*

During the year ended 31 December 2023 and 2022 the Company entered into transactions with related companies which are described below:

#### *Expense (income)*

	2023 US\$	2022 US\$
Interest for the year (gross of withholding tax)		
ArcelorMittal Treasury SNC	(977,692)	(412,745)
ArcelorMittal SA (Note 9 and 20)	176,159,002	140,844,317
Total interest expense	175,181,310	140,431,572
Other expenses:		
Royalty fee expense to the Government of Liberia (Note 6)	11,863,188	15,452,967
Commission to ArcelorMittal Liberia Limited (Note 6)	3,709,626	3,420,410
Marketing Fees to AM mining SA (Note 6)	8,104,806	9,325,870
Total other expenses	23,677,620	28,199,247

#### *Revenue*

	2023 US\$	2022 US\$
Revenue from:		
AM Mining SA	256,440,872	312,068,902
Total	256,440,872	312,068,902

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 21 Related party transactions (continued)

#### *Balances with related companies*

The statement of financial position includes the following balances that derived from transactions with related companies:

	<b>2023</b>	2022
	<b>US\$</b>	US\$
<b>Receivable from ArcelorMittal Group related parties</b>		
AM Mining SA receivables at fair value subject to provisional pricing (note 16)	<b>29,017,131</b>	45,185,068
ArcelorMittal Treasury SNC (note 16)	<b>10,754,174</b>	209,801,897
	<b>39,771,305</b>	254,986,965
<b>Payable to ArcelorMittal Group related parties</b>		
ArcelorMittal Liberia (note 18)	<b>4,957,741</b>	3,352,657
ArcelorMittal Luxembourg (note 18)	-	460,366
Arcelor Mittal Logistics Belgium (note 18)	<b>211,847</b>	9,051
ArcelorMittal Design and Engineering (note 18)	<b>28,453</b>	432
Accrued interest payable to ArcelorMittal SA (note 20)	<b>435,825,757</b>	268,006,290
Loan payable to ArcelorMittal SA (note 20)	<b>1,479,439,661</b>	1,354,439,661
	<b>1,920,463,459</b>	1,626,268,457
<b>Net amount payable to ArcelorMittal Group entities</b>	<b>1,880,692,154</b>	1,371,281,492

#### *Payable to the Government of Liberia*

	<b>2023</b>	2022
	<b>US\$</b>	US\$
<b>Royalty fee payable (note 18)</b>	<b>2,455,345</b>	3,274,192

#### **Inter-company balance with AM Mining SA**

The inter-company receivable balance of US\$ 29,017,131 (2022:US\$ 45,185,068) with AM Mining SA relates to sales of iron ore made during the year, after taking into account the effect of provisional pricing and demurrage.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 21 Related party transactions (continued)

#### ArcelorMittal Treasury SNC

##### *Bilateral Cash Management and Financial Transactions Agreement*

On 27 May 2009 the Company entered into a “Bilateral Cash Management and Financial Transactions Agreement” with ArcelorMittal Treasury SNC. The above agreement provides that the flows generated by financial transactions of one company with the other should be recorded in current accounts denominated in Euro, or in each corresponding currency, on the corresponding value dates.

The sums recorded in the current accounts bear interest at the one-month Euribor or the one month Libor rate (“the Reference Rate”), depending on the currency, plus a margin determined in accordance with the currency of the facility granted or recorded.

Fixed term loans bear interest at the Reference Rate negotiated on a case-by-case basis, plus a margin of 0.2% for maturities of up to one year.

The above agreement is being renewed by calendar year by tacit agreement, except if terminated by either party. In the event of non-renewal this agreement continues to have a binding effect on the current transactions until the termination date, as well as to any disputes arising during the performance of this agreement. The balance receivable ArcelorMittal Treasury SNC at 31 December 2023 amounted to US\$ 10,754,174 (2022: Receivable US\$ 209,801,898).

### 22 Capital commitments and contingent liabilities

#### *Capital commitments*

Capital commitments in the name of ArcelorMittal Liberia Limited on behalf of the Company relating to work orders for the renovation of concession areas, DSO operation and ongoing project amounted to US\$ 498 million at 31 December 2023 (2022: US\$ 360 million). The commitments relate to rail, mining and port assets under construction. In March 2015 the Company has suspended all contracts relating to phase 2 and was in negotiations with the contractors for final settlement, as a result a significant part of the commitment presented above has been removed.

#### *Guarantee*

Upon the signing of the Mineral Development Agreement “MDA” dated 17 August 2005, ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) (the Guarantor”) which is 85% shareholder of the company, provided a performance guarantee to Government of Liberia (the “Beneficiary”), guaranteeing the performance of certain obligations of the Concessionaire. More specifically the Guarantor irrevocably and unconditionally guaranteed due performance by the company of all the obligations and liabilities of the company under section 2 of Article V of the MDA (Capital Expenditures), Article XV of the MDA (Environmental Protection and Management) and Article XVII of the MDA (Provision of funds to the Concessionaire). The obligation and Liabilities specifically referred to above as guaranteed are referred to as the “Guarantee Obligations.” The Cumulative obligation of the Guarantor with regard to the guaranteed obligations is limited to US\$ 1,000,000,000.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 22 Capital commitments and contingent liabilities (continued)

#### *Litigation and claims*

The legal cases against the company amounted to US\$ 1,619,759 (2022: US\$ 1,619,759) in accordance with the claims of Plaintiffs. The company has disputed the lawsuits and has filed for defence, depending on the circumstances of each case. The Board of Directors, after assessing the situation and considering relevant legal advice, is of the opinion that there are no reasons for which any provision should be recorded in the financial statements in respect of the above legal actions.

### 23 Significant agreements

#### *Mineral Development Agreement between the Government of Liberia ArcelorMittal Holdings A.G. and ArcelorMittal Liberia Holdings Limited (the Concessionaire)*

In September 2005 the related company ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) (the Principal), acting on behalf of the Company (the Concessionaire), entered into the MDA with the Government of the Republic of Liberia. The MDA was amended and ratified on 7 May 2007 and effective on 16 May 2007. Under the MDA and subject to the terms and conditions of the MDA the Government of Liberia grants to the Concessionaire the exclusive right and license to conduct exploration, development, production and marketing of Iron Ore and associated products and rehabilitation of the associate Infrastructure in the Concession Area.

The initial share capital of the Concessionaire was US\$10,000 divided into 10,000 ordinary shares of US\$1 each allocated 70% to the Principal and 30% to the Government of Liberia. Through the MDA it was agreed that the Principal shall contribute additional cash in the amount of US\$35,000,000 and the Government of Liberia shall contribute in kind (i) the Class A Mining License, (ii) certain rights in respect of the Railroad and Buchanan Iron Ore Port and (iii) certain housing and other assets that already exist in the Concession Area for an aggregate value of US\$15,000,000. On 7 October 2009 the issued share capital of the Company increased by 50,000,000 ordinary shares of nominal value US\$1 each for a total of US\$50,000,000, by allocating 35,000,000 shares to ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) and 15,000,000 shares to the Government of Liberia.

Following a resolution in writing taken by the shareholders of the Company on 10 September 2013 the issuance of 209,000,000 ordinary shares of nominal value US\$1 to the shareholders of the Company was approved by allocating 185,151,500 ordinary shares to ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) and 23,848,500 ordinary shares to the Government of the Republic of Liberia. As a result of the allotment the shareholding of ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) increased to 85%, and that of the Government of Liberia decreased to 15%.

In addition, it was agreed that in the event that the Concessionaire is required to obtain additional financing from its shareholders in order to implement the tentative development program, new shares shall be issued to the contributing shareholders in proportion to their respective contributions, however the equity participation of the Government of Liberia in the share capital of the Concessionaire cannot be decreased to less than 15% on a fully diluted basis.

Furthermore, according to the Act ratifying the amendment of the MDA dated 7 May 2007, the Company made a one-time payment of US\$15,000,000 to the Government of Liberia.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 23 Significant agreements (continued)

In addition subject to the availability of economically Mineable Iron Ore Resources, the Concessionaire, shall during the operating period extract at least as much Iron Ore per year from the Production Area as the amount provided below. If the concessionaire fails to meet the requirements set for any 1 year, the Concessionaire should promptly notify the Government and, provide explanation of such failure and set forth a proposed schedule for restoring production within reasonable time frame. The Concessionaire and the Government shall discuss the schedule for restoring production, and thereafter the concessionaire shall use its best efforts to meet the requirements in the schedule

*Second amendment to the Mineral Development Agreement between the Government of Liberia, ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) and ArcelorMittal Liberia Holdings Limited (The Concessionaire)*

On 23 January 2013 the second amendment to the MDA was signed. Following its ratification on 18 September 2013, the amendment was published and became effective on 24 September 2013.

The amended MDA, subject to the conditions therein, sets out, amongst other things, the tax obligations of the Concessionaire, as well as detailing the Concessionaire's obligations in relation to withholding tax, interest deductions, depreciation, import duties and other payments in the context of the tax code of the Republic of Liberia.

*Preliminary operating agreement between ArcelorMittal Liberia Holdings Limited and ArcelorMittal Liberia Limited*

On 12 January 2006 the Company (the Concessionaire) entered into an operating agreement with its 100% subsidiary company, ArcelorMittal Liberia Limited (the Operating Company), whereas the Concessionaire appoints the Operating Company to act as an independent contractor in connection with the conduct of the operations in the Republic of Liberia in accordance with the provisions of the MDA. Under the above agreement the Operating Company has the exclusive charge of operations in the Republic of Liberia, and can conduct as the Concessionaires' agent, and all rights, contract commitments and more generally all transactions entered into by the Operating Company in its name or in the name of the Concessionaire are deemed to have been executed for and on behalf of the Concessionaire. The Operating Company will be fully reimbursed for its costs and expenses incurred in connection with the operations. The Operating Company shall be compensated for the services performed as separately agreed with the Concessionaire.

The parties, ArcelorMittal Liberia Holdings Limited (the "Concessionaire") and ArcelorMittal Liberia Limited (the "Operating Company"), have entered into an amendment to the agreements for Compensation Services and have agreed that Compensation should be payable by the Concessionaire to the Operating Company at the rate 3% per annum based on the Operating cost excluding cost directly related to holding company such as royalty, depreciation, finance cost etc.

The company has also entered into an agreement with AM Mining SA to pay 3% marketing commission fee on net realised price on sales of ArcelorMittal Liberia Holdings for handling and supporting the sales activity provided by AM Mining SA.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 24 Impairment and other expenses

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Impairment loss – assets in the production phase	572,749,096	-	-	-	-	-	-	-	-	11,891,453	560,857,643
Write off of assets in the production phase	9,992,003	-	-	-	-	-	-	-	-	-	9,992,003
Impairment of assets under construction in the development phase (phase 2)	871,517,886	-	-	-	-	-	-	5,898,825	52,934,944	812,684,117	
(Reversal of impairment)/Impairment of sustainable capital	13,244,819	-	-	-	-	-	-	-	-	-	13,244,819
Impairment of assets used in the development phase (phase 2)	12,088,149	-	-	-	-	-	-	-	7,999,176	4,088,973	
(Reversal Impairment)/Impairment of intangible assets	60,810,695	-	-	(574,011)	828,376	(125,731)	(495,573)	(393,761)	253,755	2,914,195	58,403,445
Termination and extra costs	32,896,572	-	-	-	-	-	-	-	-	30,565,359	2,331,213
Other impairment (reversals)/write offs	11,774,391	-	-	-	(2,244,425)	-	-	-	9,484,581	(351,943)	4,886,178
<b>Total impairment of capex</b>	<b>1,585,073,611</b>	<b>-</b>	<b>-</b>	<b>(574,011)</b>	<b>(1,416,049)</b>	<b>(125,731)</b>	<b>(495,573)</b>	<b>(393,761)</b>	<b>15,637,161</b>	<b>105,953,184</b>	<b>1,466,488,391</b>

The impairment loss in the prior year comprised of the impairment and write off of certain tangible and intangible assets (notes 11 and 12) in both the production and development phases, as well as certain other termination and write off costs.

# ArcelorMittal Liberia Holdings Limited

## Notes to the financial statements

For the year ended 31 December 2023

### 25 Events after the reporting date

On 27 December 2024, the authorised and issued share capital of the Company increased by 200,000,000 ordinary shares of nominal value US\$1 each for a total of US\$200,000,000, by allocating 170,000,000 shares to ArcelorMittal Switzerland AG (formerly ArcelorMittal Holdings AG) and 30,000,000 shares to the Government of Liberia.

As of June 30, 2025, the Company has incurred approximately US\$1.4 billion in gross capital expenditure for the construction of the Phase 2 project. As of July 20, 2025, the Company estimates outstanding commitments of around US\$283 million related to Phase 2. Nevertheless, AML retains the right to terminate these contracts should vendors fail to meet or adhere to the agreed terms.

On 3<sup>rd</sup> February 2025 the Company has entered into a new loan agreement with ArcelorMittal S.A in which company has borrowed USD\$ 400,000,000 where the rate of interest is aggregate of 12month term SOFR for USD plus a 3.5% margin, with a maturity date up to 21<sup>st</sup> December 2027.

The Company had legal cases that arose after the year ended 31 December 2023, for the estimated amount of \$1.23 million in accordance with the claims of plaintiffs. The Company has disputed the lawsuits and has filed for defence, depending on the circumstances of each case.

There were no other events after the reporting date which would have a material impact on the understanding of these financial statements other than those disclosed below and in the Notes to these financial statements.

# ArcelorMittal Liberia Holdings Limited

## Additional information to the Statement of Profit or loss and Other Comprehensive Income

### Cost of sales for the year ended 31 December 2023

	2023 US\$	2022 US\$
Opening inventory	127,740,458	85,783,060
Closing inventory	(169,199,999)	(127,740,458)
Change in inventory	(41,459,541)	(41,957,398)
Advertisement Expenses	-	450
IT and communication	2,845,651	1,787,823
Consumables	28,207,609	22,798,300
Staff costs (note 7)	24,950,967	23,279,928
Insurance	6,354,300	7,645,557
Professional services	2,865,312	1,722,574
Security costs	3,467,227	2,856,374
Repairs and maintenance	2,687,397	3,819,347
Government fees	146,814	719,432
Travelling and transport expenses	7,741,724	13,447,203
Rental expenses	-	54,448
Fuel costs	26,818,793	28,303,384
Sundry expenses	1,980,802	1,101,571
Impairment Charge / (reversal)	-	-
Total cost of production	66,607,055	65,578,994
Depreciation and amortization	15,967,212	13,634,230
<b>Total cost of sales</b>	<b>82,574,267</b>	<b>79,213,224</b>



# ArcelorMittal Liberia Holdings Limited

## Additional information to the Statement of Profit or loss and Other Comprehensive Income

### Analysis of expenses for the year ended 31 December 2023

	2023 US\$	2022 US\$
<b>Administration, selling and distribution expenses</b>		
Auditors' remuneration for the statutory audit of the annual accounts - current year	223,302	187,849
IT and communication	1,903,997	1,129,911
Consumables	4,352,411	4,184,302
Staff costs (note 7)	17,348,357	16,007,921
Insurance	2,723,571	3,276,666
Professional services	2,602,370	3,464,209
Security costs	4,020,139	3,423,982
Advertising	96,386	32,100
Repairs and maintenance	1,635,852	1,847,655
Government fees	1,178,865	985,013
Travelling, transport and shipping expenses	2,258,640	1,957,420
Rental expenses	965,202	1,070,956
Fuel costs	4,782,852	3,798,213
Sales commission	11,814,432	12,746,217
Royalty fee	11,863,188	15,452,967
Sundry expenses	1,250,838	1,136,433
Loss on Disposal	-	237,200
Depreciation	796,242	358,630
<b>Total administration, selling and distribution expenses</b>	<b>69,816,644</b>	<b>71,297,644</b>