ArcelorMittal Projects Georgia LLC

International Financial Reporting Standard for
Small and Medium-Sized Entities
(IFRS for SMEs) Financial Statements

31 December 2024

ArcelorMittal Projects Georgia

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ArcelorMittal Projects Georgia

Statement of financial position

(Amounts expressed in Euro)

	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property and equipment	4	3,534	1,922
Right of use	5	78,445	105,076
Total non-current assets		**81,979**	**106,999**
Current assets			
Other assets	6	512,209	-
Inventories	7	342,808	356,036
Advances paid		6,449	3,639
Trade and other receivables		245	11
Prepaid taxes		12,019	10,236
Cash and cash equivalents	8	472,248	6,199
Total current assets		**1,345,977**	**376,121**
Total assets		**1,427,956**	**483,120**
Equity			
Charter capital	9	205,011	105,011
Retained earnings		(179,551)	(106,213)
Total equity		**25,461**	**(1,202)**
Liabilities			
Non-current liabilities			
Lease Liabilities	5	56,854	80,249
Total non-current liabilities		**56,854**	**80,249**
Current liabilities			
Deferred revenue	6	153,666	-
Current lease liability	5	25,036	24,820
Advances received		7,544	35,825
Trade and other payables	10	1,159,396	343,427
Total current liabilities		**1,345,642**	**404,072**
Total liabilities		**1,402,495**	**484,321**
Total equity and liabilities		**1,427,956**	**483,120**

Approved for issue and signed on behalf of the Management on 18 August 2025 by:

Maria Stepanova
Director

Elene Kvitashvili
Finance Controller

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

ArcelorMittal Projects Georgia

Statement of profit and loss and other comprehensive income

(Amounts expressed in Euro)

	Notes	2024	2023
Revenue	11	1,907,122	1,445,167
Cost of sales	12	(1,477,331)	(768,179)
Contribution margin		**429,791**	**676,988**
Distribution expenses		(90,169)	(256,840)
Gross profit		**339,622**	**420,148**
Other operating income	6	200,646	-
General and administrative expenses	13	(409,071)	(446,668)
EBITDA		**131,197**	**(26,520)**
Depreciation and amortization		(180,845)	(24,092)
Finance costs		(7,806)	(5,946)
Net foreign exchange loss		(15,721)	(16,393)
Non-oprtaional income/(expense)		(163)	905
Loss before income tax		**(73,338)**	**(72,046)**
Income tax expense		-	-
Loss for the year		**(73,338)**	**(72,046)**
Total comprehensive loss for the year		**(73,338)**	**(72,046)**

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ArcelorMittal Projects Georgia

Statement of changes in equity

(Amounts expressed in Euro)

	Charter capital	Retained earnings	Total
At 1 January 2023	-	**(34,167)**	**(34,167)**
Total comprehensive loss for the year	-	(72,046)	**(72,046)**
Paid in capital	105,011		**105,011**
At 31 December 2023	**105,011**	**(106,213)**	**(1,202)**
Total comprehensive loss for the year	-	(73,338)	**(73,338)**
Paid in capital	100,000		**100,000**
At 31 December 2024	**205,011**	**(179,551)**	**25,461**

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

ArcelorMittal Projects Georgia

Statement of cash flows

(Amounts expressed in Euro)

	Notes	2024	2023
Cash flows from operating activities			
Loss before income tax		(73,338)	(72,046)
Adjustments for non-cash income and expenses:			-
Depreciation of property & equipment and right-of-use assets	4	180,845	24,092
Finance costs		7,806	5,946
Net foreign exchange losses		15,721	16,393
Operating cash flows before working capital changes		**131,034**	**(25,615)**
Change in other assets		(668,053)	-
Change in inventories		13,228	(356,036)
Change in advances paid		(2,826)	(3,639)
Change in trade and other receivables		(263)	0
Change in prepaid taxes		(2,120)	(9,709)
Change in deferred revenue		153,666	-
Change in advances received		(28,244)	(128,119)
Change in trade and other payables		807,594	288,597
Operating cash flows after changes in working capital		**404,016**	**(234,521)**
Finance cost paid		(7,806)	(5,946)
Net cash provided from/(used in) operating activities		**396,210**	**(240,467)**
Cash flows from investing activities			
Purchase of property and equipment	4	(2,617)	(2,462)
Net cash used in investing activities		**(2,617)**	**(2,462)**
Cash flows from financing activities			
Paid in capital		100,000	100,000
Repayment of lease liabilities	5	(20,544)	(23,558)
Net cash provided from financing activities		79,456	76,442
Net increase/(decrease) in cash and cash equivalents		**473,049**	**(166,488)**
Effect of exchange rate changes on cash and cash equivalents		(7,194)	(19,469)
Cash and cash equivalents at the beginning of the year		6,393	192,156
Cash and cash equivalents at the end of the year	8	**472,248**	**6,199**

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

1. The company and its operations

ArcelorMittal Projects Georgia LLC ('the Company') was founded in August 2022 and is domiciled in Georgia. The Company is a limited liability company and was set up in accordance with Georgian regulations.

Company operates as a regional one-stop-shop for steel solutions. Company offers cost-effective, complete, tailor-made and sustainable steel solutions such as sheet piles, tie-rods, sections, rails, pipes, plates and steel products related services. Steel goods distributed by the company can be applied in amongst infrastructure projects, waterfront structures, and industrial and civil construction.

The Company's registered address and place of business is at Ilia Chavchavadze Avenue 37, Tbilisi, Georgia.

ArcelorMittal Projects Georgia LLC is under 100% ownership of ArcelorMittal Projects Europe B.V 20081827, Netherlands. Majority of the company's core product portfolio is produced and supplied by ArcelorMittal group's production facilities across the world. Its related parties are :

Company Name	Relation
ArcelorMittal RZK Celik Servis Me	ArcelorMittal Intragroup entity
ArcelorMittal Construction Sverige AB	ArcelorMittal Intragroup entity
ArcelorMittal Commercial Sections S.A.	ArcelorMittal Intragroup entity
ArcelorMittal Distribution Solutions Vostok LLC	ArcelorMittal Intragroup entity
ArcelorMittal DSTC FZE	ArcelorMittal Intragroup entity
INDUSTEEL Belgium S.A.	ArcelorMittal Intragroup entity
ArcelorMittal Flat Carbon Europe S.A.	ArcelorMittal Intragroup entity
ARCELORMITTAL LOGISTICS BELGIUM NV	ArcelorMittal Intragroup entity
ArcelorMittal Commercial RPS S.à.r.l.	ArcelorMittal Intragroup entity
Arcelormittal Temirtau JSC	Intragroup in middle of 2024, was sold 100% of shares. No longer related party as of December, 2024

2. Summary of material accounting policies

Basis of preparation

These financial statements of the Company have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-Sized Entities' (IFRS for SMEs) and with the requirements of the Law of Georgia on Accounting, Financial Reporting and Auditing. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

Presentation currency

These financial statements are presented in Euro ("EUR"), unless otherwise indicated and rounded to the nearest Euro.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is also Euro.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

2. Summary of material accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventories comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventory is determined using the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.
Goods in transit are recognized as inventory when the Company obtains control and bears the significant risks and rewards of ownership, even though the goods have not physically reached the warehouse.

Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised.

An item of property 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 profit or loss when the asset is derecognized.

All other repairs and maintenance are charged to the statement of profit and loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Office equipment	4 years
Furniture and Fixture	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets

Assets arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated contract life of 5 years for Tbilisi office lease.

2. Summary of material accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities, as described below.
Revenues from sale of goods are recognised at the point of transfer of control of the goods, normally when the goods are dispatched. If the Company agrees to transport goods to a specified location, revenue is recognised when risk and ownership for goods are passed to the customer at the destination point.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments for lease, less any lease incentives receivable.
To determine the incremental borrowing rate, company uses the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Current income tax

Income taxes have been provided for in accordance with Georgian legislation enacted or substantively enacted by the reporting date. In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The changed model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the company's profit before tax, regardless of the retention or distribution status.
The new profit tax rules are effective as of 1 January 2017, which applies to the company and the tax base comprise both actual and deemed profit distributions, including the following:

- distributed profits;
- expenses incurred or other payments not related to economic activities;
- gratuitous supplies of goods/services and/or transfers of funds; and
- representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognised as an expense at the moment dividends are declared and recorded under "income tax" in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities.

Tax imposed on the areas other than distributed profits as described above is recorded under "General and administrative expenses" in the statement of profit and loss.

Due to the changed concept of taxation the term taxable base of assets and liabilities loses its economic meaning and deferred tax liabilities and assets as defined in IAS 12, *Income Tax*, are not applicable under new corporate taxation model.

Summary of material accounting policies (continued)

Value Added Tax

Output value added tax related to sales is payable to tax authorities upon delivery of the goods to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Charter capital

The amount of Company's authorized Charter capital is defined by the Company's Charter. The changes in the Company's Charter (including changes in the charter capital, ownership, etc.) shall be made only based on the decision of the Company's shareholders. The authorised capital is recognised as charter capital in the equity of the Company to the extent that it was contributed by the shareholders to the Company.

Standards issued but not yet effective

New and amended standards

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No standard or amendment affected the Company's financial statements:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendment to IAS 1: Non-current Liabilities with Covenants

Standards issued but not yet effective:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21 Lack of Exchangeability
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and Disclosure in Financial Statements

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.

(Amounts expressed in Euro)

3. Significant accounting judgements, estimates and assumptions

Going concern. These separate financial statements have been prepared on the assumption that the Company is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Company in Georgia. The management believes that the going concern assumption is appropriate for the Company.

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually 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. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives of property and equipment. The estimation of the useful life of an item of property and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Depreciation of right-of-use assets. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discount rates used for determination of lease liabilities. The Company uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate was not adjusted for any factor.

Initial recognition of related party transactions. In the normal course of business the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

4. Property and equipment

	Office equipment	Furniture and Fixture	Total
Cost			
1 January 2023	-	-	-
Additions	1,571	891	**2,462**
Disposals			-
31 December 2023	**1,571**	**891**	**2,462**
Additions	2,617	-	**2,617**
Disposals	-	-	-
31 December 2024	**4,188**	**891**	**5,079**
Accumulated depreciation			
1 January 2023	-	-	-
Charge for the year	376	164	**540**
Disposals	-	-	-
31 December 2023	**376**	**164**	**540**
Charge for the year	841	164	**1,005**
Disposals	-	-	-
31 December 2024	**1,217**	**328**	**1,545**
Carrying value at 31 December 2023	**1,195**	**727**	**1,922**
Carrying value at 31 December 2024	**2,971**	**563**	**3,534**

(Amounts expressed in Euro)

5. Right-of Use Assets and Lease Liabilities

The Company rents office space in Tbilisi from a non-related party. Rental contract is made for fixed period of 5 years.

In Euro	Office	Total
Carrying amount at 1 January 2024	**105,076**	**105,076**
Depreciation charge	25,198	**25,198**
Reassessment effect	- 1,433	- **1,433**
Carrying amount at 31 December 2024	**78,445**	**78,445**

The Company recognised lease liabilities as follows:

In Euro	31 December 2024	31 December 2023
Short-term lease liabilities	25,036	24,820
Long-term lease liabilities	56,854	80,249
Total lease liabilities	**81,890**	**105,070**

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items represent lease liabilities and are those that are reported as financing in the statement of cash flows:

In Euro	2024	2023
Liabilities from financing activities at 1 January	**105,070**	-
Cash flows		
Repayments of principal	(23,901)	(21,199)
Interest payments	(4,413)	(3,997)
Non-cash changes		
New leases	-	126,269
Reassessment effect	722	
Interest accrual	4,413	3,997
Liabilities from financing activities at 31 December	**81,890**	**105,070**

(Amounts expressed in Euro)

6. Other Assets

The Company enters into agreements with customers that include a contractual buy-back obligation. Under these arrangements, the Company is required to repurchase the inventory upon the customer's request. In substance, these transactions do not transfer control of goods to the customer, as the Company retains significant risks and obligations associated with the goods. Accordingly, such material is presented as *Other assets* in the statement of financial position, while corresponding liabilities are recognized as *Deferred revenue* and *Buy-back provisions*. Related income earned on this materials is presented under *Other operating income*.

The table below represents materials subject to contractual buy-back obligations that remains under the Company's control.

Other assets In Euro	**Materials under buyback term**	**Total**
Carrying amount at 1 January 2024	-	-
Additions	668,053	**668,053**
Depreciation charge	155,844	**155,844**
Carrying amount at 31 December 2024	**512,209**	**512,209**

The Company recognised liabilities as follows:
Deferred revenue reflecting amounts received from customers that will not be recognized as revenue until the obligation lapses; and Buy-back provision recognized for the present obligation to repurchase inventory, measured at the expected repurchase cost:

Liabilities In Euro	**31-Dec-24**
Deferred Revenue	153,666
Buyback provision	410,139
Total buyback liabilities	**563,806**

In addition, income earned from granting customers temporary rights to use the inventory during the contractual period is presented as other operating income, in line with Company's business model:

Other operating income In Euro	**2024**
Other operating income	200,646

7. Inventories

	31 December 2024	**31 December 2023**
Inventory for sale	265,634	301,914
Inventory in transit	77,174	54,122
Total inventory	**342,808**	**356,036**

The cost of inventories sold amounted to EUR 1,477,331 (2023: EUR 768,179).

(Amounts expressed in Euro)

8. Cash and cash equivalents

	31 December 2024	31 December 2023
Current accounts in banks (GEL)	26,942	2,438
Current accounts in banks (EUR)	439,878	3,760
Current accounts in banks (USD)	5,429	-
Total cash and cash equivalents	**472,248**	**6,199**

As at 31 December 2024 and 2023, the Company's cash and cash equivalents are represented by cash at banks.

9. Charter capital

As at 31 December 2024 and 2023, ArcelorMittal Projects Europe B.V held 100% of ownership interest. The charter capital of EUR 205,011 is fully contributed in cash.

During 2024 the Company paid in capital of EUR 100,000 (2023: 105,011).

10. Trade and other payables

	31 December 2024	31 December 2023
Trade payables	679,125	324,492
Buyback provision	410,139	-
Payable to employees	70,131	18,935
Total trade and other payables	**1,159,396**	**343,427**

11. Revenue

	2024	2023
Revenues from sale	1,907,122	1,257,812
Other Revenue	-	187,355
Total revenue	**1,907,122**	**1,445,167**

12. Cost of sales

As at 31 December 2024 and 2023, the Company's cost of sales are represented by cost of inventory sales.

13. General and administrative expenses

	2024	2023
Personnel-related expenses	332,391	361,563
Accounting and other Professional services	37,967	39,699
Corporate service fees	10,009	9,042
Business trips	9,992	15,377
Communications and Office supplies	8,906	14,258
Insurance	4,753	3,361
Membership Fee	2,564	1,379
Other Expenses	2,488	1,990
Total general and administrative expenses	**409,071**	**446,668**

(Amounts expressed in Euro)

14. Balances and transactions with related parties

The outstanding balances with related parties were as follows:

	31 December 2024	31 December 2023
Trade and other payables to related parties		
- Entities under common control	661,424	316,965
- Parent Company	3,057	4,129

The income and expense items with related parties were as follows:

	2024	2023
Revenue		
- Entities under common control		595,398
- Parent Company		204,754
Purchase of inventory		
- Entities under common control	1,939,743	758,335
Distribution expenses		
- Entities under common control	24,536	
General and administrative expenses		
- Entities under common control	1,876	3,842
- Parent Company	11,350	9,042

15. Contingencies and commitments

Tax legislation. The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements, and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements, and court decisions. However, the interpretations of the relevant authorities could differ and if the authorities were successful in enforcing their own interpretations, the effect on these financial statements could be significant.