

Reconciliations of Non-GAAP Financial Measures to IFRS Measures

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ArcelorMittal and Vestas are partnering to produce low carbon-emissions steel which will be used in the production of wind turbine towers.

Disclaimer

ArcelorMittal presents supplemental financial measures that are or may be non-GAAP financial/alternative performance measures, as defined in the rules of the SEC or the guidelines of the European Securities and Market Authority (ESMA). They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with IFRS. Accordingly, they should be considered in conjunction with ArcelorMittal's consolidated financial statements prepared in accordance with IFRS, including in its annual report on Form 20-F, its interim financial reports and earnings releases. Comparable IFRS measures and reconciliations of non-GAAP/alternative performance measures thereto are presented in such documents, as well as in the tables in this document.

ArcelorMittal presents EBITDA and EBITDA/tonne, free cash flow (FCF) and ratio of net debt/LTM EBITDA which are non-GAAP financial/alternative performance measures, as additional measures to enhance the understanding of its operating performance. ArcelorMittal believes such indicators are relevant to provide management and investors with additional information. The definition of EBITDA has been revised in this earnings release to split out the impairment charges and exceptional items of the Kazakhstan disposal because the Company believes this presentation provides more clarity with respect to the impacts of this disposal. ArcelorMittal also presents net debt as an additional measure to enhance the understanding of its financial position, changes to its capital structure and its credit assessment. ArcelorMittal also presents adjusted net income(loss) and adjusted basic earnings per share as it believes these are useful measures for the underlying business performance excluding impairment items and exceptional items. The definition of adjusted net income has been revised as for EBITDA to split out the impairment charges and exceptional items of the Kazakhstan disposal for the same reason as for EBITDA and also to clarify that impairment charges and exceptional items of associates, joint ventures and other investments are excluded from this alternative performance measure. Going forward, the Company plans to present EBITDA including income from share of associates, JVs and other investments (excluding impairments and exceptional items if any, of associates, JVs and other investments). ArcelorMittal also presents free cash flow (FCF), which is a non-GAAP financial/alternative performance measure calculated as shown in the Condensed Consolidated Statement of Cash Flows, because it believes it is a useful supplemental measure for evaluating the strength of its cash generating capacity. The Company also presents ROCE and ROE (Return on Equity) as an additional measure to enhance the understanding of its operating performance. The Company's guidance as to additional EBITDA estimated to be generated from certain projects and target as to EBITDA from the new Sustainable Solutions segment is based on the same accounting policies as those applied in the Company's financial statements prepared in accordance with IFRS. ArcelorMittal is unable to reconcile, without unreasonable effort, such guidance to the most directly comparable IFRS financial measure, due to the uncertainty and inherent difficulty of predicting the occurrence and the financial impact of items impacting comparability. For the same reasons, ArcelorMittal is unable to address the significance of the unavailable information. Non-GAAP/alternative performance measures may not be comparable to similarly titled measures applied by other companies. Non-GAAP financial/alternative performance measures should be read in conjunction with, and not as an alternative to, ArcelorMittal's financial information prepared in accordance with IFRS.

Definitions

Definitions

- **Adjusted basic EPS:** refers to adjusted net income divided by the weighted average common shares outstanding. Adjusted net income(loss): refers to reported net income/(loss) excluding impairment charges and exceptional items (including with respect to the income from associates, JV and other investments), and impact on disposal of Kazakhstan operations.
- **EPS:** refers to basic or diluted earnings per share.
- **EBITDA:** operating results plus depreciation, impairment items and exceptional items and impact on disposal of Kazakhstan operations. As from January 1, 2024, EBITDA will also include income from associates, JV and other investments (excluding impairments). **EBITDA/tonne:** calculated as EBITDA divided by total steel shipments. Exceptional items: income / (charges) relate to transactions that are significant, infrequent or unusual and are not representative of the normal course of business of the period.
- **Free cash flow (FCF):** refers to net cash provided by operating activities less capex less dividends paid to minority
- shareholders.
- **Foreign exchange and other net financing income(loss):** include foreign currency exchange impact, bank fees, interest on pensions, impairment of financial assets, revaluation of derivative instruments and other charges that cannot be directly linked to operating results.
- **Gross debt:** long-term debt and short-term debt.
- **Impairment items:** refers to impairment charges net of reversals.
- **Income from associates, joint ventures and other investments:** refers to income from associates, joint ventures and other investments (excluding impairments of associates, joint ventures and other investments)
- **Net debt:** long-term debt and short-term debt less cash and cash equivalents
- **ROE** refers to "**Return on Equity**" which is calculated as trailing twelve-month adjusted net income (excluding impairment charges and exceptional items) attributable to equity holders of the parent divided by the average equity attributable to the equity holders of the parent over the period.
- **ROCE** is defined as the adjusted operating income plus income from associates, JVs and other investments (excluding impairments, if any) minus income taxes divided by the average equity plus net debt for the period.

Reconciliation of Net Income to Group EBITDA

In millions of U.S. dollars	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2021	2022	2023
Net income (loss) attributable to equity owners of the parent	2,285	4,005	4,621	4,045	4,125	3,923	993	261	1,096	1,860	929	(2,966)	14,956	9,302	919
Non-controlling interests income/ (loss)	120	166	219	104	121	87	62	(34)	44	47	32	(20)	609	236	103
Income (loss) including non-controlling interest	2,405	4,171	4,840	4,149	4,246	4,010	1,055	227	1,140	1,907	961	(2,986)	15,565	9,538	1,022
Income tax expense/ (benefit)	404	542	882	632	555	826	371	(35)	189	231	272	(454)	2,460	1,717	238
Deferred tax	(165)	(226)	(56)	(46)	(140)	(74)	(23)	(126)	(93)	(85)	(10)	(582)	(493)	(363)	(770)
Current tax	569	768	938	678	695	900	394	91	282	316	282	128	2,953	2,080	1,008
Income (loss) before taxes and non-controlling interest	2,809	4,713	5,722	4,781	4,801	4,836	1,426	192	1,329	2,138	1,233	(3,440)	18,025	11,255	1,260
Foreign exchange and other net financing losses/ (gains)	194	233	339	111	140	183	247	(449)	117	133	224	240	877	121	714
Net interest expense	91	76	62	49	51	53	37	72	64	47	31	3	278	213	145
Impairment of investments in associates, joint ventures and other investments	0	0	0	(16)	0	0	0	0	0	0	0	1,405	(16)	0	1,405
Income from associates, joint ventures and other investments	(453)	(590)	(778)	(367)	(559)	(578)	(59)	(121)	(318)	(393)	(285)	(188)	(2,188)	(1,317)	(1,184)
Operating income / (loss)	2,641	4,432	5,345	4,558	4,433	4,494	1,651	(306)	1,192	1,925	1,203	(1,980)	16,976	10,272	2,340
Operating margin %	16%	23%	26%	22%	20%	20%	9%	(2%)	6%	10%	7%	(14%)	22%	13%	3%
Impact on disposal of Kazakhstan operations	0	0	0	0	0	0	0	0	0	0	0	2,431	0	0	2,431
Exceptional items losses/(gains)	0	0	123	0	0	0	381	(98)	0	0	0	0	123	283	0
Impairments items net of purchase (gains)	0	0	0	(218)	0	0	0	1,026	0	0	0	112	(218)	1,026	112
Depreciation	601	620	590	712	647	669	628	636	630	680	662	703	2,523	2,580	2,675
EBITDA	\$3,242	\$5,052	\$6,058	\$5,052	\$5,080	\$5,163	\$2,660	\$1,258	\$1,822	\$2,605	\$1,865	\$1,266	\$19,404	\$14,161	\$7,558
EBITDA Margin %	20%	26%	30%	24%	23%	23%	14%	7%	10%	14%	11%	9%	25%	18%	11%
Basic earnings (loss) per common share (\$)	1.94	3.47	4.17	3.93	4.28	4.25	1.11	0.30	1.28	2.21	1.11	(3.57)	13.53	10.21	1.09
Diluted earnings (loss) per common share (\$)	1.93	3.46	4.16	3.92	4.27	4.24	1.11	0.30	1.27	2.20	1.10	(3.57)	13.49	10.18	1.09
Weighted average common shares outstanding (in millions)	1,178	1,154	1,109	1,030	964	924	892	865	859	842	838	830	1,105	911	842
Diluted weighted average common shares outstanding (in millions)	1,183	1,157	1,112	1,033	966	926	895	868	862	845	841	830	1,108	914	845

Reconciliation of Group EBITDA to Operating Income

In millions of U.S. dollars	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2021	2022	2023
EBITDA	\$3,242	\$5,052	\$6,058	\$5,052	\$5,080	\$5,163	\$2,660	\$1,258	\$1,822	\$2,605	\$1,865	\$1,266	\$19,404	\$14,161	\$7,558
Depreciation	(601)	(620)	(590)	(712)	(647)	(669)	(628)	(636)	(630)	(680)	(662)	(703)	(2,523)	(2,580)	(2,675)
Impairments items net of purchase gains	0	0	0	218	0	0	0	(1,026)	0	0	0	(112)	218	(1,026)	(112)
Exceptional items	0	0	(123)	0	0	0	(381)	98	0	0	0	0	(123)	(283)	0
Impact on disposal of Kazakhstan operations	0	0	0	0	0	0	0	0	0	0	0	(2,431)	0	0	(2,431)
Operating income / (loss)	2,641	4,432	5,345	4,558	4,433	4,494	1,651	(306)	1,192	1,925	1,203	(1,980)	16,976	10,272	2,340
Other information															
Steel shipments (Mt)	16.5	16.1	14.6	15.8	15.3	14.4	13.6	12.6	14.5	14.2	13.7	13.3	62.9	55.9	55.6
EBITDA/tonne (US\$/t)	197	314	414	320	331	359	196	100	126	183	136	95	308	253	136
Operating income (US\$/t)	160	276	366	289	289	313	122	(24)	82	136	88	(149)	270	184	42

Reconciliation of adjusted net income and adjusted basic EPS

In millions of U.S. dollars	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2021	2022	2023
Net income (loss) attributable to equity owners of the parent	2,285	4,005	4,621	4,045	4,125	3,923	993	261	1,096	1,860	929	(2,966)	14,956	9,302	919
Impairments items net of purchase gains	0	0	0	218	0	0	0	(1,026)	0	0	0	(112)	218	(1,026)	(112)
Exceptional items (losses)/gains	0	0	(123)	0	0	0	(381)	98	0	0	0	0	(123)	(283)	0
Impact on disposal of Kazakhstan operations	0	0	0	0	0	0	0	0	0	0	0	(2,431)	0	0	(2,431)
Impairment of investments in associates, joint ventures and other investments	0	0	0	16	0	0	0	0	0	0	0	(1,405)	16	0	(1,405)
Adjusted net income	2,285	4,005	4,744	3,811	4,125	3,923	1,374	1,189	1,096	1,860	929	982	14,845	10,611	4,867
Weighted average common shares outstanding (in millions)	1,178	1,154	1,109	1,030	964	924	892	865	859	842	838	830	1,105	911	842
Adjusted basic EPS \$/share	1.94	3.47	4.28	3.70	4.28	4.25	1.54	1.37	1.28	2.21	1.11	1.18	13.43	11.65	5.78

Reconciliation of Gross debt to net debt

In millions of U.S. dollars	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
	2021	2021	2021	2021	2022	2022	2022	2022	2023	2023	2023	2023
Gross debt (excluding asset held as part of liabilities held for sale)	11,365	9,228	8,249	8,401	8,722	8,788	8,994	11,650	11,477	10,460	10,543	10,681
Gross debt held as part of liabilities held for sale	23	0	0	0	0	0	0	0	0	0	0	0
Gross debt (including those which are part of liabilities held for sale)	11,388	9,228	8,249	8,401	8,722	8,788	8,994	11,650	11,477	10,460	10,543	10,681
Less:												
Cash and cash equivalents	(5,474)	(4,184)	(4,381)	(4,371)	(5,570)	(4,565)	(5,067)	(9,414)	(6,290)	(5,943)	(6,289)	(7,783)
Cash and cash equivalents held as part of assets held for sale	(10)	0	0	0	0	0	0	0	0	0	0	0
Net debt (including those which are part of the assets and the liabilities held for sale)	5,904	5,044	3,868	4,030	3,152	4,223	3,927	2,236	5,187	4,517	4,254	2,898

Reconciliation of Free cashflow

In millions of U.S. dollars	1Q 21	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2021	2022	2023
Net cash provided by operating activities	997	2,312	2,442	4,154	2,034	2,554	1,981	3,634	949	2,087	1,281	3,328	9,905	10,203	7,645
Capital expenditures (Purchase of property, plant and equipment and intangibles)	(619)	(569)	(675)	(1,145)	(529)	(655)	(784)	(1,500)	(938)	(1,060)	(1,165)	(1,450)	(3,008)	(3,468)	(4,613)
Dividends paid to non-controlling interests	(65)	(17)	(157)	(21)	(12)	(166)	(124)	(29)	(53)	(12)	(66)	(31)	(260)	(331)	(162)
Free cashflow	313	1,726	1,610	2,988	1,493	1,733	1,073	2,105	(42)	1,015	50	1,847	6,637	6,404	2,870

Free cashflow: cashflow from operations less capex less dividends paid to minorities shareholders

ROCE

In millions of U.S. dollars	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equity	50,466	53,173	45,160	27,570	32,325	40,855	44,108	40,483	40,237	51,344	55,590	56,068
Net Debt	21,773	16,079	15,781	15,684	11,059	10,142	10,196	9,345	6,380	4,030	2,236	2,898
Capital Employed	72,239	69,252	60,941	43,254	43,384	50,997	54,304	49,828	46,617	55,374	57,826	58,966
Average Capital Employed	-	70,746	65,097	52,098	43,319	47,191	52,651	52,066	48,223	50,996	56,600	58,396
Operating (loss)/ income	(2,645)	1,197	3,034	(4,161)	4,161	5,434	6,539	(627)	2,110	16,976	10,272	2,340
Impairment add back	5,035	444	264	4,764	205	206	810	1,927	(133)	(218)	1,026	112
Exceptional items add back	587	552	0	1,436	(832)	0	117	828	(636)	123	283	0
Impact on disposal of Kazakhstan operations add back	0	0	0	0	0	0	0	0	0	0	0	2,431
Income from associates, joint ventures and other investments (w/o impairments)	269	48	326	17	266	591	658	351	445	2,188	1,317	1,184
Tax Expenses/Benefit	1,906	(215)	(454)	(902)	(986)	(432)	349	(459)	(1,666)	(2,460)	(1,717)	(238)
NOPAT	5,152	2,026	3,170	1,154	2,814	5,799	8,473	2,020	120	16,609	11,181	5,829
ROCE % including impairment items, exceptional items and the impact on disposal of Kazakhstan operations		1.5%	4.5%	(9.7%)	7.9%	11.9%	14.3%	(1.4%)	1.8%	32.8%	17.4%	5.6%
ROCE % without impairment items, exceptional items and the impact on disposal of Kazakhstan operations		2.9%	4.9%	2.2%	6.5%	12.3%	16.1%	3.9%	0.2%	32.6%	19.8%	10.0%

ROE

In millions of U.S. dollars	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total average Equity (a)	56,245	52,547	49,660	35,440	31,182	37,394	42,931	42,778	37,874	47,243	55,537	56,909
Excluding average Non controlling interests (b)	3,690	3,422	3,215	2,737	2,230	2,161	2,030	2,008	1,838	2,146	2,411	2,144
Average Equity attributable of the parent (a) - (b)	52,555	49,125	46,445	32,703	28,952	35,233	40,901	40,771	36,035	45,097	53,126	54,765
Average Equity (beginning, quarterly intermediates & end of year) (c)	-	48,703	47,115	34,580	28,216	34,214	40,479	41,034	36,532	43,733	52,322	54,443
Net result attributable to the parent (as published) (d)	(3,352)	(2,545)	(1,086)	(7,946)	1,779	4,568	5,149	(2,454)	(733)	14,956	9,302	919
ROE % (d) / (c)		(5.2%)	(2.3%)	(23.0%)	6.3%	13.4%	12.7%	(6.0%)	(2.0%)	34.2%	17.8%	1.7%
Impairment items add back	5,035	444	264	4,764	205	206	810	1,927	(133)	(218)	1,026	112
Exceptional items add back	587	552	0	1,436	(832)	0	117	828	(636)	123	283	0
Impact on disposal of Kazakhstan operations add back	0	0	0	0	0	0	0	0	0	0	0	2,431
Impairment of investments in associates, joint ventures and other investments add back	84	490	498	519	(349)	143	6	4	211	(16)	0	1,405
Net result attributable to the parent (as published) w/o Exceptional items, Impairment items, impact on disposal of Kazakhstan operations and impairment of investments in associates, joint ventures and other investments (e)	2,354	(1,059)	(324)	(1,227)	803	4,917	6,082	305	(1,291)	14,845	10,611	4,867
ROE % (e) / (c) w/o Exceptional items, Impairment items, impact on disposal of Kazakhstan operations and impairment of investments in associates, joint ventures and other investments		(2.2%)	(0.7%)	(3.5%)	2.8%	14.4%	15.0%	0.7%	(3.5%)	33.9%	20.3%	8.9%