

ArcelorMittal Commercial Denmark ApS

Kigkurren 8E 3.tv

2300 Copenhagen S

CVR No. 10090067

Annual report 2019

The annual report was presented and adopted at the annual general meeting of the Company on 2 September 2020

Ane Margrethe Bukh Madsen
Chairman

Contents

Management's statement	3
Company details	4
Management's Review	5
Income Statement	6
Balance Sheet	7
Statement of changes in Equity	9
Notes	10

Management's statement

Today, Management has considered and adopted the Annual Report of ArcelorMittal Commercial Denmark ApS for the financial year 1 January 2019 - 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

We recommend the general meeting to opt out of audit for the annual report for 1. January - 31. december 2019. The board of executives consider the conditions for opting out of audit to be fulfilled.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 25 August 2020

Executive Board

Ane Margrethe Bukh Madsen
CEO

Alex Mørch-Petersen
CEO

ArcelorMittal Commercial Denmark ApS

Company details

Company	ArcelorMittal Commercial Denmark ApS Kigkurren 8E 3.tv 2300 Copenhagen S
CVR No.	10090067
Date of formation	18 June 2002
Registered office	Copenhagen
Financial year	1 January 2019 - 31 December 2019
Executive Board	Ane Margrethe Bukh Madsen, CEO Alex Mørch-Petersen, CEO

Management's Review

The Company's principal activities

The Company's primary activity consists of agency trade with the Parent's products. The products comprise products of steel sold to the industry.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK 988.246 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 3.742.311 and an equity of DKK 1.630.654.

Post financial year events

On March 19, 2020, the ArcelorMittal Group announced certain measures that it is taking or considering in light of the COVID-19 pandemic and its effect on its operating markets. On March 31, 2020, the Group ArcelorMittal issued an update to this statement, announcing that it would be reducing production and temporarily idling steelmaking and finishing assets on a country by country basis in accordance with regional demand and governmental requirements.

Due to COVID-19 customers started slowing down their activities as from March, resulting in a decline of turnover. The company operates mostly under a low risk cost plus contract, so profitability is not affected.

The company is not in a position at this stage to predict fully the severity of the consequences of the COVID-19 outbreak on its financial performance but believes it will likely have an adverse effect on the company's financial statements over 2020.

Income Statement

	Note	2019 kr.	2018 kr.
Revenue		11.441.925	10.407.536
Other operating income		39.991	39.192
Other external expenses		-1.885.523	-1.784.574
Gross result		9.596.393	8.662.154
Staff costs	1	-8.275.412	-7.441.897
Profit from ordinary operating activities		1.320.981	1.220.257
Other financial income from group enterprises		730	1.069
Other financial income		1.830	936
Other financial expenses		-2.435	-1.563
Profit from ordinary activities before tax		1.321.106	1.220.699
Tax on profit/loss from ordinary activities	2	-332.860	-53.000
Profit		988.246	1.167.699
Proposed distribution of results			
Retained earnings		988.246	1.167.699
Distribution of profit		988.246	1.167.699

ArcelorMittal Commercial Denmark ApS

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Assets			
Deposits	3	<u>146.790</u>	<u>145.020</u>
Investments		<u>146.790</u>	<u>145.020</u>
Receivables from group enterprises		3.136.404	2.786.256
Other receivables		137.038	60.240
Prepayments		0	2.658
Deferred tax		<u>0</u>	<u>212.000</u>
Receivables		<u>3.273.442</u>	<u>3.061.154</u>
Cash and cash equivalents		<u>322.079</u>	<u>138.525</u>
Current assets		<u>3.595.521</u>	<u>3.199.679</u>
Assets		<u>3.742.311</u>	<u>3.344.699</u>

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Liabilities and equity			
Contributed capital		610.000	610.000
Retained earnings		1.020.654	1.222.408
Equity		1.630.654	1.832.408
Trade payables		44.703	77.756
Payables to group enterprises		161.002	223.158
Tax payables		78.026	0
Other payables		1.827.926	1.211.377
Short-term liabilities other than provisions		2.111.657	1.512.291
Liabilities other than provisions within the business		2.111.657	1.512.291
Liabilities and equity		3.742.311	3.344.699
Unrecognised rental and lease commitments	4		
Related parties	5		

ArcelorMittal Commercial Denmark ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	610.000	1.222.408	1.832.408
Profit (loss)	0	988.246	988.246
Extraordinary dividend paid	0	-1.190.000	-1.190.000
Equity 31 December 2019	610.000	1.020.654	1.630.654

Notes

	2019	2018
1. Staff costs		
Wages and salaries	7.680.006	6.757.256
Pension costs	287.025	277.542
Other social security costs	85.413	77.018
Other staff costs	222.968	330.081
	8.275.412	7.441.897
Average number of employees	11	10
2. Tax on profit/loss on ordinary activities		
Skat af årets resultat	78.026	0
Adjustment of deferred tax	212.000	53.000
Adjustment of tax for previous years	42.834	0
	332.860	53.000
3. Deposits		
Cost at the beginning of the year	145.020	130.796
Additions	1.770	14.224
Cost at the end of the year	146.790	145.020
Carrying amount at the end of the year	146.790	145.020

4. Unrecognised rental and lease commitments

Operational lease contracts on car and rent have been concluded for the years 2019 to 2022 in the amount of DKK 1 103 thousand.

5. Related parties

The following shareholders are registered in the Company's register of shareholders, who owns 100% of the share capital:

ArcelorMittal Commercial Section SA
66 Rue de Luxembourg, L-4221 Esch-Sur-Alzette, Luxembourg

The financial statements of ArcelorMittal Commercial Section SA Group are available at:

ArcelorMittal Commercial Section SA
66 Rue de Luxembourg, L-4221 Esch-Sur-Alzette, Luxembourg

Accounting Policies

6. Accounting policies

Reporting class

The Annual Report of ArcelorMittal Commercial Denmark ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from commissions etc is calculated according to the cost-plus principle for which reason revenue for the year is attributable to realised expenses plus 0%, 5% or 20%, depending on which group division the expenses concern and, thus, what work the Entity performs for the divisions in question. Revenue is recognised net of VAT and duties related to the sale.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationary and office supplies, marketing costs, etc.

Accounting Policies

Staff costs

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Amortisation, depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

Other fixtures and fittings, tools and equipment: 4 years

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amounts at the time of sale. Gains or losses are recognised in the income statement as other operating income or other operating expense.

Property, plant and equipment held under leases and qualifying as finance leases are treated according to the same guidelines as assets owned.

Accounting Policies

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to the nominal value.