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Class C preferred units	7,144
Class A common units	3,186
Class B common units, 501 units	397,585
Receivable from members	(17,426)
Accumulated deficit	(1,323,255)
Total members' equity (deficit)	<u>(932,766)</u>
Total liabilities and members' equity (deficit)	<u>\$ 2,309,017</u>

The accompanying notes are an integral part of these condensed combined financial statements.

Net sales	\$ 700,378
Cost of goods sold	<del>35,859</del> 747,685
Gross margin (loss)	<u>(47,307)</u>
Operating expenses	
Selling, general and administrative	30,547
Grant income	<u>(12,414)</u>
Total operating expenses	<u>18,133</u>
Operating loss	<u>(65,440)</u>
Other income (expense)	
Interest expense	(79,117)
Interest income	1,340
Other income	2,251
Loss on extinguishment of debt	<u>(35,931)</u>
Total other income (expense)	<u>et l (111,457)</u>
Loss before income taxes	<u>(176,897)</u>
Income tax expense	<u>16</u>
Net loss and comprehensive loss	<u>\$ (176,913)</u>

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The accompanying notes are an integral part of these condensed combined financial statements.

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presentation.

The Company operates a technologically-advanced flat-rolled steel mini-mill producing a wide range of basic, value-added and specialized steels servicing customers throughout North America from our facility located in Northeast Arkansas.

The Company is affected by a number of factors including general economic conditions, interest rates, imports, foreign exchange and imports

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In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes." The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, Income Taxes. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. The Company is in the process of evaluating the impact this standard will have on the Company's condensed combined financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)," which addresses issues identified as a result of the complexity associated with apply US GAAP for certain financial instruments with characteristics of liabilities and equity. The guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is in the process of evaluating the impact this standard will have on the Company's condensed combined financial statements and related disclosures.

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848)," which clarifies that certain option expedients and exceptions to Topic 848 for contract modifications and hedge accounting apply to derivative instruments that use an interest rate for margining, discounting or contract price alignment that is modified as a result of reference rate reform. Amendment in this ASU to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivate instruments affected by the discounting transition. The amendments in this ASU do not apply to contract modifications made after December 31, 2022, new hedging relationships entered into after December 31, 2022, and existing hedging relationships evaluated for effectiveness in periods after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship (including periods after December 31, 2022). The Company is in the process of evaluating the impact this standard will have on the Company's condensed combined financial statements and related disclosures.

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On September 18, 2020, Holdings issued \$90



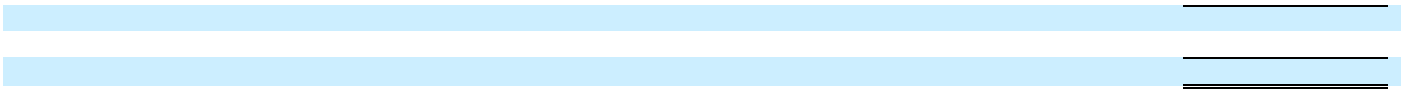
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The Company expenses all shipping and handling costs as incurred and the costs are included in cost of goods sold in the accompanying combined statement of operations and comprehensive loss. Shipping and handling fees billed to customers are included in net sales in the accompanying combined statement of operations and comprehensive loss.

The Company expenses the costs of advertising and marketing as incurred. Advertising and marketing expenses were \$202 for the year ended December 31, 2019, and are included in selling, general and administrative expenses in the accompanying combined statement of operations and comprehensive loss.



modified as a result of reference rate reform. A clarification and tailor the existing guidance to modifications made after December 31, 2022, and effectiveness in periods after December 31, 2022. Accounting effects are recorded through the end of the impact this standard will have on the Company's

ment in the appropriate instructions regarding receipt for the hedging relationship combined

ASU to the expedients and exceptions in Topic 848 captioned "Incremental consequences of the scope of the discounting transition. The amendments in this ASU do not apply to contract relationships entered into after December 31, 2022, and existing hedging relationships evaluated for hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the relationship (including periods after December 31, 2022). The Company is in the process of evaluating financial statements and related disclosures.

The Company's manufacturing process consists of a continuous production process for

continuous

vertically integrated process from which products are sold to customers at various stages throughout the

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plus any accrued and unpaid preferred returns. The put right makes the preferred units contingently redeemable upon the occurred

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Corp's income tax expense di' x3a


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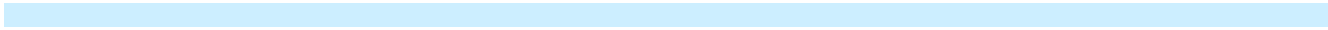
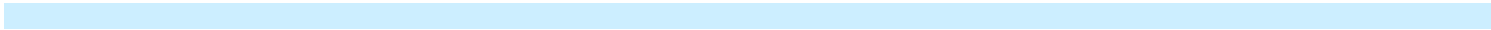

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Adjustments included in the column under the heading "Transaction accounting adjustments" in the pro forma unaudited condensed combined financial information depict the accounting for the acquisition required by U.S. GAAP. Transaction accounting adjustments reflect the application of required accounting to the acquisition, applying the effects of the acquisition of BRS to U. S. Steel's historical financial information. Certain of BRS' historical amounts have been reclassified to conform to U. S. Steel's financial statement presentation, as discussed further in Note 5. The pro forma financial information should be read in conjunction with (1) U. S. Steel's historical unaudited condensed consolidated financial statements and the notes thereto included in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 filed with the SEC on October 30, 2020; (2) the historical audited consolidated financial statements and the notes thereto included in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the SEC on February 14, 2020; (3) BRS' historical unaudited condensed combined financial statements as of and for the nine months ended September 30, 2020 and the notes thereto incorporated by reference within Exhibit 99.1 in this Form 8-K/A and (4) BRS' historical audited combined financial statements as of and for the year ended December 31, 2019 and the notes thereto incorporated by reference within Exhibit 99.1 in this Form 8-K/A.

The acquisition will be accounted for using the acquisition method of accounting with U. S. Steel as the accounting acquirer and BRS as the accounting acquiree. The transaction accounting adjustments for the acquisition consist of those necessary to account for the acquisition. Certain valuations and assessments, including valuations of property, plant and equipment, U. S. Steel's historical investment in BRS, intangible assets, long-term debt, and other long-term liabilities are in process. The estimated fair values assigned to the accompanying unaudited pro forma condensed combined financial information is preliminary and represent our current best estimate of fair value and are subject to revision as valuations and other information is finalized. Changes to the fair values of the assets and liabilities between the preliminary estimates and final purchase accounting could have a material impact on the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. U. S. Steel's actual financial condition and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

***- Reclassifications and Conforming Accounting Policies***

At the current time, U. S. Steel is not aware of any material differences in accounting policies and financial statement classifications that would have a material impact on the pro forma financial information, except as noted below in Note 5.

U. S. Steel will continue to conduct a review of BRS' accounting policies during its integration in an effort to determine if there are any material differences that require reclassification of BRS' revenues, expenses, assets or liabilities to conform to U. S. Steel's accounting policies and classifications. As a result of that review, U. S. Steel may identify further differences between the accounting policies of the two companies that, when conformed, could have a material impact on the pro forma financial information.

***Estimated Purchase Price Consideration***

Consideration of approximately \$773 million consists of 50.1% of the agreed upon equity value of BRS as of October 31, 2019 (\$684 million) plus 10% interest compounded annually beginning November 1, 2019 (\$84 million) under the terms of the agreement and an estimated working capital adjustment (\$5 million). Total cash consideration paid at the close of the acquisition was \$723 million, which reflects a reduction of \$50 million for amounts owed to BRS by the prior equity members, including \$33 million of transaction related liabilities assumed and settlement of a \$17 million receivable from members.

***Estimated Consideration and Preliminary Purchase Price Allocation***

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of BRS are recorded at the acquisition date fair values and added to those of U. S. Steel. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition. For the preliminary estimate of fair values of assets acquired and liabilities assumed of BRS, U. S. Steel used publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions. This preliminary purchase price allocation has been used to prepare the Transaction accounting adjustments in the unaudited pro forma condensed combined financial information. The final purchase price allocation will be determined when U. S. Steel has completed the detailed valuations and necessary calculations as described in more detail in the explanatory notes below. The final allocation is expected to be completed within the measurement period, as defined in Accounting Standard Codification 805, following the close of the acquisition and could differ materially from the preliminary allocation used in the Transaction accounting adjustments detailed below. The final allocation may include (1) changes in fair values of property, plant and equipment; (2) changes in the fair value of U. S. Steel's historical investment in BRS; (3) changes in allocations to intangible assets, such as customer relationships, as well as goodwill; (4) changes to the fair value of long-term debt; and (5) other changes to assets and liabilities.

For purposes of this pro forma analysis, the above estimated consideration transferred has been allocated as follows based on a preliminary estimate of the fair value of assets and liabilities acquired (Dollars in millions):

Cash consideration	\$	723
Transaction related obligations assumed		50
Fair value of forward purchase commitment asset		10
Fair value of previously held equity interest		763
Total estimated fair value of consideration transferred	\$	1,546
Fair value of assets acquired:		
Cash and cash equivalents	\$	76
Receivables		127





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