TATA STEEL

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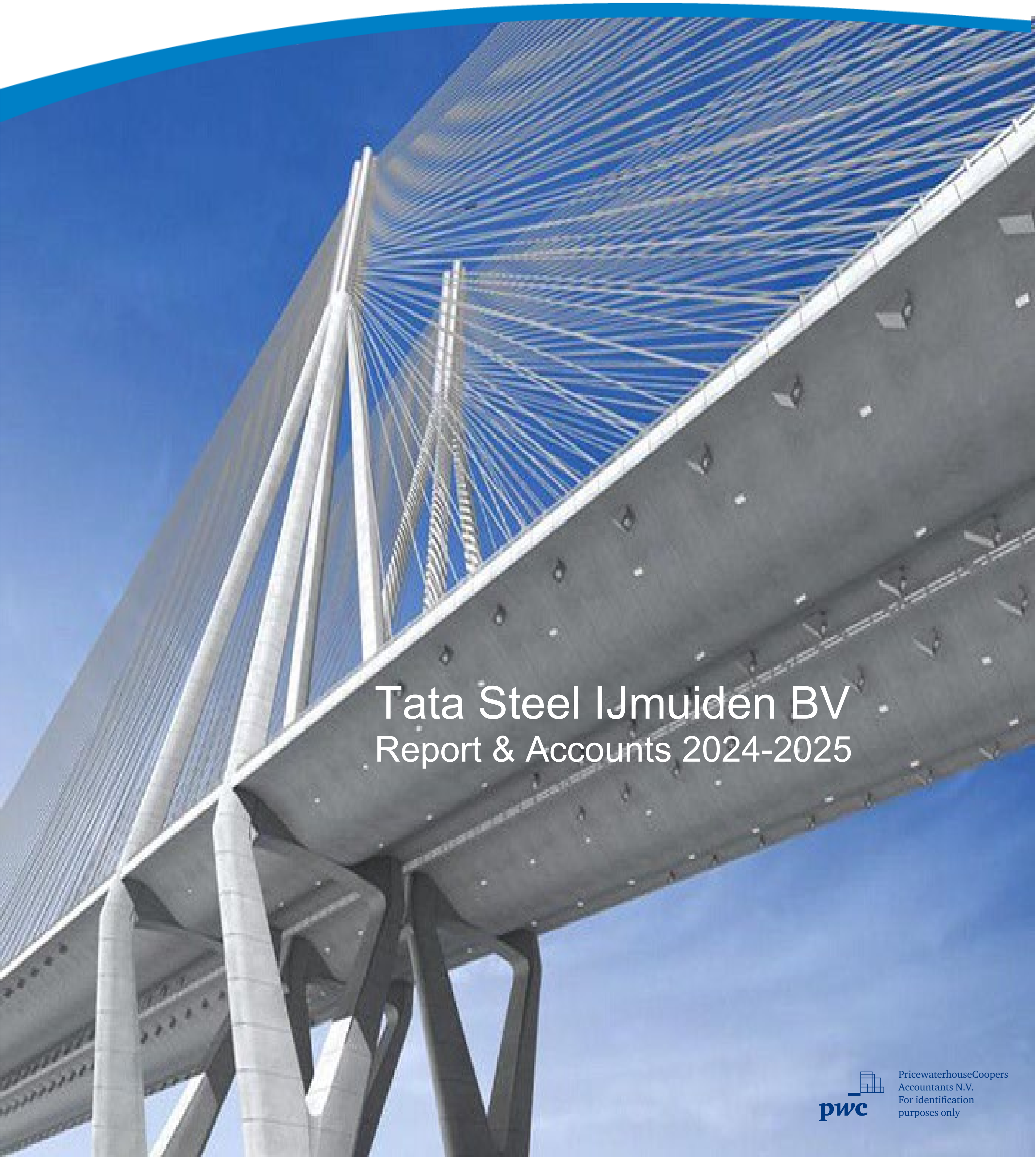

Tata Steel IJmuiden BV

Report & Accounts 2024-2025

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Contents

A. Report of the Board of Directors

Introduction

The Board of Directors ('BoD') of Tata Steel IJmuiden B.V. ('TSIJ' or 'the Company') herewith presents the annual report together with the audited accounts of TSIJ for the year ended 31 March 2025 ('FY25'). TSIJ is a wholly-owned subsidiary of Tata Steel Nederland B.V. ('TSN'), a private limited liability company based in the Netherlands. TSN is a wholly-owned subsidiary of Tata Steel Netherlands Holdings B.V. ('TSNH'), a private limited company based in the Netherlands. The ultimate parent company is Tata Steel Limited (TSL), an India-based public limited company with shares listed on BSE Limited (formerly known as Bombay Stock Exchange Limited) in Mumbai and the National Stock Exchange of India, and with global certificates listed on the London and Luxembourg stock exchanges and is part of the Tata Group.

The Board of Directors hereby declares that, to the best of its knowledge, the Company's financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. The Board of Directors would like to express its gratitude to all TSIJ employees for their contributions and support in FY25.

Principal business activities

TSIJ is one of mainland Europe largest steel producers, comprising of the integrated steelworks and rolling and coating operations in IJmuiden, as well as production sites in Belgium and steel service centres in Finland and Sweden. We supply high-quality steel and steel products to customers located mainly in Europe and partly in the United States. The majority of these customers are in the construction, automotive, packaging and mechanical engineering industries, but also in emerging industries needed for the energy transition, such as solar panels and wind turbines. Our products reach our customers either directly from the IJmuiden site or indirectly through Tata Steel Downstream entities (TSDE) processing sites and our network of distribution sites, typically by rail, road and water.

Strategic activities

TSIJ is dedicated to our purpose of making sustainable steel to improve the way people around the world work, live and move. The year 2024-2025 was dominated by the decarbonisation of our steel production during the coming years, as well as taking steps towards greater circularity through increased use of scrap. By making this transition we aim to contribute to the ambition of the Paris Climate Agreement as well as the Dutch climate goals.

TSIJ is transforming its steel production in IJmuiden to a radically different process. In doing so, the use of coal will be drastically reduced in our steel making activities.
In order to reduce CO_2 emissions, we currently aim to replace blast furnaces and two coke and gas plants (CGPs) at TSIJ with direct reduction plants (DRP), which, combined with electric furnaces, will produce liquid steel using natural gas, biomethane and/or green hydrogen when available. The new installations will enable the production of steel with a very low-CO_2 footprint and will have additional environmental measures to further reduce impact. While we will start with using natural gas, the installations are ready to use hydrogen as soon as it is available and affordable, and can even use both at the same time.

Expanding the production capacity of offshore wind energy is an important factor in this endeavour. By opting for low-CO_2 we have started the biggest change in the history of our company. Within a few years, the IJmuiden site will look very different. An area of sixty football pitches within the terrain of Tata Steel IJmuiden will be transformed for this purpose.

Next to this major transition there will be many additional measures across all our operations in order to reach net zero by 2045 (Scope 1+2). In this context we are also studying the use of Carbon Capture and Storage (CCS) technology in combination with the DRP.

We want to be a good neighbour who takes the concerns of its neighbours seriously. In recent years, TSIJ has achieved measurable reductions in its environmental impact with numerous new improvements under the Roadmap programme. This also includes additional environmental measures, such as covering several IJmuiden raw materials storage yards. We continue to engage with local residents, authorities, companies and other organisations through local surveys and participation meetings to ensure that we are focusing on the right areas to minimise our impact on others in the community.

In June 2019, we launched the improvement programme Roadmap, with a wide range of additional measures to further reduce our environmental footprint in the surrounding area as much and as quickly as possible. This capital-intensive improvement programme is building on our previous improvements. Finalising this program will be one of our main priorities in the coming year. At the same time, we continue to explore new opportunities to further improve.

Performance and macroeconomics

The steel industry is cyclical. The financial performance of TSIJ is affected by general macroeconomic conditions that set the demand for steel from downstream industries, as well as by available global production capacity, raw material prices and exchange rate relativities. As integrated steel players seek to maintain high capacity utilisation, changes in margins across regions lead to changes in the geographical sales pattern. As a result, in addition to market developments in mainland Europe, changes in the global market for steel influence the financial performance of TSIJ.

Global steel market

Global economic growth decelerated slightly for the third consecutive year in 2024. Elevated interest rates continued to negatively impact consumption and investments. Global GDP growth increased by 2.8% (2023: 2.7%). Inflation was at 4.5%, lower than the 6.1% in 2023 but still significantly above levels seen in earlier years (2.9% in 2016-2020). In China GDP growth slowed down to 5.0% (2023: 5.3%) as the country continued its managed macroeconomic slowdown. The weakness in the Chinese property market and domestic demand persisted throughout the year. The downturn is deepened by deflation which is caused by oversupply in various sectors. In response to the slowing economic growth and deflation, the government announced several stimulus packages. Industrial production was relatively strong at 5.3% in 2024 (2023: 4.3%) with exports supporting the economy in the absence of solid domestic demand.

The EU economic growth accelerated to 0.8% (2023: 0.5%). The moderate growth in the EU was helped by monetary easing by the European Central Bank which implemented a series of rate cuts (from 4.5% to 3.15%) despite persistent inflation which remained at 2.6%. Growth varied across the sectors. Whilst activity in services grew, output in manufacturing remained low due to reduced demand from the local and global markets as well as high energy costs. Growth was uneven across individual economies with industrialised countries relatively more affected by weak manufacturing. Germany experienced a mild recession with GDP growth of -0.2%, whilst France and Italy grew by 1.1% and 0.5% respectively.

Steel demand and production

Global steel demand decreased by -2.2% in 2024 (2023: 1.1%) as the manufacturing and construction sectors were impacted by tight financing conditions and elevated costs. Demand in China decreased by -5.4% (2023: -3.3%) mainly due to the persistent weakness in the housing market. Demand in the EU27 decreased by -0.3% (2023: -10%). In the EU, the largest steel-using sectors were all negatively affected by the macroeconomic weakness. Output growth in the automotive sector, which had been relatively strong in previous years, also weakened.
In 2024 calendar year, global steel production decreased by -0.8% to 1,834 Mt (2023: -0.2%). Steel production in China decreased by -1.5% to 1,001 Mt (2023: -0.4%) and equated to 55% of global steel production. Despite a modest growth of 2.5% in the EU, the production level remained low at 129 Mt (2023: -7.3%) as ~15% of the blast furnaces were idled in response to lower demand for steel. In recent years, crude steel output by the steel sector in the EU has declined from 161 Mt in 2017 and 153 Mt in 2021 to 129 Mt in 2024.

Raw materials and steel prices

The principal raw materials used in TSIJ's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap.

The market reference price for iron ore fines (China CFR 62%) was lower in 2024 than the previous year at US$109/t (-$11/t) due to low demand from China. The lowest monthly average price was reached in September with US$94/t, whereas the highest price was recorded as US$135/t in January. The hard coking coal spot price (Australia FOB) declined to US$240/t (-$56/t) as the price normalised after high prices in the second half of 2023. The German benchmark scrap price (Sorte 2/8) was relatively stable at €338/t (-€2/t) compared to the previous calendar year. The price of CO_2 in the EU decreased in 2024 to €65/t (-€19/t) mainly due to the limited industrial activity and a warm winter especially in the first half of the year, thereby reducing the demand for carbon allowances.
The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in 2024 to €626/t (-€87/t). The highest price was achieved in January 2024 at €733/t due to restocking and the disruption in the Red Sea. The steel price later moved downwards for the majority of the year due to persistent low demand, ending the year at €557/t in December.

Trade

Exports from China to the rest of the world were at their highest level since 2016 at 111 Mt as domestic demand for steel in China decreased significantly, whereas the decline in production was more moderate. The high exports from China resulted in a growing amount of trade cases. In 2024 imports into the EU increased to 27.4 Mt (2023: 25.6 Mt). The higher imports led to an increase in the market share of imports from 18.6% in 2023 to 19.4% in 2024. The trend where the steel-using-sectors in the EU are increasingly sourcing steel from third countries continued. Low steel prices in the EU and the existing safeguard measures helped to limit further increases of imports into the EU. The EU remained a net importer of steel with net imports of 10.7 Mt (imports: 27.4 Mt, exports: 16.6 Mt). The region became a net importer in 2015.

Financial review

The year under review presented a challenging external environment, characterised by weak demand and low steel prices. TSIJ's liquid steel production in 2024–2025 was 6.7 million tonnes (2023–2024: 4.8 million tonnes), near capacity and the highest in many years. Liquid steel production increased by 1.9 million tonnes (40%) compared to the previous year, primarily due to the Blast Furnace 6 repair programme in the prior year. During the repair, the blast furnace was idled, which temporarily reduced production capacity. Once the reline was completed and the blast furnace resumed operations, production levels significantly increased, contributing to the overall rise in liquid steel output during 2024–2025.

Despite disinflationary trends and monetary easing in several countries, geopolitical risks – including trade policy uncertainty, the conflict in Ukraine and instability in the Middle East – continued to weigh on global economic sentiment. Low demand in the market and high import volumes continued to exert further downward pressure on prices in 2024-2025.TSIJ's revenue increased from € 4,930 million in the financial year 2023-2024 to € 5,293 million in the current financial year 2024-2025. This revenue growth was driven by a 19% increase in volume, partially offset by a 12% decrease in average revenue per tonne.

The operating result showed a €185 million loss in the financial year 2024-2025, compared to a €689 million loss in the financial year 2023-2024. The improvement year-on-year is primarily due to an improved performance in TSIJ, with the prior period including the impact of Blast Furnace 6 being relined and therefore lower production and sales. The result before taxation improved from a €706 million loss in 2023-2024 to a €222 million loss in the reporting year. The consolidated loss after taxation amounted to €163 million in this reporting period, consistent with the loss after taxation of €516 million in the prior year.

Balance sheet

Capital and reserves decreased by € 161 million to € 2,705 million at the end of this reporting period. This consists of:

- A loss after taxation of € 163 million.
- Other comprehensive expenses for the year is mainly attributable to gains arising on cash flow hedges: € 2 million.

Net cash flow from operating activities totalled € 347 million, an increase of € 560 million compared with the prior year. This increase is primarily due to an improved profit after taxation and continued tight management of working capital. Net cash flow from investment activities amounted to € (268) million (prior year: € (613) million). The outflow during the year broadly represents capex investments made in new and refurbished assets, Roadmap Plus investments and pursuing our decarbonisation strategy. Including movements in cash flow from financing activities and working capital, the net movement in cash and cash equivalents amounted to an inflow of € 52 million (prior year: € (581) million outflow).

No dividends were paid out in the reporting period (prior year: nil) and in agreement with our parent company excess cash is retained for investments in decarbonisation.

Financial risk management at TSIJ is based on economic objectives and standard corporate practice. The TSIJ Company's main financial risks are related to the availability of sufficient funds to meet its business needs, including the ability to continue its strategic investments and meet its sustainability ambitions. To manage this risk, TSIJ continues to focus on generating positive cash flows. However, our decarbonisation transition will require additional investments and government policies to ensure a level playing field, for which TSIJ is in discussion with the government for so-called Maatwerk support. Other financial risks relate to movements in interest rates, exchange rates and commodity costs. Derivatives and other financial instruments are used to manage any market exposures where deemed appropriate.

Capital expenditure

Our capital investments in the reporting year were mostly directed towards regular sustenance capex, reducing TSIJ's impact on its environment and supporting the decarbonisation transition. Through Roadmap Programme, we aim to improve the environmental performance of the IJmuiden site. In 2024–2025, the programme took a big step forward with the completion of a windbreaker built around our raw material storage aimed to reduce dust emissions. We also made significant progress on the de-NOx installation at our pellet plant, where we aim to reduce nitrogen oxide emissions by capturing NOx compounds.

Prospects for 2025

In calendar year 2025, economic growth will be supported by the lowering of bank rates in the EU. However, stronger protectionism globally and potential trade conflicts are anticipated to have an adverse impact. As a result, economic growth of 1.1% in the EU is expected. Output growth in the steel-using sectors is expected to remain low in 2025 due to continued low investments following from the high interest rates. A modest recovery of 2.2% of the apparent demand for steel in the EU is forecast for 2025.

Stakeholder dialogue

TSIJ is committed to active dialogue with its stakeholders. This is important first in determining which topics are valuable to our stakeholders, listening to their concerns and trying to address these in order to gain support for our plans to improve our operations and our sustainability ambitions as described in our Green Steel Plan. We monitor and analyse stakeholders' perceptions of our company on a regular basis, discuss these in a stakeholder management steering committee (in which the TSIJ Board is represented together with other management functions) and define corrective actions if and where needed.

Changing societal expectations

Based on this analysis and realising that societal expectations are rapidly increasing, we recognise the need to adapt and we will step up our efforts to adequately respond in order to maintain the support of our key stakeholders. Of particular relevance are the IJmuiden site's environmental performance monitored by the Environmental Agency of the North Sea Canal Area (NZKG), the reduction of CO2 emissions in light of climate change and addressing the increasing concerns in the IJmond as well as the Netherlands related to health.

In this regard, during the financial year 2024–2025 several legal measures were imposed on TSIJ, including orders under penalty related to our coke and gas plants (CGPs) and a notice on alleged non-compliance regarding the state of maintenance of the CGP2.

Tailor-made government support

On May 28, 2024, the cabinet informed parliament of its intention to explore negotiations with TSN based on the Green Steel Plan, including accelerated measures to reduce environmental impact.

We are currently in discussions with the Dutch government in relation to a custom support agreement ('Maatwerkafspraak') in support of our Green Steel Plan. This integrated plan is aimed to achieve both significant decarbonisation and substantial benefits in terms of local emissions. It is also intended to result in improved health conditions for the local communities. The Ministry of Climate Policy and Green Growth carried out detailed due diligence on TSN's integrated plan. On 20 February 2025, the Ministry submitted a letter to the Dutch parliament on the progress of the negotiations, including the next steps towards a Joint Letter of Intent (JLoI) to be filed with parliament and the submission of the project to the European Commission. It is unclear whether and when we can reach agreement with the Dutch government. Obtaining this tailor-made support is critical to realise the decarbonisation of the IJmuiden site, which in turn is essential for TSIJ's long term business continuity as an integrated site and failure to get government support for the Green Steel Plan could threaten TSIJ's long term viability. In June 2025, TSN has submitted the environment impact assessment (EIA) for the Green Steel Plan.

TSIJ will continue to closely liaise with its many stakeholders, including the local residents, customers, employees, the Government and local authorities and regulators. TSIJ is confident that in this manner, it will continue to add significant value to the Netherlands in more than one way, by making a substantial contribution to our country's CO_2 reduction, boosting the sustainability transition in the IJmond region and thus driving innovation and developing expertise, creating employment, educating employees and contributing to the strategic independence of the Netherlands and the European Union.

Customer & Value

We work closely with our customers to help them to use steel as efficiently as possible in their products and thus make the value chain more sustainable. Long-term profitability is important to achieve our sustainability goals. We achieve this through customer loyalty, quality, new products and Research and Development (R&D).

Because of its strength, versatility, recyclability, and contribution to safety and innovation, steel plays a vital role in our society. As a result, the average steel usage is 1 kg per European per day. Thus, it is one of the foundations of our present society and a building block upon which advancements in society like electric vehicles, solar energy, wind power, and energy-efficient buildings are built. TSIJ is an important contributor to these advancements.

In addition, TSIJ has the ambition to support customers to be successful in their markets, with the ease of doing business being of utmost importance to us. We develop innovative steel solutions – both products and services – within our own R&D, and through strategic R&D partnerships.

By continuously enhancing our capabilities, we aim to provide value-added, high-quality steel that contributes to more efficient and sustainable products throughout their life cycle. Together with our customers, we develop new steel products that are intended to help them to achieve their sustainability goals and to improve the sustainability of their value chain.

Innovations for a clean, green and circular world

Innovation is key not only to TSIJ's business strategy but also to our focus on sustainability. In line with changing customer demand, we are increasingly gearing our portfolio towards markets that reward steel with a lower CO_2 intensity.

We are deploying value strategies in our chosen market segments. Cross-functional departments are working closely together to develop products that meet future demand. Examples are our full finish products, our advanced high strength steels and our electric mobility battery steel grades. Other examples include MagiZinc® coated steels for solar energy applications, specialised strip steels for heavy vehicles and TCCT and Protact® product solutions for the packaging sector.

In our chosen markets, we strive to cultivate long-term partnerships with customers and deliver quality products, which is key to accelerating the adoption of low and zero-carbon products. The capacity of the DRP and EAF have been designed to allow for a steady flow of scrap, in addition to iron, into the EAF. We also invest in secondary metallurgy facilities, ensuring that also our EAF based production route delivers the high quality advanced steels for innovations for a cleaner, green and circular world.

Sustainability in our steel

Our Zeremis® brand represents TSIJ's journey towards a carbon-neutral, more circular world. The brand introduces several reduced-CO2 and circular steel propositions, the first of which, Zeremis® Carbon Lite, was launched in 2022. It helps our customers achieve Scope 3 CO2 savings based on our measured and assured Scope 1 and 2 CO2 emission reduction projects.

Zeremis® Carbon Lite is a mass-balanced insetting scheme, enabling the decarbonisation of our customers' supply chain. CO2 savings realised from our carbon reduction projects are all independently checked and assured against a baseline set by Det Norske Veritas (DNV GL). The assurance statement, describing the exact project details and project results, and CO_2 savings go into our carbon bank, which is then available for our sales team to sell to customers. GHG reductions apply within the direct value chain, so the CO_2 savings occur in the process route related to the product purchased.

Research & development

At TSIJ, we create value through innovation. Our R&D department continually supports our business units by optimising processes and ensuring consistency in the quality of our products. In 2024–2025, our innovations led to 22 process improvements,17 new product developments and 18 newly filed patents.

Our transition to low-CO_2 steelmaking requires fundamental research into every aspect of the adjusted steelmaking process. A great deal of this research is carried out in close contact with the academic world through the Growing with Green Steel (‘Groeien met Groen Staal’) programme, which intends to engage 90 PhD candidates over the next eight years to conduct research on various aspects of low-CO_2 steel. This cross-pollination increases the impact of our own research and gives us access to fundamental knowledge as well as the newest technological developments. This approach also promotes that our work engages with and is relevant to the society in which we operate. At the development stage, we extensively sample, test and characterise the behaviour of all our products so we can see how they can be used in the best possible way.

Focus areas

Everyone throughout our organisation contributes to the implementation of our strategy and our journey towards cleaner, green and circular steel. In addition, TSIJ has dedicated staff to researching decarbonisation, in collaboration with multiple partners in institutes and academia. We have also been awarded a substantial Dutch and European subsidy in support of this extension to our R&D programme. Alongside decarbonisation, we strive to implement cleaner production processes with maximised scrap input.

Results financial year 2024-2025

TSIJ has significantly reduced odour emissions at CGP2 thanks to various operational measures; for example, by overhauling the coke chambers and oven pressure control. We have also reduced odour emissions by approximately 50% when heating steel ladles in the steel plant and installed a vapour scrubber at Pickling Line 22.

At various measurement locations, the number of hours during which these odours are perceptible has even fallen by more than 85% compared to 2019.

As agreed with the Environmental Act (EA), we are implementing more operational measures at CGP2 aimed at further reducing odour emissions.

In 2024, TSIJ started the construction of a new deNOx installation at the Pellet Plant and the renewal of the water purification system. When the installations are all finished they will be connected to the dedusting plant, that was commissioned in 2023 and will reduce our NOx emissions at the Pellet Plant with around 80%. The installation is projected to be operational once all the right permits are in place, with testing to start by the end of 2025.

To reduce dissipation of raw material particles (dust), in October 2024, we finished building a windbreaker screen approximately 18 metres high and 1 km long around the coal stockpiles, thereby reducing wind speeds and associated dust dispersal.

External research on our impact in the area

While TSIJ continues to monitor and measure whether actions and implementations have the desired effect, there were also several external bodies that assessed our impact (and that of the industry in general) during the reporting year. The results provide insights that are often broader or deeper than TSIJ's own monitoring, and serve both the development of TSIJ's policies and those of the relevant authorities.

Realizing that societal expectations are rapidly increasing, TSIJ recognises the need to adapt and step up our efforts to adequately respond in order to maintain the support of our key stakeholders. Of particular relevance are the IJmuiden site’s environmental performance monitored by the Environmental Agency Noordzeekanaalgebied (NZKG), the reduction of CO_2 emissions in light of climate change and addressing the increasing concerns in the IJmond as well as the Netherlands related to health.

In this regard, during the financial year 2024–2025 several legal measures were imposed on TSIJ, including orders under penalty related to our coke and gas plants (CGPs) and a notice on alleged non-compliance regarding the state of maintenance of the CGP2.

Additionally, our company was often the subject of regional and national debate, for instance with regard to the application of steel slag. As mentioned above, the attention to the health effects of economic activities in general and of TSIJ in particular is increasing in the Netherlands. In 2024, this was underlined by the publication of two reports by the Expertgroep Gezondheid IJmond (IJmond Health Expert Group), commissioned by the Dutch Ministry of Infrastructure and Water Management, which proposed making health effect reports (Gezondheids Effect Rapportage; GER) mandatory. The Expert Group might issue a further report in 2025.

TSIJ aims to maintain engagement on these and other topics with all its stakeholders. These include local residents in the IJmond region, customers, employees, the Dutch government, regional and local authorities, the regional Environmental Agency, our parent company TSL, trade unions, customers, suppliers, media, activist groups, non-governmental organisations (NGOs) and many others. We continued to engage with our stakeholders in various ways throughout the year and will continue doing so in the future.

Supporting local initiatives

TSIJ is committed to maintaining a strong and lasting relationship with its community. Through our Future Generations programme, we prioritise sustainable projects that benefit the youth in our area. In this way we invest in the future of our neighbours and the environment in which we work. Additionally, we actively engage in local partnerships and involve both the local community and the business sector in our initiatives.

Decarbonisation & Sustainability

The Green Steel Plan forms the foundation of TSIJ's decarbonisation journey and a first step in our aim to produce low-CO_2 steel with a lower environmental footprint. The plan involves two phases, each replacing one blast furnace and one CGP with new processes to produce liquid steel using natural gas, biomethane and/or green hydrogen (when available).

TSIJ is currently focusing on phase 1 of the plan, in which a DRP combined with an EAF will be built. This phase includes additional environmental measures, such as covering several IJmuiden raw materials storage yards, that together with the improvements from our Roadmap programme (see chapter Pollution) will reduce emissions and improve the living environment.

TSIJ relies on support from the Dutch government – in the form of financial and energy (tax) policy support, as well as permits for renewable energy and hydrogen infrastructure – to realise the Green Steel Plan. In November 2023, TSN therefore submitted a revised request for a custom support agreement with the Dutch government, jointly aiming to realise the first phase of its Green Steel Plan by 2030.

TSIJ will also need support from TSN and its ultimate parent company Tata Steel Limited to realise the Green Steel Plan. In a public letter dated 22 May 2025, T.V. Narendran, Chief Executive Officer (CEO) of Tata Steel Limited, once again reiterated that the parent company plans to co-invest in the Green Steel Plan alongside the Dutch government and the deployment of TSN's own cashflow towards the project.

We are currently in ongoing discussions aimed at signing a Joint Letter of Intent (JLoI) with the Dutch government on this custom support agreement. A governmental advisory committee on custom agreements for industry sustainability and the IJmond Health Expert Group (established by the Ministry of Infrastructure and Water Management) will review and advise the JLoI before it is made public and developed into a definitive and binding agreement. The European Commission will also be involved in the formal processes for state aid approval.

Improved Green Steel Plan

In 2024–2025, we continued collecting stakeholder feedback to gather input for and further improve our Green Steel Plan, engaging actively with local communities through a participation programme. This process included surveys and participation meetings where local residents could share their input. As a result, we have adjusted the plan to emphasise further reductions in emissions (including fine dust and nitrogen) and nuisance for the surrounding area. This was also one of the recommendations of a report published by the National Institute for Public Health and the Environment (RIVM). In November 2024, we submitted this amended plan to the Ministry of Economic Affairs as part of the custom support process.

Energy saving and reuse is a constant theme

We are constantly improving the energy efficiency of the countless motors, steam systems, furnaces and other assets on our IJmuiden site. Although significant savings were realised in recent years, new energy efficiency initiatives were completed in the reporting year.

Energy conservation is a key topic in making our steel company more sustainable. In 2024, TSIJ started collaborating with provincial authorities on energy efficiency. Under the energy-saving obligation issued by the Netherlands Enterprise Agency and effective from 1 January 2023, all energy-saving measures with a payback period of less than five years must be implemented.

We approach energy savings on a project basis. In alignment with the local environmental agency of the North Sea Canal Area, TSIJ has developed an energy savings agenda for 2024–2027, yielding more than 50 projects across the site. During the financial year 2024–2025, TSIJ saved 35000 GJ of energy, equivalent to 9.7 million kWh, or the electricity consumption of more than 4,000 households.

TSIJ reuses nearly all the recovered waste gases, either in our own processes or at Vattenfall's power plant, which supplies electricity to the site in IJmuiden. Waste heat is recovered to increase process efficiency and generate steam, reducing the need for fuel in steam boilers. TSIJ is further exploring the reuse potential of waste heat, including the application of 'heat to power' technology and the further expansion of our recovered heat network. This will be further developed in the coming period. Together, our two largest projects – combustion air optimisation at the hot strip mill and the expansion of the waste-heat net at the Energy department – led to 17000 GJ of energy savings. Other energy savings are the result of measures including the optimisation of motor systems (pumps/fans), new locomotives for on-site transport and an improvement in the scheduling of steel coils, saving steam at pickling lines.

Being economical with natural resources and energy

TSIJ strives to use raw materials and energy as efficiently as possible. Many substances released during our processes are reused. Not only does this yield business economic advantages, but we also save on natural raw materials, reduce our CO_2 emissions and prevent the generation of waste.

For the production of 6.75 million tonnes of liquid steel in the reporting year, Tata Steel needs about 15.7million tonnes of raw materials. During the reporting year, TSIJ recycled or reused around 1,350 kilotons of residual material internally, including 450 kilotons of scrap. Scrap originates from our own production processes and is typically regarded as a yield loss when generated early in the production cycle. In line with the principles of the waste hierarchy, TSIJ aims to prevent yield loss in the first place, but strives to recycle the highest percentage possible when it does occur.

In addition, we purchased 865 kilotons of scrap from third-party entities within the metal processing, demolition and waste processing sectors. This scrap was used as secondary raw material in the steel production process. This contributes to the reduction of CO_2 emissions during our production process, as the scrap merely requires melting down, which makes it an energy-efficient alternative to primary steelmaking. Every tonne of scrap reprocessed into steel results in 1.6 tonnes of CO_2 savings compared to steelmaking from primary raw materials via the blast furnace route.

Green steel changes recycling

The planned change in production of steel in the future means that the recycling of residual flows from our production processes will change. Current residuals will disappear, and new residuals will be created. Our goal is and will remain to reuse as much of these as possible within our company. TSIJ is working intensively with scientists, industries and other partners to predict and adapt to these changes.

When the first blast furnace and cokes and gas plant shut down, the resulting residual flows of blast furnace gas and coke gas will cease as well. These gases are currently still fully used for energy production in the nearby energy plant of Vattenfall that provides electricity in return. Therefore, we will prioritise sourcing energy from renewable sources such as green electricity or, when necessary, natural gas.

People & Society

Our workforce, comprising around 9,000 skilled individuals, reflects our dedication to diversity and readiness for a green, cleaner and circular future. TSIJ is committed to fostering a positive work environment that values cultural diversity and inclusivity. Ensuring the safety of our employees remains our utmost priority. As part of our efforts to promote sustainable well-being and employability, we invest in employee vitality programs and provide training opportunities.

Transformation programme

The challenging demand conditions in Europe – driven by geopolitical developments, trade and supply chain disruptions and escalating energy costs – have affected our operating costs and financial performance over the past years. To be able to invest in new ways of steel production, now and in the future, TSIJ needs to remain competitive and profitable. With the Transformation programme announced in April 2025, we are undergoing a major organisational change, the largest in the past 30 years. Measures includes a restructuring affecting all layers of our organisation in IJmuiden. It covers multiple areas including volume maximisation, product mix improvement and employee productivity. While we recognise the impact this has on our employees and their families, we believe the transformation measures are needed in the interest of the of our company and to help us make the investments we need in order to be able to transition to sustainable steel production.

Social contract

As part of the transition to low-CO_2 steel, TSIJ has reached an agreement with the trade unions in July 2023: the Green Steel Social Contract. This agreement stipulates that TSIJ is committed to internally redeploying employees whose jobs will be lost due to the closure of CGP2 and Blast Furnace 7.

From 2026 onwards, TSIJ will assist these employees in finding new positions. This will involve close cooperation with the operational departments and the Tata Steel Academy, which will develop the necessary training programmes. This redeployment process is not only essential for securing employment, but also for retaining knowledge and experience within our organisation. The collaboration with the Tata Steel Academy will ensure that employees have the right skills during this important transition period.

Working conditions

The industrial conditions of our site in IJmuiden constantly place high demands on the health and safety of our employees and others working for TSIJ. To maintain safe operations and to comply with health and safety regulations, TSIJ ensures that everybody working on site is well informed, trained and aware of their task-related risks and of actions to minimise them. New joiners are obliged to pass a safety test, and employees must repeat the test every two years to ensure their knowledge and awareness remain up to date. Before being authorised to perform work on our site, employees must undergo training through e-learning and practical instruction, covering topics such as process safety, fire awareness and hot work. We also have numerous safe working procedures in place that inform employees about risks and mitigations relating to particular tasks. For infrequent tasks, risk assessments must be carried out before work is authorised.

Moreover, TSIJ has implemented a robust health and safety management framework, based on 15 principles and designed to prevent personal injury, unsafe situations and exposure to hazardous substances. The system follows the Plan, Do, Check, Act management model for continuous improvement.

To further improve safety at TSIJ, and in particular to counter a rise in recordable injuries and lost-time incidents amongst own employees, we have developed the TrueSafe programme. This initiative aims to strengthen our proactive safety management culture and thereby to prevent unsafe behaviour and working conditions. TrueSafe emphasises organisational aspects of safety and the competence and alignment of people delivering safety performance on the shop floor. The goal is to mitigate risks in a more effective way and thus contribute to reducing incidents and injuries.

Diversity and inclusion are of strategic importance

We recognise the importance of promoting diversity and inclusion in our workforce to ensure social safety, boost innovation and employee productivity. TSIJ runs a programme of activities to encourage and promote diversity and inclusion, including communication campaigns, inspiration sessions and a Diversity Day. The aim is to remove unconscious bias and create a socially safe workspace for all employees, regardless of their cultural background, age, religion, gender (identity), disability, sexual orientation or any other characteristic.

TSIJ also has a number of other programmes and initiatives that focus on increasing the number of women in (i) vocational technical jobs at MBO (secondary vocational education) level and (ii) decision-making jobs. To increase the number of women in leadership positions, we have created the Future Female Leadership programme for women with the ambition and potential for a leadership position at TSIJ. By helping women to develop their individual strengths and talents, this programme is one way in which we aim to ensure a more equal distribution of men and women in decision-making positions. The [Fe]Male Network, meanwhile, aims to promote equality and inclusion for all by increasing the visibility and involvement of women in our organisation, while also providing a platform for networking and exchanging experiences.

TSIJ aims to have 5% women in technical roles at the vocational (MBO) level by financial year 2026–2027. In 2024–2025, this was at 2.8%, showing there is still work to be done to become a more attractive employer for this target group. Encouragingly, around 9.8% of students at the Tata Steel Academy during the year were women. We are also committed to improving the gender balance in leadership positions.

Continuously increasing the quality of our staff

To support the transition to low-CO_2 steel production, we are increasingly focusing on training employees in the field of sustainability and preparing Tata Steel Academy students for the new production installations that will be introduced as part of our Green Steel Plan. The Tata Academy is open to employees of all levels and we welcome 170 new technical students every year. Our vocational training courses in electrical, mechanical and process engineering all include a hydrogen learning module.

There are established arrangements for communication and consultation with Works Councils and Trade Union representatives, to share information on matters of mutual interest.

The Central Works Council (CWC) within TSIJ represents the company within the Netherlands. Therefore, employee representatives from both the IJmuiden and Downstream Business Units within the company are part of the CWC. Strategic topics are discussed with the CWC during meetings that take place several times a year (such as proposed important organisational changes within the company, important financial decisions and also the transition to become a cleaner, green and circular company).

The CWC has set up different sub-committees to deal with specific topics, such as financial matters, health and safety, decarbonisation, social affairs and more day-to-day business and HR matters.

Principal risks and risk management

Within the wider Tata Steel Group, active risk identification and mitigation management is an integral part of all business management processes. TSN has policies, systems and procedures in place aimed at ensuring compliance with regulations and permits. Due to the amount of regulations as well as changed expectations of main stakeholders like regulators and society in general, the BoM has in Q 1 2025 decided to strengthen the Risk and Compliance function to support its business strategy. As a result the BoM has appointed a Director Risk & Compliance for TSN as a whole, is centralising risk and compliance related activities, is strengthening the Risk and Compliance teams and is building and implementing an integrated Risk and Control framework. The improvement program is driven by international best practices, will build on what is already available within TSN and will be aligned with the Risk Management and Compliance framework of TSL.

The Risk Management and Compliance framework that is applied within TSN aims to proactively identify, assess, monitor and mitigate potential threats to the achievement of TSIJ's strategic and operational objectives. At the core of TSIJ's Risk Management and Compliance framework lies a process for identifying, assessing, monitoring and responding to risks. All businesses and supporting functions maintain a risk register which are subsequently consolidated into a company-wide risk register. We perform quarterly risk evaluations. Relevant support functions provide information on changing laws and regulations to the business, while supporting the business with assessing and implementing required changes in the business operations.

When assessing risks and changing laws and regulations, TSN takes into account the potential impact and likelihood as well as the velocity (time for impact to business). This process is required for understanding the potential consequences of each risk or new law or regulation and for prioritising mitigating actions and adequate resources accordingly. TSN uses heatmaps to visually present the identified risks, providing insights into the allocation and severity of risks across the organisation.

In 2024–2025, TSN participated in TSL's group-wide Risk Culture Survey (RCS) for the first time in order to gain broader insights into the maturity level of TSN's current risk management practices. While the RCS contributed to increased risk awareness, several actions have been formulated to further improve the risk culture within TSN. These actions will be part of the overall improvement programme on risk management and compliance.

As a result of the nature of the steel making business, historic operating procedures, increased scrutiny and developments in applicable laws and regulations, there are increased risks of instances of non-compliance and resulting enforcement and litigation risks.

Environment

Risks

Tata Steel IJmuiden B.V. (TSIJ), the affiliate of TSN located in IJmuiden, is subject to environmental permits and laws, as issued by the various authorities. Various agencies carry out (regular) investigations in the surroundings of the site, the results of which have an impact on the public opinion and the approach of the environmental agencies (EA). In 2024, reports in relation to TSIJ were published by the Public Health Service (GGD) and the National Institute for Public Health and Environment (RIVM). In October 2024, the IJmond Health Expert Group published its second advisory report with the recommendation that the Health Effect Report (GER) should be compulsory for our Green Steel Plan and the associated tailor-made support from the Dutch government.

Since June 2023, the Cokes and Gas plants (CGPs) are subject to 'intensified supervision' by the EA. Further to this, TSIJ setup a proactive improvement plan which was extensively discussed with the EA. In addition, TSIJ reported on and discussed progress of all projects with the EA on a monthly basis. On 3 September 2024, the EA published the results of its intermediate evaluation of the intensified supervision. The EA assessed the improvements reached by Tata Steel so far as positive. However, the EA also concluded that the intensified supervision would remain in effect as a number of projects are still in the execution phase. The EA planned to have another evaluation after April 2025.

In addition to the intensified supervision, the EA has issued two orders under penalty as well as a notice on alleged non-compliance in relation to the CGP's in 2024. The most relevant cases relating to the environment are further described under 'Litigation' within 'Ethics and compliance' below. On 10 July 2025, the EA published the results of the second evaluation of its intensified supervision. The EA concluded that the intensified supervision is continued because of the ongoing enforcement procedures stemming from regular supervision (the notice and the penalty payments for emissions from battery chimneys) and as a number of projects were still in execution phase.

The status of steel slags is currently under scrutiny in the Netherlands. REACH registration of steel slags takes place at European level. If the classification of steel slag, and, after decarbonisation, EAF slag, would change from by-product to waste product, the financial consequences could significantly impact the business case for decarbonisation.

Mitigating factors

There is a strong commitment from the BoM and SB to continuously enforce compliance and to minimise the impact of TSIJ's operations on the environment and the surrounding neighbourhoods. Dedicated resources continuously drive improvement in TSIJ's environmental performance. Reducing our impact on the environment is a guiding principle for the short, medium and long term.

For TSIJ, the short-term strategy involves the Roadmap programme, which started in 2019 with the goal of reducing emissions such as dust, heavy metals, substances of very high concern, NOx, odours and noise. The programme involves significant investments both in installations and in operational measures. In 2024, the dedusting installation at the pellet plant and the windbreaker by the coal stock yard became operational. In addition to this programme, TSIJ has drafted a future oriented plan including all improvements of the CGPs environmental performance. This future oriented plan provides for additional measures to improve the environmental performance, in order to responsibly operate the CGPs.

Our medium- and long-term strategy is our Green Steel Plan where coal and cokes will be replaced by hydrogen or natural gas. The Green Steel Plan is the first step in the company's commitment to producing steel with less CO_2 and other emissions as specified hereafter. To address local environmental and health concerns, several extra measures are being developed which are subject to the Dutch government granting a tailor-made support agreement. Specifically, the company is focusing on the RIVM priority areas for 2030; namely, to reduce the quantities of dust, odour, noise, and nitrogen dioxides being emitted, thereby decreasing exposure to these emissions in the surrounding area.

To mitigate the risks related to steel slag, TSIJ is researching in consultation and cooperation with various external parties possibilities for further processing of steel and EAF slag into products that will address current concerns.

Climate change and decarbonisation

Risks

Regulatory and carbon market risks

TSIJ is affected by extensive governmental policies aimed at reducing greenhouse gas emissions. The need to navigate multiple, complex, overlapping regulatory frameworks will persist for some time.

The EU Emissions Trading System (ETS) stands as the cornerstone of EU climate policy. While TSN currently receives free allowances under this scheme, these allocations decrease annually. Potential volatility in carbon prices under the ETS will directly and increasingly impact the profitability of TSIJ.

Carbon leakage and global competition

EU steel producers face significant cost disadvantages compared to competitors in regions with less stringent climate policies. This also presents a risk of production shifting to such regions (carbon leakage).

Current Dutch policies (such as network tariffs and the national CO_2 tax) create additional cost disadvantages versus European competitors. In addition, there is growing external pressure to reduce tax exemptions and discounts on coal, gas and electricity.

TSIJ is significantly affected by global market distortions from the import of overcapacities at highly discounted prices. While the EU's Carbon Border Adjustment Mechanism (CBAM) offers some protection, it may also compromise competitiveness for exports outside Europe.

Transition risks

In steelmaking, coal serves as a chemical reductor rather than a fuel, meaning that traditional efficiency improvements cannot achieve sufficient CO_2 reduction. Instead, complete process transformations, including new reductors (natural gas and hydrogen), are required.

The capital investments needed for this exceed the industry's independent financing capacity. This is evidenced by the fact that many of our competitors in the EU have received confirmation of substantial state aid for their decarbonisation efforts. Obtaining the custom support agreement is critical to realise the decarbonisation of the IJmuiden site. Without decarbonisation TSN long term viability is impacted, due to EU climate policy and increasing cost for carbon emissions.

These capital investments in decarbonisation technologies are put towards production facilities based on natural gas and hydrogen, as well as electric furnaces. These plans are critically dependent on energy infrastructure, including specific demands for natural gas during the transition phase, before this is expected to be replaced by hydrogen in the longer term. The transition to electrified production also requires reliable, affordable, low-CO_2 electricity, with recognised challenges in the EU and Dutch grid infrastructure posing additional risks.

A further uncertainty we face during the transition period is the lack of guaranteed demand for low-CO_2 steel products, with the market for low-CO_2 steel not yet mature.

Mitigating factors

Decarbonisation roadmap

TSIJ has established CO_2 targets and is aiming for CO_2 neutrality by 2045. These plans also include increased use of recycled scrap metal for more circular steelmaking.

The success of this transition depends on direct government support regarding financial assistance, permit approvals and maintaining a competitive balance – a 'level playing field' – with other European steelmakers.

In addition, we anticipate indirect government support for, for example, developing the national energy infrastructure outside TSIJ's operations.

TSIJ is actively working with authorities to realise the low-CO_2 steel transition. The government recognises that certain policies, such as network tariffs, are affecting

TSN's competitive position and has expressed its intention to review these.

The conversations between TSIJ and the Dutch government are aimed at reaching a custom support agreement to replace part of our current production facilities in IJmuiden. Discussions on developing a Joint Letter of Intent (JLoI) on this custom support agreement are ongoing. A governmental advisory committee on custom agreements for industry sustainability and the IJmond Health Expert Group will review and advise the JLoI before it is made public and further developed into a definitive and binding agreement. The EU Commission will be involved in the formal processes for state aid approval.

Market risk

Risks

Trading in the global steel market

Over the past few years, there has been a noticeable trend towards increased protectionism on a global scale, with countries around the world increasingly looking to protect their own economies from external threats and competition. This trend is reflected in the imposition of tariffs, safeguards, anti-dumping measures and more stringent trade regulations.

In addition, the world has witnessed a surge in instability and conflict, particularly in regions such as Ukraine and the Middle East. These conflicts have contributed to a sense of unease and uncertainty in the markets. This has been further increased by the policies of the current US administration, which has chosen tariffs as one of its main tools for either penalising or negotiating with other nations. TSN, with its longstanding presence in the US steel market, is impacted by these policies.

Deteriorating competitiveness in the European market

In Europe, TSIJ has experienced a worsening business climate over the last few years. Factors such as a sluggish economic outlook, high energy costs and the rising expenses associated with climate change requirements have posed significant challenges to TSIJ and the broader European steel industry's long-term competitive position.

Fair trade principles and a level playing field are crucial for TSIJ, especially during the costly transition of decarbonising our steelmaking activities. However, with the EU being one of the few open-market economies, the persistent, largely subsidised overcapacity in China and the emerging excess capacity in Southeast Asia present an existential threat to the European steel industry. Instead of focusing on innovation and decarbonisation, the European industry is in cost-cutting mode to ensure its survival.

While the European Commission recognises the strategic importance of a European steel sector, meaningful and effective measures are urgently needed to restore a level playing field and allow the industry to transition to a zero-carbon future.

The fact that EU climate policy focuses on Scope 1 and 2 carbon emission reduction incentives adds another risk to Europe's steel industry and, therefore, to TSIJ. The policy requires producers to address emissions, which in turn increases their costs. The lack of policy on the demand side means that buying these green products remains optional. European steel producers therefore face the certainty of increased costs amid uncertainty regarding the market's willingness to pay for more sustainable solutions. Governments need to support the creation of lead markets in order to de-risk forward-looking investments and support Europe's ambition to become the world's first carbon-neutral continent.

Mitigating factors

During the reporting period, TSIJ maintained its strategic focus on selected market segments that value advanced steel and high service performance. New product development continued, and we added new steel offerings to our product portfolio. In addition to advanced steels, we continued to develop our sustainability offerings as part of the Zeremis® initiative, in which we invite our customers to collaborate on our joint journey towards a carbon-neutral, circular world.

We also continued to focus on customer management, including measurement of customer satisfaction and using the results to identify and act on priorities for improvement. In addition to pursuing our differentiation strategies, we deployed cost reduction measures to remain cost effective.

TSIJ continues to monitor import activity in terms of both volumes and prices. We also work with EUROFER (the European Steel Association) to monitor the need for additional trade defence measures to protect the European steel industry from the negative impact of dumped steel imports. In addition, TSIJ welcomes the continuation of EU safeguarding tariff-rate quota measures beyond the original end date of June 2024.

TSIJ recognises the importance of CBAM – developed to put a fair price on the carbon emitted during the production of carbon-intensive goods – in ensuring a level playing field for EU steel. While we welcome the implementation of CBAM, the uncertainty around its exact functioning remains remains a concern.

TSIJ is currently in discussion with its North American customers to navigate through the evolving US policy landscape. Simultaneously, both TSIJ and its customers are actively working to keep political leaders and policy makers on both sides of the Atlantic informed and encouraged to pursue a solution.

Raw materials and supply chain

Risks

TSIJ depends on raw material supplies that are mainly sourced from outside Europe. Geopolitical shifts continue to affect market dynamics, while harsh weather conditions at the supplying mines, including temperatures as low as -50°C during Canadian winters and cyclone seasons in Australia, could cause supply delays and consequently pose risks to the availability of raw materials. The resulting impacts on the supply chain may cause market prices to shift, with moving supply and demand balances potentially leading to higher costs or cash outflows and working capital.

Due to blast furnace closures in the UK, since the second half of the reporting year, TSIJ's sourcing of iron ore and coal is no longer combined with shipments for Tata Steel UK. As a result, there is less flexibility in the supply chain in case of disruption. This development also means that specific ore or coal grades are supplied in bigger parcels or shipped in smaller vessels with higher transport costs, thereby increasing our stocks and/or working capital.

Although most of our raw materials are acquired from countries with strong legal frameworks, it is essential to recognise that ESG standards differ worldwide. There is a risk that suppliers might opt to serve other countries instead of adhering to emerging and evolving European regulatory requirements that are not applied by all jurisdictions.

Mitigating factors
TSIJ sources raw materials from multiple countries across different continents, in order to optimise its operations and reduce the risk of geographical concentration and supply chain issues. Furthermore, TSIJ's coastal location means river droughts in Europe do not affect our raw material supply chain. We are also flexible in our use of raw materials due to having the only captive pellet plant in Europe, which allows us to conduct ongoing raw materials research. Considering the close correlation between coal and iron ore prices and steel prices, TSIJ employs financial instruments for commodity hedging to manage the risks associated with commodity price fluctuations.

In order to take our responsibility in the supply chain, TSIJ has rolled out the updated Tata Steel-wide Responsible Supply Chain Policy to ensure that suppliers across the value chain uphold ethical and sustainable practices. In 2024–2025, supplier compliance with this policy continued to improve, leading to an upgrade in rating from 'Good' to 'Very Good' under the BES6001 Standard for Responsible Sourcing.

Energy risk

Risks
TSIJ is experiencing significantly higher energy and CO_2 costs than five years ago. This is caused partly by higher market prices for energy but also by higher public energy costs; for example network costs, CO_2 policies and energy tax. These higher energy costs reduce TSIJ's competitiveness compared to its European and non-European competitors.

Since 2021, the reduction in natural gas imports from Russia to Europe has structurally increased European natural gas prices. As natural gas is an important price setter for electricity, electricity prices in Europe are also significantly higher. Together with the costs related to the EU's ETS, these higher European energy prices represent a competitive disadvantage for energy-intensive businesses in Europe, including TSIJ, compared to competitors outside Europe.

In the Netherlands, this is compounded by the impact of high public energy costs compared to European competitors. The additional measures taken by the Dutch government on top of European policies are having a detrimental effect on the level playing field within Europe.

The main risks for TSIJ are as follows:

1. Compensation for indirect emissions will be available for 2025–2027, as announced by the Dutch government in April 2025, but it is unclear whether this subsidy scheme will be available after 2027. Neighbouring countries, meanwhile, have this scheme in place until 2030.
2. Unlike in neighbouring countries, Dutch industries do not currently receive a discount for electricity network costs. If this situation continues in the coming years, it will lead to a continued material competitive disadvantage for TSIJ.
3. The Dutch CO_2 levy for the industry remaining in place means that the uneven playing field persists and could even increase.
4. If the exemption on coal tax for dual use in the Netherlands as of 2027 is abolished as scheduled, this will impose an additional tax for TSIJ compared to its competitors in neighbouring countries.
5. It is possible that the current tax exemption for the use of electricity and natural gas in metallurgical processes may be abolished in the Netherlands in the coming years, which would further contribute to an uneven playing field for TSIJ.

Mitigating factors
TSIJ aims to reduce the impact of volatile natural gas and CO_2 prices through our carbon and energy price risk management strategy, which aims to hedge natural gas prices and CO_2 emission allowances to protect sales margins and increase cost predictability. Our exposure to electricity prices is lower, because a significant amount of our electricity demand is generated in power plants next to the IJmuiden site, using gases produced during TSIJ's operations.

TSIJ is in direct discussions with politicians, ministries and the European Commission about the challenges that we face in relation to energy policies and proposed solutions to these challenges. In addition, we address these challenges and proposals through our participation in trade organisations like the Royal Association for Energy, Environment and Water (VEMW), the enterprise association VNO-NCW and EUROFER. National steps to level the playing field regarding energy for the industry by the Dutch government would be fully in line with the Clean IndustrialDeal.

Financial Risk

Risks

The main financial risks are related to the availability of sufficient funds to meet its business needs, including the ability to continue its strategic investments and meet its sustainability ambitions. Other financial risks relate to movements in interest rates, exchange rates and commodity costs.

Mitigating factors

Financial risk management at TSIJ is based on economic objectives and standard corporate practice. To manage this risk, the TSN group continues to focus on generating positive cash flows. However, our decarbonisation transition will require additional investments and government policies to ensure a level playing field, for which TSIJ is in discussion with the government for custom support and Tata Steel Limited (TSL). Derivatives and other financial instruments are used to manage any market exposures where deemed appropriate. Further details of TSIJ's financial risks, and the way we mitigate them, are set out in Note 21 of the Annual Accounts.

TSIJ's workforce

Risks

Over the past decade, the market for technical personnel has become increasingly tight. This is due to factors such as an ageing workforce, a decline in the number of students pursuing engineering or technical studies, and the decreasing popularity of vocational education. As a result, staff shortages pose a risk to TSIJ across all functional areas, particularly in specialised fields such as engineering and information technology (IT), where the demand for qualified personnel is high. TSIJ's transition will mean an additional increase in the need for engineers, apprentices and other specialists. The negative image of TSIJ presented in the media can discourage potential employees for considering TSIJ as an employer of choice.

Mitigating factors

TSIJ's human resources strategy is aimed at securing the right workforce to successfully operate the current assets and support the construction and future operation of decarbonisation assets. TSIJ is acknowledged as a strong employer, offering competitive remuneration and benefits, a secure working environment, opportunities for professional growth, and a dedicated and proud workforce. Our strategy to transition to carbon-neutral production also enhances our appeal to professionals who want to contribute to a cleaner, more sustainable world and be part of one of the largest and most advanced sustainability projects in the Netherlands.

To improve talent quality and retention, TSIJ continues to collaborate strategically with universities of technology and other relevant educational institutions. Talent programmes for graduates, functional trainees and apprentices are in place, along with similar efforts to recruit experienced professionals.

The Tata Steel Academy plays a key role in recruiting and training TSIJ employees. Through the Academy, TSIJ provides training programmes and vocational education for future technical and engineering staff. The Academy offers management courses, role-specific training, and vocational education. Upon completing a diploma programme, graduates are offered positions at TSIJ.

TSIJ is in the process of mitigating the risks related to the workforce reduction by means of strategic workforce planning, transparent communication, employee support programmes and careful workload redistribution.

Operational risk

Risks

Various factors such as equipment failures, natural disasters and extreme weather events could disrupt the manufacturing processes of TSIJ. The adverse effects of such disruptions could ripple across our operations, affecting production, supply chain and customer service levels. It is therefore imperative for TSIJ to proactively address these risks and implement robust contingency plans to ensure business continuity and uphold high standards of customer service, even in the face of unforeseen challenges.

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Mitigating factors

In order to mitigate these risks, TSIJ has identified several key priorities, including applying best practices in asset management, enhancing people's technical knowledge and skills, improving process safety, carefully targeting capital expenditure and ensuring informed decision making. These priorities underscore our commitment to bolstering operational resilience and minimising the impact of potential disruptions.

Moreover, TSIJ is accelerating its Corporate Asset Management Framework activities, which are aimed at increasing our insight into the reliability, failure and risk profiles of our different assets. This strategic focus on asset management, supported by a risk register, serves as a proactive measure to strengthen the company's ability to navigate and mitigate operational challenges effectively.

Furthermore, in the third quarter of the financial year, workstreams within our Transformation Office began structural improvements to operations in IJmuiden. In parallel, we are undertaking a new TrueSafe programme, which represents an additional step forward in our commitment to safety, given the recent increase in safety incidents. With TrueSafe, our focus is on enhancing overall safety performance through the individual contribution of each employee. The programme aims to raise awareness about safety, building upon existing measures, and emphasises the important role that everyone at TSIJ plays in creating and maintaining a safe work environment.

Digital resilience

Risks
The threat of cyber-attacks from criminal organisations continued to increase during the reporting year. These organisations target major businesses across all industries, amid an ever-changing cyber environment where new threats are constantly emerging. This entails a significant increase in our business's cyber risk exposure. To manage this risk, we must constantly evolve current practices and deploy new technologies. For existing hardware and operating systems, timely maintenance and updates are required to address identified vulnerabilities.

Mitigating factors
TSIJ has a dedicated IT Security, Risk & Compliance department that monitors the company's IT and OT domain and is continuously focused on cyber risk awareness and education. Protection against viruses, malicious software and external hacking is in place and is continuously being improved. We also have rigorous contingency plans for business-critical applications and core network components. The OT domain network is compartmentalized to reduce risks and potential impact. The control of third-party access to the OT domain has been strengthened.
In June 2024, TSN was certified according to the ISO 27001 framework (the international standard for information security management). This framework enables us to take a holistic approach to identifying and assessing risks in the IT landscape, across our infrastructure, network, workplace and cloud.

There has been a steady decrease in high-impact IT incidents over recent years. We achieved this by improving life-cycle management of TSN's current applications and underlying infrastructure (servers, databases and network components) and focusing on root-cause analysis to drive improvements. We also liaise with IT service providers regarding the availability of support and skills for databases and programming languages; for example, we are increasing our IT support from Tata Consulting Services and Vodafone, in both capacity and capability, to mitigate risks to business continuity.

Ethics and Compliance

Risks
Like any multinational company, TSNJ is exposed to the following ethics and related risks like bribery and corruption, fraud, anti-trust, data privacy, trade sanctions and export controls.

Mitigating factors
TSN has an ethics and compliance programme in place to manage its ethics and compliance risks. A network of ethics counsellors supports the implementation of this programme across TSN.

We rolled out a refreshed Code of Conduct and Confidential Reporting Policy in the reporting year. The updated Code of Conduct is based on the current Tata Code of Conduct, with some limited changes to reflect the differing laws and regulations in TSN's jurisdictions. The refreshed Confidential Reporting Policy takes into account Directive (EU) 2029/1937 on the protection of persons who report breaches of union law, also referred to as the Whistleblower Protection Directive, and its implementation in the various EU Member States in which TSN is active. Both documents have also been communicated to TSN's external stakeholders.

TSN has a confidential reporting channel, Integrity Line, for reporting concerns around wrongdoing by or impacting TSN. This channel is operated by an independent external company, for which we refer to TSN's website.

All investigations into concerns on wrongdoing reported via the reporting channels listed in the TSN Confidential Reporting Policy, as well as any other investigations, are discussed by TSN's Compliance & Integrity Committee on a quarterly basis. These investigations are subsequently reported to the BoM and AC. The same applies to updates to our ethics and compliance programme.

Litigation
TSIJ is involved in a number of legal cases, both civil and administrative in nature, and are also subject to a criminal investigation. The most relevant of these issues both pending and potential litigation are listed below.

Pending litigation
1: In 2024, the EA for the North Sea Canal Area measured exceedances of emission thresholds for MVP1, MVP2 and g.O2 substances at the CGP1 and CGP2 oven stacks. Further to these measurements, on 19 December 2024, the EA imposed two orders under penalties with a maximum amount of €27 million for the alleged non-compliances on TSIJ to end these exceedances and stay below emission thresholds. TSIJ does not agree with measurement protocols applied by the EA to measure MVP1, MVP2 and g.O2 emissions and has filed objections against these decisions. The Hearing and Advice Committee (HAC) heard the case in March 2025. A decision on the objections is expected before the summer. Following the decision on the objections by the HAC, the EA may amend its decision.

2: On 19 December 2024, the EA sent TSIJ a notice on alleged non-compliances at CGP2 concerning the state of maintenance of the plant, and in particular the oven walls. TSIJ has 12 months to remedy the alleged non-compliances. The EA indicated that should the non-compliances not be remedied in time, it will consider revoking the permit for CGP2. TSIJ has submitted its objections, and the case was presented before the HAC in April 2025. A decision on the objections is expected before the summer. Following the decision on the objections by the HAC, the EA may amend its decision.

3: In September 2022, the EA put an order under penalty on the so-called green pushes – pushing coke from the oven before the coking process is fully complete – at the

CGPs in IJmuiden. TSIJ submitted its objections since it is the company's opinion that, despite taking all possible measures, it is impossible to fully prevent green pushes. TSIJ also requested for a permit for the green-pushes, which request was denied. The court hearing took place in December 2024 and the judgement was given in April 2025, whereby TSIJ's requests were denied. TSIJ appealed against the judgement. TSIJ did not receive any collection orders for green pushes that took place in 2024.

4: In a protracted infringement case initiated by a competitor of TSIJ, a court in Germany decided on 9 May 2023 that TSIJ had infringed on a valid German utility model as of July 2015 by selling a specific low-waviness steel grade, which may lead to a financial claim. TSIJ no longer produces or sells this specific steel grade and has appealed the court's decision that TSIJ infringed the German utility model. The appeal court took an interim decision in March 2025, whereby it ordered that expert evidence shall be taken by appointing a neutral court expert. The expert is not yet appointed.

Potential litigation

1: TSIJ is subject to an investigation by the Public Prosecution Office into the alleged introduction of hazardous substances that could affect public health into the soil, air or surface water. The investigation, led by the Functional Public Prosecutor's Office, is ongoing. It is unknown when a decision will be made.

2: Foundation Frisse Wind.nl (FW), which held TSIJ liable in 2023, has engaged the law firm Finch. On behalf of FW, Finch holds TSIJ liable in a letter dated 16 December 2024. On 3 February 2025, a meeting took place where all liability on behalf of TSIJ was rejected.

Composition of the Board of Directors

During the reporting period, the Board of Directors consisted of Hans van den Berg (CEO and Chairman), Tom Eussen (Managing Director of Tata Steel Ijmuiden – stepped down effective July 2025), Martijn Plaum until 31 August 2024 (Chief Financial Officer), Hans Turkesteen from 1 September 2024 (Chief Financial Officer) and Akash Latchman from 18 November 2024 (Chief Projects and Engineering Officer). Peter Bernscher was appointed as Chief Commercial Officer per 1 September 2025.

Board of Directors

J. van den Berg, Chair

J. Turkesteen

A. Latchman

P. Bernscher

IJmuiden, 16 September 2025

Income statement

For the year ended March 31, 2025

	Note	2025 €m	2024 €m
Revenue	1	5,293	4,930
Total income		**5,293**	**4,930**
Changes in inventory of finished goods and work in progress		(10)	(412)
Raw materials and consumables	2	(2,760)	(2,453)
Maintenance and other external charges	2	(1,086)	(1,271)
Employee benefits expense	4	(877)	(918)
Depreciation and amortization expense	2	(262)	(235)
Other expenses	2	(483)	(330)
Total expenses		**(5,478)**	**(5,619)**
Finance costs	5	(47)	(34)
Finance income	5	10	17
Profit/(Loss) before taxation		**(222)**	**(706)**
Taxation	6	59	190
Profit/(Loss) after taxation		**(163)**	**(516)**

All references to 2025 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 29 refer to the financial period ended 31 March 2025 or as at 31 March 2025 as appropriate (2024: the financial period ended 31 March 2024 or as at 31 March 2024).

Notes and related statements forming an integral part of these accounts appear on pages 31 to 49.

Statement of comprehensive income

For the year ended March 31, 2025

	Note	2025 €m	2024 €m
Profit/(Loss) after taxation		**(163)**	(516)
Items that may be reclassified subsequently to profit or loss:			
Gains/(Losses) arising on cash flow hedges	16	2	25
Income tax relating to items that may be reclassified	16	(1)	(7)
Other comprehensive Income/(Loss) for the year net of tax		**1**	18
Total comprehensive Income/(Loss) for the year		**(162)**	(498)

Notes and related statements forming an integral part of these accounts appear on pages 31 to 49.

Balance sheet

As at 31 March

	Note	2025 €m	2024 €m
Non-current assets			
Intangible assets	7	**58**	60
Property, plant and equipment	8	**2,560**	2,543
Investments in subsidiaries, joint ventures and associates	9	**65**	64
Non-current tax asset	11	**133**	-
Deferred tax asset	19	**49**	36
		2,865	2,703
Current assets			
Inventories	10	**1,127**	1,287
Trade and other receivables	12	**322**	361
Current tax assets	11	**-**	198
Short term investments	13	**205**	228
Cash and short-term deposits	13	**97**	27
		1,751	2,101
TOTAL ASSETS		**4,616**	4,804
Current liabilities			
Borrowings	15	**(271)**	(284)
Trade and other payables	14	**(1,233)**	(1,262)
Current tax liabilities	11	**-**	(124)
Short term provisions for liabilities and charges	17	**(166)**	(21)
		(1,670)	(1,691)
Non-current liabilities			
Borrowings	15	**(87)**	(78)
Provisions for liabilities and charges	17	**(107)**	(121)
Other liabilities	18	**(47)**	(47)
Deferred income	20	**-**	(1)
		(241)	(247)
TOTAL LIABILITIES		**(1,911)**	(1,938)
NET ASSETS		**2,705**	2,866
Equity			
Called up share capital	21	**113**	113
Hedging reserve		**(1)**	(3)
Retained earnings		**2,593**	2,756
TOTAL EQUITY		**2,705**	2,866

Notes and related statements forming an integral part of these accounts appear on pages 31 to 49.

Statement of changes in equity

	Share capital €m	Hedging reserve €m	Retained earnings €m	**Total €m**
Balance as at 1 April 2023	113	(21)	3,272	**3,364**
Profit/(loss) for the year	-	-	(516)	**(516)**
Other comprehensive income/(loss) for the year	-	18	-	**18**
Balance as at 31 March 2024	113	(3)	2,756	**2,866**
Profit/(loss) for the year	-	-	(163)	**(163)**
Other comprehensive income/(loss) for the year	-	2	-	**2**
Balance as at 31 March 2025	113	(1)	2,593	**2,705**

Notes and related statements forming an integral part of these accounts appear on pages 31 to 49.

Statement of cash flows

For the financial year ended 31 March

	Note	2025 €m	2024 €m
Operating activities			
Profit/(loss) after taxation		**(163)**	(516)
Adjustments for:			
Tax	6	**(59)**	(189)
Interest income	5	**(10)**	(17)
Interest expense	5	**47**	34
Depreciation and amortisation including impairments (net of grants	2	**261**	235
Movement in provisions		**138**	(41)
Movement in loose plant, tools and spares		**(18)**	2
Movement in inventories		**159**	468
Movement in receivables		**44**	39
Movement in payables		**16**	(211)
Rationalisation costs provided/(released)	17	**(4)**	16
Utilisation of rationalisation provisions	17	**(3)**	(2)
Cash generated from operations		**408**	(182)
Interest paid		**(39)**	(27)
Interest element of lease rental payments		**(8)**	(4)
Taxation paid		**(14)**	-
Net cash flow generated from operating activities		**347**	(213)
Investing activities			
Purchase of property, plant and equipment	8	**(275)**	(625)
Sale of property, plant and equipment	8	**1**	1
Purchase of other intangible assets	7	**(4)**	(4)
Dividends from subsidiaries		**-**	5
Dividends from joint ventures and associates		**2**	-
Interest received		**8**	10
Net cash flow used in investing activities		**(268)**	(613)
Financing activities			
Repayments of loans to Group companies	24	**(10)**	-
Proceeds of loans from Group companies	24	**-**	260
Movements in other loans	24	**(1)**	(1)
Principal lease repayments	24	**(16)**	(14)
Net cash flow (used in)/generated from financing activities		**(27)**	245
(Decrease)/increase in cash and cash equivalents		**52**	(581)
Cash and cash equivalents at beginning of period		**250**	831
Cash and cash equivalents at end of period		**302**	250
Cash and cash equivalents consist of:			
Short Term deposits with TSN	13	**205**	228
Cash at bank and in hand	13	**97**	27
Bank overdrafts	24	**-**	(5)
		302	250

Notes and related statements forming an integral part of these accounts appear on pages 31 to 49.

Presentation of accounts and accounting policies

I Introduction

Tata Steel IJmuiden BV ('TSIJ' or 'the Company') is located in IJmuiden, municipality of Velsen, the Netherlands, and forms part of the Tata Steel Group. The Chamber of commerce (Kamer van Koophandel) number of the company is 34040331. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on the Mumbai Stock Exchange and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges.

The immediate parent company of Tata Steel IJmuiden B.V. is Tata Steel Nederland B.V. also located in IJmuiden, municipality of Velsen.

The 2025 Annual Accounts of Tata Steel IJmuiden B.V. have been authorised for issue by the Board of Directors (BoD) on 16 September 2025.

II Basis of preparation

The accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'). The functional and presentational currency of the Company is the Euro.

This Annual Report of Tata Steel IJmuiden B.V. does not include consolidated accounts as the Company has applied the exemption allowed by IAS 27 "Separate Financial Statements" and IFRS 10.4(a) "Consolidated financial statements". The annual accounts of Tata Steel IJmuiden B.V. and its group companies are part of the consolidated accounts of Tata Steel Nederland B.V.

Tata Steel IJmuiden B.V. applies the exemption as referred to in Article 382a part 3, Book 2 of the Dutch Civil Code to not disclose independent auditor fees in its financial statements.

Going concern

The Board of Directors have assessed the future funding requirements of TSIJ and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities.

Tailor-made support
Discussions with the Netherlands government on the tailor-made support for the proposed decarbonisation and environmental project of Tata Steel Nederland B.V. ('TSN') are ongoing. On February 20, 2025, the Ministry of Climate and Green Growth submitted a letter to the Dutch parliament on the progress of negotiations including next steps towards a Joint Letter of Intent and the process with the European Commission. In relation to the likely investments required for the decarbonisation of TSN driven by regulatory changes in Europe and the Netherlands, the scenarios consider that the Dutch Government will provide a certain level of financial support to execute the decarbonisation strategy.

Orders under penalty Coke and Gas Plants
The Dutch Environment Agency ('EA') has sent a notice on non-compliances regarding certain state of maintenance of the TSN's coke and gas plant at Tata Steel IJmuiden B.V. ('TSIJ'). Further to the notice, it has given TSIJ B.V. a period of 12 months to remedy the non-compliances, failing which, the permit for operating the coke and gas plant can get revoked. TSIJ B.V. is currently working on various actions in connection with the Orders and Notices received including legal remedies of filing objections and injunctive reliefs against the orders under penalty and notice.

Considering the actions which TSIJ is pursuing within the remediation period and given the ongoing discussions to arrive at a comprehensive solution for CO2 emissions and environmental concerns with the Dutch Government, the Company believes that the Orders and the Notice are unlikely to lead to an early closure of the Coke and Gas Plants and pose an impediment to its current business operations.

Financial position of TSIJ
The directors have considered a number of possible scenarios for the financial position of TSIJ, with reference to the Annual Plan and the mitigating actions the Company could take to limit any adverse consequences to liquidity.

The base case assumes no improvement in trading conditions over the next 18 months given the general uncertain macro-economic outlook and the current challenging conditions in the European steel market. In order to counter the effects of the current subdued market the MLE Business recently launched a Transformation programme which targets improvements in the areas of gross margin and fixed costs in order to deliver improved profitability for 2025/26 and beyond. Furthermore, TSIJ also starts with a strong balance sheet and a positive cash and cash equivalents balance of € 97m. Given that the reline of the blast furnace has been completed and specific actions to improve business performance are being undertaken, the liquidity position of TSIJ is expected to improve in the 2025/26 financial year.

Furthermore, Tata Steel IJmuiden B.V. continues to have access to a trade receivables securitization arrangement, on a non-recourse basis and has access to intercompany funding with Tata Steel Nederland B.V.

The Board of Directors considered carefully TSIJ's ability to meet its liabilities as they fall due, based on the cash flow and profit forecasts. The future funding requirements of the Company in the near term are assessed, based on financial forecasts covering 12 months from the date of this report. Under all scenarios, including severe but plausible downside scenario's, the directors of the Company believe that TSIJ has access to adequate liquidity.

For these reasons, the directors have concluded that there is a reasonable expectation that TSIJ has adequate resources to continue operating for the near future and therefore it is appropriate to prepare the accounts on a going concern basis.

III New Standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

Change	Standard	Effective Date*
Liability in a Sale and Leaseback (Amendment)	IFRS 16	1 Jan 2024
Classification of Liabilities as Current or Non-Current (Amendment)	IAS 1	1 Jan 2024
Non-Current liabilities with Covenants (Amendments)	IAS 1	1 Jan 2024
Supplies Finance Arrangements (Amendments)	IAS 7	1 Jan 2024

** periods commencing on or after*

TSIJ has adopted the above amendments. In accordance with the transitional provisions, the amendments have been adopted retrospectively to the financial statements. Comparative amounts have not been restated, and there was no impact on the current opening reserves amount on adoption. Neither of these amendments had a material impact on the TSIJ financial statements.

IV New Standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Group's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2025, or have an effective date after the date of these financial statements:

Standard	Change	Effective Date*
IAS 21	Lack of Exchangeability (Amendment)	1 Jan 2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendment)	1 Jan 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures (New Standard)	1 Jan 2027
IFRS 18	Presentation and Disclosure in Financial Statements (New Standard)	1 Jan 2027

** periods commencing on or after*

Management have performed a review of the expected impact from other standards and interpretations not applied as shown above. Management do not expect a material impact as a result of new standards and interpretations not applied, except for the adoption of IFRS 18, for which the Group is still assessing the potential impact to its financial statements. TSIJ does not plan to early adopt any standards or amendments.

V Use of estimates and critical accounting judgements

In the application of the Company's accounting policies, which are described in section VI, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements, apart from those involving estimations (which are presented separately below), that the Board of Directors has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

Definition of cash generating units ('CGU')

A significant part of the Group's capital is invested in property, plant and equipment and intangible assets (including goodwill). Determining whether these assets are impaired requires an estimation of value in use or fair value less cost of disposal of the CGU to which the asset relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets. The identification of CGUs involves significant judgement. Key factors in determining CGU's are operational interdependence of the integrated production chain and alignment with internal management reporting. The definition of CGUs is reassessed when there is a significant change in the way the business is managed or in the structure of operations. For the Group CGUs are usually taken to be individual businesses or legal entities, although these are combined or split into base entities, where deemed appropriate to reflect the specific economic risks or operational inter-dependence of locations and operations based on the governance structure and lines of reporting. This process of defining CGUs requires the exercise of significant judgement.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. This includes assumptions in respect of the transition to a low carbon economy, which may impact critical judgements and key estimates, disclosure, recognition or derecognition of assets and liabilities and measurement of such assets and liabilities.

If the support from the Dutch government would not be as expected, then there would be a material impact on the valuation of property, plant and equipment. This could also have a significant impact on how the current decarbonization plans could be realized. Furthermore, the ability to retain critical permits and the timing and availability of permits required to realize decarbonization plans are considered key sources of estimation uncertainty.

1) *Provisions*
Estimates in calculating provisions for environmental remediation, legal claims and employee benefits are based on previous experience and third-party advice and are reassessed on a regular basis. Judgement is required in assessing the costs and the timing of these costs. Further details on the Company's provisions can be found in note 17.

A provision is recognised when the Group has a present obligation, legal or constructive, as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. They include provisions on restructuring and rationalisation, legal claims, environmental provisions and employee benefits are based on previous experience and third-party advice and are reassessed on a regular basis. Judgement is required in assessing the costs and the timing of these costs. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2) *Recognition of deferred tax assets*
The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur based on the Company's annual plans and future forecasts. Further information can be found in note 19.

3) *Impairment of non-current assets*
Fair value less cost of disposal calculations requires an estimation of future cash flows expected to arise from the CGU and a suitable discount rate to calculate present value. The present value is sensitive to changes in the discount rate used in the value in use models, the forecast profitability of the Company in the third year of the Company's Annual Plan, and the expected impact of decarbonisation on the Company. Further details on the Company's impairment review, key assumptions, and sensitivity analyses are set out in note 8.

The detailed accounting policies for each of these areas, are outlined in section VI below.

4) *Property, plant and equipment*
TSIJ continues to develop its assessment of the potential impacts of climate change and decarbonisation strategy and has considered such impacts when preparing its consolidated financial statements.

TSIJ has a public commitment to achieve net-zero CO2 emissions for Scope 1 and 2 by 2045. The Company is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. It is currently engaged with multiple technology and engineering partners to complete detailed evaluation and engineering, implementation planning and costing of the project.

TSIJ is also undertaking a comprehensive project to reduce dust and other emissions from its plant to make it future ready. The Roadmap program took a big step forward with the completion of the Windbreaker around raw material storage to reduce dust emissions. Also, significant progress has been made on the DeNOX installation at the Pellet Plant. The DeNOx installation aims to reduce nitrogen oxide emissions by capturing NOx compounds at the Pellet Plant.

Assumptions in respect of climate- and regulatory change and the transition to a low carbon economy may impact the Company's key estimates and result in changes to estimated useful lives. Climate-related risks, in particular those arising from transitioning to a lower-carbon economy, are considered when estimating the useful lives of the assets affected.

5) *Net realizable value of inventories*
Net realizable value is the 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. Estimates in determining the net realizable value comprise of the amount that the inventory is expected to realize, taking into account the purpose for which the inventory is held. The company based these estimates on the most reliable evidence available at the time the estimates were made.

6) *Actuarial assumptions that are used in calculating other long-term employee and other benefit liabilities*
Actuarial assumptions can be subject to volatility, in particular due to changes in market conditions and actuarial assumptions. Key sources of estimation uncertainty relate to the discount rate, life expectancy, inflation rates and future salary assumptions. The company sets these judgements with close reference to market conditions and third party actuarial advice.

The detailed accounting policies for each of these areas, are outlined in section VI below.

VI Critical accounting policies

(a) Property, plant and equipment
Property, plant and equipment is recorded at original cost less accumulated depreciation and any recognised impairment loss, with the exception of land. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. This includes borrowing costs capitalised in respect of qualifying assets in accordance with the Company's policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Company refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit and loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets (including goodwill)
Depreciation or amortisation is provided to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including right-of-use assets, to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter.

Useful lives: the estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

	Life Years
Land and buildings:	
Freehold and buildings that house plant and other works buildings	25
Other freehold and buildings	50
Plant and machinery:	
Iron and steelmaking (maximum)	25
IT hardware and software (maximum)	8
Office equipment and furniture	10
Motor vehicles	4
Other (maximum)	15
Patents and trademarks	4
Product & process development costs and computer software (maximum)	8

At each reporting period end, the Company reviews the carrying amounts of its property, plant, and equipment and other intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

If any such indication exists, the recoverable amount of the asset is reviewed to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets (including goodwill) with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Impairment: fair value less cost of disposal calculations includes assumptions related to the decarbonization strategy of TSIJ. Key assumptions made represent the most likely impact from decarbonization now. However, assumptions may change over time, which could result in changes to value in use and fair value less cost of disposal calculations in future periods and affect impairment assessments.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use and fair value less cost to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate for value in use and a post-tax discount rate for fair value less cost of disposal, based upon the Group's long term weighted average cost of capital ('WACC'), which also recognises the comparative WACCs of its European peers, with appropriate adjustments for the risks associated with the relevant units. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, although impairments of goodwill are not subject to subsequent reversal.

(c) Taxation
The tax expense represents current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

d) Retirement benefit costs

The Company operates a number of defined contribution pension plans for its employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(e) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. This involves a series of management judgements and estimates that are based on past experience of similar events and third party advice where applicable. Where appropriate and relevant those provisions are discounted to take into consideration the time value of money.

In particular, redundancy provisions are made where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been made at the end of the reporting period. These provisions also include charges for any termination costs arising from enhancement of retirement or other post-employment benefits for those employees affected by these plans.

Provisions are also created for long term employee benefits that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the end of the reporting period, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

The Company participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

(f) Revenue

The Company's revenue is primarily derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

The Company manufactures and sells a range of steel products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The steel is often sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(g) Government grants

Grants related to expenditure on property, plant and equipment are credited to profit and loss over the useful lives of qualifying assets. Grants related to revenue are credited to the profit and loss in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to the income statement at the end of the reporting period are included in the balance sheet as deferred income.

(h) Insurance

Most of TSIJ's insurances are arranged by Tata Steel Europe ('TSE'). Insurance premiums in respect of those insurances placed by TSE on behalf of TSIJ and those arranged directly by TSIJ with insurers are charged to the income statement in the period to which they relate.

(i) Financing items

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment is expensed as incurred. Dividend income is recognised when the right to receive payment is established.

(j) Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into euros at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into euros at the average rates for the financial period. In order to hedge its exposure to certain foreign exchange transaction risks, the entity enters into forward contracts and options (see (h) below for details of the company's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposals of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period.

(k) Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Company transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities. This includes the Company's €600m non-recourse debtor securitisation facility.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ('FVTOCI'):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ('FVTPL').

Where the Company purchases emission rights from an emission trading scheme, it recognises these as an asset, and values the asset at cost. No amortisation is recognised, provided that the Company intends to utilise the asset to settle emission rights liabilities.

(ii) Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Even when credit losses are recognised, amounts are only fully written off once all possibility of recoverability has been extinguished.

(iii) Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(iv) Derivative financial instruments and hedge accounting
In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange (LME) contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency, interest rate and commodity contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

(v) Embedded derivatives
An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.
An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(i) investments in subsidiaries
TSIJ has investments in subsidiaries that are accounted for using the cost method. These investments are initially recognized at cost, which includes direct and indirect costs incurred to acquire the investment. Subsequent to initial recognition, investments in subsidiaries using the cost method are measured at cost less any impairment losses.

TSIJ reviews its investments in subsidiaries for impairment on a regular basis. If there is objective evidence that an investment is impaired, the Company recognizes an impairment loss in the income statement. Any gains or losses from the disposal of investments in subsidiaries using the cost method are recognized in the income statement.

Dividends received from subsidiaries are recognized as income when the right to receive payment is established.

The carrying amount of investments in subsidiaries using the cost method is disclosed in the financial statements. Additionally, any impairment losses recognized on investments in subsidiaries using the cost method, as well as dividends received from subsidiaries, are disclosed in the financial statements.

(j) Other intangible assets
Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. In this case they are measured initially at fair value on

acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

completion of the development is technically feasible:
(i) it is the intention to complete the intangible asset and use or sell it;
(ii) it is clear that the intangible asset will generate probable future economic benefits;
(iii) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(iv) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to amortisation and impairment of other intangible assets is described in section VI (b) above.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

(k) Leases
TSIJ assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

TSIJ recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less, leases for which the underlying asset is low value and leases of intangible assets, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined.
If that rate cannot be readily determined, TSIJ uses the incremental borrowing rate. The incremental borrowing rate is calculated with reference to the businesses cost of funding, length of the lease and the suitability of the assets to leasing.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date and extension options, if TSIJ is reasonable certain to exercise the option. Lease liabilities are classified as part of borrowings.

The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Variable lease payments not included in the measurement of the lease liabilities are expensed in the income statement in the period in which the events or conditions which trigger those payments occur.

(l) Inventories
Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises 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. Net realisable value is the price at which the inventories can be realised 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. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

(m) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(n) Equity
Share capital: Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual accounts in the period in which the dividends are approved by the Company's shareholders. Where dividends are paid in kind the asset transferred is measured at fair value and any difference between the fair value and the carrying value of the asset is recognised in the income statement.

(o) Cash flow statement
The Cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into euros using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the Cash flow statement.
Receipts and payments with respect to income tax and interest are included in the Cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in Cash flows from investing activities. Cash flows from derivatives are recognized in the Cash flow statement in the same category as those of the hedged item.

Notes to the accounts

1. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major geographic regions. Substantially all revenue is derived from the sale of goods. This disaggregation is consistent with the information regularly reviewed by the Board of Management in order to evaluate the financial performance of the Group.

	2025 €m	2024 €m
Revenue by destination:		
Netherlands	**858**	876
Europe excluding the Netherlands	**3,402**	2,980
North America	**847**	798
Rest of the world	**186**	276
	5,293	4,930

2. Operating costs

	2025 €m	2024 €m
Cost by nature:		
Raw materials and consumables	**2,760**	2,453
Maintenance costs (excluding own labour)	**440**	467
Other external charges (including fuels and utilities, hire charges and carriage costs)	**646**	804
Employee benefits expense	**877**	918
Depreciation and amortization expense (incl. impairments)	**262**	235
Regional development and other grants released	**-**	(1)
Other operating items (including rents, rates, insurance and general expenses)	**530**	415
Changes in inventory of finished goods and work in progress	**10**	412
Own work capitalised	**(47)**	(84)
Purchases for customer lists from group company	-	-
Loss/(Profit) on disposal of property, plant and equipment	**-**	-
Profit on disposal of joint ventures	**-**	-
	5,478	5,619

The above costs include €(1)m (2024: €34m) in respect of restructuring and impairment, which relate to Employment costs of €(4)m (2024: €16m) and depreciation and amortisation of €3m (2024: €18m). Further analysis of restructuring and impairment costs is presented in Note 3.

	2025 €m	2024 €m
The above costs are stated after including:		
Amortisation of intangible assets (Note 7)	**6**	6
Depreciation of owned assets (Note 8)	**238**	198
Impairment losses related to other intangible fixed assets (Note 3)	**-**	3
Impairment losses related to property, plant and equipment (Note 3)	**2**	15
Depreciation of right of use assets (Note 8)	**16**	13
Expenses relating to low value leases	**4**	4
Expenses relating to variable lease payments not included in lease liabilities	**22**	20
Costs of research and development	**47**	46
Emission rights costs	**153**	(9)

3. Restructuring and impairment costs

	2025 €m	2024 €m
Provision for restructuring and related measures:		
Redundancy and related costs	**(4)**	16
Impairment losses related to property, plant and equipment (Note 8)	**3**	15
Impairment losses related to intangible assets (Note 7)	**-**	3
	(1)	34

4. Employees

	2025 €m	2024 €m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**674**	707
Social security costs	**104**	99
Pension costs	**103**	96
Redundancy and related costs (Note 3)	**(4)**	16
	877	918

The average number of the Company's active employees was 8,851 (2024: 8,886). All employees are located in the Netherlands.

(i) Pension costs can be further analysed as follows:

	2025 €m	2024 €m
Defined contribution scheme	**103**	96
	103	96

5. Financing items

	2025 €m	2024 €m
Finance costs		
Interest on leases	**(8)**	(4)
Other Borrowings	**(19)**	(5)
Discount on disposal of trade receivables within purchase agreement with external companies	**(20)**	(25)
	(47)	(34)
Finance income		
Interest received	**8**	12
Dividends from subsidiaries	**-**	5
Dividends from joint ventures and associates	**2**	-
	10	17
	(37)	(17)

6. Taxation

	2025 €m	2024 €m
Dutch corporation tax	**57**	182
Dutch prior year corporation tax	**(12)**	6
Current tax	**45**	188
Dutch deferred tax	**15**	-
Prior year deferred tax	**(1)**	2
Taxation	**59**	190

In addition to the total taxation credited/(charged) to the income statement, no tax charge was recognised in other comprehensive income in the year (2024: a credit of €7m).

The total credit/(charge) for the year can be reconciled to the accounting profit/(loss) as follows:

	2025 €m	2024 €m
Profit/(loss) before taxation	**(222)**	(706)
Profit/(loss) before taxation multiplied by the applicable corporation tax rate of 25.8% (2024: 25.8%)	**57**	182
Effects of:		
Adjustments in respect to prior periods	**3**	6
Non-deductible costs	**(1)**	(1)
Non-taxable income	**-**	3
Total Taxation	**59**	190

Pillar Two legislation has been enacted in the Netherlands where TSIJ operates and effective as of the financial year 2025. TSIJ recognised no current tax expense (2024: € nil) in respect of top-up tax which related to its operations.

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

7. Intangible assets

2025	Computer software €m	Development costs €m	Total €m
Cost at beginning of period	127	38	**165**
Additions	4	-	**4**
Disposals	-	(21)	**(21)**
Cost at end of the period	131	17	**148**
Accumulated amortisation at beginning of period	67	38	**105**
Charge for the period	6	-	**6**
Disposals	-	(21)	**(21)**
Accumulated amortisation at end of the period	73	17	**90**
Net book value at end of the period	58	-	**58**

2024	Computer software €m	Development costs €m	Total €m
Cost at beginning of period	123	38	**161**
Additions	4	-	**4**
Cost at end of the period	127	38	**165**
Accumulated amortisation at beginning of period	58	38	**96**
Charge for the period	6	-	**6**
Impairment charge for the period	3	-	**3**
Accumulated amortisation at end of the period	67	38	**105**
Net book value at end of the period	60	-	**60**

8. Property, plant and equipment

2025	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Right-of-use assets €m	Total €m
Cost or valuation at the beginning of the period	857	7,223	467	143	**8,690**
Additions	-	64	205	28	**297**
Transfers to/(from) assets under construction	19	220	(239)	-	**-**
Reclassification and other movements	2	-	-	-	**2**
Disposals	(1)	(51)	-	(6)	**(58)**
Cost or valuation at the end of the period	877	7,456	433	165	**8,931**
Depreciation at the beginning of the period	701	5,401	-	45	**6,147**
Charge for the period	14	224	-	16	**254**
Impairment charge for the period	-	2	-	-	**2**
Reclassification and other movements	4	-	-	-	**4**
Disposals	(1)	(29)	-	(6)	**(36)**
Depreciation at the end of the period	718	5,598	-	55	**6,371**
Net book value at the end of the period	159	1,858	433	110	**2,560**

2024	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Right-of-use assets €m	**Total €m**
Cost or valuation at the beginning of the period	851	6,535	685	166	**8,237**
Additions	-	74	472	50	**596**
Transfers to/(from) assets under construction	6	684	(690)	-	**-**
Disposals	-	(70)	-	(73)	**(143)**
Cost or valuation at the end of the period	857	7,223	467	143	**8,690**
Depreciation at the beginning of the period	687	5,246	-	105	**6,038**
Charge for the period	14	184	-	13	**211**
Impairment charge for the period	-	15	-	-	**15**
Disposals	-	(44)	-	(73)	**(117)**
Depreciation at the end of the period	701	5,401	-	45	**6,147**
Net book value at the end of the period	156	1,822	467	98	**2,543**

Property, plant and equipment was tested for impairment as at 31 March 2025 as indicators of impairment existed. This involves the Group estimating the recoverable amounts of individual Cash Generating Units (CGU). See the Critical Judgements in Applying the Group's Accounting Policies on page 24 for further information with regards to the definition of CGU's.

European countries including the Netherlands have legal requirements to reach net zero by 2050 and whilst these requirements may not place any obligation on TSIJ to contribute to those goals, the increased focus and clear direction from politicians and society means that TSIJ may face these legal obligations at some point in time. As such, decarbonisation is central to the long-term strategy of TSIJ which has set out its ambitions to achieve net-zero CO2 emissions for Scope 1 and 2.

In the previous year, Tata Steel Nederland submitted an improved Green Steel Plan with an enhanced focus on reducing the impact on our environment and making TSN more circular to the Dutch government. An update of the decarbonisation plans was submitted in January 2025. Irrespective of the choice of technology, TSIJ still aims to be producing a combined c. 7mt of steel post decarbonisation, is not currently envisioning any changes to their downstream steel making capability and aims to continue to serve the same markets by offering its customers the low carbon steel products they require. During the year discussions with the Dutch government to secure funding and policy support to enable the decarbonisation and environmental project progressed but are still ongoing. The Dutch government has completed the pre-notification filing with the European Commission regarding the project.

The technological shift required to enable the transition to low-CO2 steel will require significant long-term investments that will be conditional upon national energy infrastructure, requirements for a European level playing field for the steel industry (e.g., EU Carbon Border Adjustment Mechanism), and other government legislation. TSIJ expects that the cost for decarbonisation are not borne by the steel industry alone, but also by society, either through higher steel selling prices or through government intervention whereby investments in decarbonisation are enabled through government assistance.

There are continued challenges from Environmental agencies on the operation of Coke and Gas Plant and related emissions. In 2024, the Environmental Agency North Sea Channel Area ("EA") measured exceedances of emission thresholds for MVP1 (including PAH) and MVP2 at the CGP1 oven stacks and MVP1 (including PAH) and g.O2 at the CGP2 oven stacks. Further to these measurements, on 19 December 2024 the EA imposed two orders under penalties on TSIJ to end these exceedances within 8 weeks and stay below emission thresholds. Secondly, on 19 December 2024, the EA sent TSIJ a notice on alleged non-compliances at the CGP2, which concern the state of maintenance of the plant, in particular the oven walls.

Further to the above the recent macro-economic downturn in European Union for Steel Produces led by significantly high cost structure (CO2 Cost and network tariff cost) and lower spread due to significant steel imports from other geographies resulted into subdued financial performance in FY 25.

Considering presence of these internal and external indicators the management has carried out impairment testing for the Property, Plant and Equipment's for the year ended March 31, 2025.

For the purposes of TSIJ's 31 March 2025 year-end reporting under IFRS detailed impairment reviews were conducted for the most material CGU (BU IJmuiden primarily comprising of Tata Steel IJmuiden BV). The recoverable amount of CGU BU IJmuiden has been determined from a fair value less costs of disposal ('FVLCD') calculation. TSIJ has used the income approach valuation technique to determine Fair Value (FV). All the critical assumptions used in the present value determination reflects market participants view and reflects market assumptions. The cash flows from FY 26 to FY 50 were discounted with a terminal cash flow in FY 50.

CGU Business Unit Tata Steel IJmuiden
The recoverable amount of Business Unit IJmuiden CGU has been determined from a fair value less costs of disposal (‘FV’) calculation.

The FV calculation involves estimating future cash flows that TSIJ expects to derive from the CGU using the Annual Plan FY 26 and an expected level of EBITDA for the period FY27-FY29 and, for the period FY30 onwards, assumptions on cash flows during, and after, the transition to the DRI route of production. TSIJ is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. Updated plans for phase 1, replacing one of the blast furnaces and one of the cokes and gas plants (CGP2) with the first DRI plant and Electric Arc Furnace (EAF), were submitted to the Netherlands government in January 2025 and are part of the so called “Maatwerk” discussions. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants for Phase 1. The cash flows are further adjusted for business improvement initiatives and for the future expected benefits on account of the capital expenditure. For the FV calculation, a set of inflation assumptions is used to extrapolate the cash flow projections beyond the three-year period up until the terminal year at which point a 2.0% (2023-24: 2%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 8.2% (March 31, 2024: 8.2%) is derived from the Group’s weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the impairment evaluation as at March 31, 2025 for BU IJmuiden resulted in no impairment of property, plant and equipment (2023-24: Nil).

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs including network costs at FY 25 Level, continuation of license to operate for CGP 2 till FY 30, the timing and availability of permits required, the ability to successfully deliver the business improvement initiatives identified in the Annual Plan, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low carbon steel, levels of government support for decarbonisation, the commissioning of new carbon free production facilities, CBAM is effective in reducing inflow of high carbon steel into the EU market and a post-tax discount rate of 8.2%. In particular, whilst TSN has submitted its green steel transition plan to the Dutch government a formal commitment or agreement on the support from the Dutch government is under discussion. The Group believes the key assumptions made represent the most likely impact from decarbonisation at this point in time. These key assumptions will be kept under review in future years especially if investments in decarbonisation capital expenditure become committed. These key assumptions will also remain part of the active dialogue with the Dutch government.

The recoverable amount for Tata Steel Ijmuiden, after considering various downside scenarios, is at € 3,390 million against a carrying value of assets of € 2,866 million. The recoverable value has been determined and stress tested after appropriately considering the major downside impact of probable risks which the business may get exposed to. It is the best view of the directors that government support would be provided on a similar level to recent commitments seen by other national governments within Europe. However, if the support from the Dutch government would not be as expected, then there would be a material impact on the valuation of property, plant and equipment. This could also have a significant impact on how the current decarbonisation plans could be realised. In addition, the Group has conducted several sensitivity analysis on the impairment test of the carrying value of the BU IJmuiden CGU

1. an increase in discount rate by 1% will lead to a reduction in recoverable value by € 1.047 million, as a result there will be an impairment of € 523 million;
2. a decrease in discount rate by 1% will lead to an increase in recoverable value by € 1.520 million, as a result the revised surplus will be € 2,044 million;
3. Terminal growth reduced by 1% will lead to a reduction in recoverable value by € 312 million, as a result the revised surplus will be € 212 million;
4. early closure of both CGP plants (CGP1 and CGP 2), the license to operate gets revoked from start of FY27 onwards, will lead to a reduction in recoverable value by € 373 million, as a result the revised surplus will be € 151 million;
5. there will be no impact of EA notices on the operation of CGP Plants, which will lead to an increase in recoverable value by € 562 million, as a result the revised surplus will be € 1.086 million;
6. CBAM effectiveness lower by 1% will lead to a reduction in recoverable value by € 170 million as a result the revised surplus will be € 354 million;
7. reduction in terminal value EBITDA/Revenue by 0.2% will lead to a reduction in recoverable value by € 54 million, as a result the revised surplus will be € 470 million; and
8. an increase in structured improvement program on by 10% on a year on year basis will lead to an increase in recoverable value by € 446 million, as a result the revised surplus will be € 970 million.

9. Investments in subsidiaries, joint ventures and associates

	Investments in subsidiaries €m	Investments in joint ventures €m	Investments in associates €m	**Total 2025 €m**	Total 2024 €m
Carrying value as at 31 March	47	8	10	**65**	64

10. Inventories

	2025 €m	2024 €m
Raw materials and consumables	**451**	600
Work in progress	**251**	271
Finished goods and goods for resale	**425**	416
	1,127	1,287

The value of inventories above is stated after impairment of €67m (2024: €49m) for obsolescence and write-downs to net realisable value. Work in progress includes semi-finished and partly processed materials.

11. Current tax

	2025 €m	**2024 €m**
Non-current tax assets	**133**	**-**
Current tax assets	**-**	**198**
Current tax liabilities	**-**	**(124)**
	133	**74**

The current tax position is an intercompany position with the head of the fiscal unity TSNH.

12. Trade and other receivables

	2025 €m	2024 €m
Trade receivables	**45**	101
Less provision for impairment of receivables	**(2)**	(4)
	43	97
Amounts owed by parent undertakings (Note 26)	**5**	4
Amounts owed by other Tata Steel companies (Note 26)	**189**	158
Amounts owed by subsidiary undertakings (Note 26)	**16**	9
Amounts owed by joint ventures (Note 26)	**8**	10
Amounts owed by associates (Note 26)	**14**	15
Loans to other Tata Steel companies (Note 26)	**-**	1
Derivative financial instruments (Note 16)	**9**	7
Other taxation	**10**	20
Prepayments	**9**	17
Other receivables	**19**	23
	322	361

(ii) Trade receivables are further analysed as follows:

31 March 2025	**Gross amount €m**	**Subject to credit insurance cover €m**	**Impairment provision made €m**	**Net credit risk amount €m**
Trade receivables:				
Amounts not yet due	**40**	**(38)**	**-**	**2**
One month overdue	**1**	**(1)**	**-**	**-**
Two months overdue	**2**	**(2)**	**-**	**-**
Three months overdue	**-**	**-**	**-**	**-**
Greater than three months overdue	**2**	**-**	**(2)**	**-**
	45	**(41)**	**(2)**	**2**

31 March 2024	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount €m
Trade receivables:				
Amounts not yet due	83	(66)	-	17
One month overdue	10	(10)	-	-
Two months overdue	3	(2)	-	1
Three months overdue	1	(1)	-	-
Greater than three months overdue	4	-	(4)	-
	101	(79)	(4)	18

(iii) Movements on the provision for impairment of receivables are as follows:

	2025 €m	2024 €m
At beginning of period	**4**	3
Impairments in the period	**-**	1
Amounts utilised and other movements	**(2)**	-
At end of period	**2**	4

13. Cash, short-term deposits and short-term investments

	2025 €m	2024 €m
Short-term investments	**205**	228
Cash and short-term deposits	**97**	27
Cash and other short-term investments	**302**	255

	2025			2024		
	Short-term deposits €m	**Cash €m**	**Total €m**	Short-term deposits €m	Cash €m	Total €m
Sterling	**-**	**51**	**51**	-	16	16
Euros	**205**	**32**	**237**	228	(12)	216
US dollars	**-**	**8**	**8**	-	15	15
Other currencies	**-**	**6**	**6**	-	8	8
	205	**97**	**302**	228	27	255

Short-term investments are highly liquid investments with original maturities of three months or less. The weighted average interest rate across these types of investment was 2.4% (2024: 3.8%) based on fixed interest rates, During each of the periods above cash earned interest based on EURIBOR or other official local rates

14. Trade and other payables

	2025 €m	2024 €m
Trade payables	**504**	434
Amounts owed to parent undertakings (Note 26)	**7**	6
Amounts owed to other Tata Steel companies (Note 26)	**298**	340
Amounts owed to subsidiary undertakings (Note 26)	**7**	5
Amounts owed to associates (Note 26)	**3**	3
Other taxation	**46**	43
Capital expenditure creditors	**94**	141
Derivative financial instruments (Note 16)	**19**	8
Employment cost provision	**255**	282
	1,233	1,262

Employment costs provisions include amounts provided in respect of holiday pay and other employment costs.

15. Borrowings

	2025 €m	2024 €m
Current:		
Other short term loans	**-**	6
Loans from parent company	**254**	264
Lease liabilities	**17**	14
	271	284

	2025 €m	2024 €m
Non-current:		
Lease liabilities	**87**	78
	87	78

Total borrowings	**358**	362

(i) The currency and interest exposure of gross borrowings of the Company at the end of the period is as follows:

	2025				2024			
	Fixed rate borrowings €m	**Floating rate borrowings €m**	**Zero rate borrowings €m**	**Total €m**	Fixed rate borrowings €m	Floating rate borrowings €m	Zero rate borrowings €m	Total €m
Euros	**358**	**-**	**-**	**358**	98	-	264	362

Further details of fixed rate non-current borrowings are as follows:

	2025		2024	
	Weighted average fixed interest rate %	**Weighted average time for which rate is fixed Years**	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years
Euros	**4.2**	**1.5**	3.8	2.8

The maturity of borrowings is as follows:

	2025 €m	2024 €m
In one year or less or on demand	**279**	292
Between one and two years	**23**	19
Between two and three years	**22**	18
Between three and four years	**17**	18
Between four and five years	**13**	12
More than five years	**53**	56
	407	415
Less: amounts representing interest in future minimum lease payments	**(49)**	(53)
	358	362
Amounts falling due within one year	**271**	284
Amounts falling due after more than one year	**87**	78

Amounts payable under leases are as follows:

	Minimum lease payments		**Present value of minimum lease payment**	
	2025 €m	2024 €m	**2025 €m**	2024 €m
Not later than one year	**25**	22	**17**	14
Later than one year but not more than five years	**75**	66	**51**	41
More than five years	**53**	57	**36**	37
	153	145	**104**	92
Less: future finance charges on leases	**(49)**	(53)	**-**	-
Present value of lease liabilities	**104**	92	**104**	92

The lease portfolio of the Company consists of leases of building, machinery and vehicles.

16. Financial instruments and risk management

(i) Financial assets and financial liabilities recognised in the balance sheet

The carrying amounts of the Company's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

	2025 €m	2024 €m
Financial assets		
Financial assets at amortised costs:		
Trade and other receivables (Note 12) 1	**294**	317
Cash and cash equivalents (Note 13)	**302**	255
	596	572
Financial liabilities		
Financial liabilities at amortised costs:		
Trade and other payables (Note 14) 2	**(1,168)**	(1,211)
Current borrowings (Note 15)	**(271)**	(284)
Non-current borrowings (Note 15)	**(87)**	(78)
	(1,526)	(1,573)

1 Excludes other taxation and prepayments and derivatives
2 Excludes other taxation and derivatives

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(ii) Fair value measurements recognised in the balance sheet

The following table categorises the Company's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Company's forward currency and commodity contracts). The Company's derivative financial assets and liabilities are categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

2025	Level 1 €m	Level 2 €m	Level 3 €m	**Total €m**
Financial assets at fair value through other comprehensive income:				
Commodity contracts	**-**	**8**	**-**	**8**
Forward foreign currency contracts	**-**	**1**	**-**	**1**
	-	**9**	**-**	**9**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(29)**	**-**	**(29)**
Forward foreign currency contracts	**-**	**(7)**	**-**	**(7)**
	-	**(36)**	**-**	**(36)**

2024	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	**-**	**3**	**-**	**3**
Forward foreign currency contracts	**-**	**4**	**-**	**4**
	-	**7**	**-**	**7**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(7)**	**-**	**(7)**
Forward foreign currency contracts	**-**	**(1)**	**-**	**(1)**
	-	**(8)**	**-**	**(8)**

There were no transfers between any of the levels during the periods represented above.

(iii) Financial risk management and financial instruments

The Company uses certain financial instruments to reduce business risks arising from its exposure to fluctuations in exchange rates and base metal prices. The instruments used, which are confined principally to forward foreign exchange contracts and London Metal Exchange contracts, involve elements of credit and market rate risk in excess of the amount recognised in the accounts.

Risk management is carried out by a central Treasury department under policies approved by the Board of Directors of TSIJ. The Treasury department identify, evaluate and hedge financial risks in close cooperation with Tata Steel IJmuiden's operating units.

(a) Market risk: foreign exchange risk and management
It is the policy of the Company that substantially all the net currency transaction exposures arising from contracted sales and purchases are hedged by selling or purchasing foreign currency forwards. At 31 March 2025, the notional amount of outstanding foreign currency contracts was €464m (2024: €543m) with a net fair value of €(6)m (2024: €3m).

At 31 March 2025, a 10% appreciation of the euro against the US dollar would decrease the net assets of the Company by approximately €1m (2024:decrease by €1m), decrease equity by approximately €1m (2024: decrease by €1m) and have no impact on the operating profit (2023: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Company at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt and financial lease obligations, which do not present a material exposure.

As at 31 March 2025, a 10% appreciation of the Euro against the Sterling would decrease the net assets of the Company by approximately €5m (2024: nil), decrease equity by approximately €5m (2024: nil) and have no impact on the operating profit (2024: no impact).

The net positions on currencies other than the US dollar and Sterling are of less importance and the sensitivity for a 10% weakening/strengthening of the euro is not significant.

(b) Market risk: commodity risk and management
The Company makes use of commodity futures contracts to manage its purchase price risk for certain commodities. Forward purchases are made for iron ore, zinc, tin and nickel to cover sales contracts with fixed metal prices and for carbon emission rights based on predicted future emission deficit. At 31 March 2025, the Company had commodity contracts with a total notional value of €444m (2024: €93m) and a net fair value of €(21)m (2024: €(4)m).

At 31 March 2025, a 10% appreciation of market prices would increase the Company's equity by approximately €33m (2024: increase of €7m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underlying hedged transactions were also recognised.

(c) Market risk: interest rate risk and management
The financial structure of the Company is conservative with the only borrowings in the Company being leases, short term loans from Group companies and a minimal amount of long term external loans. During 2025 and 2024, the Company's borrowings were denominated in Euro. The Company did not enter into interest rate swap contracts or forward rate agreements.

On 31 March 2025, the Company had fixed rate borrowings of €358m (31 March 2024: €98m), floating rate borrowings of €nil (31 March 2024: €nil) and zero rate borrowings of €nil (31 March 2024: €264m). The Company had short term deposits of €205m on 31 March 2025 (on 31 March 2024: €228m). Based on the composition of net debt at 31 March 2025, a 100 basis points increase in interest rates over the 12-month period would decrease the Group's net finance expense by approximately €3m (2024: €2m) and increase equity by approximately €2m (2024: €2m).

For further details of the borrowings, such as maturity and interest rates, see Note 15.

(d) Credit risk
Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Company arising from the amounts and obligations due from counter-parties. The credit risk on short-term deposits is managed by limiting the aggregate amount and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non-performance is considered unlikely.

Sector sales teams, are responsible for controlling the credit risk arising from the Company's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or persist. Any impairment to the recoverability of debtors is reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments. However, counter parties are established banks and financial institutions with high credit ratings and the Company continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Company's theoretical risk is the cost of cash replacement at current market prices of these transactions in the event of default by counter-parties. The Company believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk
Liquidity risk is defined as the risk that the Company could not be able to settle or meet with its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding and manages the liquidity risk managed by maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities. The management of the liquidity risk is based on the calculation of the future net liquidity which results from the expected cash outflows and inflows.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Company's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating interest rate is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates as at 31 March.

	Maturity of contractual undiscounted cash flows			
2025	**Contractual cash flows €m**	**In one year or less or on demand €m**	**Between one and five years €m**	**More than five years €m**
Non-derivative financial liabilities				
Trade and other payables 1	**(1,168)**	**(1,168)**	**-**	**-**
Borrowings				
Repayment	**(358)**	**(271)**	**(52)**	**(35)**
Fixed interest	**(49)**	**(8)**	**(23)**	**(18)**
	(1,575)	**(1,447)**	**(75)**	**(53)**
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	**(461)**	**(461)**	**-**	**-**
Receivables	**467**	**467**	**-**	**-**
Derivatives commodities: net settlement	**-**	**-**	**-**	**-**
	6	**6**	**-**	**-**
Total	**(1,569)**	**(1,441)**	**(75)**	**(53)**

1 Excludes other taxation, and derivatives

	Maturity of contractual undiscounted cash flows			
2024	**Contractual cash flows €m**	**In one year or less or on demand €m**	**Between one and five years €m**	**More than five years €m**
Non-derivative financial liabilities				
Trade and other payables 1	(1,211)	(1,211)	-	-
Borrowings				
Repayment	(358)	(280)	(44)	(34)
Fixed interest	(53)	(8)	(22)	(23)
	(1,622)	(1,499)	(66)	(57)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(1,142)	(1,142)	-	-
Receivables	1,142	1,142	-	-
Derivatives commodities: net settlement	-	-	-	-
	-	-	-	-
Total	(1,622)	(1,499)	(66)	(57)

1 Excludes other taxation, and derivatives

(iv) Derivative financial instruments

The Company utilises currency and commodity derivatives to hedge significant future transactions and cash flows. These items gave rise to the following fair values that have been recognised in the balance sheet:

	2025		2024	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	**8**	**(29)**	**3**	**(7)**
Forward foreign currency contracts	**1**	**(7)**	**4**	**(1)**
	9	**(36)**	**7**	**(8)**

The fair value of derivative financial instruments that were designated as cash flow hedges at the balance sheet date were:

2025	**Forward foreign currency contracts €m**	**Commodity contracts €m**	**Taxation €m**	**Total €m**
Cash flow hedge reserve net of taxation at beginning of period	**2**	**(4)**	**1**	**(1)**
Fair value recognised	**7**	**(5)**	**(1)**	**1**
Cash flow hedge reserve net of taxation at end of period	**9**	**(9)**	**-**	**-**

2024	**Forward foreign currency contracts €m**	**Commodity contracts €m**	**Taxation €m**	**Total €m**
Cash flow hedge reserve net of taxation at beginning of period	(31)	2	8	(21)
Fair value recognised	33	(6)	(7)	20
Cash flow hedge reserve net of taxation at end of period	2	(4)	1	(1)

At the balance sheet date, the notional amount of outstanding foreign currency and commodity contracts that the Company has committed to are as follows:

	2025 €m	2024 €m
Commodity contracts	**444**	93
Forward foreign currency contracts	**464**	543

The commodity contracts mainly cover future carbon emission rights of which €102m will be delivered within twelve months and €197 within two years. The average forward price of the contracts is €73. The iron ore contracts have a settlement date within the next twelve months and an average forward price of €94.

The forward currency contracts have a settlement date in financial year 2026. There was no ineffectiveness on cashflow hedges recognized in the income statement in 2025 (2024:nil).

17. Provisions for liabilities and charges

	Rationalisation Costs (i) €m	Environmental Provisions (ii) €m	Employee Benefits (iii) €m	Other Provisions €m	**Total 2025 €m**	Total 2024 €m
At beginning of period	14	23	83	22	**142**	228
Charged to income statement	-	145	-	-	**145**	29
Released to income statement	(3)	-	(6)	(2)	**(11)**	(23)
Reclassification	-	-	-	-	**-**	-
Utilised during the period	(3)	-	-	-	**(3)**	(92)
At end of period	8	168	77	20	**273**	142
Analysed as:						
Current liabilities	8	153	5	-	**166**	21
Non-current liabilities	-	14	72	20	**107**	121

(i) Rationalisation costs include redundancy provisions as follows:

	2025 €m	2024 €m
At beginning of period	**14**	-
Charged to income statement (Note 4)	**-**	16
Released to income statement (Note 4)	**(3)**	-
Utilised during the period	**(3)**	(2)
At end of period	**8**	14

(ii) Environmental provisions consist of remediation and clean-up activities that need to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO_2 emission rights. The provision for CO_2 emission rights is sensitive to movements in the market price for these rights. The company makes use of forward contracts for the purchase of CO_2 emission rights (refer to note 16 for further information on risk management).

(iii) Provisions for employee benefits include long-term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments. The actuarial calculations are being subject to various assumptions, such as inflation rate, general salary increase, discount rate and mortality rates.

18. Other liabilities

As at 31 March	2025 €m	2024 €m
Other taxation and social security	**29**	47
Derivative liability	**18**	-
	47	47

Other taxation and social security relates to deferred payroll taxes and are due for repayment within four years. These payroll tax deferrals were granted in response to the COVID 19 pandemic. Derivative liability relates to CO2 commodity hedge.

19. Deferred tax asset

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2025 €m	2024 €m
Deferred tax asset	**49**	36

The following are the major deferred tax assets recognised by the Company, and the movements thereon, during the current and prior period.

2025	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	**Total €m**
At beginning of period	23	5	8	-	**36**
Credited/(charged) to income statement	2	-	12	-	**14**
(Charged) to other comprehensive income	-	-	-	(1)	**(1)**
At end of period	25	5	20	(1)	**49**

2024	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	Total €m
At beginning of period	19	11	4	6	40
Credited/(charged) to income statement	4	(6)	4	1	3
Credited to other comprehensive income	-	-	-	(7)	(7)
At end of period	23	5	8	-	36

20. Deferred income

	2025 €m	2024 €m
At beginning of year	**1**	1
Released to income statement	**(1)**	-
At end of year	**-**	1

21. Called up share capital

The authorised share capital of the Company as at 31 March 2025 amounts to €225,000,000 (31 March 2024: €225,000,000) and consists of 500,000 ordinary shares of each €450 (31 March 2024: €450). As of 31 March 2025, 250,000 ordinary shares of €450 each were issued and fully paid up, totalling to a nominal value of €112,500,000 (31 March 2024: €112,500,000).

22. Future capital expenditure

	2025 €m	2024 €m
Contracted but not provided for	**110**	128
Authorised but contracts not yet placed	**134**	189

23. Leases

	2025 €m	2024 €m
Future exposure for cash outflows the Company at the end of the period are:		
Future cash outflows to leases committed but not yet commenced	**1**	23
	1	23

24. Contingent liabilities

In 2024, the EA for the North Sea Canal Area measured exceedances of emission thresholds for MVP1, MVP2 and g.O2 substances at the CGP1 and CGP2 oven stacks. Further to these measurements, on 19 December 2024, the EA imposed two penalty orders with a maximum amount of €27 million on TSIJ for alleged noncompliance, requiring it to stop the exceedances and stay below emission thresholds. TSIJ does not agree with the measurement protocols applied by the EA to measure MVP1, MVP2 and g.O_2 emissions and has filed objections against these decisions. The Hearing and Advice Committee (HAC) heard the case in March 2025. A decision on the objections is expected before the summer.

On 19 December 2024, the EA sent TSIJ a notice regarding alleged non-compliance at CGP2 concerning the state of maintenance of the plant, and in particular the oven walls. TSIJ has 12 months to remedy the alleged non-compliance. The EA indicated that should the noncompliance not be remedied in time, it will consider revoking the permit for CGP2. TSIJ has submitted its objections, and the case was presented before the HAC in April 2025. A decision on the objections is expected before the summer.

In September 2022, the EA put a penalty order on the so-called green pushes – pushing coke from the oven before the coking process is fully complete – at the CGPs in IJmuiden. TSIJ submitted its objections since it is the company's view that, despite taking all possible measures, it is impossible to fully prevent green pushes. TSIJ also requested a permit for the green pushes, which was denied. The court hearing took place in December 2024 and the judgement was given in April 2025, whereby TSIJ's requests were denied. TSIJ appealed against the judgement. TSIJ did not receive any collection orders for green pushes that took place in 2024.

Within a period of two years from the commencement of the Environment and Planning Act (1 January 2024) the competent authority has to make an adjustment to the environmental permit with regard to financial security. The form and content of the financial security is under discussion with the competent authority.

In a protracted infringement case initiated by a competitor of TSIJ, a court in Germany decided on 9 May 2023 that TSIJ had infringed on a valid German utility model as of July 2015 by selling a specific low-waviness steel grade, which may lead to a financial claim. TSIJ no longer produces or sells this specific steel grade and has appealed the court's decision that TSIJ infringed the German utility model. The appeal court took an interim decision in March 2025, whereby it ordered that expert evidence shall be taken by appointing a neutral court expert. The expert is not yet appointed.

TSIJ is subject to an investigation by the Public Prosecution Office into the alleged introduction of hazardous substances that could affect public health into the soil, air or surface water. The investigation, led by the Functional Public Prosecutor's Office, is ongoing.

Foundation Frisse Wind.nl (FW), which sent a claim notice to TSIJ in 2023, has engaged the law firm Finch. On behalf of FW, Finch holds TSIJ liable for damage allegedly suffered by local residents. Finch has announced that it intends to start a procedure under the Dutch act on collective damages claims (WAMCA). To date, no formal claim has been received.

The timing and outcome of the above mentioned contingent liabilities are uncertain and cannot be predicted at this time, and the potential outflow of resources, if any, cannot be estimated reliably. A negative outcome could potentially have a materially adverse impact on our operations, results or financial position.

25. Analysis of changes in net funds

	1 April 2024 €m	Cash Flow €m	Other movements	**31 March 2025 €m**
Loans to other Tata Steel companies	1	-	-	**1**
Cash at bank and short-term deposits	255	47	-	**302**
Bank overdrafts	(5)	5	-	**-**
Cash and cash equivalents	250	52	-	**302**
Borrowings	(266)	11	-	**(255)**
Obligations under leases	(92)	16	(29)	**(105)**
Total debt excluding bank overdrafts	(358)	27	(29)	**(360)**
Total net funds	(108)	79	(29)	**(58)**

Other non-cash movements include lease liability additions in 2025 of €28m (2024: €50m).

26. Related party transactions

The table below sets out details of transactions and loans between the Company, its joint ventures, associates and other Tata Steel group companies.

	2025 €m	2024 €m
Amounts reported within the income statement:		
Sales to joint ventures	**70**	78
Sales to associates	**129**	109
Sales to other Tata Steel companies	**1,334**	1,328
Purchases from associates	**38**	37
Purchases of raw materials from other Tata Steel companies	**1,512**	1,397
Other purchases from other Tata Steel group companies	**282**	238
Net recharges from other Tata Steel companies	**59**	150
Amounts reported within the balance sheet:		
Amounts owed by parent undertakings (Note 12)	**5**	4
Amounts owed by other Tata Steel companies (Note 12)	**189**	158
Amounts owed by subsidiary undertakings (Note 12)	**16**	9
Amounts owed by joint ventures (Note 12)	**8**	10
Amounts owed by associates (Note 12)	**14**	15
Amounts owed to parent undertakings (Note 14)	**7**	6
Amounts owed to other Tata Steel companies (Note 14)	**298**	340
Amounts owed to subsidiary undertakings (Note 14)	**7**	5
Amounts owed to associates (Note 14)	**3**	3
Loans to other Tata Steel companies (Note 12)	**-**	1
Loans from parent undertakings (Note 15)	**254**	264
Short term deposits with parent undertakings (Note 13)	**205**	228

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 50

27. Subsidiaries

The subsidiary undertakings of the Company at 31 March 2025 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Steel producing, further processing or related activities:

Belgium
Societe Europeenne de Galvanisation (Segal) SA
Tata Steel Belgium Packaging Steels N.V. (58.97%)

Finland
Naantali Steel Service Centre OY

Sweden
Halmstad Steel Service Centre AB

Norway
Norsk Stal Tynnplater AS

The Netherlands
Huizenbezit Breesaap B.V.

Unless indicated otherwise, subsidiary undertakings are wholly owned within the Company. The Company's holding comprises ordinary shares and 100% of the voting rights.

28. Joint ventures, joint operations and associates

	Classification	Products	2025 Turnover €m		Issued capital Number of shares	% held
The Netherlands						
GietWalsOnderhoudCombinatie B.V.	Associate	Maintenance of parts of direct sheet plant	15	Shares of €454	100	50
Hoogovens Court Roll Surface Technologies VOF	Joint Operation	Processing chrome deposit on rolls	4	-	-	50
Laura Metaal Holding B.V.	Joint Venture	Trading and processing of non-prime metal	107	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	284	Shares of €1,000	8,000	30

29. Subsequent events

To realize the decarbonisation plans, it is crucial to strengthen the competitiveness and improve both financial and operational performance of TSN. In order to achieve this, TSN announced on April 9, 2025 a proposal to make a significant change in the organizational structure; create a smaller and more centrally organized Tata Steel Nederland. This will also result in a reduction in the number of jobs. In total, up to about 1.600 FTEs will be redundant at Tata Steel IJmuiden. This reorganization is part of a larger transformation program, which aims to drastically improve the performance of the company. As a next step, a detailed request for advice was submitted to the Central Works Council on July 8, 2025.

Further notes to and signing of the Annual Accounts

Remuneration of and loans to members of the Board of Directors

	2025	2024
	€	€
The total employment costs of the Board of Directors of Tata Steel IJmuiden B.V. were:		
Short term employee benefits	**2,829,151**	1,804,301
Long term employee benefits	**277,811**	233,090
Post employee benefits	**467,829**	320,160
Total emoluments of current and former members	**3,574,792**	2,357,551

The amounts of loans granted as at 31 March 2025 totalled €nil (31 March 2024: €nil).

Appropriation of the result for the financial year 2025
We propose to add the loss of €163m over the financial year to the Retained earnings. In anticipation of the formal approval by the General Meeting of Shareholders this has already been reflected in these financial statements.

Signing of Annual Accounts

All the members of the Board of Directors have signed the 2025 Annual Accounts of Tata Steel IJmuiden B.V.

Board of Directors

J. van den Berg, Chairman

J. Turkesteen

A. Latchman

P. Bernscher

IJmuiden, 16 September 2025

C. Other information

Independent Auditor's Report
Reference is made to the Independent Auditor's Report as included hereinafter.

Appropriation of result according to Articles of Association
Article 36 of the Articles of Association stipulates that the profit available for distribution is at the disposal of the General Meeting of Shareholders.

D. Independent auditor's report

To the shareholders and board of Tata Steel IJmuiden B.V.

REPORT ON THE FINANCIAL STATEMENTS THE YEAR ENDED 31 MARCH 2025 INCLUDED IN THE ANNUAL ACCOUNTS