TATA STEEL

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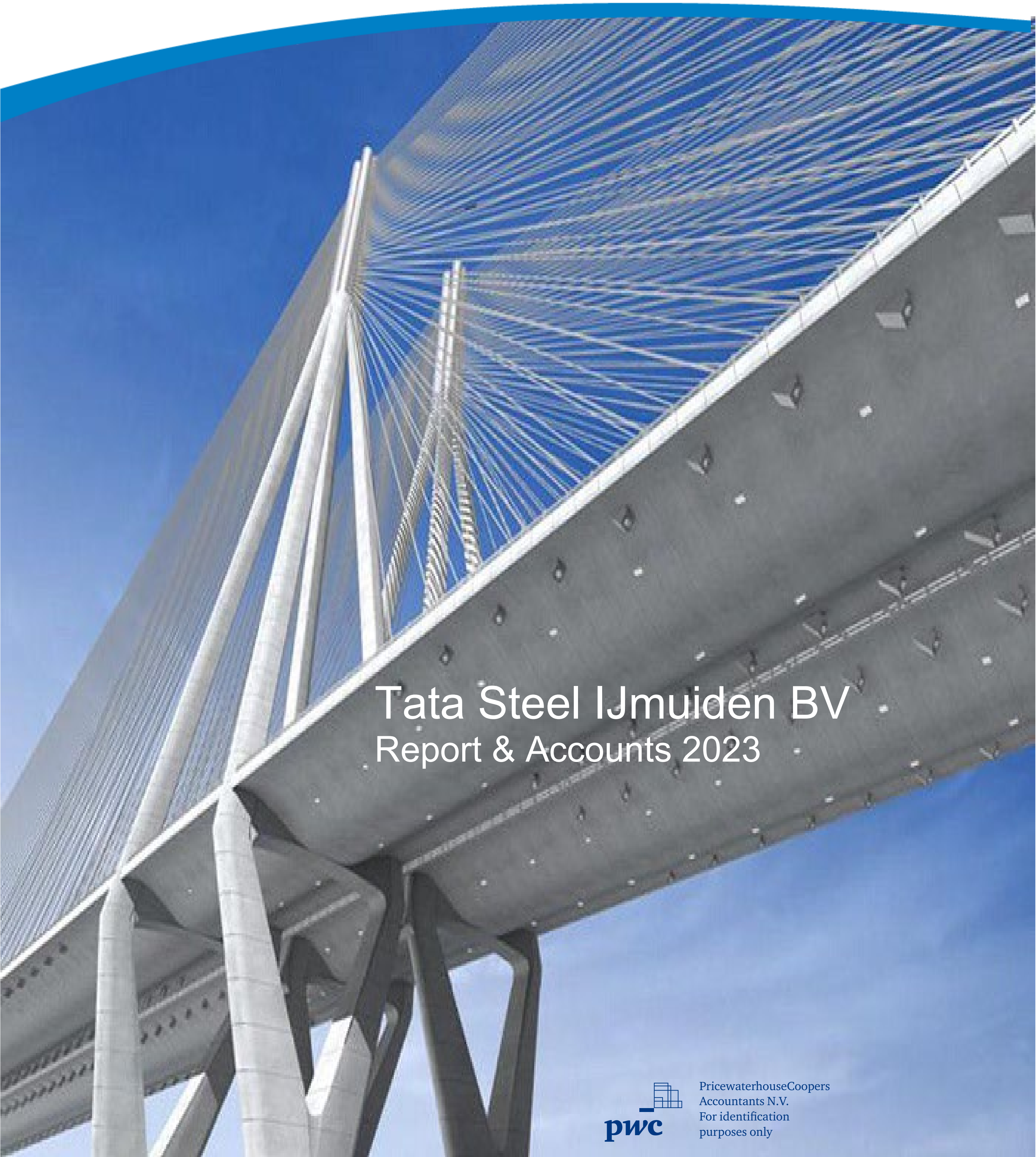
Tata Steel IJmuiden BV

Report & Accounts 2023



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Contents

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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 2023 ('FY23'). 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. TSNH is owned by Tata Steel Europe Limited ('TSE'), a private limited liability company based in the UK. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges. The BoD 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 BoD would like to express its gratitude to all TSIJ employees for their contributions to the Company's performance in FY23 and their support to realise the result for the current year.

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. TSIJ supplies high-quality steel products throughout the world in demanding markets such as automotive, construction, engineering and packaging. Our products reach our customers either directly from the IJmuiden site or indirectly through Tata Steel downstream processing sites and our network of distribution sites, typically by rail, road and water.

Strategic activities

We are accelerating our ambition to become a clean, green and circular steel company that improves how people around the world work, live and move through sustainable steel.

We have been making steel for over 100 years and we intend to continue to do so in a sustainable way. We want to be a good neighbour who takes the concerns of its neighbours seriously. Therefore, we already have taken additional measures to reduce our impact and realise that we have to improve our engagement with the communities. To lower the impact of our operations on the direct neighbourhood we are currently executing the so-called Roadmap Plus Programme. Secondly, our decarbonisation program will further improve our environmental performance in the mid- to longer term and will make a big contribution to reduction of CO2 emissions in the Netherlands.

The Company has a public commitment to reduce its CO2 emissions by 35% by 2030 compared to 2019. It is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, ready for an eventual transition to Green Hydrogen depending on availability and economics. It is currently engaging with multiple technology and engineering partners to complete detailed evaluation and engineering, implementation and planning. We are in constant dialogue with our stakeholders regarding our sustainability ambitions and proceedings, with particular attention to our immediate environment.

A significant development of the past year concerns our decarbonisation plan for the phased transition to CO2-neutral steel production, at our IJmuiden site, using direct reduced iron technology and electric smelting, with the utilisation of green power and green hydrogen. Our plan is being developed in close cooperation with the national and local authorities. This was evidenced by the signing of Expression of Principles with the Dutch Government, which lays down a framework for cooperation and dialogue on how the decarbonisation plans can be realized. For our decarbonisation investments, we have the continued support from our shareholder Tata Steel Limited. With this, we will gradually make an enormous contribution to achieving our country's climate goals. In the meantime, we have already achieved and will continue to realise a reduction in greenhouse gas emissions in both IJmuiden and our Downstream companies through various projects.

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We have reached CO2 neutrality Scope 1 and 2 in our sites in Naantali, Finland and Halmstad, Sweden and we continue to grow our Carbon Lite product sales under the Zeremis® brand.

In our ambition to become a green steel company, our own employees play a crucial role. Therefore we have introduced a Leadership programme that is currently being rolled out across our company. Our Leadership programme focuses on three elements – Connect, Care and Change – and is aimed at the culture of our company. Our people are fully dedicated to the chosen path, and we encourage all our stakeholders to join us in defining the next chapter of our company.

Dynamics of the business

The steel industry is cyclical. Financial performance 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 Europe, changes in the global market for steel influence the financial performance of TSIJ.

Economic climate

Economic growth decelerated globally in 2022. Global gross domestic product (GDP) growth increased by 3.1% (2021: 6.2%). Inflation was at 7.8%, significantly above levels seen in previous years (2.9% in 2016-2020). In China GDP grew by 3.0% (2021: 8.5%). The deceleration was mainly due to the lockdowns as a result of COVID outbreaks which impacted consumer spending and industrial output, and a slowdown in the property sector. Lower economic growth in China led to reduced global trade growth and lower global commodity prices over the course of the year. Economic growth in the European Union (EU) decelerated to 3.6% (2021: 5.3%). The EU economy remained resilient due to the strong contribution from the services sector and overall positive developments over the first half of the year. In the second part of the year consumer confidence and business sentiment deteriorated as the European Central Bank (ECB) started to increase interest rates.

Global steel market

Global steel demand decreased by 3.2% in 2022 in line with the worsening macroeconomic conditions (2021: 2.8% increase). Demand in China decreased by 3.5% (2021: 5.4% decrease) as output in the property sector declined. New construction starts declined by 36% for the year. Demand in the EU decreased by 8.0% (2021: 18.1% increase). Output growth in the steel-using sectors was positive in 2022 due to strong output in the first half of the year.

However, apparent demand for the full year declined strongly due to a significant destock, especially during the latter part of the year. The destock was triggered by lower business confidence caused by high energy prices and inflation, as well as by the deterioration of the economic outlook.

In calendar year 2022 global steel production decreased by 4.7% (2021: 3.9% increase). Steel production in China decreased by 2.6% (2021: 2.9% decrease), which equals 55% (2021: 54%) of global steel production. In the EU production decreased by 10.8% (2021: 15.6% increase) as about 20% of EU blast furnaces were idled in response to lower demand for steel.

Raw materials and steel prices

The principal raw materials used in our CO2 steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) decreased in 2022 to US$121 per tonne ($39 per tonne decrease) driven by lower demand for iron ore due to the reduction of output by blast furnaces globally. The hard coking coal spot price (Australia FOB) increased to US$365 per tonne ($141 per tonne increase). The price was at an all-time high of US$594 per tonne in March 2022 due to the loss of supply from Russia because of the war in the Ukraine. The German benchmark scrap price (Sorte 2/8) increased to €414 per tonne (€16 per tonne increase) compared with the previous year. The price of CO2 under the EU Emissions Trading System increased in 2022 to €81 per tonne (€28 per tonne increase), reaching an all-time high in February 2022 at €91 per tonne.

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The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in 2022 to €930 per tonne (€44 per tonne decrease). In April 2022 the steel price was at an all-time high of €1,385 per tonne mainly due to the loss of supply from Ukraine and Russia. In the later part of the year the price saw a steep drop as apparent demand for steel decreased sharply.

Trade

In 2022 steel imports into the EU decreased to 28.9mt (2021: 30.3mt). Low margins in the second half of the year made it unprofitable for exporters to sell material in the EU. In 2022 the market share of imports in the EU increased to 19.7% (2021: 18.9%), which is a new historical high.

The EU remains a net importer of steel with net imports of 12.4mt (imports: 28.9mt, exports: 16.6mt). The region became a net importer in 2015.

Financial review

The Company's turnover increased from €5,943m in FY22 to €6,121m in FY23, due to a 16% increase in average revenue per tonne, partly offset by a 11% decrease in deliveries. This improvement in average revenue per tonne is attributable to relatively high selling prices experienced at the beginning of the reporting period, decreasing in the second half of the year.

The decrease in deliveries during the year was driven by lower demand from customers most notably during the second half of the year as strong destocking activity started in the European steel sector, pushing apparent demand below real steel consumption. At the same time, deliveries decreased because of the delayed commissioning of the Cold Mill 21 project. In addition, continued higher energy and raw material costs led to reduced margins.

The operating profit decreased from a profit of €844m in the financial year 2021-2022 to a €411m profit in financial year 2022-2023. This decrease is mainly due to a weakening European steel market during the second half of the financial year. The profit before taxation decreased from a €837m profit in 2021-2022 to a €429m profit in 2022-2023. The profit after taxation amounted to €331m compared to a €630m in 2021-2022.

Capital and reserves increased by €280m to €3,364m at the end of FY23. The increase of €280m consisted of:

- Profit for the period of €331 million; and
- Other comprehensive profits for the year of €(51) million, mainly attributable to losses arising on cash flow hedges.

Net cash flow from operating activities totalled €455m, a decrease of €304m compared with last year. Net cash flow from investment activities amounted to €(330)m (FY22: €(227)m). Including movements in cash flow from financing activities, the net movement in cash and cash equivalents amounted to an outflow of €18m (FY22: €699m inflow).

TSIJ's financial risk management is based upon sound economic objectives and good corporate practice, including fraud detection and mitigation. TSIJ's main financial risks are related to the availability of sufficient funds to meet its business needs, including the ability to continue the strategic investments in the Strategic Asset Roadmap Programme ('STAR') and meeting its sustainability ambitions. To manage this risk, the Company continues to focus on generating positive cash flows and keeping sufficient access to funding possibilities, including government support for decarbonisation investments.

Capital expenditure

Capital investments in the reporting year were mostly directed towards reducing TSIJ's impact on its environment and to its local communities. The Roadmap Plus Programme took a big step forward with the start of construction of a Dedusting and DeNOx Unit for the Pellet Plant with a planned commissioning in 2025.

During the year, construction of the new reheating furnace WBF25 was completed, and commissioning commenced, allowing for significant energy reductions. With completion of increased hot-rolling capabilities at the Hot Strip Mill and the upgraded Cold Mill 21, the strategic asset roadmap reached a milestone allowing the production of advanced high-strength steel product in a wider-dimension window. In the coming years, TSIJ will continue to invest in its strategic asset roadmap, to provide our customers with advanced products.

Preparations for the Blast Furnace 6 reline and improvement project were completed by the end of this financial year. At the start of April 2023, Blast Furnace 6 was taken out of operation, which marked the start of its outage period, after which it will be ready for production. The design, engineering and execution for this transformation saw a material upstaffing of the project team.

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In the financial year under review TSIJ made further progress on its 'Strategic Asset Roadmap' (STAR) capital investment programme to support the strategic growth of differentiated, high value products. Most noticeably, projects in the Hot Strip Mill, Cold Mill 21 ('CM21') and Galvanising line 3 were delivered. However the start-up of the CM21 project took longer than expected leading to supply issues to customers.

Business review

On its 750 ha site on the Dutch coast, TSIJ's fully integrated agglomerate, coking, iron and steel works manufactured 6,3mt liquid steel in FY23 (FY22:6,6mt), further processed in its rolling and coating operations into 5,2mt (FY22:5,8mt) deliveries of hot and cold rolled, metallic-coated and tinplated steels. These products went world-wide into the automotive, transport and packaging industries, the building and construction sector and to producers of electronics, consumer and general engineering applications.

Safety continues to be the Company's first priority as it strives to be the industry benchmark. The Lost Time Injuries (LTI) rate is a measure of safety performance, expressed as the number of incidents leading to absence from work per million worked hours. For TSIJ, the combined LTI rate for employees and contractors was 1.2, which is 0.3 worse than last year.

TSIJ is executing an extensive program, the Roadmap Plus Programme, to improve its environmental performance. Still the communities are worried by the emissions of the Company. Public concerns and enhanced supervision and enforcement by environmental regulators in relation to our activities at IJmuiden continued during the year. Public concerns are mostly addressed at emissions from our Cokes and Gas Plants (CGPs) and are putting pressure on their license to operate.

The CGPs are fully integrated into our steelmaking process and closure of (one of) the two plants prior to the transition (of 2030) would have a significant financial and operational impact. It is therefore of great importance that the CGPs are maintained in operation in a responsible manner so as to successfully transition towards steel making using direct reduced iron technology and electric smelting, using green power and green hydrogen. Meanwhile, we have implemented additional and tighter operational controls to minimise emissions from the CGPs. We will continue our efforts at these plants, by refurbishment of oven walls.

The Roadmap Plus Programme will also further improve the environmental performance of the IJmuiden site in the immediate term and execution is progressing according to plan. With this programme, TSIJ has set emission reduction targets combined with maximum transparency of the improvements to be achieved.

Great progress has already been achieved, especially in reducing emissions of polycyclic aromatic hydrocarbons (PAHs) and odour. During various projects, innovative ideas and insights were added to the programme.

More information on the Roadmap Plus Programme can be found on:

https://www.tatasteelnederland.com/en/Environment-and-living-environment/Roadmap-Plus-mapped-out

Public concern on the environmental impact of our operations in IJmuiden continues to exist. Therefore, the transformation to become a green, clean and circular steel company has become increasingly urgent. With the support of our shareholder Tata Steel Limited, we are committed to transitioning in a phased manner out of coal-based blast furnace operations to steel making using direct reduced iron technology and electric smelting, using green power and green hydrogen.

The process to obtain permits for the new facilities has started and we are actively engaging with local communities as part of the so-called 'participatietraject' to inform on our plans and seek feedback.

The 2022-2023 reporting period was a year of two halves, with an operating profit of €411 million (2021/2022: €844 million) mostly attributable to a very strong performance in the first half of the year. This followed the strong recovery of steel markets from the COVID-19 pandemic in 2022 resulting in favourable steel spreads and improving volumes. In the second half of this reporting year, economic activity was negatively impacted by the war in Ukraine, the spread of COVID in China and the rise of central bank rates to fight inflation. Consequently, operating profit trended downwards and ended slightly negative. Favourable steel spreads seen in the first half of the financial year followed a downward trajectory throughout the second half of the year, reaching a bottom in December 2022.

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Energy, gas and electricity prices spiked in the second and third quarters of the financial year, and fell in the fourth quarter, although remaining relatively high compared to prices before the war in Ukraine. As a result of our hedge policy there is a delayed impact of higher energy costs on the financial results.

Research & development

Every year we succeed in further optimising processes and products. Our Marketing and Research & Development Departments work –often closely with customers– on products that meet the sustainability and other needs of the market. In addition to improving our market position, these efforts contribute to resource efficiency and reducing emissions in the chain.

At the heart of our Research & Development (R&D) policy are three focus areas: green, clean and circular. In chapter 3.4, we report on the latest developments in our ambition for ‘green steel’, our transition to ultimately produce steel based on green hydrogen instead of coal. This will require much R&D effort in the coming years. In the reporting year, Tata Steel Nederland added 14 FTEs (Full Time Equivalent) to the 293 FTEs that we already had in this department, while much research also takes place in close contact with academia. In the coming year we will employ even more experts in R&D.

A lot of research goes into possible new production methods (DRI/electric furnaces) and modelling of processes in the new facilities. At the same time, we are working on CO2 reduction and efficiency in existing plants. In recent years, for example, we achieved a 5% reduction in gas consumption at the continuous annealing lines combined with quality improvement by improving the control of this process.

Technology Programme

A significant part of our Technology Programme was developed under the governance of the Research Portfolio Committees (RPCs) of Tata Steel Nederland. The RPCs cover process and product market sector developments. This includes the special programme on decarbonisation and the green hydrogen route in the near future. This programme focuses on the shorter-term preparations for the potential investments as well as for the longer-term optimisation of the use of these installations.

Process development

The Process Technology Programme in 2022-2023 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the manufacturing and differentiated product strategy. Key achievements were: Introduction of more flexible control systems and advanced equipment for the cooling processes in the Hot Strip Mill. This allows the development of new steel grades to expand Tata Steel Nederland's product portfolio, while also significantly lowering the energy consumption. Implementation of a dedicated program to reduce environmental emissions of the Cokes and Gas Plants.

Product market sector developments

In this area, the development of new steel products is key. Structured programmes have been initiated for all market segments identified by strategic marketing, with special emphasis on the automotive, engineering, construction and packaging sectors. During the reporting year a total of ten new products were added to Tata Steel's product portfolio. These included formable grades for packaging, which enable our customers to increase the yield on deep-drawn pack formats by a more uniform formation, and engineer grades (e.g. line pipe but also hyperloop) for the market in thick and wide steel. The range for Serica FLOTM has been expanded. This product has an outstanding surface quality and is used for shiny outer surfaces on cars.

The remaining capacity (outside the Technology Programme) was primarily allocated to the Strategic Thrust Programme for various projects including the following:

The HIsarna project concerns an environmentally friendly, low-CO2 and economic ironmaking technology with at least a 20% reduction without carbon capture and storage (CCS) and up to 80% with CCS or even negative with renewable CO2 sources. Engineering for upscaling (1 million tonnes per year, demo plant) commenced in 2021-2022 and continued in the reporting year in close collaboration with a dedicated team in Jamshedpur, India. The Reclamet project (using HIsarna for recycling zinc-coated steel scrap) awaits the restart of the plant trials in the pilot plant. The HIsarna pilot plant is planned to restart during the coming financial year.

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Last year, the Company collaborated with various selected universities (DENS Programme) to accelerate the development of new products in combination with a fully developed small-scale route (300g and 25kg) to perform small experiments to feed models that work on an operational scale (300 tonnes). The academic part of this program has been finalised and will continue in a new programme called DEPMAT. This programme aims to integrate physics-based modelling with advanced analytics to accelerate and improve prediction. The tools developed in DENS are being implemented, for example, to estimate the effect of residual elements coming from scrap (in preparation of higher recycling rates). R&D is looking at several ways to recover and reuse heat that is currently lost during our production processes, working closely with the Environmental Department at our plant in IJmuiden.

During the reporting year, a winning bid was secured for a large European programme on ceramics, also related to the use of ceramics in H2 environments.

We saw various developments on the blast furnace process, including modelling and experimental testing of ceramic materials, to prolong the operating times for blast furnaces beyond current limits.

Studies into alternative reductants and pre-reduced agglomerates, including biomass, were launched. Because of our impact on the immediate environment, R&D did extensive work on dust characterisation, including collecting regular dust samples to determine dust generated in our processes and dust generated from other sources. This work helps to understand the impact of dust on the local area and will continue into the next year and be expanded with advanced flow field calculations, including local weather data.

Market opportunities like the hyperloop initiative, the Einstein telescope proposal, battery cases and new steel concepts with higher strength and formability are being looked at by our R&D Department. It is our aim to use more scrap in our steelmaking. The effect of high scrap contents is being studied, especially when applied for our high strength and clean steels.

In line with the previous reporting year, additional resources were made available for direct business support to deliver positive results for the business and where R&D efforts can make a difference, these resources were increased.

Customer & Value

Sustainable solutions for our customers

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 R&D.

Our customers and their customers make the products through which the world lives, moves and works. At Tata Steel we support our customers in this and continue to strengthen the sustainability aspects of our products and services through close collaboration and innovation . This includes support through high quality and levels of service and the development of new products and services. Whether for new products or new services, Tata Steel Nederland takes a strong collaborative approach to the further optimisation of our processes, products and services. We have a strong history on collaborative projects, whereby our company supports its customers through deep understanding of steel and how the potential of our steel can be harnessed in our customers' products and processes.

To ensure that the company's market strategy stays aligned with market trends and dynamics, a full market portfolio review was conducted in 2022. This involved revising and optimising the company's portfolio strategy, including target product and market combinations. The strategy review included the need to be able to deal with a structurally increased degree of market volatility and being able to support growth segments, like high strength steel applications in automotive and machinery markets, sustainable packaging, construction solutions and renewable energy applications.

Zeremis® promises value

Customer research revealed great demand for value propositions that support our customers and their customers' sustainability journey. In response, we developed the Zeremis® brand - Zeremis being short for Zero Emissions. As part of the Zeremis® brand, we will be introducing a range of new solutions spanning the entire supply chain. The first commercial offering within this framework has been launched: Zeremis® Carbon Lite is a certificate-based emission steel solution offering the potential for up to a 90% reduction in CO2 intensity.

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The lower CO2 intensity is based on operational CO2 savings realised within Tata Steel Nederland since 2018 and certified by the independent assurance expert DNV. With Zeremis® Carbon Lite the company meets a growing demand for lower-CO2 steel, for instance by consumer facing industries such as automotive, packaging and white goods. Contracts for Zeremis® Carbon Lite have already been signed, and supply of Zeremis® Carbon Lite steel will increase to a growing range of customers.

The independent assurance by DNV is designed to ensure that Tata Steel's methodology used to calculate CO2 emission savings is robust and that the CO2 emission savings are calculated and allocated in an appropriate way. DNV performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 and used the WRI/WBCSD GHG Protocol for Project Accounting and Reporting Standard as part of the criteria against which DNV made the assurance assessment.

We will continue to add many new CO2 reduction projects in the coming years, which will allow the volume of Zeremis® Carbon Lite to grow substantially. Thus, we are already meeting our most committed customers' growing need for lower-CO2 steel. Zeremis® Zero-carbon Logistics is a logistics sustainability framework focusing on outbound deliveries to customers. The target is to achieve a 30% reduction by 2030 and to be net-zero by 2045. As part of the Zeremis® journey we are pursuing sustainable operations in our Downstream business, and decarbonisation roadmaps have been developed.

Environment & Community

Improving our impact and local initiatives

We work continuously to minimise the impact on the local living environment and the environment in general. We are in dialogue with local residents, governments companies and other organisations about developments on our site and in our community.

At TSIJ, we are very aware that our activities impact our immediate environment. That is why we continuously work to minimise the impact of our operations. In 2020, we launched the Roadmap Plus Programme for this purpose. With an investment of over €300m, additional emission reduction measures were implemented at an accelerated pace. Compared with our 2019 emissions, this programme has reduced PAHs (polycyclic aromatic hydrocarbons) by 50%.

We have also addressed odour emissions, light scattering and noise. Our ambition is to reduce odours by approximately 85% by the end of 2023. Furthermore, we aim to reduce emissions of heavy metals, lead and particulate matter, i.e., fine dust, by around 55%, 70% and 35% compared to 2019 respectively by the end of 2023. The commissioning of a dust removal and DeNOx installation at the Pellet Plant will bring significant emission reductions in 2024-2025. We explain more about these measures in the Sustainability Report 2022-2023 and in the Roadmap Plus Progress Report.

We have increased our efforts to maintain a good and sustainable relationship with our neighbours. While doing so, we still see possibilities to further improve our engagement with the local communities, authorities, businesses and other organisations by strengthening our communication strategy. We participate in local collaborations and involve the local community and businesses in Tata Steel's initiatives. We also engage by organising events, such as the longest standing international chess tournament in the world (Tata Steel Chess Tournament), which was held for the 85th time this year.

Monitoring and researching

Tata Steel in IJmuiden continuously monitors and measures to determine the effect of our environmental measures and adjust where necessary. We measure emissions of substances according to a monitoring plan approved by the authorities. Report on deposition in immediate environment In March 2023, the Dutch National Institute for Public Health and the Environment (RIVM) published a report on the deposition of substances in the local environment. Based on this, RIVM concluded that a significant decrease in iron could be demonstrated compared with the first report two years earlier. For polycyclic aromatic hydrocarbons (PAHs) and lead, RIVM concluded that deposition in some parts of our surroundings is (still) of an undesirable level.

RIVM stated that based on this study they could not draw any conclusions about increases or decreases in emissions by Tata Steel Nederland. To obtain a clearer picture, the measurements will have to be repeated for several years. RIVM did not determine the individual contribution of

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various sources of the deposited dust and therefore made no statements about the effects of the various environmental measures taken by Tata Steel in recent years. Several accredited independent measurement agencies conducted emission measurements to establish the impact of the Roadmap Plus Programme, which showed that PAH emissions have been reduced by 50%. Tata Steel in IJmuiden has therefore already reduced emissions of PAHs and lead over the past two years. For the coming year, the focus will be on further reducing coal drift, which also contains PAHs. In addition, the Pellet Plant's fabric filter will become operational at the end of 2023, which will mean a further reduction in lead emissions. Research on protection of local residents In April 2023 (after the reporting period), the Dutch Safety Board published a report on how nearby residents of industrial plants are protected from the adverse health effects caused by exposure to industrial emissions. The report also shows that certain things have already improved when it comes to the supply of information and measures against the impact that people experience but that there is still much room for improvement. We welcome the recommendations and will work on them, focusing on their recommendation to enter into a joint dialogue with authorities (e.g., RIVM), communities and our company.

On 22 September 2023 the Rijksinstituut voor Volksgezondheid en Milieu (RIVM) published a new research report that has investigated the extent to which emissions from the Tata Steel IJmuiden affect the health of local residents. The RIVM report shows that these emissions meet legal limits. Currently the results of the research are analysed.

Decarbonisation & Sustainability

Our ambitions for climate, raw materials and energy

We recognise that climate change can only be prevented by the large-scale reduction of greenhouse gases. We support the goals of the UN Paris Climate Agreement and the Dutch climate goals and see it as our responsibility to contribute to the solution. TSIJ is currently operating one of the most CO2-efficient steel plants in the world. Through continuous innovation, investment and process optimisation, the IJmuiden plant has been among the 10% least CO2-intensive steel producers since 2013. This is also the third consecutive year that we have achieved a top-3 position among the members of the World Steel Association in the CO2 intensity benchmark, published by the World Steel Association. The CO2 intensity of the steel produced in IJmuiden is around 7% below the European average and almost 19% below the global average.

However, our company is responsible for 8% of the CO2 emissions in the Netherlands. The 11.2 million tonnes of CO2 we emitted in the reporting year originated mainly from our steel production in IJmuiden (99%). Tata Steel Nederland has the ambition to reduce its CO2 footprint through the transformation into green hydrogen-based steel production. At the same time, we continue to achieve new savings in energy and raw material use every year. Through various measures, we have already achieved a 15% reduction in CO2 emissions since 1990. In the reporting year, we continued our preparations for the transition to green, clean and circular steel and steel production with a significantly smaller CO2 footprint, while also minimising other emissions. We progressed the designs for new installations and started to clear part of the IJmuiden site for future construction. The participation process with our local communities also started, offering the opportunity to share our plans and receive feedback.

In parallel we continuously engage with governments at various levels and other civil society stakeholders, such as non-governmental organisations, to stay informed of public policy and regulations relevant to the business. The objective is to help create the right conditions for a sustainable steel industry in the Netherlands by adopting policies that ensure a level playing field within Europe and with international competitors. This includes a competitive cost base and attractive conditions for innovation and investment, such as competitive energy prices, taxation, CO2 pricing and leakage, public procurement and international trade. Engagement with governments at regional, national and European level has also centred on ensuring the right policy environment for our decarbonisation plans. To realise our decarbonisation plans and ensure long-term success and competitiveness of the Company, support from the government, in the form of financial and energy (tax) policy support as well as permitting, renewable energy and hydrogen infrastructure, is critical. Therefore, in July 2022, TSN entered into an Expression of Principles with the Dutch Government which lays down a framework for cooperation and dialogue on how the decarbonisation plans can be realised.

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Any government support will be captured in a so-called 'Maatwerk' support (a tailor-made support) package.
In October 2022 we have submitted a request for Maatwerk to enable the first phase of our decarbonisation plan, which is to be completed by 2030. In the first phase one of the blast furnaces and one of the cokes and gas plants will be phased out using direct reduced iron technology and electric smelting. Progress on the Maatwerk support discussions to enable TSN's first phase of its decarbonisation plan by 2030, is taking time to come to speed and without a clear indication of level of support the government is willing to give. However, the Dutch government continues to communicate its commitment to support the Company's transformation while it retains its strong competitive position. Together with the continued support from our shareholder and the increased urgency to reduce our environmental impact, we are confident that in the coming year we will accelerate the process towards concluding a Maatwerk support package.

At the same time, our focus is on accelerating the reduction of CO2 emissions in indirect emissions (Scope 3). The Tata Steel Downstream Europe sites vary greatly in size, location and activities – and in their decarbonisation improvement. Each site has now taken stock of its own CO2 emissions and has its own reduction programme in progress (or in preparation). Its approach depends on the possibilities of being able to forego natural gas for processes and buildings, in addition to energy savings in general. Electrification of logistics, the use of vegetable fuel and energy generation by solar panels and wind turbines are also being considered. While the sites have their own programmes and challenges, best practices are shared to accelerate. The sites in Naantali, Finland and Halmstad, Sweden were already operating on a CO2-neutral basis in the year under review.

Energy savings are an important focus area in the sustainability of our steel company. Tata Steel IJmuiden consumed in calendar year 2022, 13.6 billion kWh of energy, excluding reductants of the Blast Furnaces. Since 1989, the company has achieved a 35% improvement in energy efficiency. An innovation at the Direct Sheet Plant last year resulted in an annual energy saving of 108 million kWh. A significant saving of 167 million kWh per year is expected to be achieved by the end of 2023 with a new furnace in the Hot Strip Mill.

Further improvements are possible in the efficient use of raw materials as well. Our operations require 13.1 million tonnes of raw materials for the production of 6.3 million tonnes of liquid steel (FY2023). In 2022, 98% of all imported materials and raw materials were used in a useful way with only 2% remaining as waste material. The majority of raw materials come from mines all over the world. This includes not only coal and iron ore but also fairly rare metals. TSIJ is committed to purchasing these raw materials in a responsible way. To do so, we adhere to the OECD Guidelines for Multinational Enterprises. The Company is also a member of the Metal Covenant, in which measures have been agreed with the metal sector to reduce negative impact. In doing so, we take account of health and safety, fair trade, environmental protection and human rights. Together with our suppliers, we also contribute to the development of stable local communities. In March 2023, we successfully concluded the external audit of our BES6001 certification.

Green Teams is a bottom-up initiative started by various TSIJ employees to help accelerate the sustainability efforts within the company. An example of a successfully implemented project under the auspices of the Green Teams is our fully electric car lease policy.

People & Society

An inclusive and safe working environment in a company working on its engagement with society

At TSIJ we are committed to transitioning to a green, clean and circular steel company. However, public concern on the environmental impact of our operations in IJmuiden continues to exist and society expects us to minimise our impact now. Therefore, the transformation to become a green, clean and circular steel company has become increasingly urgent.

While we have started our multi-year improvement program to lower the impact of our operations on our direct environment, we also have started our transition program to fundamentally change the way we operate by using new and more sustainable energy sources in the future. During the first half of 2023 we have started a so-called participation project and intensified our dialogue with many of our (regional) stakeholders on our plans to become clean, green and circular. We have collected the first feedback from these meetings and will include this in our

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final plans. We expect to share the outlines of this in the third quarter of 2023.

TSIJ has always been a company with a social conscience that strives for a good working climate and embraces diversity in an inclusive environment. We invest in the sustainable employability of our employees and ensure safety, equal opportunities and education for all. Health and Safety are always our top priority and are widely vested in our company at all levels. With our Health and safety management system, we ensure the well-being of our employees, contractors, customers and anyone else who works with TSIJ. In our improvement drive, we consciously encourage safe behaviour through proactive communications. Health and safety checks and barriers are built into our processes and improvement plans continue to be deployed across the sites, including the use of enhanced health and safety standards and codes of practice.

The average age of our workforce is increasing and, due to the higher retirement age, employees will have to work longer than before. This calls for policies aimed at improving both the ability and the willingness to continue working longer. TSIJ and its trade unions recognise the importance of employees reaching retirement well and thus concluded the Generation Pact.

The Generation Pact offers employees the opportunity to work fewer hours to reduce the workload in the last years before retirement with only a small reduction in pay and with full pension accrual.

Health and safety

Health and safety continues to be TSIJ's first priority as it strives to be the industry benchmark.

Health and safety plans continue to be deployed across the sites, including deployment of approved TSN Health and Safety standards and codes of practice.

TSIJ's safety performance as measured by the combined LTIF was 1.21 in 2022/23 compared with 0.93 in 2021/22. The sickness rate was 5.5% in FY23 - this compares to previous fiscal year result of 4.84%.

Diversity, equity and inclusion

We believe it is important that everyone at our company should feel recognised, can be themselves and that no one is excluded because of their gender, age, religion, cultural background, physical disability, skin colour or sexual orientation. Apart from being social and fair, research shows that organisations that are more diverse and inclusive are able to innovate faster and achieve better business results.

The Tata Steel IJmuiden Business Unit initiated a programme for promoting diversity and inclusion, with the following main goals for the next four years:

- An inclusive working climate (2022: 96%, target: 99%)
- Cultural diversity: (2022: 15%, target: 25%)
- More women in secondary vocational technical positions (2022: 2.5%, target: 5%)
- More women in decision-making positions (2022: 17%, target: 30%)

Training and information sessions are being held on unconscious biases. Future female leadership workshops are being held for women who have the ambition and potential to become leaders. In 2021 Tata Steel joined Work Place Pride, an international organisation dedicated to improving the inclusion of the LGBTQI+ community. Since then, the Tata Steel Rainbow Community has been active, which also includes also colleagues who do not consider themselves to be part of the LGBTQI+ target group. This has led to several results, such as painting the steps of our convention centre in the colours of the rainbow and raising the rainbow flag at the entrance building for visitors, the Tata Steel Academy and soon also at the plants of Tata Steel in IJmuiden. One of the first concrete activities of this network is to ensure that employees with LGBTIQ+-related questions can turn to experienced experts. The new community is supported by Tata Steel Nederland leadership.

Activities are taking place, such as Girls' Day, to recruit and retain more girls in secondary vocational technical positions. More active and intensive networking is being used, quite successfully, to reach and interest potential new colleagues with a non-Dutch cultural background for a job at Tata Steel. Much success has been seen by the Social Safety Team Sessions, which are used to raise awareness of social safety on the work floor. At the same time, we are exploring other possibilities, such as 24/7 childcare, workwear with a fit for women and the (FE)male Network. In 2022, internal research showed that the vast majority (96%) of employees feel that they can be themselves at work.

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However, a majority of employees with a non-Western migration background and women feel the need to act differently at work. We are going to delve deeper into these results. Independent research by Dutch General Employers' Association AWVN showed that the gender pay gap at TSIJ is less than 1%, which compares well to a national pay gap of 2%-3%.

Learning and development

Numerous technical courses are organised within Tata Steel at our own Tata Steel Academy. Our training centre welcomed 170 new vocational students in 2022. We work closely with schools in the region. The pass rate this financial year was 82%, compared to a national average of 65%. Over 90% of those who pass the course still work at our steel company after 10 years. Trainee programmes have been established for both the IJmuiden Business Unit and Downstream Business Unit, where trainees work on various projects and rotate to a different department every six months. After two years they are appointed to fill an existing role in the organisation. The transition to steel production in a sustainable way will lead to a significant change in the production process. Therefore, retraining and upskilling will become even more important. As some installations disappear, certain positions will also become redundant. To provide a perspective for those affected, in the reporting year TSIJ signed a letter of intent with the unions for the Green Steel Social Contract.

Further implementing arrangements need to be negotiated to reach a final agreement. An employment pact will guarantee new work, working conditions and income. In addition, there will be intensive personal discussions with career coaches, and we will seek tailored solutions for everyone.

Pension scheme

Stichting Pensioenfonds Hoogovens (SPH) runs the pension scheme for the current and former employees of the IJmuiden site within Tata Steel Nederland. At the end of its reporting year 2022, SPH had 10,003 active members and 14,414 people receiving pensions, an increase of 322 and a decrease by 59 respectively. The 12-months' moving average ('policy') funding ratio has increased from 121.5% at the end of March 2022 to 130.25% at the end of March 2023, driven by an increase in interest rates. The company has agreed with the trade unions to fix the company's contribution level at 28.5% of pensionable earnings for the period from 1 January 2023 to 31 December 2023, which is one percentage point lower than in 2022. The pension scheme is classified in the financial statements as a defined contribution scheme.

Employment policies

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 Tata Steel Nederland 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 clean, 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.

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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. Building on the risk management procedures and reporting framework that are applied throughout the Group, Tata Steel IJmuiden has a robust process to identify and monitor the significant risks and associated mitigating measures for its operations and activities.

Risks	Mitigating factors
Environmental compliance	
The businesses of Tata Steel IJmuiden are subject to numerous laws, regulations and commitments relating to the environment and regulatory compliance in the countries in which they operate. Tata Steel IJmuiden has policies, systems and procedures in place aimed at ensuring compliance with regulations and permits. There is a strong commitment from the Board of Management and Supervisory Board to continuously enforce compliance and to minimise the impact of the operations on the environment. Dedicated resources continuously drive improvement in our environmental performance. One of the areas of concern includes the imposition of the third 'penalty under threat', further to which a penalty is forfeited upon the occurrence of a so-called 'green coke push' at the Coke and Gas plants (CGPs). It is our opinion that it is impossible to fully prevent green cokes pushes even when having taken all possible measures. Therefore, it is expected that the penalty under threat cannot be fully complied with, and constitutes an unreasonable measure. This stricter enforcement compared to the past, could, in time, impact the CGP's licence to operate.	Our Roadmap Plus investment programme is being implemented as a priority to significantly improve local environmental performance in areas such as dust, noise and odours. Construction of the dedusting installation for the Basic Oxygen Steelmaking and Pellet Plant are progressing nicely. These among other installations will reduce the emission of lead, heavy metals and dust very significantly. A windshield (18 metres high) to prevent dust from spreading beyond the Tata Steel IJmuiden's premises is planned and awaiting permission from the government. Phasing out the CGPs is part of our decarbonisation strategy. In the meantime, the risks of green coke pushes are being mitigated as much as possible by applying every possible measures including tight operational controls, the use of advanced data analytics and refurbishing oven walls.
Climate change and decarbonisation	
Tata Steel IJmuiden is subject to a wide range of government policy measures to incentivise the reduction of greenhouse gas emissions, which includes the European Union Emissions Trading System (ETS), a cornerstone of the EU's policy to combat climate change and its key tool for reducing greenhouse gas emissions cost effectively. Under the EU ETS, industrial installations such as those of Tata Steel IJmuiden considered to be at significant risk of CO2 leakage are allocated a higher share of free allowances to safeguard competitiveness. These free allowances decrease every year, and hence the cost of EU ETS compliance increases.	Future regulatory changes include an EU Carbon Border Adjustment Mechanism (CBAM), which would help protect European steel producers from imports from countries that are not subject to the same level of CO2 taxes. However, CBAM in its current form will have an adverse effect on the competitiveness of exports outside of Europe. Tata Steel IJmuiden has the ambition to reduce its CO2 footprint significantly by 2030 and become CO2 neutral by 2045. This is embedded in our strategy to become a 'green, clean and circular' steel company and involves the replacement of one blast furnace and one cokes and gas plant by 2030 as a first major milestone. As a result, the CO2 emissions from the steelmaking process will be considerably lower.

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Risks	Mitigating factors
Climate change and decarbonisation (cont'd)	
In the financial year 2022-2023, Tata Steel IJmuiden continued to pass on ETS costs in a responsible manner, taking the EU free allowances into account. We believe in transparency in pricing our steel products and believe that end-customers and society recognise that decarbonisation costs are likely to involve higher steel prices.	Also, increased levels of recycled scrap metal will be used to enable steelmaking in IJmuiden to become more circular, thereby further reducing CO2 emissions. Tata Steel IJmuiden is working with the government on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low CO2 future. This was evidenced by the signing of the Expression of Principles with the Dutch Government. This means that we will gradually make an enormous contribution to our country's climate goals. The ability to realise our ambition to become a clean, green and circular steel producer within the envisaged timelines, is critically dependent on adequate and timely support from the government in terms of financial support, granting of permits and maintaining a level playing field for European steelmakers. The process to obtain permits has started and we are actively engaging with local communities as part of the participation process.
Our workforce	
Maintaining a critical mass of engineers and other specialists remains a challenge within Tata Steel IJmuiden due to the demand for these skills in the locations in which the business operates.	Active communication strategies are deployed to enhance the brand of Tata Steel IJmuiden's brand, e.g. by demonstrating that steel is part of the solution to reduce CO2 emissions. To improve quality and retention, strategic collaborations continue with universities of technology and other relevant schools and talent programmes for graduates, functional trainees and apprentices. The Tata Steel Academy provides dedicated vocational programmes for future technical and engineering employees.
Trading in the global steel market	
Despite measures being in place to support EU producers, vulnerabilities remain because safeguards to manage volumes do not address prices. Continued import pressure has forced Tata Steel Nederland and other European producers to pursue anti-dumping actions, the investigation of unfair imports and the imposition of trade remedy measures. Furthermore, the Tariff Rate Quotas (TRQs) set a cap on imports (but at a high level that varies by product) and are based on historical European imports, when demand was higher than today. Our operations are predominantly based in Europe, which is a relatively high-cost area where demand growth for steel products is lower than in developing parts of the world.	Our commercial strategies aim to identify and pursue opportunities to focus on less import-sensitive sectors/markets, on differentiated products and on a strong customer focus that will foster longer term relationships. Tata Steel IJmuiden continues to monitor import activity (volume and prices) to track anti-dumping risks and works with Eurofer (European Steel Association) to monitor the need for additional trade defence measures to protect the European steel industry from being hurt by dumped steel imports. To maintain cost competitiveness, Tata Steel IJmuiden is developing several initiatives, including cost-reduction measures and business specific improvement plans.

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Risks	Mitigating factors
Trading in the global steel market (cont'd)	
Increasing costs from climate change requirements, raw material costs and competing materials challenge the long-term competitiveness of our company.	In addition to the European market, we have a longstanding presence in the US steel market. Selling steel to the US market implies that trade cases may occur.
Raw materials and energy	
Tata Steel IJmuiden has no access to captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies depend, to a large extent, on worldwide supply and demand relationships, notably in respect of iron ore, metallurgical coal and scrap. Exposure to raw material shortages is more of a point for attention in relation to the sanctions placed on Russia following the start of the war in Ukraine. In spite of increasing environmental and other constraints, we must adhere to the preferred blend of raw materials. Each blend component originates from a specific mine, and that specific supply chain can be delayed or interrupted. For working capital reasons, each blend component is scheduled to arrive when stocks of that component are expected to have been depleted. Supply delays or disruptions of raw materials come and go continuously due to production backlogs at mines and load ports. Major incidents like derailments and fatalities can stop a supply chain completely once or twice a year, for example. Vessel issues such as quarantine or engine failure happen as well. Cargo timing adjustments and additional purchases are made on a weekly basis.	Mitigation measures include the active exploration of alternative supplies, strengthening our partnerships and leveraging the buying power of the wider Tata Steel Group to get more value out of supply contracts regarding pricing, transport costs, quality, and payment terms. Our sites are connected to reliable national grids for natural gas and electricity, which reduces the risk of energy supply interruptions at these sites. Energy that is procured on the European energy markets is transported to the sites via these grids. Most of the electricity that is used by Tata Steel IJmuiden is generated by supplier Vattenfall from the gases produced by the works at the IJmuiden site. Natural gas is procured via flexible supply contracts from various European suppliers. Exposure to current price volatility is closely watched and partly mitigated by long-term price fixation and hedging.
Exchange rates	
Whereas our revenue is denominated mainly in euros, most raw material purchases, particularly iron ore and coal, are denominated mainly in US dollars. In general, a strengthening of the euro reduces the euro value of export revenues, improves the relative competitiveness of steel producers in countries with weaker currencies (enabling them to discount prices in the European Union market) and exposes customers to similar pressures leading to a reduction in demand for steel in the region. In contrast, a strengthening of the euro reduces the euro cost of the raw materials, which are purchased predominantly in US dollars.	Tata Steel IJmuiden operates a hedging policy to minimise the volatility of rapid and significant movements in these exchange rates. We are also actively diversifying our geographic customer base which helps to mitigate our dependence on currency zones.

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Risks	Mitigating factors
Digital resilience	
There is an ongoing threat of cyber attacks from large-scale criminal organisations that target major businesses across all industries. The ever-changing cyber environment requires new and constantly evolving mitigation and controls to manage an increasing risk exposure, thus employing new technologies and maintaining existing hardware at all levels.	Tata Steel IJmuiden has a dedicated Information Security Department that monitors our IT estate and drives a continuous focus on cyber risk awareness and education. Protection against viruses, malicious software and external hacking is in place and continuously improving, as well as contingency planning for digital business-critical components and core network components. A top-10 cybersecurity risk programme is being implemented, supported by external experts and in alignment with the IT Department of Tata Steel India. A Central Security Operations Centre is in place to monitor the IT estate, detect any suspicious traffic or behaviour and mitigate local security incidents and events detected.
Delay in major asset revamps	
During the execution of major asset revamps – mainly related to larger capex schemes, to upgrade or renew asset condition – delays might occur. A delay might stop or hamper the operational value chain with direct EBITDA volume impact and could affect our service levels and even the continuity of our customers' production.	Due to unforeseeable events beyond the company's control, this risk materialised in relation to the Cold Mill 21 STAR upgrade, our strategic asset upgrade to improve capabilities for the automotive market. Mitigation actions were immediately taken in line with our business continuity and customer recovery plans. The business continuity plan consists of a planning approach for the affected assets and includes an action plan to mitigate back to a normal position. The information provided is being used in various cross-functional meetings to both update and support decision-making. Whenever the issue impacts on the business continuity of our customers severely, we instal additional task forces to mitigate the situation and address overarching topics.
Operations	
The disruption of manufacturing processes caused due to various factors such as equipment failures, natural disasters or extreme weather events, could adversely affect operations and customer service levels.	To mitigate these risks, best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management are priorities for the business. Corporate Asset Management Framework (CAMF) activities are accelerating/delivering improved insight into the assets in relation to reliability, failure and risk. Due to unforeseeable events beyond the company's control, the Cold Mill 21 upgrade experienced a delayed commissioning. To reduce the impact on our automotive customers, mitigation measures were immediately taken in line with our business continuity and customer recovery plans. Despite Tata Steel's best efforts to mitigate disruptions and reduce supply risk through its own or alternative channels, the company was forced to formally invoke force majeure. The company successfully regained control over its Cold Mill 21 production process and was able to lift force majeure in June 2023 (after the reporting period).

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Risks	Mitigating factors
Legal risk	
Tata Steel IJmuiden is involved in a number of legal proceedings, both civil and administrative in nature and subject to a criminal investigation. The most relevant of them are listed below.	
Proceeding 1 In January 2022 MOB (Mobilisation for the Environment) requested the Province Noord-Holland to revoke the nature permit of Tata Steel IJmuiden. This request was denied; the Province ruled that the nature permit had been granted to Tata Steel IJmuiden on justified grounds and there is no infringement of legal provisions in general or the Nature Protection Act specifically. The Province of North Holland did tighten Tata Steel IJmuiden's nature licence by reducing the permitted nitrogen oxide emissions by 8%.	**Proceeding 1** The nature licence remains in place. MOB has appealed the Province's decision not to (partially) revoke Tata Steel's nature licence and Tata Steel has appealed some of the conditions which the Province has decided to add to the nature permit.
Proceeding 2 In February 2023 the North Sea Canal Area Environmental Service (OD NZKG) placed a camera outside the premises of Tata Steel to monitor Coke and Gas Plant 2 (CGP2) 24/7 for green coke pushes.	**Proceeding 2** As the images included parts of CGP2 where employees of CGP2 were visible and these images can be requested to be shared under a public access request, Tata Steel IJmuiden and 120 of the CGP employees brought summary proceedings for the removal of the camera as this is not allowed under privacy laws (GDPR). The court decided that although the GDPR is applicable, society requests stricter supervision and therefore the use of cameras is allowed. In its decision, the court recommended that the Environmental Agency limit the images to only those parts of CGP2 that need to be viewed for green coke pushes. The agency altered the images to exclude the parts where employees of Tata Steel were visible.
Proceeding 3 In a protracted infringement case initiated by a rival of Tata Steel IJmuiden, a court in Germany decided on 9 May 2023 (after the reporting period) that Tata Steel IJmuiden 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. Tata Steel no longer produces or sells this specific steel grade.	**Proceeding 3** Tata Steel has appealed against this ruling.
Investigation Tata Steel IJmuiden is subject to an investigation by the Public Prosecution Service into the alleged introduction of hazardous substances into the soil, air or surface water that could affect public health. The Public Prosecution Service visited the premises of Tata Steel in IJmuiden on 29 November and 6 December 2022 as part of this investigation. The investigation is led by the Functional Public Prosecutor's Office and the visits were carried out by a team composed of several investigative authorities. After completion of the investigation, the Public Prosecution Service will assess the next steps and a timeline for this is unknown.	

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Risks	Mitigating factors
Fraud	
Unethical behaviour, loss of integrity and non-compliance with legislation by Tata Steel IJmuiden employees leading to significant fines and damaged reputation of Tata Steel IJmuiden.	Tata Steel IJmuiden maintains and reviews an anti-fraud programme. The Tata Steel IJmuiden Audit Committee forms part of the overall anti-fraud programme and evaluates management's identification of fraud risks and the implementation of fraud controls. The Tata Steel Nederland Audit Committee gains further assurance from the work of the internal and external auditors. Internally, Tata Steel IJmuiden has an Audit & Assurance (A&A) department that maintains an annual audit plan, resource, charter and quarterly reports which are presented to the TSN Audit Committee. The risk of fraud is also captured by the Risk Management Process which is reported quarterly to the Tata Steel IJmuiden Board of Management, as well as the Tata Steel Limited Group Risk Review Committee and Risk Management Committee. Furthermore, Tata Steel IJmuiden has a compliance management framework in place to manage the key legal compliance risks, such as bribery and corruption. All compliance and integrity investigations are reported to the Tata Steel IJmuiden on a quarterly basis and to the Tata Steel IJmuiden Audit Committee every six months. A Compliance Report is submitted to Tata Sons Ltd, when requested, setting out the measures in place to address compliance and leadership in business ethics. Finally, there is a confidential reporting line – Integrity Line - in place operated by an independent external company that offers employees, suppliers, contractors and visitors the opportunity to report their concerns, amongst other things, about fraud, bribery, corruption and other breaches of policies or the Tata Code of Conduct.

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A. Report of the Board of Directors

Composition of the Board of Directors

During the financial year FY23 the composition of the Board of Directors of Tata Steel IJmuiden B.V. changed as follows:

- Mr. T. Eussen was appointed as statutory Director (on 24 June 2022),
- Mr. J.E. van Dort resigned as statutory Director (on 30 June 2022),
- Mr. M. Plaum was appointed as statutory Director (on 1 September 2022)

Per March 31, 2023 the BoD consisted of Mr J. van den Berg, Mr. T. Eussen and Mr. M. Plaum.

Prospects for 2022/23

For the coming financial year, the outlook for the EU economy is relatively low growth (+0.5%). Monetary policy tightening is expected to have a negative impact on growth. Output in construction and machinery is expected to decline while the automotive sector is expected to grow slightly. Apparent demand for steel in the EU is expected to continue to decline by 1.6%. Downside risks to these forecasts are higher-than-expected inflation, a lagging effect of monetary tightening and unexpected developments in geopolitics.

Post balance sheet events

1. On 18 August 2023 Tata Steel IJmuiden B.V. has acquired an additional 50% of the shares in Norsk Stål Tynnplater AS, resulting in Tata Steel IJmuiden B.V. being the sole shareholder.
   The shares have been acquired from British Steel Nederland International B.V.

2. On 22 September 2023 the Rijksinstituut voor Volksgezondheid en Milieu (RIVM) published a research report that has investigated the extent to which emissions from the Tata Steel IJmuiden affect the health of local residents. The RIVM report shows that these emissions meet legal limits. Currently the results of the research are analysed.

Board of Directors

J. van den Berg, Chair

T. Eussen

M. Plaum

IJmuiden, 13 October 2023

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Income statement

For the financial year ended 31 March

	Note	**2023 €m**	2022 €m
Revenue	1	**6,121**	5,943
Operating costs	2	**(5,710)**	(5,099)
Operating profit		**411**	844
Finance costs	5	**(18)**	(8)
Finance income	5	**36**	1
Profit before taxation		**429**	837
Taxation	6	**(98)**	(207)
Profit after taxation		**331**	630

All references to 2023 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 27 refer to the financial period ended 31 March 2023 or as at 31 March 2023 as appropriate (2022: the financial period ended 31 March 2022 or as at 31 March 2022).

Notes and related statements forming an integral part of these accounts appear on pages 33 to 48.

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Statement of comprehensive income

For the financial year ended 31 March

	Note	**2023 €m**	2022 €m
Profit after taxation		**331**	630
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains arising on cash flow hedges	16	**(69)**	19
Income tax relating to items that may be reclassified	16	**18**	(5)
Other comprehensive (loss)/income for the year		**(51)**	14
Total comprehensive income for the year		**280**	644

Notes and related statements forming an integral part of these accounts appear on pages 33 to 48.

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Balance sheet

As at 31 March

	Note	2023 €m	2022 €m
Non-current assets			
Intangible assets	7	**65**	68
Property, plant and equipment	8	**2,199**	1,932
Investments in subsidiaries, joint ventures and associates	9	**60**	60
Deferred tax asset	19	**40**	81
		2,364	2,141
Current assets			
Inventories	10	**1,754**	1,419
Trade and other receivables	12	**451**	869
Current tax assets	11	**14**	65
Cash at bank and in hand	13	**831**	849
		3,050	3,202
TOTAL ASSETS		**5,414**	5,343
Current liabilities			
Borrowings	15	**(14)**	(141)
Trade and other payables	14	**(1,574)**	(1,495)
Current tax liabilities	11	**(126)**	(233)
Provisions for liabilities and charges	17	**(103)**	(141)
		(1,817)	(2,010)
Non-current liabilities			
Borrowings	15	**(45)**	(42)
Provisions for liabilities and charges	17	**(124)**	(129)
Other non-current liabilities	18	**(63)**	(76)
Deferred income	20	**(1)**	(2)
		(233)	(249)
TOTAL LIABILITIES		**(2,050)**	(2,259)
NET ASSETS		**3,364**	3,084
Equity			
Called up share capital	21	**113**	113
Hedging reserve		**(21)**	30
Retained earnings		**3,272**	2,941
TOTAL EQUITY		**3,364**	3,084

Notes and related statements forming an integral part of these accounts appear on pages 33 to 48.

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Statement of changes in equity

	Share capital €m	Hedging reserve €m	Retained earnings €m	**Total €m**
Balance as at 1 April 2021	113	16	2,311	**2,440**
Profit for the year	-	-	630	**630**
Other comprehensive income for the year	-	14	-	**14**
Balance as at 31 March 2022	113	30	2,941	**3,084**
Profit for the year	-	-	331	**331**
Other comprehensive loss for the year	-	(51)	-	**(51)**
Balance as at 31 March 2023	113	(21)	3,272	**3,364**

Notes and related statements forming an integral part of these accounts appear on pages 33 to 48.

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Statement of cash flows

For the financial year ended 31 March

	Note	2023 €m	2022 €m
Operating activities			
Profit after taxation		**331**	630
Adjustments for:			
Tax	6	**98**	207
Interest income	5	**(36)**	(1)
Interest expense	5	**18**	8
Profit on disposal of Associates and JVs	2,9	**(4)**	-
Loss on sale of PPE	8	**1**	-
Depreciation and amortisation including impairments (net of grants	2	**194**	187
Movement in insurance and other provisions		**(42)**	75
Movement in loose plant, tools and spares		**25**	24
Movement in inventories		**(336)**	(668)
Movement in receivables		**387**	(268)
Movement in payables		**(65)**	575
Rationalisation costs provided	17	**2**	3
Utilisation of rationalisation provisions	17	**(3)**	(4)
Cash generated from operations		**570**	767
Interest paid		**(16)**	(5)
Interest element of lease rental payments		**(2)**	(3)
Taxation paid		**(97)**	-
Net cash flow generated from operating activities		**455**	759
Investing activities			
Purchase of property, plant and equipment	8	**(368)**	(227)
Sale of property, plant and equipment	8	**-**	1
Purchase of other intangible assets	7	**(1)**	(1)
Dividends from subsidiaries		**20**	-
Dividends from joint ventures and associates		**12**	-
Sale of associated companies		**4**	-
Interest received		**3**	-
Net cash flow used in investing activities		**(330)**	(227)
Financing activities			
Proceeds from loans to Group companies		**-**	50
Repayments of loans from Group companies		**(130)**	-
Proceeds of loans from Group companies		**-**	130
Movements in other loans		**(1)**	(1)
Capital element of lease rental payment	24	**(12)**	(12)
Net cash flow (used in)/generated from financing activities		**(143)**	167
(Decrease)/increase in cash and cash equivalents		**(18)**	699
Cash and cash equivalents at beginning of period		**849**	150
Cash and cash equivalents at end of period		**831**	849
Cash and cash equivalents consist of:			
Short Term deposits with TSN	13	**730**	603
Cash at bank and in hand	13	**101**	246
		831	849

Notes and related statements forming an integral part of these accounts appear on pages 25 to 48.

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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 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 2023 Annual Accounts of Tata Steel IJmuiden B.V. have been authorised for issue by the Board of Directors (BoD) on 12 October 2023.

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 "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 auditors fees in its financial statements.

Going concern

The Board of Management has assessed the ability of TSIJ to continue as a going concern. The steel industry is cyclical and TSIJ starts 2023/24 at the bottom of the industry cycle with challenging market conditions which are forecast to result in lower profitability at the beginning of the year.

The Board of Management has assessed the future funding requirements of the Group in the near term, based on financial forecasts covering 12 months from the date of this report. The entity ended the 2022/23 financial year with a significant positive cash balance and unutilised financing facilities of €200m which, along with specific actions being taken to improve business performance, is expected to ensure that the Group can manage this period of downturn and is well placed for 2023/24. Under all scenarios, including a severe but plausible downside scenario, TSIJ has access to adequate liquidity over the next 12 months.

Having undertaken this work, the Board of Management is of the opinion that the entity has access to adequate resources to fund its operations for the foreseeable future, and so determine that it is appropriate for the financial statements to be prepared 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:

		Effective Date*
IFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
IAS 37 (Amendments)	Onerous Contracts—Cost of Fulfilling a Contract	1 Jan 2022
IAS 16 (Amendments)	Proceeds before Intended Use	1 Jan 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 Jan 2022
IFRS 1, IFRS 9 Illustrative Example 13 of IFRS 16 and IAS 41 (Amendments)	Annual Improvements to IFRS Standards 2018–2020	1 Jan 2022**

** periods commencing on or after*
*** except for the amendment to IFRS 16 for which no effective date is stated as it regards only an illustrative example*

The Company has adopted the above amendments and In accordance with the transition provisions, the amendments have been adopted retrospectively to financial instruments. 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.

'Phase 2' of the Interest Rate Benchmark Reform amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

Where some or all changes in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the instrument is not derecognised).
For the year ended 31 March 2023, TSIJ has not been required to apply the practical expedients provided under 'phase 2' to any of its long-term debt.

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TSIJ currently does not have any contracts which reference GBP LIBOR and there is no significant exposure to other interest rate benchmarks proposed to be amended or replaced as part of the IBOR reforms.

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 2023, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 17	Insurance Contracts	1 Jan 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
IAS 1 (Amendments)	Disclosure of Accounting Policies	1 Jan 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 Jan 2024
IAS 8 (Amendments)	Definition of Accounting Estimates	1 Jan 2023
IAS 1 (Amendments)	Presentation of financial statements on Non-current liabilities with covenants	1 Jan 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 Jan 2024

** 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 other new standards and interpretations not applied.

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 BoD have 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.

1) 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 largely independent of the cash inflows from other assets or groups of assets. For the Group these are usually taken to be individual hubs/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 particular 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.

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 likely costs and the timing of these costs. Further details on the Group's provisions can be found in note 17.

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 Group's annual plans and future forecasts. Further information can be found in note 19.

3. Post-retirement benefits

The Group's retirement benefit obligations are assessed by selecting key assumptions. The selection of inflation, salary growth, and mortality rates are key sources of estimation uncertainty which could lead to a material adjustment in the defined benefit obligations within the next financial year. The Group sets these judgements with close reference to market conditions and third party actuarial advice.

The Group's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

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4. Impairment of non-current assets
A significant part of the Company's capital is invested in property, plant and equipment. Determining whether these assets are impaired requires an estimation of the recoverable amount of the Cash Generating Unit ('CGU') to which the asset relates. The recoverable amount has been determined from a fair value less costs of disposal ('FV') calculation. Fair Valuecalculations require an estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The present value is sensitive to changes in the discount rate used in the FV models, the forecast profitability of the Company in the third year of the Company's Annual Plan, and the expected impact of decarbonisation (including carbon taxes) on the Company. Further details on the Company's impairment review, key assumptions, and sensitivity analyses are set out in note 8

The company continues to develop its assessment of the potential impacts of climate change and decarbonisation strategy and has considered such impacts when preparing its financial statements. Tata Steel Imuiden 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.

The company is also undertaking a comprehensive project to reduce dust and other fugitive emissions from its plant to make it future ready. It has committed to spend €300m in Roadmap Plus investments, including an ongoing de-NOx investment in the pellet plant, covering bunkers and transport systems and installing dust screens, and upgraded coal filters. These projects are currently under implementation and part of the planned capital expenditure in the company.

Climate-related risks, in particular those arising from transitioning to a lower-carbon economy, are taken into account when estimating the useful lives of the assets affected. As a result of the shift towards decarbonization, estimates of residual useful lives of items of property, plant and equipment affected are decreased.

5. Net realizable value of inventories
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. Estimates in determining the net realisable 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 so as 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, but with the exception of land. 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. 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.

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

		Life Years
Freehold and long leasehold buildings that house plant and other works buildings		25
Other freehold and long leasehold 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 and process development costs		5

Impairment: value in use and fair value less cost of disposal calculations include assumptions related to the decarbonisation strategy of Tata Steel Ijmjuiden. Key assumptions made represent the most likely impact from decarbonisation at this point in time. 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 affects impairment assessments.

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 in order 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 cash generating unit ('CGU') to which the asset belongs. Other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 group operates a number of defined benefit and 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.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period end. The Group applies IAS 19 'Employee Benefits' to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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The retirement benefit liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(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

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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:

(l) 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 €200m 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

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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.

(m) 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:

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

(n) 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.

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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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

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Notes to the accounts

1. Revenue

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major geographic regions. Substantially all revenue is derived from the sale of goods.

	2023 €m	2022 €m
Revenue by destination:		
Netherlands	**1,128**	1,167
Europe excluding the Netherlands	**3,739**	3,678
North America	**924**	760
Rest of the world	**330**	338
	6,121	5,943

2. Operating costs

	2023 €m	2022 €m
Costs by type:		
Raw materials and consumables	**3,389**	2,813
Maintenance costs (excluding own labour)	**450**	403
Other external charges (including fuels and utilities, hire charges and carriage costs)	**696**	603
Employment costs (Note 4)	**858**	884
Depreciation, amortisation and impairment (Note 3, 7,8)	**194**	188
Regional development and other grants released	**(1)**	-
Other operating items (including rents, rates, insurance and general expenses)	**546**	504
Changes in inventory of finished goods and work in progress	**(363)**	(258)
Own work capitalised	**(58)**	(38)
Purchases for customer lists from group company	**2**	-
Profit on disposal of joint ventures	**(4)**	-
Loss on sale of PPE (Note 8)	**1**	-
	5,710	5,099

	Operating costs before restructuring, impairment and disposals €m	Restructuring, impairment and disposals €m	**Total €m**
The above costs in 2023 include:			
Raw materials and consumables	3,389	-	**3,389**
Maintenance costs (excluding own labour)	450	-	**450**
Other external charges (including fuels and utilities, hire charges and carriage costs)	696	-	**696**
Employment costs (Note 4)	856	2	**858**
Depreciation, amortisation and impairment (Note 7, 8)	185	9	**194**
Regional development and other grants released	(1)	-	**(1)**
Other operating items (including rents, rates, insurance and general expenses)	546	-	**546**
Changes in inventory of finished goods and work in progress	(363)	-	**(363)**
Own work capitalised	(58)	-	**(58)**
Purchases for customer lists from group company	2	-	**2**
Profit on disposal of joint ventures	-	(4)	**(4)**
Loss on sale of PPE (Note 8)	-	1	**1**
	5,702	8	**5,710**

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Further analysis of restructuring and impairment costs is presented in Note 3.

	2023 €m	2022 €m
The above costs are stated after including:		
Amortisation of intangible assets (Note 7)	**3**	4
Depreciation of owned assets (Note 8)	**172**	171
Impairment losses related to property, plant and equipment (Note 3)	**9**	3
Depreciation of right of use assets (Note 8)	**10**	10
Expenses relating to low value leases	**3**	1
Expenses relating to variable lease payments not included in lease liabilities	**20**	19
Costs of research and development	**46**	46
Emission rights costs	**72**	78

3. Restructuring and impairment costs

	2023 €m	2022 €m
Provision for restructuring and related measures:		
Redundancy and related costs	**2**	3
Impairment losses related to property, plant and equipment (Note 8)	**9**	3
	11	6

4. Employees

	2023 €m	2022 €m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**677**	715
Social security costs	**88**	79
Pension costs	**91**	87
Redundancy and related costs (Note 3)	**2**	3
	858	884

The average number of the Company's active employees was 8,451 (2022: 8,367). All employees are located in the Netherlands.

All pension costs relate to a defined contribution scheme.

5. Financing items

	2023 €m	2022 €m
Finance costs		
Finance leases	**(2)**	(2)
Other Borrowings	**(2)**	(4)
Discount on disposal of trade receivables within purchase agreement with external companies	**(14)**	(2)
	(18)	(8)
Finance income		
Interest received	**4**	1
Dividends from subsidiaries	**20**	-
Dividends from joint ventures and associates	**12**	-
	36	1
	18	(7)

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6. Taxation

	2023 €m	2022 €m
Dutch corporation tax	**44**	**230**
Prior year Dutch corporation tax	**(5)**	**2**
Current tax	**39**	**232**
Dutch deferred tax	**57**	**(22)**
Prior year deferred tax	**2**	**(3)**
Taxation	**98**	**207**

In addition to the total taxation charged to the income statement, a tax credit of €18m (2022: a charge of €5m) was recognised in other comprehensive income in the year. As a result of the change in tax accounting policy, TSIJ decided, to the extend this is possible, to record provisions in the tax books per 31 March 2023, increasing the deferred tax position by €51m.

The total charge for the year can be reconciled to the accounting profit as follows:

	2023 €m	2022 €m
Profit before taxation	**429**	**837**
Profit before taxation multiplied by the applicable corporation tax rate of 25.8% (2022: 25.2%)	**111**	**211**
Effects of:		
Adjustments in respect of prior periods	**(3)**	**(1)**
Impact of deferred tax rate change (i)	**-**	**(3)**
Non-taxable income	**(10)**	**-**
Total taxation	**98**	**207**

(i) €3m credit in prior year relates to the deferred tax impact of the increase in the future Dutch corporate income tax rate from 25.0% to 25.8% effective from 1 January 2022.

7. Intangible assets

2023	Computer software €m	Development costs €m	Emission rights €m	**Total €m**
Cost at beginning and end of period	123	38	-	**161**
Accumulated amortisation at beginning of period	55	38	-	**93**
Charge for the period	3	-	-	**3**
Accumulated amortisation at end of the period	58	38	-	**96**
Net book value at end of the period	65	-	-	**65**

2022	Computer software €m	Development costs €m	Emission rights €m	**Total €m**
Cost at beginning of period	121	38	28	**187**
Additions	2	-	-	**2**
Utilisation	-	-	(28)	**(28)**
Cost at end of period	123	38	-	**161**
Accumulated amortisation at beginning of period	51	38	-	**89**
Charge for the period	4	-	-	**4**
Accumulated amortisation at end of the period	55	38	-	**93**
Net book value at end of the period	68	-	-	**68**

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Accountants N.V.
For identification
purposes only

8. Property, plant and equipment

2023	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation at beginning of period	878	6,465	567	**7,910**
Additions	-	94	390	**484**
Transfers	4	268	(272)	**-**
Disposals	(1)	(156)	-	**(157)**
Cost at end of period	881	6,671	685	**8,237**
Accumulated depreciation and impairment at beginning of period	677	5,301	-	**5,978**
Charge for the period	15	167	-	**182**
Impairment charge for the period	-	9	-	**9**
Disposals	(1)	(130)	-	**(131)**
Accumulated depreciation and impairment at end of period	691	5,347	-	**6,038**
Net book value at end of period	190	1,324	685	**2,199**

2022	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation at beginning of period	835	6,281	621	**7,737**
Additions	-	66	196	**262**
Transfers	46	204	(250)	**-**
Disposals	(3)	(86)	-	**(89)**
Cost at end of period	878	6,465	567	**7,910**
Accumulated depreciation and impairment at beginning of period	664	5,194	-	**5,858**
Charge for the period	16	165	-	**181**
Impairment charge for the period	-	3	-	**3**
Disposals	(3)	(61)	-	**(64)**
Accumulated depreciation and impairment at end of period	677	5,301	-	**5,978**
Net book value at end of period	201	1,164	567	**1,932**

There were no borrowing costs capitalised during the year (2022: nil).

The additions to the right-of-use assets during the 2023 financial period were €18m (2022: €4m). Depreciation charge on right-of-use assets for the period was €10m (2022: €10m)

Property, plant and equipment was tested for impairment at 31 March 2023 where indicators of impairment existed. This involves the Company estimating the recoverable amounts of individual Cash Generating Units (CGU).

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 be carbon neutral by 2045.

In the previous year TSIJ announced that it aims to pursue the Direct Reduced Iron (‘DRI’) route for making iron using natural gas or hydrogen and is currently exploring the options for implementing this and how such investments could be financed. 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. Further progress in the current year was made with TSN and the Dutch government signing an Expression of Principles in July 2022 to transition to low CO_2 steel making, with an ambition to reduce CO_2 emission by 5 million tonnes by 2030.

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

The recoverable amount of Tata Steel IJmuiden (one single CGU) has been determined from a fair value less costs of disposal ('FV') calculation. This is due to the fact that TSIJ has clearly stated its plan to move away from the current production process and transition to decarbonised production,meaning that it is appropriate to consider a longer term horizon for the impairment test which is allowed under a FV model but is not permitted under a Value in Use ('VIU') model.

The FV calculation involves estimating future cash flows that TSIJ expects to derive from the CGU using the three-year Annual Plan for the period FY24-FY26 and, for the period FY27 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. Plans for phase 1, replacing one of the blast furnaces and one of the cokes and gas plants with the first DRI plant and electric smelting, and which is to be completed by 2030, were submitted to the Netherlands government in October 2022 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 both Phase 1 and Phase 2. 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 of the financial budgets up until the terminal year at which point a 2.0% (2021-22: 1.8%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 7.9% (March 31, 2022: 6.3%) is derived from the company's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the assessment as at March 31, 2023 for BU IJmuiden CGU resulted in no impairment of property, plant and equipment (2021-22: Nil).

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, 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 CO2 steel, levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax discount rate of 7.9%. In particular, whilst TSIJ has submitted a formal request to the Dutch government there is not yet any commitment or guarantee that support from the Dutch government would be forthcoming. Whilst the best view of the directors is that government support would be provided on a similar level to recent commitments seen by other national governments within Europe to the steel producers operating in those countries, if support from the Dutch government would not be in the expected amount 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 can be realised.

The Company believes the key assumptions made represent the most likely impact from decarbonisation at the repoting date. These key assumptions will be kept under review in future years especially if investments in decarbonisation capital expenditure become committed.

The entity has conducted several sensitivity analysis on the impairment test of the carrying value of the Tata Steel IJmuiden CGU. Sensitivity analysis are performed related to (i) an increase in discount rate, (ii) a decrease in profitability, (iii) early closure of plants affected by the decarbonisation strategy (e.g. cokes and gas plants). The Board of Management, believes that none of the above sensitivities, individually, would cause the carrying value of property, plant and equipment to materially exceed its fair value less costs of disposal.

The €9m impairment charge in 2023 and the €3m impairment charge in 2022 relates to specific assets which have been identified as being impaired.

(i)

	2023 €m	2022 €m
The net book value of plant and machinery comprises:		
Assets held under leases:		
Cost	**135**	**117**
Accumulated depreciation	**(102)**	**(92)**
	33	**25**
Owned assets	**1,291**	**1,139**
	1,324	**1,164**

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	2023 €m	2022 €m
The net book value of land and buildings compromises:		
Freehold	**164**	**174**
Short leasehold	**26**	**27**
	190	**201**
Which may be further analysed as:		
Assets held under lease:		
Cost	**32**	**32**
Accumulated depreciation	**(6)**	**(5)**
	26	**27**
Owned assets	**164**	**174**
	190	**201**

9. Investments in subsidiaries, joint ventures and associates

	Investments in subsidiaries €m	Investments in joint ventures €m	Investments in associates €m	**Total 2023 €m**	Total 2022 €m
Carrying value at beginning and end of period	40	12	8	**60**	60

(i) The carrying values of the Company's investments are tested annually for impairment using an enterprise value ('EV') calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, and a pre-tax discount rate of 10.6% (2022: 8.4%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. The pre-tax discount rate is derived from the Group's WACC and the WACCs of its main European steel competitors. The outcome of the test at 31 March 2023 resulted in €nil impairment (2022: €nil).

(ii) On 29 July 2022, the Company completed the sale of its joint venture, Harbornvein 60 AS ('Harbornvein') to Borg Havn Eiendom AS. Harbornvein is an SPV in which the Comapny holds a 50% share, which was newly created in the year to facilitate the sale of land and buildings at the former Norsk Stal Tynnplatter AS site in Norway. The consideration received for the sale was €4m and the value of the investment disposed was nil, resulting in a profit on disposal of €4m.

10. Inventories

	2023 €m	2022 €m
Raw materials and consumables	**656**	684
Work in progress	**694**	268
Finished goods and goods for resale	**404**	467
	1,754	1,419

The value of inventories above is stated after impairment of €32m (2022: €14m) for obsolescence and write-downs to net realisable value. Work in progress includes semi-finished and partly processed materials.

11. Current tax

	2023 €m	2022 €m
Dutch corporation tax assets – current	**14**	**65**
Dutch corporation tax liabilities – current	**(126)**	**(233)**
	(112)	**(168)**

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

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12. Trade and other receivables

	2023 €m	2022 €m
Trade receivables	**97**	358
Less provision for impairment of receivables	**(3)**	(3)
	94	355
Amounts owed by parent undertakings (Note 25)	**3**	4
Amounts owed by other Tata Steel companies (Note 25)	**197**	321
Amounts owed by subsidiary undertakings (Note 25)	**11**	22
Amounts owed by joint ventures (Note 25)	**3**	5
Amounts owed by associates (Note 25)	**13**	25
Loans to other Tata Steel companies (Note 25)	**1**	1
Derivative financial instruments (Note 16)	**20**	46
Other taxation	**25**	13
Prepayments	**16**	15
Other receivables	**68**	62
	451	869

(ii) Trade receivables are further analysed as follows:

31 March 2023	**Gross amount €m**	**Subject to credit insurance cover €m**	**Impairment provision made €m**	**Net credit risk amount €m**
Trade receivables:			**-**	
Amounts not yet due	**93**	**(58)**	**-**	**35**
One month overdue	**-**	**-**	**-**	**-**
Two months overdue	**-**	**-**	**-**	**-**
Three months overdue	**1**	**(1)**	**-**	**-**
Greater than three months overdue	**3**	**-**	**(3)**	**-**
	97	**(59)**	**(3)**	**35**

31 March 2022	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount €m
Trade receivables:				
Amounts not yet due	283	(239)	-	44
One month overdue	44	(41)	-	3
Two months overdue	15	(14)	-	1
Three months overdue	-	-	-	-
Greater than three months overdue	16	(12)	(3)	1
	358	(306)	(3)	49

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

	2023 €m	2022 €m
At beginning of period	**3**	2
Impairments in the period	**-**	1
Amounts utilised and other movements	**-**	-
At end of period	**3**	3

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

	2023 €m	2022 €m
Short-term deposits with TSN	**730**	**603**
Cash at bank and in hand	**101**	**246**
Cash and other short-term deposits	**831**	**849**

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	2023			2022		
	Short-term deposits €m	**Cash €m**	**Total €m**	Short-term deposits €m	Cash €m	Total €m
Sterling	**-**	**12**	**12**	-	23	23
Euros	**730**	**91**	**821**	603	178	781
US dollars	**-**	**(7)**	**(7)**	-	41	41
Other currencies	**-**	**5**	**5**	-	4	4
	730	**101**	**831**	603	246	849

Short-term deposits are highly liquid investments with original maturities of three months or less. The weighted average interest rate across these types of investment was 1.9% (2022: 0.1%) based on fixed interest rates. During each of the periods above cash at bank earned interest based on EURIBOR or other official local rates.

14. Trade and other payables

	2023 €m	2022 €m
Trade payables	**590**	578
Amounts owed to parent undertakings (Note 25)	**9**	7
Amounts owed to other Tata Steel companies (Note 25)	**336**	317
Amounts owed to subsidiary undertakings (Note 25)	**9**	10
Amounts owed to associates (Note 25)	**4**	3
Other taxation	**41**	31
Capital expenditure creditors	**244**	146
Derivative financial instruments (Note 16)	**20**	13
Other payables	**321**	390
	1,574	1,495

Other payables include amounts provided in respect of holiday pay, other employment costs and sundry other items.

15. Borrowings

	2023 €m	2022 €m
Current:		
Other short term loans	**1**	1
Loans from parent company	**-**	130
Lease liabilities	**13**	10
	14	141

	2023 €m	2022 €m
Non-current:		
Loans	**1**	2
Lease liabilities	**44**	40
	45	42
Total borrowings	**59**	183

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

	2023				2022			
	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	**59**	**-**	**-**	**59**	53	-	130	183

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

	2023		2022	
	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	**4.4**	**5.2**	4.6	5.9

(ii) The maturity of borrowings is as follows:

	2023 €m	2022 €m
In one year or less or on demand	**16**	143
Between one and two years	**14**	11
Between two and three years	**11**	9
Between three and four years	**9**	8
Between four and five years	**11**	7
More than five years	**6**	14
	67	192
Less: amounts representing interest in future minimum lease payments	**(8)**	(9)
	59	183
Amounts falling due within one year	**14**	141
Amounts falling due after more than one year	**45**	42

Amounts payable under leases are as follows:

	Minimum lease payments		**Present value of minimum lease payment**	
	2023 €m	2022 €m	**2023 €m**	2022 €m
Not later than one year	**15**	12	**13**	10
Later than one year but not more than five years	**44**	33	**36**	28
More than five years	**6**	14	**8**	12
	65	59	**57**	50
Less: future finance charges on leases	**(8)**	(9)	**-**	-
Present value of lease liabilities	**57**	50	**57**	50

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:

	2023 €m	2022 €m
Financial assets		
Financial assets at amortised costs:		
Trade and other receivables (Note 12) [1]	**390**	795
Cash and cash equivalents (Note 13)	**831**	849
	1,221	1,644

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Financial liabilities		
Financial liabilities at amortised costs:		
Trade and other payables (Note 14) 2	**(1,513)**	(1,451)
Current borrowings (Note 15)	**(14)**	(141)
Non-current borrowings (Note 15)	**(45)**	(42)
	(1,572)	(1,634)

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.

2023	Level 1 €m	Level 2 €m	Level 3 €m	**Total** **€m**
Financial assets at fair value through other comprehensive income:				
Commodity contracts	**-**	**16**	**-**	**16**
Forward foreign currency contracts	**-**	**4**	**-**	**4**
	-	**20**	**-**	**20**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(3)**	**-**	**(3)**
Forward foreign currency contracts	**-**	**(17)**	**-**	**(17)**
	-	**(20)**	**-**	**(20)**

2022	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	**-**	**37**	**-**	**37**
Forward foreign currency contracts	**-**	**9**	**-**	**9**
	-	**46**	**-**	**46**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(11)**	**-**	**(11)**
Forward foreign currency contracts	**-**	**(2)**	**-**	**(2)**
	-	**(13)**	**-**	**(13)**

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 Management of TSN. 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 2023, the notional amount of outstanding foreign currency contracts was €855m (2022 restated: €586m) with a net fair value of €(13)m (2022: €7m).

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For identification purposes only

At 31 March 2023, a 10% appreciation of the euro against the US dollar would increase the net assets of the Company by approximately €1m (2022: decrease by €4m), increase equity by approximately €1m (2022: decrease by €4m) and have no impact on the operating profit (2022: 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.

The net positions on currencies other than the US dollar 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 of 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 2023, the Company had commodity contracts with a total notional value of €140m (2022: €286m) and a net fair value of €13m (2022: €26m).

At 31 March 2023, a 10% appreciation of market prices would increase the Company's equity by approximately €9m (2022: increase of €19m). 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 2023 and 2022, 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 2023, the Company had fixed rate borrowings of €59m (31 March 2022: €53m), floating rate borrowings of €nil (31 March 2022: €nil) and zero rate borrowings of €nil (31 March 2022: €130m). The Company had short term deposits of €730m on 31 March 2023 (on 31 March 2022: €603m). Based on the composition of net debt at 31 March 2023, a 100 basis points increase in interest rates over the 12-month period would decrease the Group's net finance expense by approximately €6m (2022: €6m) and increase equity by approximately €6m (2022: €6m).

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 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.

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For identification purposes only

2023	Maturity of contractual undiscounted cash flows 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	(1,513)	(1,513)	-	-
Borrowings				
Repayment	(59)	(14)	(40)	(5)
Fixed interest	(8)	(2)	(5)	(1)
	(1,580)	(1,529)	(45)	(6)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(867)	(867)	-	-
Receivables	854	854	-	-
Derivatives commodities: net settlement	13	13	-	-
	-	-	-	-
Total	(1,580)	(1,529)	(45)	(6)

1 Excludes other taxation, and derivatives

2022	Maturity of contractual undiscounted cash flows 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	(1,451)	(1,451)	-	-
Borrowings				
Repayment	(183)	(141)	(30)	(12)
Fixed interest	(9)	(2)	(6)	(1)
	(1,643)	(1,594)	(36)	(13)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(1,154)	(1,154)	-	-
Receivables	1,161	1,161	-	-
Derivatives commodities: net settlement	26	26	-	-
	33	33	-	-
Total	(1,610)	(1,561)	(36)	(13)

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:

	2023		2022	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	16	(3)	37	(11)
Forward foreign currency contracts	4	(17)	9	(2)
	20	(20)	46	(13)

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

2023	Forward foreign currency contracts €m	Commodity contracts €m	Taxation €m	Total €m
Cash flow hedge reserve net of taxation at beginning of period	19	21	(10)	30
Fair value recognised	(50)	(19)	18	(51)
Cash flow hedge reserve net of taxation at end of period	(31)	2	8	(21)

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For identification purposes only

2022	Forward foreign currency contracts €m	Commodity contracts €m	Taxation €m	Total €m
Cash flow hedge reserve net of taxation at beginning of period	**9**	**12**	**(5)**	**16**
Fair value recognised	**10**	**9**	**(5)**	**14**
Cash flow hedge reserve net of taxation at end of period	**19**	**21**	**(10)**	**30**

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

	2023 €m	2022 €m
Commodity contracts	**140**	**286**
Forward foreign currency contracts (FY22 restated)	**855**	**586**

During the year, no significant ineffectiveness on cash flow hedges was recognised in profit and loss (2022: €nil).

17. Provisions for liabilities and charges

	Rationalisation Costs (i) €m	Environmental Provisions (ii) €m	Employee Benefits (iii) €m	Other Provisions €m	**Total 2023 €m**	Total 2022 €m
At beginning of period	1	182	80	7	**270**	225
Charged to income statement	2	84	-	20	**106**	151
Released to income statement	-	(15)	(10)	(6)	**(31)**	(6)
Reclassification	-	(1)	-	-	**(1)**	-
Utilised during the period	(3)	(114)	-	-	**(117)**	(100)
At end of period	-	136	70	21	**227**	270
Analysed as:						
Current liabilities	-	98	4	1	**103**	141
Non-current liabilities	-	38	66	20	**124**	129

(i) Rationalisation costs include redundancy provisions as follows:

	2023 €m	2022 €m
At beginning of period	**1**	2
Charged to income statement (Note 4)	**2**	3
Utilised during the period	**(3)**	(4)
At end of period	**-**	1

(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.

(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.

18. Other liabilities

As at 31 March	**2023 €m**	2022 €m
Other taxation and social security	**63**	76
	63	76

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

19. Deferred tax asset

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

	2023	2022
	€m	€m
Deferred tax asset	40	81

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

2023	Accelerated tax depreciation €m	Stocks	Provisions	Other	**Total**
		€m	€m	€m	**€m**
At beginning of period	17	3	71	(10)	**81**
Credited/(charged) to income statement	2	8	(67)	(2)	**(59)**
Credited to other comprehensive income	-	-	-	18	**18**
At end of period	19	11	4	6	**40**

2022	Accelerated tax depreciation	Stocks	Provisions	Other	**Total**
	€m	€m	€m	€m	**€m**
At beginning of period	14	1	51	(5)	61
Credited to income statement	3	2	20	-	25
Charged to other comprehensive income	-	-	-	(5)	(5)
At end of period	17	3	71	(10)	81

20. Deferred income

	2023	2022
	€m	€m
At beginning of year	**2**	3
Released to income statement	**(1)**	(1)
At end of year	**1**	2

21. Called up share capital

The authorised share capital of the Company as at 31 March 2023 amounts to €225,000,000 (31 March 2022: €225,000,000) and consists of 500,000 ordinary shares of each €450 (31 March 2022: €450). As of 31 March 2023, 250,000 ordinary shares of €450 each were issued and fully paid up, totalling to a nominal value of €112,500,000 (31 March 2022: €112,500,000).

22. Future capital expenditure

	2023	2022
	€m	€m
Contracted but not provided for	**165**	198
Authorised but contracts not yet placed	**315**	429

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23. Leases

	2023 €m	2022 €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	**26**	27
Future cash outflows relating to termination and extension options	**-**	1
	26	28

24. Analysis of changes in net funds

	1 April 2022 €m	Cash Flow €m	Other movements	**31 March 2023 €m**
Loans to other Tata Steel companies	1	-	-	**1**
Cash at bank and short-term deposits	849	(18)	-	**831**
Cash and cash equivalents	849	(18)	-	**831**
Borrowings	(133)	131	-	**(2)**
Obligations under leases	(50)	12	(18)	**(57)**
Total debt excluding bank overdrafts	(183)	142	(18)	**(59)**
Total net funds	667	124	(18)	**773**

25. 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.

	2023 €m	2022 €m
Amounts reported within the income statement:		
Sales to joint ventures	**89**	114
Sales to associates	**153**	218
Sales to other Tata Steel companies	**1,613**	1,698
Purchases from associates	**35**	39
Purchases of raw materials from other Tata Steel companies, acting as an agent	**2,268**	1,876
Other purchases from other Tata Steel group companies	**227**	186
Net recharges from other Tata Steel companies	**160**	134
Amounts reported within the balance sheet:		
Amounts owed by parent undertakings (Note 12)	**3**	4
Amounts owed by other Tata Steel companies (Note 12)	**197**	321
Amounts owed by subsidiary undertakings (Note 12)	**11**	22
Amounts owed by joint ventures (Note 12)	**3**	5
Amounts owed by associates (Note 12)	**13**	25
Amounts owed to parent undertakings (Note 14)	**9**	7
Amounts owed to other Tata Steel companies (Note 14)	**336**	317
Amounts owed to subsidiary undertakings (Note 14)	**9**	10
Amounts owed to associates (Note 14)	**4**	3
Loans to other Tata Steel companies (Note 12)	**1**	1
Loans from parent undertakings (Note 15)	**-**	130
Short term deposits with parent undertakings (Note 13)	**730**	603

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 49.

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For identification purposes only

26. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of the Company at 31 March 2023 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Subsidiary undertakings

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

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.

Joint ventures, joint operations and associates

	Classification	Products	2023 Turnover €m		Issued capital Number of shares	% held
The Netherlands						
GietWalsOnderhoudCombinatie B.V.	Associate	Maintenance of parts of direct sheet plant	14	Shares of €454	100	50
Hoogovens Court Roll Surface Technologies VOF	Joint Operation	Processing chrome deposit on rolls	3	-	-	50
Laura Metaal Holding B.V.	Joint Venture	Trading and processing of non-prime metal	151	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	362	Shares of €1,000	8,000	30
Norway						
Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	64	Shares of NOK1,000	26,500	50

27. Events after the reporting period

1. On 18 August 2023 Tata Steel IJmuiden B.V. has acquired an additional 50% of the shares in Norsk Stål Tynnplater AS, resulting in Tata Steel IJmuiden B.V. being the sole shareholder. The shares have been acquired from British Steel Nederland International B.V.

2. On 22 September 2023 the Rijksinstituut voor Volksgezondheid en Milieu (RIVM) published a research report that has investigated the extent to which emissions from the Tata Steel IJmuiden affect the health of local residents. The RIVM report shows that these emissions meet legal limits. Currently the results of the research are analysed.

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Further notes to and signing of the Annual Accounts

Remuneration of and loans to members of the Board of Directors

	2023	2022
	€	€
The total employment costs of the Board of Directors of Tata Steel IJmuiden B.V. were:		
Short term employee benefits	**2,345,466**	1,053,972
Long term employee benefits	**233,090**	740,148
Post employee benefits	**283,654**	158,739
Termination benefits	**556,239**	-
Total emoluments of current and former members	**3,418,499**	1,952,859

The amounts of loans granted as at 31 March 2023 totalled €nil (31 March 2022: €nil).

Appropriation of the result for the financial year 2023
We propose to add the profit of €331m 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 2023 Annual Accounts of Tata Steel IJmuiden B.V.

Board of Directors

J. van den Berg, Chairman

T. Eussen

M. Plaum

IJmuiden, 13 October 2023

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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.

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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 2023 INCLUDED IN THE ANNUAL ACCOUNTS