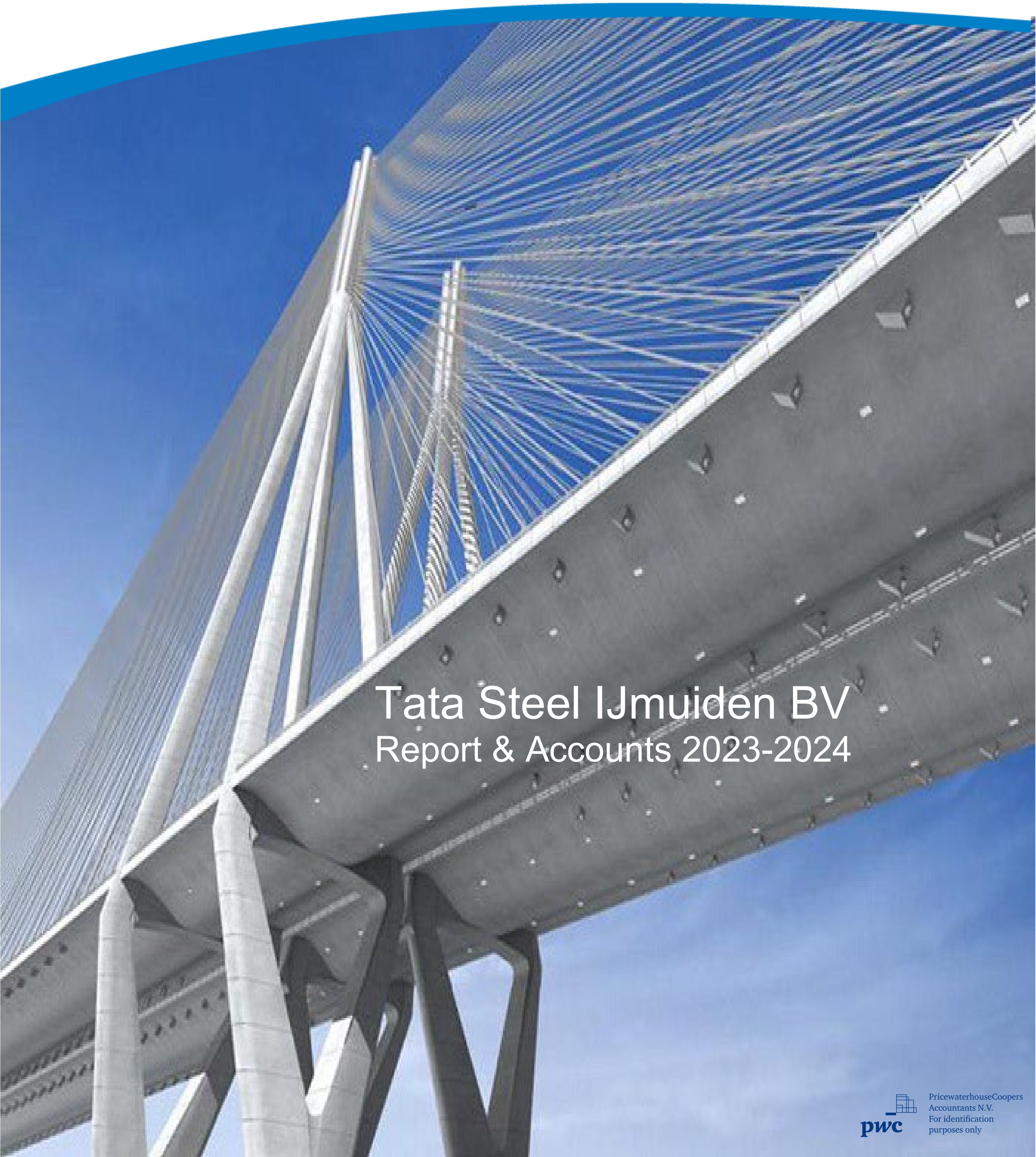
TATA STEEL

TATA



Tata Steel IJmuiden BV

Report & Accounts 2023-2024

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Contents

A. Report of the Board of Directors

B. Annual accounts 2024

C. Other information

D. Independent Auditor's Report

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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 2024 ('FY24'). TSIJ is a wholly-owned subsidiary of Tata Steel Nederland B.V. ('TSN'), a private limited liability company based in the Netherlands. TSN is a wholly-owned subsidiary of Tata Steel Netherlands Holdings B.V. ('TSNH'), a private limited company based in the Netherlands. The ultimate parent company is Tata Steel Limited (TSL), an India-based public limited company with shares listed on BSE Limited (formerly known as Bombay Stock Exchange Limited) in Mumbai and the National Stock Exchange of India, and with global certificates listed on the London and Luxembourg stock exchanges and is part of the Tata Group.

The Board of Directors hereby declares that, to the best of its knowledge, the Company's financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. The Board of Directors would like to express its gratitude to all TSIJ employees for their contributions and support in FY24.

Principal business activities

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

Strategic activities

TSIJ is committed to reducing greenhouse gas emissions and making value chains more sustainable. The year 2023-2024 was dominated by the decarbonisation of our steel production during the coming years, as well as taking steps towards greater circularity through increased use of scrap. By making this transition we aim to contribute to the ambition of the Paris Climate Agreement as well as the Dutch climate goals.

TSIJ is transforming its steel production in IJmuiden to a radically different process. In doing so, the use of coal will become obsolete. In line with the Dutch Climate Agreement and the Coalition Agreement, our ambition is to achieve a CO_2 reduction of about 40% as early as 2030. This compares to a CO_2 reduction of up to 5 million tonnes per year by 2030 (relative to the 2019 baseline of 12.6 million tonnes per year).

In order to drastically reduce CO_2 emissions, traditional blast furnaces and cokes and gas plants will be replaced with new DRI (Direct Reduced Iron) technology that produce pig iron using natural gas or green hydrogen when available. Not only do the new installations make green steel possible, together with the improvements from the Roadmap Plus programme they also reduce the burden on the environment. Our ambition is to start producing pig iron with DRI (Direct Reduced Iron) technology for the first time from 2030 onwards. This is a proven technology that also paves the way for production based on green hydrogen, as soon as it is sufficiently available at a competitive price. Expanding the production capacity of offshore wind energy is an important factor in this endeavour. By opting for green steel, we have started the biggest change in the history of our company. Within a few years, the IJmuiden site will look very different. An area of sixty football pitches within the terrain of Tata Steel IJmuiden will be transformed for this purpose.

We want to be a good neighbour who takes the concerns of its neighbours seriously. In recent years, TSIJ has achieved measurable reductions in its environmental impact with numerous new improvements under the Roadmap Plus programme. Further improvements are underway. We continue to engage with local residents, authorities, companies and other organisations to ensure that we are focusing on the right areas to minimise our impact on others in the community.

In June 2019, we launched the improvement programme Roadmap, with a wide range of additional measures to further reduce our environmental footprint in the surrounding area as much and as quickly as possible. This capital-intensive improvement programme is building on our previous improvements. Finalising this program will be one

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

of our main priorities in the coming year. At the same time, we continue to explore new opportunities to further improve.

Performance and macroeconomics

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

Economic Climate

The reporting period was a challenging year for TSIJ, with an operating loss of € 689 million (year 2022-2023: € 411 million operating profit). The downtrend in steel spreads seen in the last half of the prior financial year continued a downward trajectory in the current reporting period, reaching a bottom in October 2023 with historically low spread levels.

Low demand from the market in 2023 following the general economic slowdown in Europe resulted in lower deliveries and declining steel selling prices, while at the same time raw materials and energy prices stayed at elevated levels driving operating profit downwards. Also delays in project delivery had a significant negative financial impact.

In the reporting year TSIJ.NU was launched, an initiative that focuses on improving the operational and financial performance of Tata Steel IJmuiden. The initiative aims to increase throughput and utilise the full product portfolio resulting from the latest investments. The measures taken consist of improving our market position, reducing various fixed costs and working towards stable production. The focus is on ensuring readiness of all assets and sectors once Blast Furnace 6 is recommissioned.

From a broader stakeholder perspective, challenges also remained. Public concerns and enhanced supervision and enforcement by environmental regulators in relation to our activities at Ijmuiden continued during the year. Public concerns mostly related to emissions from our cokes and gas plants, which resulted in pressure on our licence to operate. We do our utmost to minimise impact, because these plants are part of our transition plan towards steel making using direct reduced iron technology and electric smelting. The stricter supervision and enforcement combined with the outcome of the investigation on the possibility to revoke the permit could impact the duration of the remaining operating time of the plant until decarbonisation of the IJmuiden site.

To realise our decarbonisation plans and ensure the long-term success and competitiveness of TSIJ, 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.

Global steel market

The slowing economic growth both in Europe and globally in 2023 has directly affected demand for our steel. It is determined by many macroeconomic factors, such as interest rates, conflicts and global production capacity.

The rise of central bank rates to fight inflation continued to negatively impact consumption and investments. Global GDP increased by 2.7% (2022: 3.1%). Inflation at 6.1% was lower than the 7.8% in 2022 but still significantly above levels seen in earlier years (2.9% in 2016- 2020). In China GDP growth was 5.3% (2022: 3.0%) as economic activity increased when the Chinese economy reopened following the pandemic shutdown. Growth in China was held back during the year by a weak property market with housing prices declining, which led to issues for real estate developers.

Economic growth in the EU decreased to 0.5% (2022: 3.6%). Monetary tightening and high energy costs limited growth. Output in the manufacturing sector was particularly low, whilst services provided more support to the economy, contrary to the post-pandemic rebound in 2021 during which manufacturing was relatively strong. Growth across the EU was uneven across the individual economies. Germany experienced a mild recession with -0.1% and France and Italy grew by 0.9% and 0.7% respectively.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Steel demand and production

Global steel demand declined in 2023 for the second year in a row by 1.1%, in line with the weak macroeconomic conditions, after -3.2% in 2022. Demand in China decreased by -3.3% (2022: -3.5%). This decline was mainly driven by the downturn in the Chinese real estate sector. Steel demand from the manufacturing sectors continued to grow. Chinese steel demand is gradually shifting from construction to manufacturing and from long steel products to flat steel products. Demand in the EU decreased by 10.0% (2022: -8.0%). Activity growth in the main steel-using sectors decelerated but remained slightly positive in 2023. Although construction output was negatively impacted by the high interest rates, especially for real estate, automotive output grew strongly due to a backlog of orders arising from supply chain disruptions.

In 2023 global steel production decreased by 0.2% to 1,848Mt (2022: -4.7%). Steel production in China decreased by 0.4% to 1,015Mt (2022: -2.6%) and equated to 55% of global steel production. In the EU production decreased by 7.3% to 126Mt (2022: -10.8%) as ~20% of blast furnaces were idled in response to lower demand for steel.

Raw materials and steel prices

The principal raw materials used in TSIJ's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) remained relatively stable in 2023 at US $ 120/t (-$1/t), with a low of US $ 105/t in May and a high of US $ 137/t in December. The hard coking coal spot price (Australia FOB) declined to US $ 296/t (-$69/t). In March of 2022 the price was at an all-time high of 594 US $/t due to the loss of supply from Russia as a result of the war in the Ukraine. The German benchmark scrap price (Sorte 2/8) decreased to € 340/t (-€ 74/t) compared to the previous calendar year. The price of CO_2 increased in 2023 to € 84/t (+€ 3/t), reaching an all-time high in February 2023 at € 92/t. Reform of the EU Emissions Trading System led to a reduction in the supply of permits which caused the price to rise. In the second half of 2023 the price declined mainly due to the weak economy reducing the demand for carbon allowances. The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in 2022 to € 713/t (-€ 193/t). In April 2022 the steel price was at an all-time high of € 1,346/t due to the loss of supply from Ukraine and Russia. In 2023 the price was relatively low due to declining demand for steel.

Trade

In 2023 imports of finished steel into the EU decreased to 25.6Mt (2022: 28.9Mt). Reduced demand and low margins made it less profitable for exporters to sell material in the EU. The market share of imports in the EU declined to 18.6% (2022: 19.7%). Steel-using sectors are increasingly sourcing steel from third countries. In 2022 the import market share was at a historical high. The EU remained a net importer of steel in 2023, which it became in 2015, with net imports of 16.0Mt (imports: 33.6Mt, exports: 17.6Mt).

Financial review

The year under review saw a challenging external environment primarily due to a weaker market and lower steel prices, especially in Europe.

TSIJ's revenue decreased from € 6,121 million in the financial year 2022-2023 to € 4,930 million in the current financial year 2023-2024. The decrease in revenue is driven by a 14% decrease in average revenue per tonne with the remainder, 6% on account of lower volume. The decline in average revenue per tonne is attributable to relatively low selling prices experienced during the reporting period.

The decrease in deliveries during the year was driven by lower demand, especially from European customers. The European economy performed weakly, affected by sharp interest rate hikes by the European Central Bank (ECB) to combat inflation. At the same time, industrial production was in decline. This economic environment led to a decline in demand, which resulted in lower deliveries and declining steel selling prices. Liquid steel production in the reporting year decreased by 1.52 MnT (24%) compared to the previous year due to the reline of the Blast Furnace 6 repair programme. The reduction in deliveries was less than the reduction in liquid steel production due to the utilisation of stock built up in the prior year in anticipation of the Blast Furnace 6 repair programme.

This, together with the delayed commissioning of Cold Mill 21 and a changed schedule in the preparation and execution of the Blast Furnace 6 repair programme due to delivery issues at third parties resulted in the operating result decreasing from a profit of € 411 million in the financial year 2022-2023 to a € 689 million loss in financial year 2023-2024. The result before taxation decreased from a € 429 million profit in 2022-2023 to a € 705 million loss in the reporting year. The loss after taxation amounted to € 516 million in this reporting period,

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

compared with a profit after taxation of € 331 million in the prior year.

Balance sheet

Capital and reserves (including non-controlling interests) decreased by € 498 million to € 2,866 million at the end of this reporting period. This consists of:

- A loss after taxation of € 516 million.
- Other comprehensive expenses for the year is mainly attributable to gains arising on cash flow hedges: € 18 million.

Weak financial results and significant capital expenditure resulted in a decreased cash and cash equivalents balance of € 250 million at 31 March 2024. Net cash flow from operating activities totalled € (213) million, a decrease of € 668 million compared with the prior year. Net cash flow from investment activities amounted to € (613) million (prior year: € (330) million). The outflow during the year broadly represents capex investments made in new and refurbished assets, Roadmap Plus investments and pursuing our decarbonisation strategy. Including movements in cash flow from financing activities and working capital, the net movement in cash and cash equivalents amounted to an outflow of € (581) million (prior year: € (18) mllion outflow).

Despite the reduced cash balance TSIJ maintained a strong balance sheet, with only a limited level of borrowing. No dividends were paid out in the reporting period (prior year: nil) and in agreement with our parent company excess cash is retained for investments in decarbonisation.

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

Capital expenditure

Capital investments in the reporting year were mostly directed towards refurbishment of the Blast Furnace 6 and reducing TSIJ's impact on its environment. The Roadmap Plus Program took a big step forward with the completion of the dust removal installation and the start of constructing the deNOx installation, both at the Pellet Plant. A new major Roadmap Plus investment being started this year is the windbreaker around the raw material storage, to reduce dust emissions. In the coming years, TSIJ will continue targeted investments to further enhance the offering to our customers and the reduction of emissions. TSIJ will also continue to invest in the technological shift required to enable the transition to carbon neutral, which will require significant long-term investments.

Prospects for 2024

In 2024, economic growth in the EU is expected to gradually accelerate due to a lowering of the bank rates as inflation normalises. However, the high interest rates will continue to impact the economy leading to a gradual recovery. In 2024 growth of 0.8% is expected for the EU. Economic growth is projected to return to the longer-term levels from before the pandemic by 2026. Output growth in the steel-using sectors is forecasted to be low in 2024 due to the tight monetary policy. A recovery in real demand is not foreseen in 2024, but a rebound of steel demand of 2.9% is expected due to restocking as the steel-using sectors start to anticipate higher demand for their products.

Stakeholder dialogue

TSIJ is committed to a continuous dialogue with its stakeholders. This is important in order to determine which topics are valuable to our stakeholders, and to gain support for our sustainability performance and plans.

The financial year 2023-2024 was again a challenging year for TSIJ. The company was often the subject of national debate, mainly with regard to its environmental performance. At the same time, to reduce its carbon footprint, TSIJ continues to advance the preparations for the first step in the biggest transition in its history: the transition from coal based steel production to ultimately CO2 neutral production of steel while also reducing its other emissions.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Changing societal expectations

As societal expectations are changing, TSIJ will need to adapt and adequately respond in order to maintain its societal licence to operate. This regards both the IJmuiden site's environmental performance and also the reduction of CO2 in view of climate change. Maintaining the social licence to operate requires thorough engagement with all of TSIJ's stakeholders, the most important ones being the local residents, followed by customers, employees, the Dutch Government, local authorities, our ultimate parent company TSL and our investors, experts, media, activist groups and many others. All of these stakeholders have a specific perspective on what the future of the company should look like. The health effects of economic activities is becoming increasingly important in our country and rightfully so. This was underlined by the Dutch Safety Board (DSB) in its report, published in April 2023, on the health effects of industry on local residents. In this report the DSB advises companies to be more proactive in further decreasing health risks for local residents by reducing emissions, even beyond permit requirements.

With regard to CO2 reduction, transitioning to sustainable steelmaking is highly costly. Similar to other European steel companies, Tata Steel is not able to transition to CO2 neutral steelmaking without substantial state aid from the Dutch Government.

Review Wijers and Blom

At the request of the Ministry of Economic Affairs an independent review by Mr. Hans Wijers and Mr. Frans Blom has been performed to assess various alternative scenarios for the future of TSIJ, including whether it is actually necessary to maintain steel industry in the Netherlands and if so, whether this should be an integrated site as Tata Steel IJmuiden currently is, or a substantially downsized site. In March 2024, the independent review concluded that the European economy is highly dependent on steel and that Europe imports more steel than it exports. Especially given the geopolitical tensions in the world, it is in their view desirable that Europe is able to make its own steel. The IJmuiden site's strategic location at the North Sea, where iron ore can easily be supplied, and with a fast connection to Germany, and the major plans to expand offshore wind farms on the North Sea, make the IJmuiden site an excellent location for steel making in Europe. Closing the IJmuiden site would lead to additional imports of grey steel and would therefore not contribute to CO2 reduction and fighting climate change.

DRP and EAF

As Mr. Wijers and Mr. Blom recognised in their report, there is no scenario for the IJmuiden site that is the optimal solution for each of the many stakeholders of the company separately. However, their report does show that TSIJ's proposal to build a Direct Reduction Plant, an Electric Arc Furnace and install coverages for raw materials achieves the desired CO2 reduction and will lead to a further decrease of nuisance for local residents by 2030.

Tailor-made government support

On May 28, 2024, the Dutch Parliament granted a negotiation mandate to the Ministry of Economic Affairs and Climate, to negotiate the terms of tailor-made government support to Tata Steel, subject to approval by the European Commission. Parliament adopted a motion calling on the Government to include adoption of the recommendations, including a further reduction of emissions, of the Expert Group IJmond as a firm condition for granting financial support.

It is the objective to finalise the terms and conditions for financial support before the end of calendar year 2024. The finalisation of the tailor-made government support will mark the first phase of TSIJ's transition to Green, Clean and Circular steelmaking and should also strengthen TSIJ's social licence to operate. In doing so, TSIJ will continue to closely liaise with its many stakeholders, including the local residents, customers, employees, the Government and local authorities and regulators. TSIJ is confident that in this manner, it will continue to add significant value to the Netherlands in more than one way, by making a substantial contribution to our country's CO2 reduction, boosting the sustainability transition in the IJmond region and thus driving innovation and developing expertise, creating employment, educating employees and contributing to the strategic independence of the Netherlands and the European Union.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Customer & Value

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

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

TSIJ has the ambition to support customers to be successful in their markets, with the ease of doing business being of utmost importance to us. We develop innovative steel solutions – products and services – within our own Research & Development (R&D), and through strategic R&D partnerships. For decades, we've prioritised enhancing our processes and products to facilitate the creation of sustainable end products and enable our customers to process our steel sustainably. Now, we're also working collaboratively to make our steel and supply chain more sustainable.

Innovations for a clean, green and circular world

Innovations are key in the business strategy of TSIJ, while we focus on sustainability. Aligned to changing customer demand, we are gearing our portfolio towards markets that reward steel with a lower CO2-intensity.

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

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

Assessing carbon footprint

In our ongoing efforts to reduce our carbon footprint, we conduct life cycle assessments (LCA) for our products. Throughout the financial year 2023-2024, our primary focus was on updating environmental product declarations. Additionally, we provided support for our commercial teams in addressing sustainability inquiries and staying informed about policy and technical standard developments.

Sustainability in our steel

With Zeremis Carbon Lite, customers of TSIJ can already take responsibility for decarbonising their own steel value chain and building their green brands. Zeremis - short for zero emissions - is our brand that represents the journey TSIJ is taking with customers towards a zero-carbon emissions, circular world. The brand introduces several low carbon steel propositions, of which the first, Zeremis Carbon Lite, was launched in 2022.

Our customers achieve CO2 savings based on measured and assured CO2 emission reduction projects in the supply chain at TSIJ. Zeremis Carbon Lite is an insetting scheme, purely mass balanced, delivering decarbonisation of our customers' supply chain. CO2 savings realised from our carbon reduction projects are all independently checked and assured against a baseline set by Det Norske Veritas (DNV GL). The assurance statement, describing the exact project details and project results, and CO2 savings go into our carbon bank, which is then available for our sales team to sell to customers. Greenhouse gas reductions apply within the direct value chain, so the CO2 savings have happened in the process route related to the product purchased.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Research & development

At TSIJ, we create value through innovation. Our Research & Development (R&D) department continually supports our business units by optimising processes and ensuring consistency in the quality of our products. This year, our innovations have led to multiple process improvements, new product developments, and newly filed patents.

Our transition to green steelmaking requires fundamental research in every aspect of the adjusted steelmaking process. A great deal of this research is carried out in close contact with the academic world. This cross pollination increases the impact of our own research and gives us access to fundamental knowledge and the newest technological developments. It also ensures societal relevance and engagement. To ensure the best possible utilisation of our products, we extensively sample, test and characterise the behaviour of all our products.

Focus areas

Throughout our entire organisation, people contribute, whether in a big or small way, to the implementation of our strategy towards green, clean, and circular steel. Besides this, TSIJ has dedicated staff to research on decarbonisation, and also works with multiple partners in institutes and academia. We also have been awarded a substantial Dutch and European subsidy in support of this extension to our R&D programme, underlining the importance placed on this work by society. Next to decarbonisation, we commit to clean production processes with maximised scrap input, enhancing our contribution to the circular economy.

Environment & Community

At TSIJ, we are conscious that our activities have an impact on local communities and the environment as a whole. Therefore, we are transitioning to running our business with the least possible impact. With our Roadmap programme (started in June 2019) and our decarbonisation strategy, we strive for green steel production in a clean environment.

We want to further reduce the impact of our processes on our environment. To this end, we have taken numerous measures. Now that many of them have been delivered, we can measure whether they are indeed having the effect we aimed for. It is our responsibility to deliver on the Roadmap Plus promises.

Results financial year 2023-2024

- The emission of particulates and heavy metals has decreased and will decrease much further in 2024 due to the commissioning of the dedusting facility at the Pellet Plant in December 2023. Measurements will be carried out from 2024 onwards. This means that we can verify the expected results later in 2024. In addition to this, fume extraction forge hoods were installed at the Steel Plant and cast houses at the blast furnaces.
- Following the successful completion of the Pellet Plant's dedusting facility, work has commenced on the construction of the deNOx installation to reduce nitrogen oxide emissions.
- To reduce dissipation of raw material particles (dust), we are currently building a windbreaker of about 1 kilometer long and 18 meters high along the site perimeter.

How we measure emissions

TSIJ has measurement specialists who carry out measurements in all environmental sub-areas. Measurements are carried out for all plants within the TSIJ organisation. Our commitment to quality improvement of measuring is long standing; in collaboration with stakeholders and experts, we continually strive to enhance our processes and take on new initiatives.

Licensing authorities, measurement and monitoring programmes and the reporting of environmental incidents require demonstrable independence. We have therefore gone through the Council of Accreditation (RvA) process for various measurement operations. This not only signals that our measurements pass the test of independence, external clients of TSIJ can also use this to prove that they have their measurements carried out by an independent body. We also use external agencies to have measurements carried out. The accredited operations cover almost all environmental sub-areas. We conduct investigations into soil, groundwater, residues, water, odour, air and noise. The results of the operations are recorded in measurement reports. The data are used in measurement and control programmes and process optimisation. Measurement reports are also required for licensing obligations and environmental incidents. We have completed the accreditation process for various operations and obtained the accreditation certificate (L595). We carry out our work according to an established quality

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

assurance system, in accordance with NEN-EN-ISO/IEC 17025.

External research on our impact in the area

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

In March 2023, the Dutch National Institute for Public Health and the Environment (RIVM) published a report on the deposition (precipitation) of substances in the immediate surrounding of our IJmuiden site. On this basis, RIVM concluded that, compared to the first report two years earlier, a significant decrease in iron could be demonstrated. However in the dust that settled in the vicinity of Tata Steel IJmuiden, RIVM did not see a decrease in PAH (Polycyclic Aromatic Hydrocarbons) and metals. In its study, RIVM did not investigate the origin of the precipitated dust and therefore refrains from making any statements about the effects of the various environmental measures that Tata Steel has taken in recent years.

Another report published in September 2023 by RIVM, related Tata Steel's emissions to the increased impact of nuisance and illness for IJmond residents. The report confirms that our emissions comply with legal limits. However, the report also estimated that emissions of particulate matter and nitrogen dioxides reduce the average natural life expectancy of people living in Wijk aan Zee by 2.5 months, with the detrimental effects diminishing further away from the IJmuiden site. This raises the question of whether Tata Steel IJmuiden should be subjected to stricter standards than the current legal limits, to achieve greater health benefits. In response to these findings, and also considering the community's calls for additional measures, we are already taking proactive steps, for example by implementing our Roadmap Plus programme.

The report has highlighted key areas for reducing the health risks to residents and improving the quality of their living environment. According to the research institute, particulate matter and nitrogen oxide are the main sources of these effects to health, more so than the emissions of PAHs and metals. Therefore, according to RIVM, health benefits can primarily be achieved by targeting further reductions in the emissions of particulate matter and nitrogen dioxide. This is where our Green Steel Plan comes in, which was also adapted following these findings.

Advisory report Expert Group

In February 2024, the Expert Group Health IJmond presented its initial advisory report to the State Secretary of Infrastructure and Water Management, Mrs. Heijnen. The expert group was established by the State Secretary following the publication of the earlier RIVM report in September 2023 (see above). The expert group subscribes to the necessity to improve the living environment, with a sense of urgency.

The work done and advice provided by the expert group are important to our plans and measures. Our efforts are focused on minimising the impact of our operations on the environment and local residents as much as possible, with health being of utmost importance. To us, these recommendations are crucial as we plan for the realisation of our future transition to clean and green steel.

Supporting local initiatives

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

Decarbonisation & Sustainability

TSIJ is committed to reducing greenhouse gas emissions and making value chains more sustainable. The year 2023-2024 was dominated by the decarbonisation of our steel production during the coming years, as well as taking steps towards greater circularity through increased use of scrap. By making this transition we aim to contribute to the ambition of the Paris Climate Agreement as well as the Dutch climate goals.

At TSIJ, we work to further reduce our CO2 emissions each year. For example, since 1990 we have already achieved a reduction of approximately 15% per tonne of steel. With this commitment, we continue to quicken our pace. On our way to green steel, we are taking major steps towards carbon neutral

pwc PricewaterhouseCoopers Accountants N.V.
For identification purposes only

production. In addition, we not only reduce emissions on our sites, but also throughout the value chain - together with our suppliers and customers.

Our company accounts for 8% of all CO2 emissions in the Netherlands. We feel a great responsibility to reduce this percentage as quickly as possible and make a relevant contribution to the Dutch climate objectives. Our steel production is responsible for over 11 million tonnes of CO2 per year, the majority of which arises during the making of pig iron at the beginning of our production process. Half of this is emitted through the steel production itself. The other half arises from captured production gases that we route to neighbouring power plant of Vattenfall. With these residual gases, Vattenfall produces electricity that is sufficient for our company's yearly average electricity needs.

There are indirect greenhouse gas emissions that arise from the production of purchased electricity. At Tata Steel IJmuiden we have close cooperation with the nearby Vattenfall power plants where, already since 1920, the residual gases from our steel production are used to generate most (if not all) the electricity we need. Due to the repair of Blast Furnace 6, this year the production of Vattenfall could not fully cover our electricity needs and we had to import additional electricity from the national grid.

Government support

To realise our decarbonisation plans and ensure the long-term success and competitiveness of TSIJ, 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, TSIJ 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. Any government support will be captured in a so-called 'Maatwerk' support (a tailor-made support) package. In October 2022, TSIJ submitted a request for Maatwerk to enable the first phase of its decarbonization plan, which is to be completed by 2030. An improved Green Steel Plan with an enhanced focus on reducing the impact on our environment and making TSIJ more circular was submitted to the Dutch government in November 2023.

Improved Green Steel Plan

In the year under review, we conducted several surveys and collected input to further improve our Green Steel Plan. These included participation meetings where local residents could share their ideas. In the adjusted plan, we have put a lot of emphasis on further reducing emissions and nuisance for the surrounding area. In addition, the plan contains important health measures, including further reduction of fine dust and nitrogen emissions. This was also one of the recommendations of the previously published. In November, we submitted this amended plan to the Ministry of Economic Affairs as part of the Maatwerk (tailor-made) approach. On April 26, 2024 came the confirmation from the Dutch cabinet that it has a mandate to negotiate with TSIJ regarding the Maatwerk support. Together with the continued support from our parent company Tata Steel Limited, we hope to make great progress in the coming year towards concluding a Maatwerk support package. In the meantime, 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.

Energy saving and reuse is a constant theme

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

Energy conservation is a key topic in making our steel company more sustainable. We reuse nearly all the recovered waste gases, either in our own processes or at Vattenfall's power plant, which supplies electricity to the site in IJmuiden. Waste heat is recovered to increase process efficiency and generate steam, reducing the need for fuel in steam boilers.

The year 2023 marked the start of a collaboration with the provincial authorities on energy efficiency. In alignment with the local 'Noordzeekanaalgebied' Environmental Agency, we have developed an energy savings agenda for 2024-2027, yielding 50+ projects across the site. In the process, a thorough analysis of 3000+ motors was executed throughout the different business units, yielding various improvement measures.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Being economical with natural resources and energy

TSIJ strives to use raw materials and energy as efficiently as possible. Many substances released during our processes are reused. Not only does this yield business economic advantages, but we also save on natural raw materials, reduce our CO2 emissions and prevent the generation of waste.

For the production of 4.8 million tonnes of liquid steel in the reporting year, Tata Steel needs about 9.53 million tonnes of raw materials. In this year, Tata Steel was able to reuse more than 1,011 kilotonnes of residual material, and therefore did not have to purchase a comparable quantity of raw materials. In addition, we are using more and more scrap. Scrap from third parties contributes to the reduction of CO2 emissions in our production. It only needs to be melted down, which requires significantly less energy than primary steel making.

A large part of the used scrap comes from the metal processing sector, the demolition sector, the waste processing sector and TSN downstream sites. Scrap also comes from our own production. This is mainly regarded as a loss of efficiency, in which scrap is loosed out earlier in the production. We make every effort to reduce this as much as possible, to recover all lost material from production and reuse it in the production of steel.

We reuse the captured residual gases from our own processes in order to reduce the consumption of natural gas. The rest is converted into electricity in the Vattenfall power plant in Velsen-Noord and the site in IJmuiden.

Green steel changes recycling

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

When the first blast furnace and cokes and gas plant shut down in 2029, the resulting residual flows of blast furnace gas and coke gas will cease as well. These gases are currently still fully used for energy production in the nearby energy plant of Vattenfall that provides electricity in return. Therefore, we will prioritise sourcing energy from renewable sources such as green electricity or, when necessary, natural gas. For example, we have concluded an agreement with TenneT for a direct connection to the national grid for green electricity.

People & Society

TSIJ is a company with a social heart. We honour our employees for their pivotal role in shaping our company's identity. As we embark on the journey towards green steel production, we uphold this legacy. Our workforce, comprising almost 9,000 skilled individuals, reflects our dedication to diversity and readiness for a green, clean and circular future.

TSIJ is committed to fostering a positive work environment that values cultural diversity and inclusivity. Ensuring the safety of our employees remains our utmost priority. As part of our efforts to promote sustainable well-being and employability, we invest in employee vitality programs and provide training opportunities.

Our people at the heart of our efforts

TSIJ employs highly specialised and motivated staff. Many of our colleagues have long service records and many even have even trained at our own Academy. We deem it our responsibility to keep all our employees motivated and contribute to their vitality, safety and well-being. To be able to invest in new ways of steel production now and in the future, we need to remain competitive and profitable. TSIJ is therefore taking tough measures, including a restructuring of our organization that will result in the reduction of 580 jobs in IJmuiden. This mainly concerns people in management and support positions.

The redundancies are not taken lightly, and they are to be managed by applying the Employment Pact. Its objective is to guide the employees concerned from 'job to job'. Various instruments have been agreed for this process. These instruments are individually focused and used in close consultation with the employee. The core of the reduction strategy is to find good solutions for as many colleagues as possible.

Social contract

The transition to low carbon steel making activities means that in ten years' time the Tata Steel IJmuiden site will look completely different. Some installations will disappear entirely and new installations will have been built. To offer longer-term

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

prospects to our colleagues working in installations that will be closed, TSIJ agreed the Green Steel Social Contract with the trade unions during the financial year 2022-2023. This created a clear outlook for employees whose jobs will eventually disappear as a result of the transition. Information sessions were held for all affected employees in which the unions and management explained the Green Steel Social Contract. The next step is to look for tailor-made solutions for every individual affected. There will also be a financial incentive for employees who continue to work at their respective installations until closure.

New collective agreement

In October 2023 members of all four unions accepted our proposal for a new collective agreement (CAO). The collective agreement runs until March 31, 2025.

Arriving and leaving work, safe and in good health

The industrial conditions of our steel plant in IJmuiden constantly place high demands on the health and safety of our employees and contractors. Our Health and Safety management system ensures that a structural effort is made to protect people from work-related risks, thereby preventing personal injury, unsafe situations and accidents, as well as exposure to hazardous substances.

To further improve the level of safety on our sites, we are implementing an additional strategy to create a proactive safety management culture regarding unsafe behaviour. In addition to keeping an eye on incidents (safety issues), we create more focus on the positive aspects of safety: the circumstances and moments in which work runs smoothly and safely. In that way we look for causes and conditions that contribute to safe operations. As a result of this, risks are eliminated. Next to this we pay attention to role responsibility, as well as continuing to manage risks and maintaining dialogue regarding healthy and safe working practices. An important aspect of this strategy is safety awareness among employees, regarding both themselves and their colleagues, and associated behaviours and communication. With this approach, we also link up with the three leadership principles, Care, Connect & Change, in underlining the responsibility of the individual for safety.

Vital employees contribute to a future-proof steel company

Our challenges are diverse and numerous. Therefore, TSIJ relies on energetic, motivated and competent employees. However, we are dealing with an ageing workforce, increased flexibility in the labour market and work that is increasingly technologised. This is why sustainable employability is receiving increasing attention at all levels.

People are Tata Steel's most important asset. Tata Steel wants them to be able to do their work safely and in a healthy manner and to enjoy their work. Sustainable employability therefore is one of our spearheads, with efforts focusing on health, competencies and norms and values at an individual level.

Diversity and inclusion are of strategic importance

Besides being of social significance, diversity is also of strategic importance. When our people represent a fair reflection of society and all of us feel recognised and involved, we can count on the best possible decision-making and more innovative power, as well as having greater appeal as a company on the labour market and better retention of employees.

Tata Steel IJmuiden runs a programme to encourage and promote diversity and inclusion. The aim is to make all employees feel equally important and valuable regardless of their cultural background, age, religion, gender (identity), disability, sexual orientation or any other difference.

At this moment, the Board of Directors doesn't comply with the Law for balanced representation between male-female in boards, in force since 1 January 2022. When changes to the Board are made in the future, TSIJ will take this regulation into account.

Continuously increasing the quality of our staff

Numerous training programmes are organised at TSIJ. Our training centre, the Academy, is open to employees of all levels and we welcome 170 new technical students every year. We actively collaborate with nearby schools.

The technical vocational studies at Tata Steel Academy are highly rated by Keuzegids, an independent consumer guide that compares the quality of all further education programmes in the Netherlands. Our students' graduation rate surpasses the national average by a significant margin. Running for almost 85 years, our company school is the oldest of its type in the Netherlands. Almost half of our technical employees working in our factories started here. The technical vocational studies continue to enjoy great popularity. Each year, the

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Academy receives more applicants than we have places for. Our external partner Nova College provides the theoretical tuition for the Academy students, whilst Tata Steel provides practical training. Upon achieving their vocational qualification, students are guaranteed a job at Tata Steel. In addition to secondary school students, we welcome mature candidates. More than 80% of academy graduates still work at Tata Steel after ten years.

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.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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.

Environment

Risks

The businesses of TSIJ are subject to numerous laws, regulations and commitments relating to the environment and regulatory compliance in the countries in which they operate. TSIJ has policies, systems and procedures in place aimed at ensuring compliance with regulations and permits. There is a strong commitment from the Board of Directors to continuously enforce compliance and to minimise the impact of the operations on the environment. Dedicated resources continuously drive improvement in TSIJ's environmental performance.

Tata Steel IJmuiden produces within the framework of its environmental permits and this is recognised by the various authorities. It is also known that the air quality in the area around the site is within the limits of Dutch regulations. Nonetheless, regular investigations in the surroundings of the site are carried out by the National Institute of Public Health and the Environment (RIVM) and the Public Health Service (GGD). The Dutch Safety Board (OVV) also conducted an investigation.

On 13 april 2023 the OVV published its report of the investigation of the situation around Tata Steel (IJmuiden), Chemours (Dordrecht) and Asfaltfabriek Nijmegen (APN). The OVV concluded that the health of people living close to industrial facilities deserves better protection from companies, local government authorities and environmental agencies. Local governments and environmental agencies lack the resources to ensure that companies are compliant with existing standards and regulations and reduce industrial emissions. They also do not systematically assess risks to health, and do not always have a full picture of the scale of emissions.

On 22 September 2023 the RIVM published its report on the investigation of the extent to which the substances emitted from the site of Tata Steel IJmuiden – at the levels they are currently being emitted into the air – affect the health of local residents. This was done by examining the effects of multiple substances and dust, noise and odour nuisance, all considered in conjunction with one another.

The RIVM concluded that the emissions from the Tata Steel site contribute to the quantities of particulate matter, nitrogen dioxide, polycyclic aromatic hydrocarbons (PAHs) and metals in the immediate surroundings and that these remain within the framework of its (environmental) permits. In particular, the emissions of particulate matter and nitrogen dioxide and dust, odour and noise nuisance increases the likelihood of adverse health effects. According to the RIVM, the current level of emissions is putting people who live in the IJmond region at an elevated risk of disease. The risk of adverse health effects is largest in Wijk aan Zee. The effects become less pronounced further away from the Tata Steel IJmuiden site.

One of the areas of concern is that the Environmental Agency has placed the cokes and gas plants under intensified supervision and expressed its intention to have investigated whether from a legal point of view the permit of the cokes and gas plants can be revoked. In the meantime, the Environmental Agency to date imposed and forfeited seven recovery decisions under the 'penalty under threat'. Under the penalty under threat a recovery decision is forfeited upon the occurrence of a so-called 'green push' at the cokes and gas plants. It is TSIJ's opinion that it is impossible to fully prevent green 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. The stricter supervision and enforcement combined with the outcome of the investigation on the possibility to revoke the permit could impact the duration of the remaining operating time of the cokes and gas plants until decarbonisation of the IJmuiden site.

Mitigating factors

According to the RIVM report of September 2023 the greatest health gains can be achieved by reducing emissions of dust, odour, noise, particulate matter and nitrogen oxides, thus reducing exposure in the living environment. Further health concerns can be addressed by reducing the emissions of

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

PAHs, lead and SO_2. TSIJ's Roadmap Plus investment programme which started in 2019 is aimed at improving the local environmental performance in areas such as dust, noise and odour. Construction of the dedusting installation for the Basic Oxygen Steelmaking and Pellet Plant has been finalised. These, among other installations, will reduce the emission of lead, heavy metals and dust significantly. The erection of a windshield (18 metres high) to prevent dust from spreading beyond the premises of Tata Steel IJmuiden has started. Phasing out the CGPs is part of TSIJ's decarbonisation strategy. In the meantime, the risks of green pushes are being mitigated as much as possible by applying every possible measure including tight operational controls, the use of advanced data analytics and ongoing refurbishing of oven walls.

TSIJ's Green Steel Plan is a first step in it's commitment to producing green steel in a clean environment in the Netherlands. To address local environmental and health concerns, several measures have been included in the Green Steel Plan, which is subject to the granting of Maatwerk by the Dutch government. Specifically, TSIJ aims to reduce its emissions in the RIVM priority areas by 2030:

- Particulate matter and dust: covering the raw material field related to Green Steel route to reduce dust and particulate matter emissions
- Noise: (i) Covering the scrap yard to reduce noise emissions, (ii) adress tonal and peak noises, and (iii) extend the noise measuring system.
- Nitrogen dioxide: achieving reduction in alignment with the government's ambitions for the Dutch industry.

Implementing the measures for particulate matter and noise will help TSIJ exceed current legal requirements, with progress depending on government support for the Green Steel Plan. Regarding other environmental emissions (e.g., on PAHs, heavy metals (lead) SO_2), TSIJ will structurally reduce these emissions through implementation of its planned measures and phase 1 of decarbonisation strategy.

Climate change and decarbonisation

Risks

TSIJ is subject to a wide range of government policy measures to incentivise the reduction of greenhouse gas emissions. The most important is the European Union Emissions Trading System (EU-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 TSIJ, considered to be at significant risk of CO_2 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.

The steel industry is a hard-to-abate sector because it is highly capital-intensive and highly competitive on a global scale. An important factor is that coal is not used as a fuel (a heating agent) but as a reductor. In the process of steelmaking, carbon is necessary for the chemical reaction to produce the iron that will be further processed to create steel. Therefore, efficiency gains cannot sufficiently reduce CO_2; the required reduction can only be reached through an entirely new process with another reductor (natural gas and, when sufficiently available at competitive cost, hydrogen). This requires significant capital investments that the steel industry cannot make on its own, as is evidenced by the fact that TSIJ's EU competitors all receive significant state aid for their decarbonisation programmes.

The steel industry is one of the sectors with the highest risk of carbon leakage. The Netherlands Environmental Assessment Agency (PBL) has expressed clearly that "to avoid carbon leakage, internationally harmonised policy is an important ingredient of successful mitigation in the hard to-abate sectors, specifically in industry, aviation and shipping". Therefore, steel-producing companies under the EU-ETS receive free allowances up to the level of the relevant benchmarks. This creates a level playing field with importers that do not have a similar cost as EU steel producers.

In addition, current Dutch policies (fiscal and other) are deviating from those of other member states, resulting in a significant cost disadvantage for TSIJ versus its European competitors. Furthermore, there is significant public and political pressure to reduce the amount of these tax exemptions and the degressive tax system discounts ("fossil subsidies") related to coal, gas, and electricity production and consumption, as well as discounts on electricity network costs for the Dutch industry. The impact of these changing policies on TSIJ's competitive position and future earnings can be significant.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

Mitigating factors

The EU Carbon Border Adjustment Mechanism (CBAM) will help protect European steel producers from imports by countries that are not subject to the same level of CO2 taxes. However, CBAM in its current form will adversely affect the competitiveness of exports outside Europe. TSIJ has the ambition to reduce its CO2 footprint significantly by 2030 and become CO2 neutral by 2045. This is embedded in TSIJ's strategy to become a 'clean, green and circular' steel company and involves the replacement of Blast Furnace 7 and Cokes and Gas Plant 2 by 2029 as a first major milestone. As a result, CO2 emissions from the steelmaking process will reduce considerably. Also, increased levels of recycled scrap metal will be used to enable steelmaking in IJmuiden to become more circular, thereby further reducing CO2 emissions. TSIJ 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. In this process TSIJ continues to re-emphasis that, in the initial energy transition phase and within that specifically in the shift to increased natural gas usage for the DRP (Direct Reduced iron Plant), TSIJ could be impacted significantly by the new fiscal policy of the Dutch government.

The ability to realise TSIJ's 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 and hence we continue to work closely with all relevant stakeholders. The Ministry of Economic Affairs and Climate Policy engaged Mr. Wijers and Mr. Blom to advise the Ministry on the best decarbonization scenario for the IJmuiden site. In the report, sent to the Dutch Parliament on 28 March 2024, various decarbonisation scenarios, including TSIJ's Plan of Record of EAF-DRP, were researched. Wijers and Blom note the importance of TSIJ for the Dutch economy and the strategic autonomy in Europe. They also note the need for speed as regards TSIJ coming to an agreement with the Dutch government.

The Ministry of Infrastructure and Water management installed the Expert Group IJmond, which under the leadership of Professor Marcel Levi has assessed to what extent the Green Steel Plan will contribute to further reduction of emissions in the IJmond region and has advised that stricter regulatory measures will be needed. The Expert Group IJmond report shows that there is a licence to operate for Tata Steel in IJmuiden, if the health effects are addressed sufficiently with additional measures. With these reports, TSIJ and the Dutch government can move forward in their ambition to decarbonise circular steel making, noting that as part of the tailor-made government financial support, a further reduction of emissions beyond the current regulatory framework is necessary.

The process to obtain permits to build the new installations for the first phase of decarbonisation of the IJmuiden site has started and we are actively engaging with local communities as part of the participation process.

TSIJ's workforce

Risks

Over the last years, the labour market has become increasingly tight in several European countries, including the Netherlands. This is mainly caused by the impact of an ageing population on the labour market. Staff shortages are therefore also a risk to TSIJ throughout all function areas in the organisation, and in particular in those areas of expertise, such as engineering and IT, in which demand for qualified personnel is high. TSIJ's transition will further increase the need for engineers and other specialists.

Mitigating factors

TSIJ's human resources strategy is directed at having the right workforce to successfully operate the current assets, and for the construction and operation of the future decarbonisation assets. TSIJ's strategy to transition to carbon neutral production makes TSIJ an employer of choice for those wishing to contribute to a cleaner and more sustainable living environment and who want to be part of one of the largest and most advanced sustainability projects in the Netherlands. Active communication strategies are deployed explaining 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 plays a major role in the recruitment and education of TSIJ's employees. Through the Tata Steel Academy, TSIJ provides training programmes and vocational education for future

PricewaterhouseCoopers Accountants N.V. For identification purposes only

technical and engineering employees. The Academy offers management and other training courses as well as position-oriented training. It is also a company school for vocational training. After having obtained a diploma, employees are offered a position at TSIJ.

Trading in the global steel market

Risks

Over the past few years, there has been an observable trend towards increased protectionism on a global scale, with countries around the world increasingly looking to protect their own economies from external threats and competition. In addition, the world has witnessed a surge in instability and conflict, particularly in regions such as Ukraine and the Middle East. These conflicts have contributed to a sense of unease and uncertainty in the markets. The prevailing trend of protectionism is predominantly reflected in the imposition of tariffs and anti-dumping measures. In addition to the European market, TSIJ has a longstanding presence in the US steel market where the U.S. Section 232 tariffs are still in place. Selling steel to the US market implies that trade cases may occur.

The persistent overcapacity in China and emerging excess capacity in the countries part of the Association of Southeast Asian Nations combined with the slow-down in the global economy and more closed markets result in carbon-intensive steel exports increasingly being redirected towards the European market. TSIJ operations are predominantly based in Europe, which is a relatively high-cost area where growth of demand for steel products is lower than in developing parts of the world. This, combined with increasing costs from climate change requirements and raw materials and competition from alternative materials, challenges TSIJ’s long-term competitiveness. Fair trade principles and a level playing field are of critical importance for TSIJ in general and certainly in the (costly) transition to decarbonise it's steelmaking activities. Whilst the current EU Trade Defense Instruments (TDI) were improved, the mechanism still works too slowly to effectively protect the industry against unfair prices.

Mitigating factors

TSIJ's 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. Furthermore, TSIJ is developing several initiatives, including cost-reduction measures and business specific improvement plans to maintain cost effectiveness. TSIJ continues to monitor import activity (volume and prices) and works with Eurofer (European Steel Association) to monitor the need for additional trade defense measures to protect the European steel industry from being hurt by dumped steel imports. In addition, TSIJ sees a continuation of current EU safeguards measures beyond June 2024 as an absolute necessity.

The European Union developed the CBAM mechanism to put a fair price on the carbon emitted for the production of carbon intensive goods. TSIJ recognises the importance of CBAM in ensuring a level playing field for EU steel and welcomes its implementation. However, the uncertainty surrounding the exact functioning of CBAM remains a concern.

Raw materials and supply chain

Risk factors

TSIJ has no captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies depend largely on worldwide supply and demand relationships, notably in respect of iron ore, metallurgical coal and scrap. Geopolitical developments, changes in market dynamics and volatility in raw material prices may pose risks to availability of raw materials that may lead to higher costs/cash outflows and working capital. Supply delays or disruptions of raw materials come and go continuously due to production backlogs at mines and load ports. Major incidents such as derailments and fatalities can stop a supply chain completely once or twice a year and issues with vessels such as quarantine or engine failure can also occur. Cargo timing adjustments and additional purchases are made on a weekly basis. Finally, emerging ESG norms may have an adverse impact on supply chain performance.

Mitigating factors

To guarantee a reliable supply of coal, the company sources from a diverse range of locations. This helps to mitigate the risk of geographical concentration. TSIJ has implemented a Responsible Supply Chain Policy Framework, which is enforced to ensure that suppliers throughout the supply chain adhere to ethical and sustainable standards. Coal and iron ore prices are closely linked to steel prices. Therefore, when there are changes in the prices of coal and/or iron ore, adjustments are made to steel prices. To manage the risks associated with commodity price fluctuations, TSIJ employs financial

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

instruments for commodity hedging. This practice is restricted to underlying exposure across the entire group.

Digital resilience

Risks

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. For existing hardware and operating systems, maintenance is required to address identified vulnerabilities via adequate and timely maintenance.

Mitigating factors

TSIJ has a dedicated Information Security Department that monitors its 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 and core network components.

A top-10 cybersecurity risk programme has been executed to address the Life Cycle Management backlog of the IT estate (including OT – Operational Technology Systems) and fast-track the implementation of the required network architecture. The activities from the program will continue under business as usual operations where the focus will be extended to improve the response capabilities.

For new and obsolete hardware and operating systems, processes are in place to constantly liaise with IT service providers regarding continued availability of support and skills for databases and programming languages, resulting in the decrease of high impact incidents in IT. Increased IT support from TSIJ’s external IT partners in both capacity and capability is used to mitigate the risks to business continuity because of obsolete IT systems.

Operations

Risks

The disruption of TSIJ’s 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.

Mitigating factors

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 and delivering improved insight into the assets in relation to reliability, failure and risk. Under the improvement programme TSIJ.NU structural improvements to IJmuiden Operations are undertaken.

Legal and Compliance

Risks

TSIJ 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 of 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 2

In a protracted infringement case initiated by a competitor of Tata Steel IJmuiden, a court in Germany decided on 9 May 2023 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 IJmuiden no longer produces or sells this specific steel grade.

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. The investigation of the Public

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Prosecution Service is continuing. It is unknown when a decision will follow.

Claim

By letter dated 23 August 2023 the foundation Frisse Wind.nl holds (the directors of) Tata Steel IJmuiden B.V. liable on behalf of a large group of persons, claiming damages based on tort, whereby reference is made to art. 8 of the ECHR (European Convention on Human Rights). A meeting took place where on behalf of Tata Steel IJmuiden liability was rejected.

Mitigating factors

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

Tata Steel IJmuiden has appealed against this ruling. The hearing will take place on 11 July 2024.

Risks

TSIJ is subject to a wide range of changing legislation and regulations. This concerns two focus areas: energy at the national level, and the Carbon Adjustment Border Mechanism (CBAM) at the European level.

The risk of deteriorating energy legislation can be attributed to several factors, including increased network costs, phasing out of energy tax exemptions, loss of CO2 credits and tax increases for electricity, coal and natural gas usage. These measures are aimed at helping the Dutch government recover its heavy investments in grid connections and incentivising end-users to reduce their greenhouse gas emissions. It is important to note that these measures may materialise over the next few years and TSIJ as an energy-intensive industry player, is highly sensitive to energy legislation. The implementation of local measures, such as outlined above, may negatively impact on TSIJ's profitability and lead to an uneven playing field within the European Union. Therefore, it is crucial for TSIJ to closely monitor developments in energy legislation and take appropriate mitigating actions accordingly.

The European Union has committed internationally to its 55% reduction target for emission of greenhouse gases in 2030. The "Fit for 55" amends several pieces of legislation, including the CBAM. As part of the European steel industry, TSIJ is exposed to EU Emission Trading System (EU-ETS) regulations, which prices CO2 emissions. To limit disadvantages against global competition in relevant sectors that are impacted by the EU-ETS regulations, the European Commission has imposed CBAM. However, the effect of CBAM regulation and design adjustments are uncertain, which could affect profitability through deterioration of the competitiveness of the European steel industry in the global context.

Mitigating factors

TSIJ is actively engaging in conversations with government institutions to adjust the development of energy legislation in a way that could be favourable to its operations. In addition, TSIJ is implementing internal organisational optimisations in collaboration with internal and external stakeholders. This includes closely engaging with Transmission System Operator and internal operational optimisation.

TSIJ actively lobbies to influence the design of CBAM implementation in a way that is most effective for TSIJ's operations and profitability. This may involve providing feedback to both the European Commission and industry organisations and engaging in discussions with other industry players to advocate for a more favourable CBAM design. TSIJ includes CBAM in negotiations with customers to ensure that it can maintain profitable pricing levels. TSIJ is actively engaging with government agencies to address design adjustments that support the effectiveness of CBAM implementation.

Fraud

Risks

Unethical behaviour, loss of integrity and non-compliance with legislation by TSIJ employees leading to significant fines and damaged reputation of TSIJ.

Mitigating factors

The risk of fraud is captured by the Risk Management Process, which is reported quarterly to the TSIJ Board of Directors.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

TSIJ has a compliance management framework in place to manage the key legal compliance risks, such as bribery and corruption. In the financial year TSIJ's Audit & Assurance department organised a series of Business Ethics and Fraud Awareness trainings and has been supporting TSIJ Legal in a number of cases. All compliance and integrity investigations are reported to the TSIJ board of directors on a quarterly basis and to the TSIJ Audit Committee every six months.

A confidential reporting line – Integrity Line – is 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.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

A. Report of the Board of Directors

Board of Directors

During the reporting period, the Board of Directors consisted of Hans van den Berg (CEO and Chairman), Tom Eussen (Managing Director of Tata Steel IJmuiden), Martijn Plaum (Chief Financial Officer).

Board of Directors

J. van den Berg, Chair

T. Eussen

M. Plaum

IJmuiden, 6 August 2024

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Income statement

For the year ended March 31, 2024

	Note	2024 €m	2023 €m
Revenue	1	4,930	6,121
Other income		-	-
Total income		**4,930**	**6,121**
Changes in inventory of finished goods and work in progress		(412)	363
Raw materials and consumables	2	(2,453)	(3,389)
Maintenance and other external charges	2	(1,271)	(1,146)
Employee benefits expense	4	(918)	(858)
Depreciation and amortization expense	2	(235)	(194)
Other expenses	2	(330)	(486)
Total expenses		**(5,619)**	**(5,710)**
Finance costs	5	(34)	(18)
Finance income	5	17	36
Share of post-tax results of joint ventures and associates	9	-	-
Profit/(Loss) before taxation		**(706)**	**429**
Taxation	6	190	(98)
Profit/(Loss) after taxation		**(516)**	**331**
Attributable to:			
Owners of the company		(516)	331
Non-controlling interest		-	-

All references to 2024 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 2024 or as at 31 March 2024 as appropriate (2023: the financial period ended 31 March 2023 or as at 31 March 2023).

Notes and related statements forming an integral part of these accounts appear on pages 35 to 51.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

Statement of comprehensive income

For the year ended March 31, 2024

	Note	2024 €m	2023 €m
Profit/(Loss) after taxation		**(516)**	331
Items that may be reclassified subsequently to profit or loss:			
Gains/(Losses) arising on cash flow hedges	16	25	(69)
Income tax relating to items that may be reclassified	16	(7)	18
Other comprehensive Income/(Loss) for the year net of tax		**18**	(51)
Total comprehensive Income/(Loss) for the year		**(498)**	280
Attributable to:			
Owners of the company		(498)	280
Non-controlling interest		-	-

Notes and related statements forming an integral part of these accounts appear on pages 35 to 51.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

Balance sheet

As at 31 March

	Note	2024 €m	2023 €m
Non-current assets			
Intangible assets	7	**60**	65
Property, plant and equipment	8	**2,543**	2,199
Investments in subsidiaries, joint ventures and associates	9	**64**	60
Deferred tax asset	19	**36**	40
		2,703	2,364
Current assets			
Inventories	10	**1,287**	1,754
Trade and other receivables	12	**361**	451
Current tax assets	11	**198**	14
Short term investments	13	**228**	730
Cash and short-term deposits	13	**27**	101
		2,101	3,050
TOTAL ASSETS		**4,804**	5,414
Current liabilities			
Borrowings	15	**(284)**	(14)
Trade and other payables	14	**(1,262)**	(1,574)
Current tax liabilities	11	**(124)**	(126)
Short term provisions for liabilities and charges	17	**(21)**	(103)
		(1,691)	(1,817)
Non-current liabilities			
Borrowings	15	**(78)**	(45)
Provisions for liabilities and charges	17	**(121)**	(124)
Other liabilities	18	**(47)**	(63)
Deferred income	20	**(1)**	(1)
		(247)	(233)
TOTAL LIABILITIES		**(1,938)**	(2,050)
NET ASSETS		**2,866**	3,364
Equity			
Called up share capital	21	**113**	113
Hedging reserve		**(3)**	(21)
Retained earnings		**2,756**	3,272
TOTAL EQUITY		**2,866**	3,364

Notes and related statements forming an integral part of these accounts appear on pages 35 to 51.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Statement of changes in equity

	Share capital €m	Hedging reserve €m	Retained earnings €m	**Total €m**
Balance as at 1 April 2022	113	30	2,941	**3,084**
Profit/(loss) for the year	-	-	331	**331**
Other comprehensive income/(loss) for the year	-	(51)	-	**(51)**
Balance as at 31 March 2023	113	(21)	3,272	**3,364**
Profit/(loss) for the year	-	-	(516)	**(516)**
Other comprehensive income/(loss) for the year	-	18	-	**18**
Balance as at 31 March 2024	113	(3)	2,756	**2,866**

Notes and related statements forming an integral part of these accounts appear on pages 35 to 51.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

Statement of cash flows

For the financial year ended 31 March

	Note	2024 €m	2023 €m
Operating activities			
Profit/(loss) after taxation		**(516)**	331
Adjustments for:			
Tax	6	**(189)**	98
Interest income	5	**(17)**	(36)
Interest expense	5	**34**	18
Profit/(loss) on disposal of Associates and JVs	2,9	**-**	(4)
Profit/(loss) on sale of PPE	8	**-**	1
Depreciation and amortisation including impairments (net of grants	2	**235**	194
Movement in insurance and other provisions		**(41)**	(42)
Movement in loose plant, tools and spares		**2**	25
Movement in inventories		**468**	(336)
Movement in receivables		**39**	387
Movement in payables		**(211)**	(65)
Rationalisation costs provided	17	**16**	2
Utilisation of rationalisation provisions	17	**(2)**	(3)
Cash generated from operations		**(182)**	570
Interest paid		**(27)**	(16)
Interest element of lease rental payments		**(4)**	(2)
Taxation paid		**-**	(97)
Net cash flow generated from operating activities		**(213)**	455
Investing activities			
Purchase of property, plant and equipment	8	**(625)**	(368)
Sale of property, plant and equipment	8	**1**	-
Purchase of other intangible assets	7	**(4)**	(1)
Dividends from subsidiaries		**5**	20
Dividends from joint ventures and associates		**-**	12
Sale of associated companies		**-**	4
Interest received		**10**	3
Net cash flow used in investing activities		**(613)**	(330)
Financing activities			
Repayments of loans from Group companies		**-**	(130)
Proceeds of loans from Group companies		**260**	-
Movements in other loans		**(1)**	(1)
Capital element of lease rental payment	24	**(14)**	(12)
Net cash flow (used in)/generated from financing activities		**245**	(143)
(Decrease)/increase in cash and cash equivalents		**(581)**	(18)
Cash and cash equivalents at beginning of period		**831**	849
Cash and cash equivalents at end of period		**250**	831
Cash and cash equivalents consist of:			
Short Term deposits with TSN	13	**228**	730
Cash at bank and in hand	13	**27**	101
Bank overdrafts	24	**(5)**	-
		250	831

Notes and related statements forming an integral part of these accounts appear on pages 35 to 51.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Presentation of accounts and accounting policies

I Introduction

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

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

The 2024 Annual Accounts of Tata Steel IJmuiden B.V. have been authorised for issue by the Board of Directors (BoD) on 6 August 2024.

II Basis of preparation

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

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

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

Going concern

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

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

The steel industry is cyclical and TSIJ starts FY25 in a challenging market. However, TSIJ also starts with a strong, almost debt free, balance sheet and a positive cash and cash equivalents balance of € 250m. Given that the reline of the blast furnace has been completed and specific actions to improve business performance are being undertaken, the liquidity position of TSIJ is expected to improve in the 2024/25 financial year.

Furthermore, Tata Steel IJmuiden B.V. continues to have access to a trade receivables securitization arrangement, on a non-recourse basis and has access to intercompany funding with Tata Steel Nederland B.V. The Board of Directors considered carefully TSIJ's ability to meet its liabilities as they fall due, based on the cash flow and profit forecasts. The future funding requirements of the Group in the near term are assessed, based on financial forecasts covering 12 months from the date of this report. Under all scenarios, including severe but plausible downside scenario's and mitigating actions the Company could take to limit any adverse consequences to liquidity, the directors of the Company believe that TSIJ has access to adequate liquidity.

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

III New Standards and interpretations applied

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

Standard	Change	Effective Date*
IFRS 17	Implementation (New standard)	1 Jan 2023
IAS 1	Disclosure of accounting policies (Amendments)	1 Jan 2023
IAS 8	Definition of accounting estimates (Amendments)	1 Jan 2023
IAS 12	Deferred tax related to assets and liabilities from a single transaction (Amendments)	1 Jan 2023
IAS 12	International tax reform (Amendments)	1 Jan 2023

** periods commencing on or after*

The Company has adopted the above amendments. 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.

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 2024, or have an effective date after the date of these financial statements:

PricewaterhouseCoopers Accountants N.V. For identification purposes only

Standard	Change	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 Board of Directors has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

Definition of cash generating units ('CGU')

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

Key sources of estimation uncertainty

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

1) Provisions

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

2) Recognition of deferred tax assets

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

3) Impairment of non-current assets

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

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

4) Property, plant and equipment

TSIJ continues to develop its assessment of the potential impacts of climate change and decarbonisation strategy and has considered such impacts when preparing its consolidated financial statements.

TSIJ has a public commitment to reduce its CO2 emissions by 5 Megatons by 2030. In the previous year, Tata Steel Nederland submitted a request to the Dutch government for 'Maatwerk' support (a tailor-made support package) to enable the first phase of its decarbonisation plan. An improved Green Steel Plan with an enhanced focus on reducing the impact on our environment and making TSN more circular was submitted to the Dutch government in November 2023. The Company is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

transition to Green Hydrogen depending on availability and economics. It is currently engaged with multiple technology and engineering partners to complete detailed evaluation and engineering, implementation planning and costing of the project.

TSIJ is also undertaking a comprehensive project to reduce dust and other fugitive emissions from its plant to make it future ready. It has committed to spend €300m in Roadmap Plus investments. Over the last couple of years more than thirty environmental investments from the Roadmap Plus Programme were completed and during the year efforts continued to reduce dust and other fugitive emissions. New major Roadmap Plus investments being under development are the de-NOX installation at the Pellet Plant and the windbreaker around the raw material storage. These projects are currently under implementation and part of the planned capital expenditure in the company.

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

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

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

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

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

		Life Years
Land and buildings:		
Freehold and buildings that house plant and other works buildings		25
Other freehold and buildings		50
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8
Office equipment and furniture		10
Motor vehicles		4
Other	(maximum)	15
Patents and trademarks		4
Product and process development costs		5

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, although impairments of goodwill are not subject to subsequent reversal.

(c) Taxation

The tax expense represents current tax and deferred tax.

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

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

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

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

d) Retirement benefit costs

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

(e) Provisions

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

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

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

PricewaterhouseCoopers Accountants N.V. For identification purposes only

and losses or past service costs) are recognised immediately within profit and loss.

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

(f) Revenue

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

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

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

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

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

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

(g) Government grants

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

(h) Insurance

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

(i) Financing items

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

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

(j) Foreign currencies

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

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

(k) Financial instruments

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

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

(i) Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value,

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency, interest rate and commodity contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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.

(i) investments in subsidiaries

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

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

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

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

(j) Other intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

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

(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.

(k) Leases

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

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

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

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

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

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

(l) Inventories
Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

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

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

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

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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.

	2024 €m	2023 €m
Revenue by destination:		
Netherlands	**876**	1,128
Europe excluding the Netherlands	**2,980**	3,739
North America	**798**	924
Rest of the world	**276**	330
	4,930	6,121

2. Operating costs

	2024 €m	2023 €m
Cost by nature:		
Raw materials and consumables	**2,453**	3,389
Maintenance costs (excluding own labour)	**467**	450
Other external charges (including fuels and utilities, hire charges and carriage costs)	**804**	696
Employment costs	**918**	858
Depreciation, amortisation and impairments	**235**	194
Regional development and other grants released	**(1)**	(1)
Other operating items (including rents, rates, insurance and general expenses)	**415**	546
Changes in inventory of finished goods and work in progress	**412**	(363)
Own work capitalised	**(84)**	(58)
Purchases for customer lists from group company	-	2
Loss/(Profit) on disposal of property, plant and equipment	**-**	1
Profit on disposal of joint ventures	**-**	(4)
	5,619	5,710

	Operating costs before restructuring, impairment and disposals €m	Restructuring, impairment and disposals €m	**Total €m**
The above costs in 2024 include:			
Raw materials and consumables	2,453	-	**2,453**
Maintenance costs (excluding own labour)	467	-	**467**
Other external charges (including fuels and utilities, hire charges and carriage costs)	804	-	**804**
Employment costs (Note 4)	902	16	**918**
Depreciation, amortisation and impairment (Note 7, 8)	217	18	**235**
Regional development and other grants released	(1)	-	**(1)**
Other operating items (including rents, rates, insurance and general expenses)	415	-	**415**
Changes in inventory of finished goods and work in progress	412	-	**412**
Own work capitalised	(84)	-	**(84)**
	5,585	34	**5,619**

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

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

	2024 €m	2023 €m
The above costs are stated after including:		
Amortisation of intangible assets (Note 7)	**6**	3
Depreciation of owned assets (Note 8)	**198**	172
Impairment losses related to other intangible fixed assets (Note 3)	**3**	-
Impairment losses related to property, plant and equipment (Note 3)	**15**	9
Depreciation of right of use assets (Note 8)	**13**	10
Expenses relating to low value leases	**4**	3
Expenses relating to variable lease payments not included in lease liabilities	**20**	20
Costs of research and development	**46**	46
Emission rights costs	**(9)**	72

3. Restructuring and impairment costs

	2024 €m	2023 €m
Provision for restructuring and related measures:		
Redundancy and related costs	**16**	2
Impairment losses related to property, plant and equipment (Note 8)	**15**	9
Impairment losses related to intangible assets (Note 7)	**3**	-
	34	11

4. Employees

	2024 €m	2023 €m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**707**	677
Social security costs	**99**	88
Pension costs	**96**	91
Redundancy and related costs (Note 3)	**16**	2
	918	858

The average number of the Company's active employees was 8,886 (2023 restated: 8,663). All employees are located in the Netherlands.

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

	2024 €m	2023 €m
Defined contribution scheme	**96**	91
	96	91

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

5. Financing items

	2024 €m	2023 €m
Finance costs		
Finance leases	**(4)**	(2)
Other Borrowings	**(5)**	(2)
Discount on disposal of trade receivables within purchase agreement with external companies	**(25)**	(14)
	(34)	(18)
Finance income		
Interest received	**12**	4
Dividends from subsidiaries	**5**	20
Dividends from joint ventures and associates	**-**	12
	17	36
	(17)	18

6. Taxation

	2024 €m	2023 €m
Dutch corporation tax	**182**	(44)
Dutch prior year corporation tax	**6**	5
Current tax	**188**	(39)
Dutch deferred tax	**-**	(57)
Prior year deferred tax	**2**	(2)
Taxation	**190**	(98)

In addition to the total taxation credited/(charged) to the income statement, a tax charge of €7m (2023: a credit of €18m) was recognised in other comprehensive income in the year.

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

	2024 €m	2023 €m
Profit/(loss) before taxation	**(705)**	429
Profit/(loss) before taxation multiplied by the applicable corporation tax rate of 25.8% (2023: 25.8%)	**182**	(111)
Effects of:		
Adjustments in respect of prior periods	**6**	3
Non-deductible costs	**(1)**	-
Non-taxable income	**3**	10
Total Taxation	**190**	(98)

Pillar Two legislation will be effective for the 2025 financial year. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

7. Intangible assets

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

2023	Computer software €m	Development costs €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**

8. Property, plant and equipment

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

Transfers from assets under construction include the Blast Furnace 6 reline.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

2023	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Right-of-use assets €m	**Total €m**
Cost or valuation at the beginning of the period	848	6,345	567	150	**7,910**
Additions	-	76	390	18	**484**
Transfers to/(from) assets under construction	4	268	(272)	-	**(0)**
Disposals	(1)	(154)	-	(2)	**(157)**
Cost or valuation at the end of the period	851	6,535	685	166	**8,237**
Accumulated depreciation at the beginning of the period	674	5,207	-	97	**5,978**
Charge for the period	14	158	-	10	**182**
Impairment charge for the period	-	9	-	-	**9**
Disposals	(1)	(128)	-	(2)	**(131)**
Accumulated depreciation at the end of the period	687	5,246	-	105	**6,038**
Net book value at the end of the period	164	1,289	685	61	**2,199**

Property, plant and equipment was tested for impairment at 31 March 2024 as indicators of impairment existed. This involves the Company estimating the recoverable amounts of individual Cash Generating Units (CGU). The recoverable amount of Business Unit IJmuiden (one single CGU of TSIJ B.V.) has been determined from a fair value less costs of disposal ('FV') calculation.

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, Tata Steel Nederland submitted a request to the Dutch government for 'Maatwerk' support (a tailor-made support package) to enable the first phase of its decarbonisation plan. An improved Green Steel Plan with an enhanced focus on reducing the impact on our environment and making TSIJ more circular was submitted to the Dutch government in November 2023. 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 between TSIJ and the Dutch government, resulting in the confirmation from the Dutch government in April 2024 to start negotiations for tailor-made-support.

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 expects that the cost for decarbonisation are not borne by the steel industry alone, but also by society, either through higher steel selling prices or through government intervention whereby investments in decarbonisation are enabled through government assistance.

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 FY25-FY27 and, for the period FY28 onwards, assumptions on cash flows during, and after, the transition to the DRI route of production. TSIJ is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. Updated plans for phase 1, replacing one of the blast furnaces and one of the cokes and gas plants with the first DRI plant and Electric Arc Furnace (EAF), and which is to be completed by 2030, were submitted to the Netherlands government in November 2023 and are part of the so called "Maatwerk" discussions. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants for Phase 1. The cash flows are further adjusted for business improvement initiatives and for the future expected benefits on account of the capital expenditure. For the FV calculation, a set of inflation assumptions is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets up until the terminal year at which point a 2.0% (2022-23: 2%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 8.2% (March 31, 2023: 7.9%) 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 Company's goodwill impairment as at March 31, 2024 for BU IJmuiden CGU resulted in no impairment of property, plant and equipment (2022-23: Nil).

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs including network costs, the timing and availability of permits required, the ability to successfully deliver the business improvement initiatives identified in the Annual Plan, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low carbon steel, levels of government support for decarbonisation, the commissioning of new carbon free production facilities and a post-tax discount rate of 8.2%. In particular, whilst TSIJ has submitted its green steel plan to the Dutch government, there is not yet any commitment or guarantee that support from the

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Dutch government would be forthcoming. However, a significant step was taken as part of the tailored (Maatwerk) trajectory for accelerated sustainability based on the Green Steel Plan of TSIJ.

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 the support from the Dutch government would not be as expected, then there would be a material impact on the valuation of property, plant and equipment. This could also have a significant impact on how the current decarbonisation plans can be realised. The Company believes the key assumptions made, represent the most likely impact from decarbonisation at this point in time. These key assumptions will be kept under review in future years especially if investments in decarbonisation capital expenditure become committed. These key assumptions will also remain part of the active dialogue with the Dutch government.

The Company has conducted several sensitivity analysis on the impairment test of the carrying value of the BU IJmuiden CGU. Sensitivity analysis are performed related to (i) an increase in discount rate of 100 basis points would not imply any impairment, (ii) a decrease in profitability, (iii) early closure of plants affected by the decarbonisation strategy (e.g. cokes and gas plants), (iv) negative impact of a non-level playing field in the EU steel industry regarding climate measures and network costs, and (v) lower government support for long-term investments required to enable the transition to carbon neutral. The Board of Directors, 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 €15m impairment charge in 2024 and the €9m impairment charge in 2023 relates to specific assets which have been identified as being impaired.

9. Investments in subsidiaries, joint ventures and associates

	Investments in subsidiaries €m	Investments in joint ventures €m	Investments in associates €m	**Total 2024 €m**	Total 2023 €m
Carrying value as at 31 March	46	10	8	**64**	60

10. Inventories

	2024 €m	2023 €m
Raw materials and consumables	**600**	656
Work in progress	**271**	694
Finished goods and goods for resale	**416**	404
	1,287	1,754

The value of inventories above is stated after impairment of €49m (2023: €32m) for obsolescence and write-downs to net realisable value. Work in progress includes semi-finished and partly processed materials.

11. Current tax

	2024 €m	**2023 €m**
Dutch corporation tax assets – current	**198**	**14**
Dutch corporation tax liabilities – current	**(124)**	**(126)**
	74	**(112)**

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

12. Trade and other receivables

	2024 €m	2023 €m
Trade receivables	**101**	97
Less provision for impairment of receivables	**(4)**	(3)
	97	94
Amounts owed by parent undertakings (Note 25)	**4**	3
Amounts owed by other Tata Steel companies (Note 25)	**158**	197
Amounts owed by subsidiary undertakings (Note 25)	**9**	11
Amounts owed by joint ventures (Note 25)	**10**	3
Amounts owed by associates (Note 25)	**15**	13
Loans to other Tata Steel companies (Note 25)	**1**	1
Derivative financial instruments (Note 16)	**7**	20
Other taxation	**20**	25
Prepayments	**17**	16
Other receivables	**23**	68
	361	451

(ii) Trade receivables are further analysed as follows:

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

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

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

	2024 €m	2023 €m
At beginning of period	**3**	3
Impairments in the period	**1**	-
Amounts utilised and other movements	**-**	-
At end of period	**4**	3

PricewaterhouseCoopers Accountants N.V. For identification purposes only

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

	2024 €m	2023 €m
Short-term deposits with TSIJ	**228**	730
Cash at bank and in hand	**27**	101
Cash and other short-term deposits	**255**	831

	2024			2023		
	Short-term deposits €m	**Cash €m**	**Total €m**	Short-term deposits €m	Cash €m	Total €m
Sterling	**-**	**16**	**16**	-	12	12
Euros	**228**	**(12)**	**216**	730	91	821
US dollars	**-**	**15**	**15**	-	(7)	(7)
Other currencies	**-**	**8**	**8**	-	5	5
	228	**27**	**255**	730	101	831

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 3.8% (2023: 1.9%) based on fixed interest rates, During each of the periods above cash earned interest based on EURIBOR or other official local rates

14. Trade and other payables

	2024 €m	2023 €m
Trade payables	**434**	590
Amounts owed to parent undertakings (Note 25)	**6**	9
Amounts owed to other Tata Steel companies (Note 25)	**340**	336
Amounts owed to subsidiary undertakings (Note 25)	**5**	9
Amounts owed to associates (Note 25)	**3**	4
Other taxation	**43**	41
Capital expenditure creditors	**141**	244
Derivative financial instruments (Note 16)	**8**	20
Other payables	**282**	321
	1,262	1,574

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

15. Borrowings

	2024 €m	2023 €m
Current:		
Other short term loans	**6**	1
Loans from parent company	**264**	-
Lease liabilities	**14**	13
	284	14

	2024 €m	2023 €m
Non-current:		
Loans	**-**	1
Lease liabilities	**78**	44
	78	45

Total borrowings	**362**	59

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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

	2024				2023			
	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	**98**	**-**	**264**	**362**	59	-	-	59

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

	2024		2023	
	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	**3.8**	**2.8**	4.4	5.2

The maturity of borrowings is as follows:

	2024 €m	2023 €m
In one year or less or on demand	**292**	16
Between one and two years	**19**	14
Between two and three years	**18**	11
Between three and four years	**18**	9
Between four and five years	**12**	11
More than five years	**56**	6
	415	67
Less: amounts representing interest in future minimum lease payments	**(53)**	(8)
	362	59
Amounts falling due within one year	**284**	14
Amounts falling due after more than one year	**78**	45

Amounts payable under leases are as follows:

	Minimum lease payments		**Present value of minimum lease payment**	
	2024 €m	2023 €m	**2024 €m**	2023 €m
Not later than one year	**22**	15	**14**	13
Later than one year but not more than five years	**66**	44	**41**	36
More than five years	**57**	6	**37**	8
	145	65	**92**	57
Less: future finance charges on leases	**(53)**	(8)	**-**	-
Present value of lease liabilities	**92**	57	**92**	57

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

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

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:

	2024 €m	2023 €m
Financial assets		
Financial assets at amortised costs:		
Trade and other receivables (Note 12) [1]	**317**	390
Cash and cash equivalents (Note 13)	**255**	831
	572	1,221
Financial liabilities		
Financial liabilities at amortised costs:		
Trade and other payables (Note 14) [2]	**(1,211)**	(1,513)
Current borrowings (Note 15)	**(284)**	(14)
Non-current borrowings (Note 15)	**(78)**	(45)
	(1,573)	(1,572)

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.

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

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)**

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

(iii) Financial risk management and financial instruments

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

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

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

(a) Market risk: foreign exchange risk and management
It is the policy of the Company that substantially all the net currency transaction exposures arising from contracted sales and purchases are hedged by selling or purchasing foreign currency forwards. At 31 March 2024, the notional amount of outstanding foreign currency contracts was €543m (2023: €855m) with a net fair value of €3m (2023: €(13)m).

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

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 2024, the Company had commodity contracts with a total notional value of €93m (2023: €140m) and a net fair value of €(4)m (2023: €13m).

At 31 March 2024, a 10% appreciation of market prices would increase the Company's equity by approximately €7m (2023: increase of €9m). 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 2024 and 2023, 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 2024, the Company had fixed rate borrowings of €98m (31 March 2023: €59m), floating rate borrowings of €nil (31 March 2023: €nil) and zero rate borrowings of €264 (31 March 2023: €nil). The Company had short term deposits of €228m on 31 March 2024 (on 31 March 2023: €730m). Based on the composition of net debt at 31 March 2024, a 100 basis points increase in interest rates over the 12-month period would decrease the Group's net finance expense by approximately €2m (2023: €6m) and increase equity by approximately €2m (2023: €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 cash replacement at current market prices of these transactions in the event of default by counter-parties. The Company believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk
Liquidity risk is defined as the risk that the Company could not be able to settle or meet with its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding and manages the liquidity risk managed by

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities. The management of the liquidity risk is based on the calculation of the future net liquidity which results from the expected cash outflows and inflows.

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

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

1 Excludes other taxation, and derivatives

	Maturity of contractual undiscounted cash flows			
2023	**Contractual cash flows €m**	**In one year or less 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

(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:

	2024		2023	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	**3**	**(7)**	**16**	**(3)**
Forward foreign currency contracts	**4**	**(1)**	**4**	**(17)**
	7	**(8)**	**20**	**(20)**

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

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

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

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)

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

	2024 €m	2023 €m
Commodity contracts	**93**	140
Forward foreign currency contracts	**543**	855

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 2024 €m**	Total 2023 €m
At beginning of period	-	136	70	22	**228**	270
Charged to income statement	16	-	13	-	**29**	106
Released to income statement	-	(23)	-	-	**(23)**	(31)
Reclassification	-	-	-	-	**-**	(1)
Utilised during the period	(2)	(90)	-	-	**(92)**	(117)
At end of period	14	23	83	22	**142**	227
Analysed as:						
Current liabilities	14	-	4	3	**21**	103
Non-current liabilities	-	23	79	19	**121**	124

(i) Rationalisation costs include redundancy provisions as follows:

	2024 €m	2023 €m
At beginning of period	**-**	1
Charged to income statement (Note 4)	**16**	2
Utilised during the period	**(2)**	(3)
At end of period	**14**	-

(ii) Environmental provisions consist of remediation and clean-up activities that need to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO_2 emission rights.

(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.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

18. Other liabilities

As at 31 March	2024 €m	2023 €m
Other taxation and social security	**47**	63
	47	63

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:

	2024 €m	2023 €m
Deferred tax asset	**36**	40

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

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

2023	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	Total €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

20. Deferred income

	2024 €m	2023 €m
At beginning of year	**1**	2
Released to income statement	**-**	(1)
At end of year	**1**	1

21. Called up share capital

The authorised share capital of the Company as at 31 March 2024 amounts to €225,000,000 (31 March 2023: €225,000,000) and consists of 500,000 ordinary shares of each €450 (31 March 2023: €450). As of 31 March 2024, 250,000 ordinary shares of €450 each were issued and fully paid up, totalling to a nominal value of €112,500,000 (31 March 2023: €112,500,000).

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

22. Future capital expenditure

	2024 **€m**	2023 €m
Contracted but not provided for	**128**	165
Authorised but contracts not yet placed	**189**	315

23. Leases

	2024 **€m**	2023 €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	**23**	26
Future cash outflows relating to termination and extension options	**-**	-
	23	26

24. Analysis of changes in net funds

	1 April 2023 €m	Cash Flow €m	Other movements	**31 March 2024 €m**
Loans to other Tata Steel companies	1	-	-	**1**
Cash at bank and short-term deposits	831	(576)	-	**255**
Bank overdrafts	-	(5)	-	**(5)**
Cash and cash equivalents	831	(581)	-	**250**
Borrowings	(2)	(264)	-	**(266)**
Obligations under leases	(57)	14	(50)	**(92)**
Total debt excluding bank overdrafts	(59)	(250)	(50)	**(359)**
Total net funds	773	(831)	(50)	**(108)**

Other non-cash movements include lease liability additions in 2024 of €50m (2023: €18m).

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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.

	2024 €m	2023 €m
Amounts reported within the income statement:		
Sales to joint ventures	**78**	89
Sales to associates	**109**	153
Sales to other Tata Steel companies	**1,328**	1,613
Purchases from associates	**37**	35
Purchases of raw materials from other Tata Steel companies, acting as an agent	**1,397**	2,268
Other purchases from other Tata Steel group companies	**238**	227
Net recharges from other Tata Steel companies	**150**	160
Amounts reported within the balance sheet:		
Amounts owed by parent undertakings (Note 12)	**4**	3
Amounts owed by other Tata Steel companies (Note 12)	**158**	197
Amounts owed by subsidiary undertakings (Note 12)	**9**	11
Amounts owed by joint ventures (Note 12)	**10**	3
Amounts owed by associates (Note 12)	**15**	13
Amounts owed to parent undertakings (Note 14)	**6**	9
Amounts owed to other Tata Steel companies (Note 14)	**340**	336
Amounts owed to subsidiary undertakings (Note 14)	**5**	9
Amounts owed to associates (Note 14)	**3**	4
Loans to other Tata Steel companies (Note 12)	**1**	1
Loans from parent undertakings (Note 15)	**264**	-
Short term deposits with parent undertakings (Note 13)	**228**	730

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 51.

26. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of the Company at 31 March 2024 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

Norway
Norsk Stal Tynnplater AS

The Netherlands
Huizenbezit Breesaap B.V.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

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	2024 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	128	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	274	Shares of €1,000	8,000	30

On 18 August 2023 Tata Steel IJmuiden B.V. has acquired the additional 50% of the shares in Norsk Stål Tynnplater AS, resulting in Tata Steel IJmuiden B.V. being the sole shareholder (100%). The shares have been acquired from British Steel Nederland International B.V.

pwc PricewaterhouseCoopers Accountants N.V. For identification purposes only

Further notes to and signing of the Annual Accounts

Remuneration of and loans to members of the Board of Directors

	2024	2023
	€	€
The total employment costs of the Board of Directors of Tata Steel IJmuiden B.V. were:		
Short term employee benefits	**1,804,301**	2,345,466
Long term employee benefits	**233,090**	233,090
Post employee benefits	**320,160**	283,654
Termination benefits	**-**	556,239
Total emoluments of current and former members	**2,357,551**	3,418,499

The amounts of loans granted as at 31 March 2024 totalled €nil (31 March 2023: €nil).

Appropriation of the result for the financial year 2024
We propose to add the loss of €516m 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.

PricewaterhouseCoopers Accountants N.V. For identification purposes only

Signing of Annual Accounts

All the members of the Board of Directors have signed the 2024 Annual Accounts of Tata Steel IJmuiden B.V.

Board of Directors

J. van den Berg, Chairman

T. Eussen

M. Plaum

IJmuiden, 6 August 2024

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

C. Other information

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

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

D. Independent auditor’s report

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

REPORT ON THE FINANCIAL STATEMENTS THE YEAR ENDED 31 MARCH 2024 INCLUDED IN THE ANNUAL ACCOUNTS