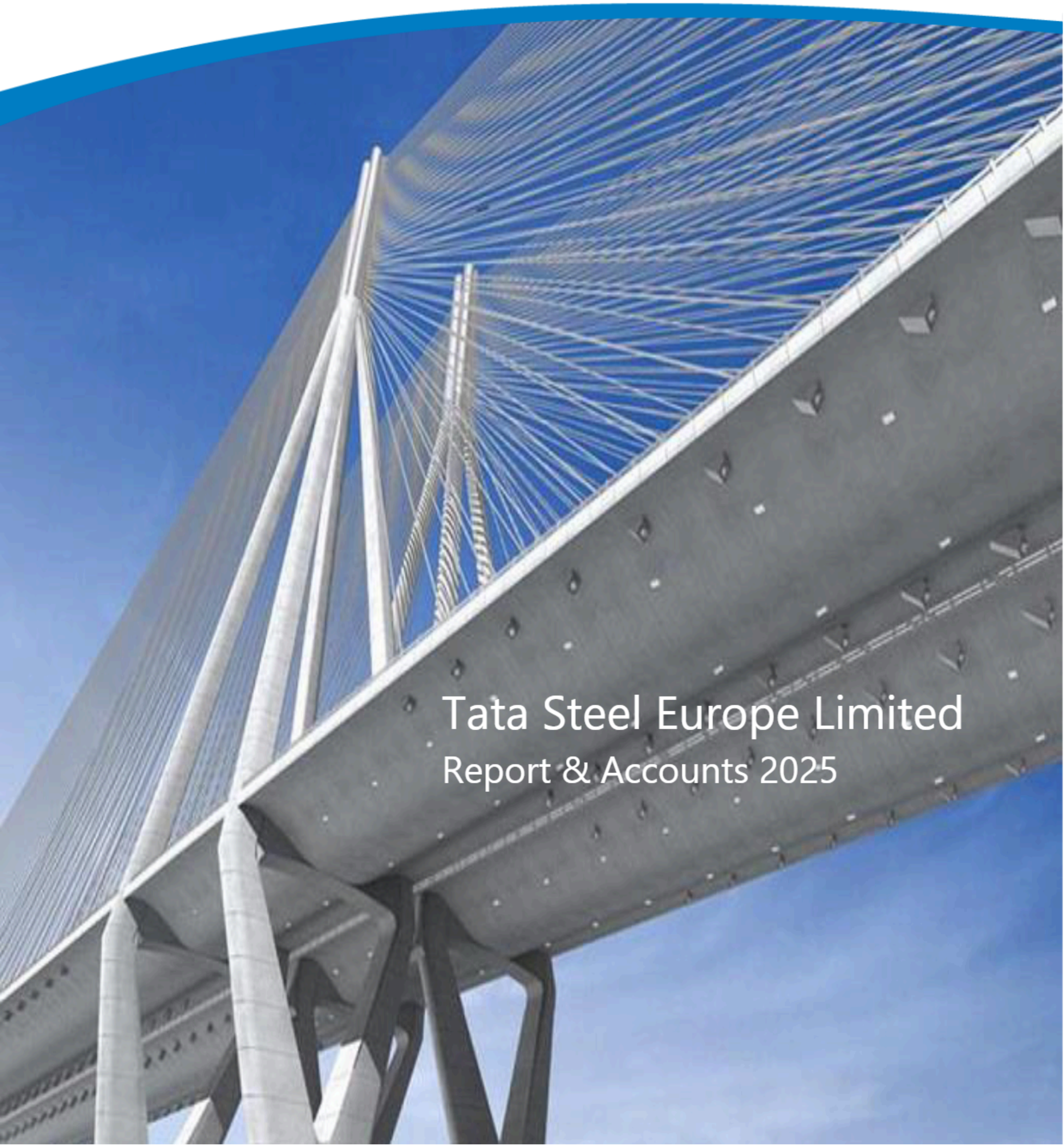


Tata Steel Europe Limited

Report & Accounts 2025

Contents

			Page
A. Strategic Report	A1	Group's business	2
	A2	Principal risks and uncertainties	4
	A3	Key performance indicators (KPIs)	8
	A4	Business review	10
	A5	Financial review	22
	A6	Non-Financial Sustainability Information Statement	24
	A7	Section 172, Companies Act 2006	34
	A8	Approval of Strategic report	36
B. Directors' Report			37
C. Directors' Responsibilities Statement			42
D. Independent auditors' report to the members of Tata Steel Europe Limited			43
E. Financial Statements	E1	Consolidated income statement	46
	E2	Consolidated statement of comprehensive income	47
	E3	Consolidated and Parent Company balance sheets	48
	E4	Consolidated and Parent Company statements of changes in equity	49
	E5	Consolidated statement of cash flows	50
	E6	Presentation of accounts and accounting policies	51
	E7	Notes to the financial statements	62

A1. Group's business

Introductions

The directors have pleasure in presenting their Strategic Report together with the audited consolidated financial statements of Tata Steel Europe Limited ('TSE' or the 'Company'), and its consolidated subsidiary companies (the 'Group'), for the year ended 31 March 2025.

Ownership

TSE is a wholly-owned subsidiary of T S Global Holdings Pte Limited ('TSGH'), an unlisted company registered in Singapore. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges. TSE's principal operating subsidiaries are Tata Steel IJmuiden B.V. ('TSIJ') and Tata Steel UK Limited ('TSUK'), which are companies incorporated in the Netherlands and England and Wales respectively.

Principal activities

The principal activities of the Group in 2024/25 comprised the manufacture and sale of steel products throughout the world. The Group's operations produced carbon steel by the basic oxygen steelmaking method at its integrated steelworks in the Netherlands at IJmuiden and, until September 2024, in the UK at Port Talbot. During 2024/25 these plants produced 7.8 mt of liquid steel (2023/24: 7.8mt). During the year 6.7 mt of liquid steel was produced at IJmuiden (2023/24: 4.8mt) following the completion of relining of one of its blast furnace towards end of the previous year and 1.1mt was produced at Port Talbot (2023/24: 3.0mt) as a result of closure of the blast furnaces. Following the closure of Port Talbot's primary steelmaking facilities in September 2024, the Group's UK business moved to a "re-roller" model for the transition phase whereby imports of purchased slab and coil are converted to finished products through mills and other downstream facilities in order to continue to satisfy customer demand until commissioning of the Electric Arc Furnace ('EAF').

The Group has sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for the distribution and further processing of steel products. Principal end user markets for the Group's steel products are engineering, construction, automotive, retail and packaging.

Since October 2021 TSE has operated with two separate businesses. One of these businesses is centred on the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other is centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business'). Following separation, TSE's role is to provide financial oversight and assurance in relation to the Group and to support where necessary effective co-ordination between the two 'Value Chains'. Even though the separation has occurred, this Strategic Report has continued to be prepared on a TSE Group basis with references to the combined Group as a whole. Where appropriate, the report will distinguish between reporting applicable to the UK or MLE Business.

Further information on TSE can be obtained from either the company's website (www.tatasteeleurope.com) and/or the TSL 2024/25 Integrated Report & Annual Accounts which may be obtained from TSL's website (www.tatasteel.com) or its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

Strategic activities

In September 2024, TSUK finalised a Grant Funding Agreement ('GFA') with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million. TSUK has achieved significant milestones since the signing of the GFA including completion of basic engineering for the EAF and signing of contracts with leading metals technology manufacturers to deliver EAF and additional advanced steelmaking equipment. In February 2025, Neath Port Talbot Council's Planning Committee approved TSUK proposals to deliver EAF steelmaking in Port Talbot which will enable commencement of the construction work on Port Talbot site in the summer of 2025.

On 19 January 2024, TSUK announced a restructuring and transformation of its business. As part of the restructuring, Port Talbot's two high CO2-emission blast furnaces were closed during 2024/25 along with associated primary steelmaking assets. The transformation also included the wider restructuring of other locations and functions across the business, including the closure of the Continuous Annealing Processing Line ('CAPL') in March 2025. The restructuring was carried out in a controlled manner with the decommissioning of a number of assets all performed safely and according to the planned timeline. Throughout this significant restructuring, TSUK has sought to manage the impact on its employees with sensitivity and, following a lengthy and thorough consultation exercise with trade unions, provided a significantly enhanced redundancy package along with associated support measures for the large number of employees affected by the restructuring.

In addition to the restructuring, the UK Business focussed on a number of measures to control spend in order to achieve c. £230m reductions in fixed costs to make the business sustainable during the transition to the EAF which is planned to be operational towards the end of 2027/28. Some of the initiatives delivered included achieving economies in respect of sourcing of imported substrate material, optimising sales mix, taking out the costs of running the heavy end operations, consolidation of operations across downstream sites and optimisation of corporate overheads.

Tata Steel Nederland B.V. ('TSN') aims to reduce scope 1 CO_2 emissions by 40% at its key production site in IJmuiden, compared to the 12.6 Mt base line as agreed with the Dutch Government. TSN's Green Steel Plan is a first step in its commitment to producing low-CO_2e steel in a cleaner environment in The Netherlands and it addresses certain local environmental and health concerns. In

October 2022, TSN submitted a request for a Maatwerk package (a tailor-made support package) to the Dutch Government to enable the first phase of its decarbonisation plan, which is to be completed around 2030.

TSN aims to reduce its scope 1 emissions in IJmuiden in two steps. First, TSN aims to close the largest blast furnace (BF7) and Coke and Gas Plant 2 (CGP2) and replace them with a Direct Reduced Iron (DRI) plant and an Electric Arc Furnace (EAF). The plan includes additional environmental measures, including a critical measure on covering a number of the IJmuiden storage yards. Once this step has been completed, TSN will also replace its last blast furnace (BF6) and Coke and Gas Plant 1 (CGP1). With the decision to build DRI/EAF installations, TSN is preparing for the hydrogen economy and is giving a strong stimulus for the production of (green) hydrogen in The Netherlands.

In June 2019, TSN launched its Roadmap Program with a wide range of measures to further reduce their environmental footprint around the IJmuiden site. This capital-intensive improvement programme is building on previous improvements. Measures to further reduce emissions in IJmuiden include the construction of the 'DeNOx' installation at the Pellet Plant which aims to reduce nitrogen oxide emissions by approximately 80%. Amongst others, additional measures include de-dusting installations at the Pellet Plant and the construction of windbreaker screens to reduce wind speeds and associated dust dispersal.

A2. Principal risks and uncertainties

The principal risks and uncertainties affecting the Group and the actions taken are as follows:

Risks	Mitigating factors
Health, safety, environmental and other compliance matters	
TSE's priority at all times is minimising any adverse impact of its activities upon the environment and also the health, safety and wellbeing of staff and contractors. Available capital expenditure funding is therefore prioritised to this area. The Group has policies, systems and procedures in place aimed at ensuring compliance and there is a strong commitment from the TSUK and TSN boards to continuously improve health and safety performance, enforce compliance and to minimise the impact of the Group's current and future operations on the environment. The Group's businesses are subject to numerous laws, regulations and contractual commitments relating to health, safety, the environment and regulatory compliance in the countries in which it operates. The risk of substantial costs, liabilities and damage to reputation related to these laws and regulations are an inherent part of the Group's business. Improving environmental performance and its linkage to "license to operate" is a key focus of the Group. The "license to operate" of the Group depends on the balance which its businesses achieve between the value of their products and services to society, the jobs they create, their contributions to communities and local economies, and their environmental footprint. Environmental issues, such as dust emissions in the vicinity of the IJmuiden primary steel making site, are key areas of concern for local communities, which may negatively harm the "licence to operate" of its businesses.	TSE deploys a positive culture of managing safety, health and environmental ('SHE') risks. This includes the escalation of these risks to a TSL SHE Committee. A key area of focus for TSE's operations and procurement is to minimise environmental impacts by selecting raw materials for steelmaking based on their quality and environmental credentials so as to minimise landfill tonnages and to identify external opportunities for use/sale of by-products. The Group continues to engage with EU and UK legislators to secure a level playing field, for example in areas such as the REACH (Registration, Evaluation, Authorisation & restriction of Chemicals) scheme. The disparities in legislation, across steel producers, in different countries reinforces the continued need to build brand reputation and customer loyalty. The Group is increasing its contact with local communities, closest to its manufacturing operations, to explain the measures taken by the Group to reduce emissions and avoid environmental nuisance.
Climate Change	
Climate-related risks are central to the TSUK and TSN risk registers. This includes climate change-induced physical risks such as those linked to rising sea levels and extreme weather events disrupting supply chains (e.g. storms, flooding, droughts, severe winds), and transition risks which include technological, policy and market changes to adapt to a lower-carbon economy. For the steel industry, transition risks include increased costs within Emissions Trading Systems both in the EU and UK (to a lesser extent post cessation of primary steelmaking) and a reduction in the free allocation of CO2 allowances under those schemes. There is an expectation that in the future the allocation of CO2 allowances is likely to be substantially lower than projected emissions, which is likely to expose TSE to higher operating costs. In addition, steel producers in the Netherlands are subject to a Netherlands specific carbon tax which, under certain conditions, may come on top of any EU Emissions Trading System costs. Carbon taxes continue to absorb additional resources when compared to competitors not subject to the same legislation. One of the major challenges facing the steel sector is the ambition	Due to the significant amount of capital that will be required, in order to invest in greener steelmaking, a risk remains that without sufficient government support, in the countries in which TSE operates, the Group may not be able to meet long term sustainability objectives, leading to higher carbon taxes, than currently anticipated in future years, and potentially a reduction in orders from environmentally conscious customers. Physical risks for which mitigations are in place include flood-risk management on TSE sites and resilience planning in respect of TSN steelmaking raw material suppliers declaring Force Majeure because of mine inundation or shipping delays. Future anticipated regulatory changes, including a Carbon Border Adjustment Mechanism in the UK and EU, are required to protect European steel producers from imports from countries that are not subject to the same level of carbon taxes. TSE is supportive in principle of the EU's proposed Carbon Border Adjustment Mechanism, but care will be needed in its design and implementation if it is to have the intended effect of incentivising rapid decarbonisation amongst UK and EU steelmakers.

A2. Principal risks and uncertainties

Risks	Mitigating factors
to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO_2 emissions. TSUK and TSN are working in partnership with governments on the shared objective of creating an achievable, long-term plan to support our transition to a competitive, sustainable and low carbon future. In September 2024, the UK government committed to a grant of £500m towards the announced £1.25bn investment in Electric Arc Furnace construction and enhancement of the Hot and Cold Mill operations at Port Talbot. This Project has an anticipated commissioning date within 2028. This large capital build project comes with associated project management requirements to mitigate risks to achieving project delivery on time and within budget. TSUK has built a skilled project team to manage the Electric Arc Furnace Capex build and other operational enhancements. This is supported by a selection of experienced construction management and supply partners. TSN is actively working with authorities to realise its transition for which an Expression of Principles with the Dutch Government was signed. The talks between TSN and the Dutch government are aimed at reaching a Custom Support Agreement ('Maatwerkafspraak') to replace part of the current production facilities in IJmuiden. At present there are ongoing discussions aimed at developing a Joint Letter of Intent ('JLOI') on this Custom Support Agreement. A Governmental Advisory Committee on Custom Agreements for Industry Sustainability and an IJmond Health Expert Group will review and advise before the JLOI will be made public and further developed into a definitive and binding agreement. The EU Commission will be involved by following the formal processes for state aid approval.	In September 2021, Tata Steel announced it will pursue a hydrogen route to decarbonisation at its IJmuiden steelworks. This involves the introduction of direct reduced iron (DRI) technology, which can make iron using natural gas or hydrogen, before it is converted to steel in one or more electric furnaces to be constructed in the future. Refer page 15 for further information. TSE will be monitoring proposed ETS and CBAM schemes (which will not be introduced at the same time) and the impact this will have on domestic markets in terms of import volumes and price premiums for greener steel. TSE is and will continue to work with EU and UK policy makers to ensure strong alignment between the different geographies and the effectiveness of CBAM to prevent carbon leakage into the UK and EU, which will be critical to the success of the decarbonisation projects.
Long term competitiveness	
TSE's manufacturing facilities are largely based in Europe which is a relatively high cost area and where demand growth for steel products is lower than in developing parts of the world. Increasing raw material costs as well as high energy and CO_2 costs challenge the long-term competitiveness of strip products	In order to maintain its ability to successfully compete in the long term the Group is undertaking a number of initiatives, including cost reduction measures and business specific improvement plans. The most significant of these initiatives is the Transformation programme, which aims to deliver operational, commercial and supply chain improvements and enable the Group's businesses to reach sustainable levels of EBITDA even in an economic downturn. As part of the Transformation programme, the Group will continue to target and grow its offering of a high value, differentiated product mix to the market.
Performance and operations	
Whilst the Group seeks to increase differentiated/premium business, which is less dependent on steel market price movements, it still retains focus in both the UK and Netherlands on improving its operational reliability, product quality, and taking measures to protect against unplanned interruptions and asset failure.	Best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused asset risk management remain as priorities for the business.

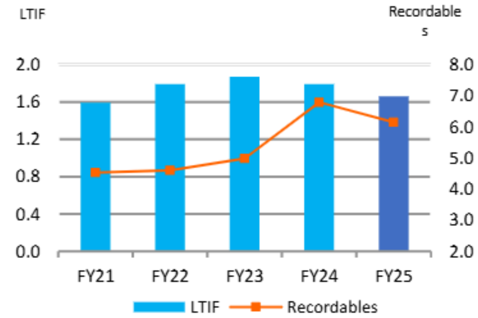
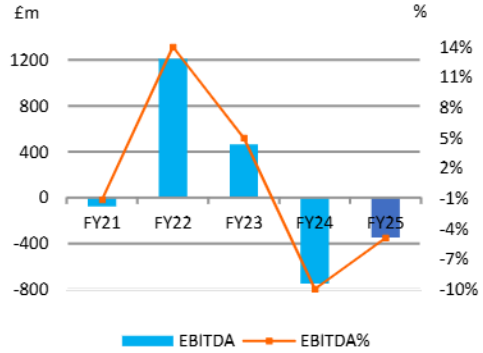
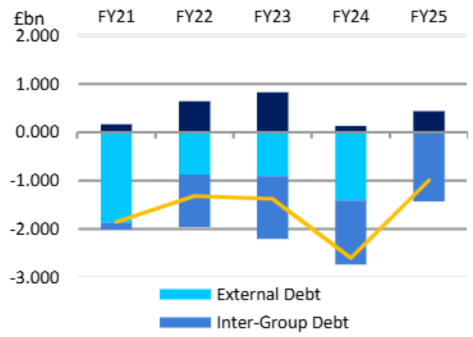
A2. Principal risks and uncertainties

Risks	Mitigating factors
Trading in the global steel market	
The Group's financial performance is influenced by the global steel market and the economic climate in Europe. TSE is one of a number of European steel producers, which continue to be squeezed between rising import pressures and a long term decline in demand, with the situation being particularly acute for producers of hot rolled flat products. The surge in imports, in recent years, forced TSE and other EU producers to pursue antidumping (AD) actions, investigation of unfair imports and imposition of trade remedy measures. Despite measures being in place to support EU producers, vulnerabilities remain, as safeguards to manage volumes do not address prices. Furthermore, the Tariff Rate Quotas (TRQs) set a cap on imports, but at a high level, which varies by product, and are based around historical EU imports, when demand was higher than today.	The Group's commercial strategies aim to identify opportunities to focus on less import sensitive sectors/markets, product differentiation and a customer focus that will enable longer term customer relationships and interdependencies. Within the UK there has been active communications with the government to advise and influence the development of the UK steel strategy, engaging with politicians, their advisors and industry groups around key topics such as trade defence mechanisms, energy costs and public procurement. Rapid action by the UK government is needed to address these topics with an immediate focus on trade measures. Whilst there has been positive action already seen, including the importance of steel in the recently announced framework for a UK-USA trade deal, risks are continually evolving and will require policymakers to react quickly to ensure that the UK steel market is not further disadvantaged.
TSE is monitoring the current status and utilisation of safeguard quotas and their impact on stabilising traditional import flows and prevention of market-disrupting import concentration. TSUK is also facing a risk of an insufficient response by the UK Trade Remedy Authority (TRA) on implementation of trade defence instruments which currently means the UK steel market is exposed to levels of imports which in many cases exceed domestic demand for steel products and creates a risk of a significant adverse variance between UK and EU steel prices given that the EU has been more active in strengthening import protection measures. In addition, the world has witnessed a surge in instability and conflict, particularly in regions such as Ukraine and the Middle East. The uncertainty in the global market has only further increased by the recent election of the Trump administration, who have chosen tariffication as one of its main tools to either penalise or negotiate with other nations. TSN, and to a lesser extent TSUK, with its longstanding presence in the USA steel market, faces certain trade risks when selling steel in the USA.	TSE is able to mitigate some of the risks on tariffs being imposed on its exports due to a strong product offering (e.g. sales of Packaging material to the USA) which cannot easily be reproduced by competitors operating in local markets due to the investment, technical capability, and lead-time which would be required to set up new production in affected markets. This lack of alternative supply, means that TSE can increase its price of its exports in case tariffs are applied to them directly to ensure these costs are not incurred by the Group. In cases where TSE operates annual supply contracts which may be affected by tariffs, good relationships with customers and the lack of ability to switch means that any tariffs costs incurred can be shared with customers until such time as the price can be updated to reflect changes in tariff policy within the new supply contracts. Trade protection measures within the EU offer certain protection from low priced imports competing against the Group's European businesses and whilst trade protection measures are currently lacking in the UK, this is mitigated by the current business model of the UK Business whereby lower priced imports also mean that operating costs for the UK Business may be lower. Dynamic changes in trade policy also present an opportunity for the Group to take advantage of any favourable trading positions that may be created, for example the conclusion of a UK-USA trade deal may mean that the Group's exports from UK to USA become more attractive compared to competitors exporting from other countries.
Raw materials and energy	
The TSE Group does not have access to captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies, for TSN steelmaking, depends, to a large extent, on worldwide supply and demand relationships, notably iron ore, metallurgical coal, scrap plus key UK and Netherlands downstream operations raw materials, such as tin and zinc.	Within TSE's Transformation programme, opportunities are being sought, with suppliers, to get more value out of contracts by strengthening of supplier relationships, negotiating better payment terms and leveraging the buying power of TSL, to lower costs of consumables and key raw materials.

A2. Principal risks and uncertainties

Risks	Mitigating factors
Supply disruption to TSN of raw materials beyond existing buffer stocks could arise, either from quarantine of the vessels if they come from high risk countries, or disruptions and restrictions in the country of origin of raw materials. TSUK's post steelmaking transitional period of operations, prior to Electric Arc Furnace commissioning, will require TSUK to be able to access imported slab and coil in order to continue to supply its customers. TSUK has secured a number of long term supply agreements from key strategic partners in order to guarantee supply and maintain flexibility in secure sourcing of required substrate. A significant proportion of the purchased slab and coil is now being sourced from Tata Steel's other operations in India and the Netherlands. TSN is experiencing increased public energy costs, like electricity network costs and CO_2 costs, compared to European competitors, due to additional measures by the Dutch Government on top of European policies.	Exposure to energy shortages and price increases are a very relevant risk at the moment due to global market price pressures in recent years. These risks are closely watched and extreme volatility in the market is partly mitigated by short term price hedging. In addition, the Group continues to target measures to reduce its energy requirements, e.g. by increasing self-generation of electricity and efficiency improvements.
Financing	
TSE is financed in part through external bank facilities referred to as the senior facility agreement ('SFA') and also by local financing arrangements in both the UK and MLE businesses. TSE is committed to long term financial independence and in recent years a significant amount of debt to TSE from TSL Group companies was converted into equity or waived. Short and medium term facilities have been put in place for both the UK Business and the MLE Business in order to help manage liquidity. Access to finance will be required to enable the Group's transition to a low carbon future with required capital investments running into the billions of pounds in a short space of time.	In order to effectively manage this risk, the forecast requirements of the Group continue to be closely monitored and 'downside' sensitivities are undertaken regularly to ensure the adequacy of facilities. As part of the wider TSL group, TSE has good relationships with external banks and has a proven ability to access sources of financing when required. As referenced on page 38, the UK Business benefits from a letter of support from TSL Group companies in order to help manage its liquidity.
Digital resilience	
The cyber environment in which TSE operates requires continuous scanning of threats and constant review of controls to prevent an increasing risk exposure, utilising new technology and maintaining existing hardware at all levels. TSE is committed to having the right cyber security standards and practices to ensure the company is equipped to defend itself from cyber incidents. The increasing threat of cyber-attacks has continued as a genuine business risk due to large scale criminal activity targeting major businesses across all industries. TSE therefore has a focus on preventative measures to help maintain a low level of vulnerability.	Significant investment has been committed to combat the increasing global threat from cyber incidents to manufacturing companies, including continuing investment in a central Operational Security Service (including a Security Operations Centre), and both IT and process control security projects to improve resilience, manage security incidents and improve event detection. Specific focus and investment has been placed on awareness and education, protection from viruses, malicious software and external hacking, managing core network components, and contingency planning and resilience for digital business critical components.

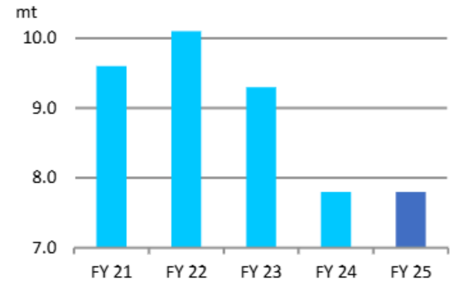
A3. Key Performance Indicators (KPIs)

KPI	Rationale	Comments
Safety: 	• This shows the lost time injury frequency rate ('LTIF') from continuing operations to provide a basis of comparison with industry peers. The frequency rate (as with 'recordables') is reported per million hours worked as a rolling twelve-month average. • Recordables are defined as all work related incidents resulting in harm to a person or persons excluding those that require no more than first aid treatment.	• LTIF was 1.66 in 2024/25 compared to 1.79 in 2023/24. • The recordables rate, which includes lost time injuries as well as minor injuries, decreased from 6.79 in 2023/24 to 6.15 in 2024/25. Refer to pages 11 and 12 for further information.
EBITDA & EBITDA Margin: 	• EBITDA is defined as earnings from continuing operations before restructuring, impairments, exceptional items, profit/loss on disposals, interest, tax, depreciation and amortisation. EBITDA margin shows EBITDA as a percentage of Group revenue. • EBITDA margin measures how efficiently revenue is converted into EBITDA.	• EBITDA in 2024/25 amounted to a £347m loss (2023/24: £749m loss) and EBITDA margin of minus 5% (2023/24: -10%). Prior year losses were largely impacted by operational issues in TSUK and the reline of Blast Furnace 6 in TSN, together with weak steel market across Europe and the UK. Despite operational improvements during FY25 including reduced costs from the closure of steelmaking within the UK, continued weakness of the European and UK markets have driven the losses in the year. • See page 22 for a reconciliation of statutory profit to the EBITDA Alternative Performance Measure (APM).
Net Debt: 	• This shows total debt less cash and cash equivalents, and short-term investments. • It reflects the Group's overall funding position.	• Net debt at 31 March 2025 was £994m (2023/24: £2,604m). For further details see note 33. • The decrease in net debt from 2023/24 to 2024/25 was mainly due to conversion of intercompany loans to equity and increase in cash reserves.

A3. Key Performance Indicators (KPIs)

KPI	Rationale	Comments

Volume Performance:



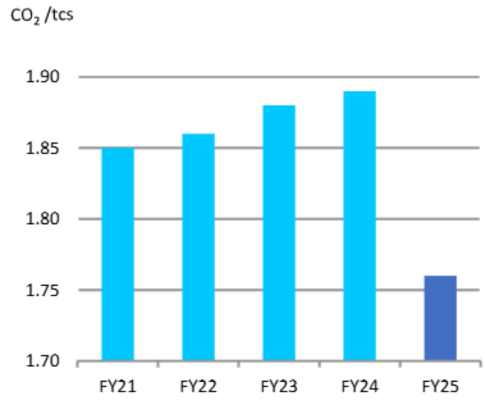
Rationale

- Liquid steel production from operations. This reflects the level of physical activity and is a key indicator of the manufacturing performance of upstream assets.
- It is also a measure by which the steel industry compares the size of companies on a global scale.

Comments

- The Group's liquid steel production amounted to 7.8mt in 2024/25 (2023/24: 7.8mt)
- During the year, liquid steel produced at Ijmuiden increased to 6.7mt (2023/24: 4.8mt) following completion of the blast furnace reline in the prior year.
- Liquid Steel production at Port Talbot fell to 1.1mt during the year (2023/24: 3.0mt) following the closure of its two blast furnaces in June and September 2024.

Environment:



Rationale

- The Group reports its CO2 emissions using a standardised methodology adopted by worldsteel, which enables performance benchmarking. The methodology comprises a number of different emission scopes, such as direct emissions only (Scope 1 emissions), direct emissions plus indirect emissions associated with imported electricity (Scope 1 + Scope 2) and a holistic scope which also takes account of the emissions associated with producing raw materials (Scopes 1+2+3). The worldsteel method allows users to report emissions both with and without the application of credits for the use of by-products – particularly granulated blast furnace slag - in applications that help to reduce emissions in the wider economy.
- The method of calculation used by worldsteel is different to the method used by the UK's Streamlined Energy & Carbon Reporting system (SECR), which is presented in accordance with UK legislation on page 18.

Comments

- The Group's weighted average emission from its two steelmaking facilities (worldsteel Scopes 1+2+3) was 1.76 tCO2/tonne crude steel (tCO2/tcs) in 2024/25 taking into account the application of credits associated with blast furnace slag production.
- This was a reduction compared with the three previous years (2023/24: 1.89 tCO2/tcs, 2022/23:1.88 tCO2/tcs, 2021/22: 1.86 tCO2/tcs), driven mainly by improvements by the Group's European plant in IJmuiden and partly due to lower production of crude steel at its UK plant, following closure of its blast furnaces during the year. This figure includes data for the UK plant only up to September 2024, after which the steel production ceased and the metric is no longer relevant.
- The Global average per the 2024 Worldsteel sustainability Indicators report is 1.92. Thus, the Group's emission performance is substantially better than the worldsteel average benchmark.
- The worldsteel average is based on data reported from participating companies, covering 56 integrated steelmaking facilities.

Business environment and prospects

Dynamics of the business

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

Macroeconomic environment

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

The EU economic growth accelerated to 0.8% (2023: 0.5%) and the UK economy to 0.9% (2023: 0.1%). The moderate growth in the EU was helped by monetary easing by the European Central Bank which implemented a series of rate cuts (from 4.5% to 3.15%) despite persistent inflation which remained at 2.6%. Growth varied across the sectors. Whilst activity in services grew, output in manufacturing remained low due to reduced demand from the local and global markets as well as high energy costs. Growth was uneven across individual economies with industrialised countries relatively more affected by weak manufacturing. Germany experienced a mild recession with GDP growth of -0.2%, whilst France and Italy grew by 1.1% and 0.5% respectively.

Steel demand and production

Global steel demand decreased by -2.2% in 2024 (2023: -1.1%) as the manufacturing and construction sectors were impacted by tight financing conditions and elevated costs. Demand in China decreased by -5.4% (2023: -3.3%) mainly due to the persistent weakness in the housing market. Demand in the EU28 decreased by -0.3% (2023: -10%). In the EU, the largest steel-using sectors were all negatively affected by the macroeconomic weakness. Output growth in the automotive sector, which had been relatively strong in previous years, also weakened.

In 2024 calendar year, global steel production decreased by -0.8% to 1,834 Mt (2023: -0.2%). Steel production in China decreased by -1.4% to 1,001 Mt (2023: -0.4%) and equated to 55% of global steel production. Despite a modest growth of 2.5% in the EU, the production level remained low at 129 Mt (2023: -7.3%) as ~15% of the blast furnaces were idled in response to lower demand for steel. In recent years, crude steel output by the steel sector in the EU has declined from 161 Mt in 2017 and 153 Mt in 2021 to 129 Mt in 2024.

Raw materials and steel prices

The principal raw materials used in TSE's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) was lower in 2024 than the previous year at US$109/t (-$11/t) due to low demand from China. The lowest monthly average price was reached in September with US$94/t, whereas the highest price was recorded as US$135/t in January. The hard coking coal spot price (Australia FOB) declined to US$240/t (-$56/t) as the price normalised after high prices in the second half of 2023. The German benchmark scrap price (Sorte 2/8) was relatively stable at €338/t (-€2/t) compared to the previous calendar year. The price of CO2 in the EU decreased in 2024 to €65/t (-€19/t) mainly due to the limited industrial activity and a warm winter especially in the first half of the year, thereby reducing the demand for carbon allowances.

The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in 2024 to €626/t (-€87/t). The highest price was achieved in January 2024 at €733/t due to restocking and the disruption in the Red Sea. The steel price later moved downwards for the majority of the year due to persistent low demand, ending the year at €557/t in December.

Trade

Exports from China to the rest of the World were at their highest level since 2016 at 111 Mt as domestic demand for steel in China decreased significantly, whereas the decline in production was more moderate. The high exports from China resulted in a growing amount of trade cases. In 2024 imports into the EU increased to 27.4 Mt (2023: 25.6 Mt). The higher imports led to an increase in the market share of imports from 18.6% in 2023 to 19.4% in 2024. The trend where the steel-using-sectors in the EU are increasingly sourcing steel from third countries continued. Low steel prices in the EU and the existing safeguard measures helped to limit further increases of imports into the EU. The EU remained a net importer of steel with net imports of 10.7 Mt (imports: 27.4 Mt, exports: 16.7Mt). The region became a net importer in 2015.

Prospects for 2025

In calendar year 2025, economic growth will be supported by the expected lowering of bank rates in both the EU and the UK. However, stronger protectionism globally and potential trade conflicts are anticipated to have an adverse impact. As a result, economic growth of 1.1% in the EU and 1.0% in the UK is expected. Output growth in the steel-using sectors is expected to remain low in 2025 due to continued low investments following on from the high interest rates. A modest recovery of 2.2% of the apparent demand for steel in the EU is forecast for 2025. It is likely that the direct and indirect effects from USA tariff policy will weigh on global trade during the year and the impact on the steel market is difficult to predict with any degree of certainty. Risks and opportunities may develop at short notice although there will inevitably be some impact on steel markets.

Civil society advocacy

TSE's businesses continuously engage with governments at various levels and other civil society stakeholders, such as non-governmental organisations, to inform the elements of public policy and regulation relevant to the business. The objective is to help create the right conditions for a sustainable steel industry through adoption of policies which would create a level playing field with international competitors, a competitive cost base and attractive conditions for innovation and investment, including energy prices, taxation, carbon pricing and leakage, public procurement and international trade.

Climate change and decarbonisation is the most significant area of engagement with civil society stakeholders at both UK and EU levels. Engagement with governments has centred on how plans for decarbonisation can be funded and ensuring the business secures the right policy environment for industrial decarbonisation.

Employees

Health and safety

Striving for Excellence in Health and Safety is a core value for the Group and, along with TSE's 5 key Health and Safety commitments, it is felt in everything we do and everything we say. We are committed to our goal of ensuring zero harm to our employees, contractors and the communities in which we operate

The five guiding commitments of health and safety are as follows:

- I protect myself and others because I care;
- I follow current standards and procedures as the best way to work safely;
- I assess risks whenever there is a change to the workplace;
- I always lead by example; and
- I challenge (and accept being challenged) or I stop the job.

Our ambition remains to be the health and safety benchmark in steel.

UK Business

For the UK Business, the combined lost time injury frequency (LTIF) rate in 2024/25 for employees and contractors improved to 1.97 compared to 2.64 in the previous year. The recordables rate, which includes lost time injuries, medical treatment cases and restricted work day cases, increased slightly from 4.04 in 2023/24, to 4.21 in 2024/25.

The UK Business continues to carry out hazard studies and developing process safety leadership. This has enabled the safe cessation and decommissioning of the blast furnaces and coke ovens during the year with no recorded process safety events or major incidents.

The UK Business operates an internal 15-Principle health and safety management system and is continuing with its transition towards a certified health and safety management system ISO 45001: 2018, with 3 sites already having successfully achieved external ISO certification.

During the year, the UK Business has deployed a health and safety annual plan focusing on occupational safety, process safety and occupational health & well-being. Objectives have included the safe decommissioning of assets across relevant sites, the development and deployment of a number of TSUK level H&S standards, as well as improvements in relation to the management of identified significant hazards; these have included isolation & immobilisation, cranes and lifting, functional testing, and the continuing planned migration to a single digital permit IT platform across all sites.

The Occupational Health focus has been on strengthening alignment across the business, assisting with the changes of the organisation, and supporting absences efficiently and in an effective manner. Physical and psychological health and wellbeing awareness has continued to develop upon identified improvements made over the past few years, whilst increasing both communication and education around and identified schedule of key topics.

Safety leadership continues to be demonstrated across the business with all levels of leadership across each TSUK site undertaking a standardised set of health, safety and environment leadership audits and tours and continuing to migrate to a single Health & Safety IT platform (Salus) for Health and Safety reporting, investigation and recording of inspections & safety tours.

MLE Business

During 2024/25, in the MLE business, the number of recordable injuries saw an decrease to 7.57 in 2024/25 compared to 9.05 in 2023/24. However, the LTIF increased to 1.43 compared to 1.10 in 2023/24. Extensive analysis continues to be carried out to understand the root causes behind the recorded injuries and lost days so lessons can be learned. Outcomes so far have led to, for example, awareness campaigns focusing on the prevention of eye and hand injuries and falling objects in certain areas or works. To maintain safe operations and to comply with health and safety regulations, the business ensures that everybody working on site is well informed, trained and aware of their surroundings.

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

To further improve safety, the MLE Business has developed the TrueSafe programme, which aims to empower a proactive safety management culture and thereby to prevent unsafe behaviour and working conditions at all sites. TrueSafe emphasises organisational aspects of safety and the competence and alignment of people delivering safety performance on the shop floor.

Process safety

Process safety management represents a fundamental pillar in the MLE Business' efforts to mitigate the occurrence of significant process safety incidents. As part of this, more emphasis is placed on reporting and following up on high-potential incidents in the year under review. In addition, further efforts have been made to guarantee the integrity installations, by tailoring maintenance regimes more specifically to the type of installation. The procedure for securing process installations during stoppages and shutdown has been adapted and rolled out to the various units.

Barrier management is another important element of process safety; in the financial year 2024/25, the MLE Business took important steps to complete process hazard analyses of their existing high hazard facilities.

Health and vitality

The MLE Business has a health roadmap in place to guide the organisation towards the overall vision of "We work in optimal conditions to be able to live and work in a healthy and vital way". This vision emphasises the importance of sustainable employability and preventive sickness absence. Preventing exposure to hazardous substances and conditions is one of the top priorities for the avoidance of occupational diseases. The chance that employees may experience extreme temperatures (heat stress) is inherent in the business processes. To remove (and to list and catalogue) these risks, the MLE Business is working on developing an app that employees can use to manage their 'heat stress'.

In the background, TSN is always optimizing the various quality, health, safety and environment (QHSE) regulations. In the coming year, the asbestos and radiation regulations will be updated. In this way, TSN ensures that the applicable laws and regulations are implemented in a timely and correct manner.

Employee numbers

During the financial year ended 31 March 2025 the average number of employees in the Group decreased to 19,600 (2024: 20,600).

Employment policies

There are well established and effective arrangements at each business location for communication and consultation with works councils and trade union representatives to systematically provide employees with information on matters of concern to them. Well-developed policies and procedures have been operating in all parts of the Group for a considerable time for the purpose of consulting and negotiating with trade unions and some of these are being reviewed and updated with trade union representatives to reflect the creation of the separate value-chains.

As part of a trans-national, multi-cultural group, TSE's businesses are committed to providing an environment that recognises and values the differences in employee backgrounds and skills and to provide equality of opportunity for all employees and seeks to maximise the benefits available from a diverse workforce. The Group has continued to embed flexibility and adaptive working as a part of supporting its diversity and inclusivity action plan.

Across the UK, the Company is committed to provide an environment that recognises and values the differences in employee backgrounds and skills. The aim is to provide equal opportunity for all employees to maximise the benefits available from a diverse workforce. The Company has continued to embed flexibility and adaptive working as a part of supporting its diversity and inclusivity action plan.

Over the course of the past year in TSUK, the primary focus and resources have been directed towards supporting employees through the previously announced restructure and transformation of the company. This is a significant restructure and transformation programme to secure TSUK's future – as a sustainable, green steelmaking business.

The transition to lower CO2 steelmaking has involved safely and smoothly bringing traditional iron and steel making operations to an end, but also supporting those directly affected by the changes. The Company has been managing the Voluntary Redundancy (VR) Aspiration Process across collectively recognised areas; supporting cross-matching of employees to other roles, providing suitable outplacement support for all affected individuals, introducing an enhanced redundancy package and working with external partners to provide training to those who look to reskill. All this and more, is to ensure that our people are set for the future following the transformation.

Support has involved engagement with a wide range of stakeholders – trade unions, Welsh Government, UK Government, Local Councils and support agencies – and has included an enhanced redundancy package, outplacement guidance, retirement information and training and re-skilling for new roles.

In the midst of such changes to the business, TSUK maintains excellence in its commitment to its employees, who continue to excel in their own right. In particular, TSUK is proud of the achievements this year of its apprentices, who have picked up multiple awards such as the gold medal in the Welsh Senedd Competition, a first prize in the Welsh STEM awards, and coming runner up in the MAKE UK Manufacturing Awards - Apprentice of the Year category.

The training and development of TSUK's people continues to be core to the organisation, to create a thriving business and an environment where employees can grow. This is why TSUK is proud of the Training Academy Team, who received the highly prestigious, Princess Royal Award, presented by Her Royal Highness for their "outstanding training and skills development" for the apprenticeship and trainee schemes across the Business.

TSUK strives to ensure that well-developed policies and procedures are in place for consulting and negotiating with trade unions so that views of employees can be considered in making decisions that are likely to affect their interests.

UKSE Limited, a subsidiary of Tata Steel Europe, helps the economic regeneration of communities affected by changes in the UK steel industry and it continues to roll out support measures to businesses across all steel manufacturing regions in the UK to help support and create new job opportunities for all steel communities.

The MLE Business strives to promote a socially safe working environment where everyone is treated ethically and with respect. The Social Safety Manual outlines the channels through which employees can raise concerns related to undesirable behaviour.

The MLE Business runs a programme of activities to encourage and promote diversity and inclusion, including communication campaigns, inspiration sessions and a Diversity Day. The aim is to make all employees feel equally valued, regardless of their cultural background, age, religion, gender (identity), disability, sexual orientation or any other difference.

The MLE Business has conducted its annual 'Being Yourself Works' survey in February 2025 to assess perceptions of inclusion and cultural diversity in the workplace. The survey focuses on diversity and inclusion, particularly in relation to vulnerable groups such as women and non-Dutch employees. More than 2,300 employees participated in the survey, with the results revealing that 97.4% of employees feel they can be themselves at work.

To increase the number of women in leadership positions, The MLE Business has created the Future Female Leadership programme for women with the ambition and potential for a leadership position. By helping women to develop their individual strengths and talents, this programme is one way in which the MLE Business aims to ensure a more equal distribution of men and women in decision-making positions at Tata Steel. The [Fe]Male Network, meanwhile, aims to promote equality and inclusion for all by increasing the visibility and involvement of women in the organisation, while also providing a platform for networking and exchanging experiences.

UK Gender pay

In the UK, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, employers with more than 250 employees are required to publish annually their gender pay gap information by reporting the percentage differences in pay between their male and female employees for the previous year. TSUK first published results in 2018 and again this year has published its results on the UK Government website.

Relative to national and industry statistics TSUK's gender pay gap for hourly pay (2.8% mean gender pay gap and 4.1% median gender pay gap) continues to be at the lower end. The Group continues to focus on steps to further enhance the diversity in its organisation because it believes having the right people in the right job is important.

Pension arrangements

The principal defined benefit pension scheme in the Group at 31 March 2025 is the British Steel Pension Scheme ('BSPS') in the UK which is closed to future accrual. This came into existence on 28 March 2018 as part of the regulated apportionment arrangement ('RAA') agreed between TSL, the Trustee of the old BSPS, the UK Pensions Regulator and the Pension Protection Fund ('PPF'). Pension arrangements for employees in the UK are now provided by way of a defined contribution scheme.

The principal pension schemes in the Netherlands are classified in the consolidated financial statements as defined contribution schemes.

Further details on these schemes are provided in Note 22.

Modern Slavery Act

Section 54 of the Modern Slavery Act 2015 requires relevant organisations carrying on business in the UK to publish a statement setting out the steps taken to ensure no slavery or human trafficking is taking place within the organisation or its supply chains. The TSUK Board has approved a statement setting out the measures taken by the Group during the prior financial year ended 31 March 2024. The statement for the financial year ending on 31 March 2025 will be issued by TSUK on behalf of itself and its relevant subsidiary companies and published on the TSE website.

Community Engagement

Tata Steel strives to enrich its local communities and contribute to their future economic and social wellbeing.

On 18 February 2025, Tata Steel UK Limited received planning approval for the construction of the state of the art electric arc furnace at its Port Talbot site. As part of the planning process, the UK Business held several community engagement sessions locally, giving residents the opportunity to interact with senior leaders, ask questions and understand in detail the proposals.

The success of these engagement events, and TSUK's ongoing community engagement, was clear when the Committee made its decision to approve planning. Councillors spoke of the importance of TSUK to the local area and of how the business continues to go above and beyond to serve the community. This plays testament to the Tata values and the importance of strong relationships with the local community and key stakeholders.

TSUK's programme of proactive community partnerships embraces three aspects: health and wellbeing, environment, and education and learning. TSUK sponsors a running event – the Richard Burton 10K near Port Talbot which is now in its 42nd year and raised £60,000 for local charities and good causes in 2024.

With health and wellbeing a crucial aspect of our work, the UK also celebrated the 15th anniversary of the Aberavon Wizards League – providing an accessible football and netball tournament for every year primary school in Port Talbot, with TSUK covering the costs of kit and travel to and from every match. In FY25, the scheme reached 15 schools and over 300 children.

In the Netherlands, activities include the traditional annual Tata Steel Chess Tournament (established in 1937), which has attracted thousands of players and spectators and boosted local tourism during the off-season in January. Wijk aan Zee was once again the centre of the worldwide sport, Chess, for more than two weeks.

Sustainability & Environment

Sustainable in Every Sense

TSE is steadfast in its determination to be sustainable in every sense. It understands sustainability to be a broad concept, encompassing themes of climate action and resource efficiency, environmental protection and biodiversity, good governance, ethical business practices and responsible procurement, stakeholder engagement and community relations, strong labour standards and employee relations, social equity, diversity and inclusivity. As such, TSE's sustainability approach permeates all of its business activities. It is embedded in the policy and management systems of TSE entities. The Group always seeks to ensure that its decisions and its communications are underpinned by science and facts. It follows widely-accepted standards, guidelines and indicators and communicates openly about sustainability performance to the extent that third parties can assess this as well.

In order to secure 3rd party validation of its progress, the Group (through its parent company, Tata Steel Limited) became a member of ResponsibleSteel™ in 2020. This is the first globally present sustainability standard development and certification scheme for the steel industry. Both TSUK and TSN are intent on securing certification against the ResponsibleSteel™ standard for their sites and to assess extending certification to products.

During 2024/25, both TSN and TSUK made further, concrete steps towards transforming their businesses in line with their sustainability goals, not least the commitment to attain net zero by 2045. TSUK launched a CSR and Sustainability vision to support its ambition to become a sustainable business in every sense whilst navigating a profound technology transition to EAF steelmaking.

Recognition

The Group remains a signatory of the World Steel Association (worldsteel) Sustainability Charter. In April 2025, Tata Steel was again recognised by worldsteel as a Steel Sustainability Champion. The Steel Sustainability Champions Programme commends those worldsteel members that are most clearly demonstrating their commitment and action to sustainable development through their involvement in worldsteel sustainability activities. In order to be recognised as Sustainability Champions, companies must: (i) sign the worldsteel Sustainability Charter, providing evidence of meeting 20 criteria covering the fields of environment, social, governance and economics (ESGE), (ii) provide Life Cycle Inventory (LCI) data to worldsteel's data collection programme, ensuring that the data cover more than 60% of the company's crude steel production and are less than 5 years old, and, (iii) be shortlisted in one of the 6 categories of the worldsteel Steelie Awards or be recognised in the worldsteel Safety and Health Recognition Programme.

Tata Steel has been recognised in each year since the inception of the Programme and is one of only two companies to achieve this unbroken recognition, demonstrating its ongoing and class-leading commitment to sustainability.

In 2024, worldsteel presented Tata Steel with the Steelie award for Excellence in Life Cycle Assessment (LCA). A UK-based team secured the award on the basis of their work on supporting improvements in the consistency, accuracy, and robustness of product carbon footprints and other product environmental claims – work that is critical to developing future rules, standards, and guidelines in relation to product footprinting. This recognition makes it four times in the past eight years that Tata Steel has secured this prestigious award, consolidating its strong international reputation for LCA expertise.

All the Group's manufacturing operations continue to be independently certified as meeting the international environmental management system standard, ISO 14001:2015. Tata Steel continues to have all of its products manufactured in the UK and the Netherlands certified as conforming with the sustainability standard, BES6001. Certification against this standard is increasingly being specified by customers in the construction and other market sectors.

Climate Action

Steel and climate change

Steel is a vital and familiar component of our everyday lives. It is increasingly recognised as also being fundamental to efforts by countries to transition to low-carbon economies. Indeed, there can be no low-carbon economy without steel. It is needed for renewable energy, sustainable homes, low-CO_2 transportation, infrastructure schemes for large-scale hydrogen production and distribution, and carbon capture, usage & storage. It is needed to build and power electric vehicles, as well as creating sustainable buildings and delivering major infrastructure projects which will help nations across the globe to achieve their climate goals.

Steel's role in the net zero world of the future is clear, but it is also recognised that the steelmaking process itself creates substantial CO_2 emissions. The steel sector globally accounts for between 7% and 9% of man-made emissions of CO_2. It is recognised as being a 'hard to abate' sector. Given the steel sector's intrinsic importance to global development, prosperity and well-being it has become a priority for governments around the world who are committed to playing their part in achieving the goals of the Paris Agreement.

Government action

The Dutch and UK Governments continue to take leadership positions in global climate action. The Netherlands – individually and as part of the European Union – and the UK are signatories to the Paris Agreement. Each party to the agreement must submit a Nationally Determined Contribution (NDC) for its emissions reduction to the United Nations Framework Convention on Climate Change (UNFCCC) every 5 years, ahead of the relevant Conference of the Parties (COP). NDCs covering the period 2031 to 2035 are due for submission ahead of COP30 in Brazil in November 2025. The UK has set a 2035 NDC target to reduce all greenhouse gas emissions by at least 81% on 1990 levels. The EU and its Member States expect to define their NDC in July 2025. In the meantime, the EU member states are committed to a legally binding target of a domestic reduction of net greenhouse gas emissions by at least 55% compared to 1990 by 2030. This target is also enshrined in Dutch national legislation in the Climate Act (Klimaatwet). The principal policy mechanism through which the UK and the Netherlands seek to achieve industrial decarbonisation is emissions trading systems. Following a tightening in 2023, the EU Emissions Trading System seeks to achieve a 62% reduction in emissions from in-scope installations by 2020 compared to 2005. From 2024, the UK Emissions Trading Scheme cap will be aligned with the UK's net zero trajectory.

Market expectations

A large proportion of the TSE customer base will not accept a supplier that does not have the plans and credentials to be a zero CO_2 supply partner. Increasingly, the ability of steel companies to demonstrate not only that they already perform to a very high standard in terms of carbon efficiency, but that they have clear and credible plans to make the transformative changes needed to become carbon neutral before 2050, are becoming part of their 'licence to sell.' Steel companies are increasingly seeking to differentiate themselves from competitors on grounds of their climate ambition and performance in addition to their product capability, reliability and service. The stakeholder expectations and pressures driving steel companies to enhance their climate credentials go beyond those of the market and the governments in the jurisdictions in which they operate: TSE is also intent on responding to the expectations of its parent company and its shareholders and to the strengthening public attitudes in the UK and the Netherlands towards climate change and environmental protection. Only companies that can be seen to be making a positive contribution to climate solutions will command the support of the public and will be able to attract the best talent.

Commitment

TSE has responded to the risks and opportunities presented by a changing policy landscape and stakeholder expectations with a comprehensive suite of actions to reduce its emissions, innovate in the products and services that will enable its customers and wider society to decarbonise and to disclose its performance, plans and progress in a transparent and accessible manner to all interested parties.

In 2023, Tata Steel adopted a target to be net zero across the entire Group – including its European entities - by 2045. Tata Steel Netherlands (TSN), as part of its long-term sustainability strategy, has built upon this Group-wide target through its public commitment to reduce its CO_2 emissions by 5 million tonnes per year around the end of the current decade and to be fully climate-neutral by 2045 via an accelerated transition process.

TSE has set out its intent to establish science-based targets (SBT), which are medium-term emissions reductions targets consistent with the speed and extent of decarbonisation that the steel sector will need to make in order for the world to meet the 1.5°C goal of the Paris Agreement.

Public Policy Environment

The Group is supportive of the strong leadership positions on climate action that the Dutch and UK Governments have taken. It is committed to working closely with policy-makers to make a substantial contribution to the achievement of national aspirations. The Group's emission reduction commitments, participation in global initiatives and other actions to date are evidence of this. Yet, the Group cannot achieve its decarbonisation aspirations alone. Tackling climate change is an effort that concerns the whole of society and accelerating the pace of decarbonisation of the steel sector will require a set of policy interventions that rapidly strengthen the business case for public and private investment in low-CO_2 steel.

It would be counter-productive if the cost of decarbonising the Group's steelmaking operations in the Netherlands and the UK were to give a competitive advantage to steelmakers in less carbon-constrained jurisdictions; policy measures are thus needed to enable the Group to remain competitive whilst pioneering the steel sector transition to net-zero. These measures should take the form of public procurement and product policies that incentivise the use by society of low-CO_2 steel, measures that accelerate the deployment of clean energy infrastructure, interventions that ensure that steelmakers can access low-cost finance to commercialise high-risk, innovative and first-of-a-kind technologies and protections against 'carbon leakage' in the form of import penetration from jurisdictions where steelmakers do not bear comparable carbon constraints to those prevalent in the EU and the UK.

The EU has already introduced a carbon border adjustment mechanism (CBAM) and the UK has announced that it will implement a UK CBAM from January 2027.

The Group is supportive in principle of the CBAMs though continued attention is required to ensure these mechanisms have the intended effect of incentivising rapid decarbonisation amongst EU and UK steelmakers whilst ensuring their adoption of a leadership position on climate action does not come at the expense of their competitiveness. The level playing field between the EU and UK must also be preserved. Key to this will be increasing the scope of the EU and UK schemes to include steel in imported goods.

In May 2025, the UK and EU announced an intention to work towards closer co-operation on emissions through linking their respective Emissions Trading Systems, including a mutual exemption from the EU and UK CBAMs.

Decarbonisation Activities in Tata Steel Nederland

As part of its long-term sustainability strategy, Tata Steel has made a public commitment in the Netherlands to reduce its CO_2 emissions by 5 million tonnes around the end of the current decade (versus a baseline of 12.6 million tonnes corresponding to its full capacity utilisation) through an accelerated transition process. In November 2023, TSN presented an updated Green Steel Plan (Groen Staal Plan) to the Dutch Government, covering the following three key objectives:

Clean: TSN intends to prioritise reducing particulate matter and nitrogen dioxides.

Green: TSN intends to reduce its CO_2 emissions (versus a baseline of 12.6 MT corresponding to its full capacity utilisation) by 5 million tonnes annually. To achieve this, the Company plans to replace Blast Furnace 7 and Coking and Gas Plant 2 with a Direct Reduced Iron Plant (DRP) combined with an EAF (Electric Arc Furnace). The DRP will initially run on natural gas. As cost-competitive hydrogen becomes available in sufficient quantity, the plant would be able to run on hydrogen without any modification. The iron from this DRP will be used in the EAF and supplemented with scrap in a much larger quantity than currently used in the IJmuiden plant.

Circular: TSN plans to increase the use of scrap in the IJmuiden plant to approximately 30% of total annual production. Thus, it will become less dependent on primary raw materials and more supportive of the circular economy principles.

The Green Steel Plan is a significant move towards reducing environmental and climate impact as quickly as possible. It will arguably be the most prominent industrial transition in the Netherlands in the coming years. Tata Steel is discussing the Green Steel Plan with the Ministry of Economic Affairs, the province of North Holland, and simultaneously engaging with suppliers, customers, the local community, and other stakeholders.

The Green Steel Plan will entail significant investment and can only succeed with policy and fiscal support from the Dutch Government. With the submission of the plan, a new phase has begun in the discussion between Tata Steel and the Dutch Government, and both parties are continuing discussions in order to reach a final agreement for its implementation.

The Dutch Government recognises that certain policies, such as Network Tariffs, are affecting TSN's competitive position and have expressed an intention to review these.

The talks between TSN and the Dutch Government are aimed at reaching a Custom Support Agreement ('Maatwerkafspraak') to replace part of the current production facilities in IJmuiden. This agreement will include additional above-statutory environmental measures.

At present discussions between TSN and the Dutch Government are aimed at developing a Joint Letter of Intent (JLOI) on a Custom Support Agreement. A Governmental Advisory Committee on Custom Agreements for Industry Sustainability will review and advise before the JLOI will be made public and further developed into a definitive and binding agreement. The EU Commission will be involved by following the formal processes for state aid approval.

Decarbonisation Activities in Tata Steel UK

In September 2023, Tata Steel announced that it had reached an agreement in principle with the UK Government on proposals that would see a transition from blast furnace based iron and steel production at Port Talbot to electric arc furnace (EAF) based steelmaking. Between March and September 2024, Tata Steel safely enacted a phased cessation of its coke ovens, sinter plant, blast furnaces, basic oxygen steelmaking and casting operations in addition to various heat and power generation assets and ancillary processes at Port Talbot, bringing to an end ironmaking at the site. Many of these 'heavy end' assets had reached the end of their operational life. Sustaining the configuration any longer, or making further investments in the traditional heavy end, was determined to be neither economically nor environmentally viable.

Steelmaking at the site is due to resume in 2027/28: a Grant Funding Agreement was signed in September 2024 between Tata Steel and the UK Government. Under the agreement, the UK Government will contribute £500 million and Tata Steel will contribute £750 million for an overall investment of £1.25 billion, making this the largest investment in the UK steel industry for decades. It will safeguard the UK's steel sovereignty; secure steel making in Port Talbot and preserve 5,000 jobs. The new assets will reduce the UK's entire industrial carbon emissions by 8% (and Port Talbot's by 90%) while setting a benchmark in circularity. The project will bolster UK's steel security and will be transformative in terms of the UK's progress towards a more circular economy, leveraging strategic, domestically available scrap steel and promoting value addition within the UK.

Progress since the signing of the Grant Funding Agreement has been significant. In October 2024, Tata Steel appointed the world-leading metals technology manufacturer Tenova to supply the new furnace. In December 2024, it signed a deal with JCB for the supply of low-CO_2 steel. In January 2025, it appointed Sir Robert McAlpine as the project's main works contractor and in February 2025, following extensive public consultation on its plans, Tata Steel secured planning permission for the project to go ahead.

Despite the challenges inherent in the transformation, the Company's workforce has demonstrated great commitment and resilience winding down and closing iconic iron and steelmaking processes that have been a feature of the Port Talbot community for many decades.

During the transition period and project phase, Tata Steel is seeking to ensure uninterrupted and reliable product supply to fulfil customer and market commitments, through the import of semi-finished steel products in the form of hot rolled coil and slabs, from stable and responsible supply chains, including its plants in India and the Netherlands, to feed its downstream units.

A thorough and rigorous cross-functional process has been put in place to monitor the carbon footprint and other environmental attributes of incoming semi-finished steel feedstock to reassure customers that the product environmental claims the Company makes continue to be credible, robust and verifiable.

CO2 Emissions Performance and Emissions Trading

Even with the Group's decarbonisation activities moving forward at pace, it is nevertheless still important to ensure that its retained assets remain highly efficient in the short term. The Group reports the CO_2 emissions from its steelmaking sites using a standardised methodology adopted by worldsteel, which enables performance benchmarking. The methodology comprises a number of different emission scopes, such as direct emissions only (Scope 1 emissions), direct emissions plus indirect emissions associated with imported electricity (Scope 1 + Scope 2) and a holistic scope which also takes account of the emissions associated with producing raw materials (Scopes 1+2+3). It is important when comparing the emissions performance of different installations to define which methodology and which scope are being used.

The Group's weighted average emission from its two steelmaking facilities (worldsteel Scopes 1+2+3) was 1.76 tCO_2/tonne crude steel (tCO_2/tcs) in 2024/25, taking into account the application of credits associated with blast furnace slag production. This figure only includes data for Tata Steel UK up to September 2024, after which its steel production ceased and the metric is no longer relevant.

The 2024/25 performance level compares to 1.89 tCO_2/tcs in the preceding year. The improvement was primarily attributable to the dominance of the world-class IJmuiden iron and steel works in the weighted average given the closure of the UK steel works in the prior year.

Tata Steel is developing a new measure of its carbon intensity during the transitional phase in which it is not a steel producer. This will be reported in the 2025/26 report.

The Group met its environmental obligations for calendar year 2024, the fourth year of Phase 4 (2021 to 2030) of EU ETS, and the fourth year of the operation of the UK ETS.

Product innovation

Decarbonisation of its operations is only a part of the positive contribution that Tata Steel is making, as its products are also part of the solution to climate change. CO_2 emissions in steel production can be offset by reductions in direct and indirect emissions through the life-cycle of steel products, achieved through effective product development and design, and through recycling at end-of-life. The Group has developed a tool to assess the sustainability of all new products against the products they replace, in a semi-quantitative manner. The Sustainability Assessment Profiler is a unique framework supporting the company's mission to become sustainable in every sense, creates value propositions related to sustainability and supports customer engagement. The framework considers environmental, social and economic aspects over the complete product life cycle in a consistent manner in an approach that puts the Group ahead of other international steel companies. Tata Steel seeks to support the decarbonisation journey of its customers through product innovations such as lightweighting through thinner steel, lifespan-extending coatings, and eco-friendly food container materials.

Carbon Lite

TSN and TSUK have further developed commercial propositions that allow customers to take a stake in the decarbonisation journeys, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand names Zeremis Carbon Lite and Optemis Carbon Lite for TSN and TSUK respectively, the propositions are based on carbon 'insetting,' where actual emissions reductions are third-party verified, banked and offered to customers for off-setting their Scope 3 emissions of CO_2. As markets for low emission products have grown in FY2024-25, Tata Steel has played a leading role with worldsteel and steel companies across the globe and to further develop robust guidelines (worldsteel chain of custody guidelines) & develop understanding on how CO_2 reductions can be effectively captured through chain of custody approaches. This supports customers in reducing their Scope 3 emissions and ensures alignment with recognised and credible reporting practices.

Transparency & Disclosure

Tata Steel is committed to open communication of its carbon emissions and climate action. In 2024 it again provided a comprehensive disclosure as part of a consolidated TSL annual submission to CDP (formerly Carbon Disclosure Project). The score for this period is not finalised, however, Tata Steel attained a rating of A- in 2023, placing it firmly amongst the best performing of the steel companies reporting to CDP.

Increasingly, the Group is working with customers in all market sectors on all aspects of sustainability. Its knowledge and transparency about the performance of its products allows customers to understand the sustainability of steel applications, enabling them in turn to develop their approach to material usage and meet their environmental goals.

Life cycle assessment

Life cycle assessment (LCA) is a powerful tool for identifying opportunities to reduce the environmental impact of a product – whether that is a building, a vehicle, a piece of machinery or packaging – throughout its life cycle. Tata Steel is widely recognised for its expertise in LCA. Taking a supply chain perspective allows it to demonstrate how improvements in material utilisation and right-first-time manufacturing can reduce emissions during the production phase. Tata Steel's LCA models allow it to consider the complete value chain, for instance, the impact of the carbon intensity of regional grid electricity (gCO_2 / kWh) on the carbon footprint of a vehicle or building.

In the automotive sector, light-weighting remains a key lever for reducing the CO_2 emissions of vehicles in their use-phase. LCA can be used to demonstrate how embodied CO_2 derived from the manufacture of advanced and ultra-high strength steel can be offset by downgauging parts to make them lighter. Savings in mass means CO_2 savings: less material is required to manufacture the vehicle and a lighter vehicle produces fewer emissions in use.

In construction, the Group has been supplying life cycle data on its building envelope products for 15 years, publishing environmental declarations for its supply chain partners' cladding systems that use our Colorcoat HPS200 Ultra® or Colorcoat Prisma® prefinished steel. Work in this area has been recognised with four worldsteel awards for Excellence in LCA.

The Group was the world's first steel manufacturer to operate an Environmental Product Declaration (EPD) programme and can produce product-specific EPDs that comply with EN 15804 and ISO 14025 standards and which are third-party validated. An EPD contains a description of the manufacturing route and a technical description of the product. Along with quantified environmental information, it covers specific aspects of the product life cycle, from raw material extraction, manufacture, and fabrication through to use and end-of-life.

Environment

Environmental Policy

The Group is committed to minimising the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance.

Environmental Improvements

In recent years, TSN has achieved measurable reductions in its environmental impact with numerous new improvements under its Roadmap Plus programme. In addition to measures already being taken to reduce particulate matter, the Green Steel Plan described above contains non-statutory measures to cover raw material storage and prevent the drift of fine and coarse dust. The Company is already implementing measures to reduce nitrogen oxide emissions, such as constructing a large DeNOx installation at the Pellet Factory, which will be operational in 2025, reducing NOx emissions by around 80% versus its 2019 baseline.

Despite the improvements made in TSN in recent years, the Group continues to face challenges from the Dutch Environmental Agencies on the operation of its Coke and Gas Plants (CGPs) and related emissions. In 2024, the Environmental Agency North Sea Channel Area ("EA") measured exceedances of emission thresholds at the CGP oven stacks. Further to these measurements, on 19 December 2024 the EA imposed two orders under penalties on TSIJ to end these exceedances within 8 weeks and stay below emission thresholds. Secondly, on 19 December 2024, the EA sent TSIJ a notice on alleged non-compliances at the CGP2, which concern the state of maintenance of the plant, in particular the oven walls. TSN is in constructive discussions with the local provincial authorities and is preparing a future oriented plan including all improvements related to the environmental performance of the coke and gas plants. In addition, the plan includes measures which are part of the discussions with the Netherlands government and will include solutions for outstanding orders or notices. It is also discussing appropriate measurement protocols for the future with the EA.

In the UK, the cessation of iron and steelmaking operations at Port Talbot resulted in substantial environmental improvements in terms of emissions, consumption, waste production and local air quality. A considerable focus during the year was applied to incorporating environmental excellence into the design of the new EAF and ancillary features. The comprehensive environmental impact assessment made public as part of the planning application for the EAF set out the technologies that will be incorporated to prevent and, where that is not possible, minimise emissions from the new project.

Energy and carbon emissions reporting

SECR

In April 2019, the UK Government introduced legislation called Streamlined Energy and Carbon Reporting (SECR), which mandates that defined companies include energy and carbon emissions in their annual reports. In addition, a narrative on the principal measures taken for the purpose of increasing the business's energy efficiency is required. Both parts of the required information are provided below. No equivalent information to that required for SECR compliance in the UK has been provided for the integrated steelworks at IJmuiden in the Netherlands.

Energy Efficiency of Tata Steel's Activities

Most of the carbon emissions associated with TSUK's activities occurred at Port Talbot integrated steelworks prior to cessation of iron and steel making activities in September 2024. The site was already a very efficient steelworks and, although the opportunities for standard energy efficiency measures became progressively smaller, the Group remained committed during its final years of operation to making marginal gains wherever the opportunity arose to do so and it continued to invest substantially in evaluating and optimising its processes.

A key process optimisation tool involved using a so-called energy efficiency 'wave' approach which systematically targeted energy efficiency opportunities at the Group's main operations around Europe and beyond. The Group has also developed MONICA, a state-of-the-art monitoring and benchmarking tool for energy and CO_2 emissions from its processes.

TSUK is part of the UK's Energy Saving Opportunities Scheme (ESOS) and has fulfilled its obligations under this regime by delivering a rolling programme of audit and assessment.

In November 2023, TSUK completed a £5 million project to install electric induction furnaces at its Corby site. This has reduced emissions by at least 2,000 tonnes of CO_2 a year. The line produces the premium branded Celsius® sections, and the emissions saving comes from the new furnaces' much improved efficiency replacing a combination of old induction and inefficient natural gas fired sections of the furnace.

Energy and carbon reduction implementation continues to progress across the retained assets in TSUK, complemented by the roll out of ISO 50001:2018. Certification has now been achieved at four manufacturing sites with plans to add to that during 2025. Improvement projects include the installation of new efficient compressed air equipment at Hartlepool site and extensive optimisation of Port Talbot's retained steam network and hot mill reheat furnace.

UK[1] GHG emissions and energy use 2024/25	Scope	Units	2024 - 2025	2023 - 2024	2022 - 2023
Gaseous fuel for combustion[1]	1	kWh	3,947,308,193	8,358,895,468	8,499,295,663
Fuel for transport and business travel[2]	1	kWh	13,628,607	17,214,344	22,097,922
Purchased electricity[3]	2	kWh	646,618,889	720,868,774	694,455,490
Fuel for transport and business travel[2]	3	kWh	21,864,700	21,261,414	19,648,221
Energy consumption based on above		**kWh**	**4,629,420,389**	**9,118,240,000**	**9,235,497,296**
Emissions from gaseous fuel[1]	1	tCO_2e	1,877,708	4,934,709	5,025,848
Emissions from fuel for transport and business travel[2]	1	tCO_2e	3,342	4,126	5,829
Emissions from purchased electricity[3]	2	tCO_2e	122,650	140,088	125,435
Emissions from fuel for transport and business travel[2]	3	tCO_2e	5,647	5,190	5,190
Total gross emissions		**tCO_2e**	**2,009,347**	**5,084,113**	**5,162,302**
Total gross emissions intensity (per tonne of liquid steel produced)[4]		**tCO_2e/tls**	**NA**	**1.701**	**1.708**
Total gross emissions intensity (per tonne of hot-rolled coil produced)[4]		**tCO_2e/tHRC**	**0.788**	**1.770**	**1.821**

Notes

1. The UK assets were based on the organisation as covered in the Report & Accounts 2025; the derogation to exclude legal subsidiaries that did not meet the definition of "large" was applied. The reporting methodology used was based on the Green House Gas Protocol Corporate Reporting Standard and the UK Emission Trading Scheme (UK ETS), with conversion factors stated below. The financial control approach (as opposed to equity split) was used to define the organisational boundaries; deductions were made for onward 3rd party supplies. Greenhouse gas emissions are reported as CO2e except for the combustion of works arising gases (WAGs) and natural gas, these only include CO2 emissions.

2. The scope 1 transport and business travel category was defined to include on-site vehicular re-fuelling and mileage/fuel claims relating to fuel used in company-owned or leased (where capitalised on balance sheet as per IFRS 16) vehicles, both on and off-site. Conversion to net energy and CO2e was based on factors provided by UK government. Vehicle type and fuel consumption per km, were based on national averages. Fuel claims and on-site fuel use were treated as scope 1 where they related to leased vehicles (as per IFRS 16). Since clarity on the lease status was unavailable, the fuel was divided evenly between scopes 1 and 3. The corresponding level of uncertainty in these allocations is very small compared to the total company energy use and emissions.

3. UK electricity consumption was based on supplier measurements and EFs of 0.207 kg CO2e/kWh to calculate associated CO2e emissions; this was based on the most recent average, as provided in Government factors for Company Reporting(https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024).

4. For the reporting year 2023-2024 and prior, an emissions intensity was reported in terms of tonnes of CO2e per tonne of liquid steel produced (tCO2e/tls). In September 2024 liquid steel ceased to be produced at TSUK's Port Talbot site as part of the ongoing transition in steelmaking technology. For the current reporting year (financial year 2024-2025), and for previous years retrospectively, the denominator used for the disclosed annual emissions intensity figure has been changed to tonnes of "first processed" hot-rolled coil (tHRC). This emissions intensity, reported in terms of tonnes of CO2e per tonne of hot-rolled coil (tCO2e/tHRC), is more representative of the current activities of TSUK and allows a more relevant comparison to previous years. The term "first processed" includes hot-rolled coil produced at Port Talbot site and imported material that has been processed through TSUK sites.

5. Part of the data was subject to 3rd party verification conforming to UK ETS rules and regulations. This covered the period April-December 2024. Natural gas consumption accounted for in the UK ETS figures represents 61.74% of the UK natural gas consumption and 100% of the consumption of works arising gases at Port Talbot.

Research & development

Research & Technology programme

The Group's research and development activities are managed by the UK and MLE Businesses.

In the MLE Business, approximately 89% of the technology programme was developed under the governance of the Research Portfolio Committees ('RPCs') of TSN. The RPCs cover process and product market sector advancements. The remaining capacity was primarily allocated to the Strategic Thrust programme for various projects including:

- Collaborating with various selected Universities (DENS programme) to accelerate the development of new products.
- Heat recovery: looking at various ways to recover and re-use heat that is currently lost during the production processes.
- Developments on the blast furnace process, including modelling and experimental testing of ceramic materials, to prolong the operating times for blast furnaces.
- Studies into alternative reductants and pre-reduced agglomerates, including biomass.
- Dust characterisation to understand the impact of dust on the local area.
- New market developments such as next generation windmills, battery cases and new steel concepts with higher strength and formability.

The "Data Driven Steel" programme is incorporated in the Thrust portfolio. This programme links the Advanced Analytics expertise in the Technical and Data Insights departments and develops data-intense through-process solutions.

In addition, a special programme on decarbonisation is now in operation and embedded in the RPC structure, in line with TSN's goal to implement a Hydrogen route in the near future. This programme especially addresses the aspect of the new DRI based production route and will be there to support the shorter term preparations for the potential investments as well as for the longer term optimisation of the use of these installations.

In the UK, with the transition of the TSUK business into a "re-roller" in the interim before the EAF furnaces are switched on in early 2028, the UK R&D team have developed Strategic Technology Roadmaps focussing on the following:

a) Scrap, Slag and Steelmaking Technologies;
b) EAF Recipes and Grade Simplification;
c) Coatings; and
d) Product Applications in Mobility, Packaging and Renewables.

Along these lines, the UK R&D team have worked closely with Universities and Research and Technology Organisations to leverage the best in Research and Innovation in the UK. Prominent examples being:

- Continuation & implementation of new packaging steel concepts & improved products with consideration of residuals.
- New High Strength Packaging Steel (Patent Filing pending) with potential benefits to revenue / ton and increase in market share.
- Investigations into adhesions of low tin coatings.
- Development of can lid tools that enable quick assessment of formability and polymer coating adhesion. This is a unique capability developed in the UK for the first time.
- Research into the potential of multifunctional polymer barrier systems for the renewables sector (particularly the Hydrogen economy).
- Facilitated the adoption / homologation of steels for the automotive sector.
- Development of a predictive tool to study the laser-weldability of 'simulated EAF grades, metallic coating type / thickness, part-to-part gap & laser beam shape on weldability & mechanical performance.
- Studies on the effects of trapped elements in EAF Steelmaking on weldability.

TSUK continues to participate in the collaborative research programs with strategic university partners including Swansea, Warwick, Imperial, Cambridge and Royce. In addition, TSUK continues to participate in the SUSTAIN consortia through the sponsorship of PhD students.

Process development

The process technology programme in 2024/25 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the Group's manufacturing and differentiated product strategy. Key achievements during 2024/25 were:

- Successful welding trials at an important packaging customer with TCCT®-Protact® material. TCCT is a superior material in the recycling process and cheaper than tinplate. The Protact film has better adhesion to Chromium and simplifies the customer process, reducing their lacquering processes and wastewater
- Performance of a benchmark study (by FEA simulations) for torsional stiffness and weight for the current geometry of a bike manufacturer that has the ambition to move from aluminium to steel bike frames.
- Substantially improving the bend performance of our abrasion resistant hot rolled Valast®, providing significant possibilities for market expansion.
- Providing detailed technical solutions to solve a formability issue at an important automotive customer to achieve the desired forming safety.

Product market sector developments

A key element of the Group's strategy is the development of new steel products. Structured programmes are initiated for all market segments identified by strategic marketing with particular emphasis on the automotive, engineering, construction and packaging sectors.

During 2024/25 a total of 14 new products were introduced into the MLE Business' product portfolio. These included:

- HR-CP800 Hyperflange, an Advance High Strength Steel automotive product with great press shop process reliability and design freedom resulting in optimal balance of lightweighting and strength.
- Improved Full Finish Low Waviness, an automotive product which enables improved paint appearance.
- S550GD ZM310 engineering product for long lasting and light weight application in solar panel structures
- The Inner weld bead trimmed High Strength Steel Tubes product for application in Agriculture and Lifting and Excavating sector customers.
- 3 colorcoated products are launched of which PE25 HC and MATT on ZM120 with reduced zinc weight resulting in lower environmental impact.

In the UK Business, 4 new products were launched during the year covering a wide range of high value products and end applications for the packaging, infrastructure and construction markets. These include:

- A chrome free passivation system for tinplate products used in packaging applications. This novel surface treatment system ensures that TSUK packaging steel complies with future REACH legislation expected to be enforced in 2027.
- A superior 'High Containment Barrier System' for the highways sector which utilises new patent technology.
- Two new Building Systems products, Trimapanel Fire Wall, which provides superior fire performance for internal building applications and ComFlor FD+, a floor decking product containing the branded organic coated steel, Prisma. This high performance product allows Tata Steel to offer 20 year service guarantees due to the superior corrosion performance of Prisma and gives TSUK a world-wide presence including the prestigious Neom project in Saudi Arabia, supplied from the Dubai operation.

A5. Financial Review

£m	2024/25	2023/24
Liquid steel production (mt)	7.8	7.8
Steel deliveries (mt)	8.0	7.7
Revenue	**7,098**	**7,521**
EBITDA	**(347)**	**(749)**
Depreciation and amortisation (net of grants)	(270)	(258)
Operating loss before restructuring, impairment and disposals	**(617)**	**(1,007)**
Restructuring, impairment and disposals	15	(647)
Operating loss	**(602)**	**(1,654)**
Net finance costs	(239)	(208)
Share of post-tax results of joint ventures and associates	1	4
Loss before taxation	**(840)**	**(1,858)**
Taxation credit/(charge)	23	(33)
Loss after taxation	**(817)**	**(1,891)**

Profit and loss

Group revenue of £7,098m in 2024/25 was 6% lower than the previous year due to a 9% decrease in average revenue per tonne, partly offset by a 4% increase in deliveries. The reduction in average revenue per tonne was due to a weaker European steel market with demand remaining subdued given the general economic outlook. The increase in deliveries during the year was due to the prior year including the effect of the reline of Blast Furnace 6 in IJmuiden partly offset by lower deliveries in the UK.

The operating loss before restructuring, impairment and disposals in 2024/25 was a loss of £617m compared to a loss of £1,007m in 2023/24. The improvement year on year is primarily due to an improved performance in the MLE Business with the prior period including the impact of Blast Furnace 6 being relined and therefore lower production and sales. EBITDA losses in the UK Business were broadly the same as the prior year as the restructuring of TSUK's aged and obsolete steelmaking assets was carried out within the year. Following the completion of the restructuring in 2024/25, the outlook for EBITDA in the UK Business is expected to improve in 2025/26.

Restructuring, impairment and disposals was a credit of £15m in 2024/25, compared to a charge of £647m in 2023/24. The credit in the current year was due to net restructuring and rationalisation provision releases of £10m and £27m net credit in relation to disposals of mainly PPE, partly offset by impairment charges of £22m. The prior year restructuring charge was mainly due to the announcement of TSUK's plan to restructure the business in 2024/25.

Net finance cost in 2024/25 was £239m, £31m higher than 2023/24. This is primarily due to higher interest rates across the year as well as higher average gross debt.

Taxation was a net credit of £23m in 2024/25 compared to £33m charge in 2023/24. The current year includes a credit of £46m due to an increase in tax credits recognised for deferred tax purposes and charges totalling £13m in relation to prior year tax adjustments. The prior year primarily comprised of a £145m charge due to a decrease in tax credits recognised for deferred tax purposes required to offset the deferred tax effects of actuarial movements on the UK defined benefit pension scheme (BSPS), a credit of £27m due to an increase in tax credits recognised for deferred tax purposes following cash flow hedge reserve movements in the UK, and a deferred tax credit of £85m in the Dutch fiscal unity following the recognition of additional tax losses and other tax credits.

Financing

The Group has external borrowings under a Senior Facilities Agreement ('SFA') which was successfully refinanced in October 2022. The SFA is secured against the assets and shares of Tata Steel UK Limited and the shares of Tata Steel Netherlands Holdings B.V. ('TSNH'). The SFA contains covenants for cash flow to debt service and debt to tangible net worth calculated at the level of Tata Steel Limited in India. At 31 March 2025, The SFA comprises of a €302m bullet term loan repayable in February 2026.

In May 2024, TSUK increased its revolving credit facility with a syndicate of lenders with a new limit of £400m, previously £350m. As of 31 March 2025, the facility is fully drawn.

As at 31 March 2025, the UK Business had access to debt facilities totalling £855m of which £113m was undrawn.

As at 31 March 2025, TSN had access to an RCF of €550m of which €240m was undrawn.

Tata Steel IJmuiden B.V. ('TSIJ') and certain other subsidiaries of TSN continue to have access to a trade receivables securitisation arrangement. Under the uncommitted arrangement, an external bank has agreed to purchase all eligible receivables from these entities up to a programme maximum amount of €600m on a non-recourse basis.

TSUK continues to have access to a trade receivables securitisation arrangement. Under the uncommitted arrangement, an external bank has agreed to purchase all eligible receivables from TSUK up to a programme maximum amount of £400m on a non-recourse basis.

The Group benefits from financial support from the wider TSL group which includes equity injections to support the UK Business' investment plan and for conversion of debt to equity. A letter of support has been provided by the wider TSL Group for certain future funding requirements (see page 37 and 38 for further details).

Acquisitions and Disposals

Across the wider Tata Steel Group there is a continuing focus on simplifying the corporate structure by reducing the number of separate legal entities. This is intended to reduce costs, reduce complexity, aid in transparency and improve corporate governance. During the current year 2 subsidiaries were placed into liquidation (in USA and Netherlands) and the Group completed dissolution of 5 subsidiaries, (including 3 subsidiaries which entered into Member Voluntary Liquidation in prior years).

Full details of TSE's subsidiary companies can be found in note 39 of the consolidated financial statements.

Cash flow

Net cash flow from operating activities in 2024/25 was an outflow of £233m (2023/24: £707m). This was primarily due to EBITDA loss of £347m (2023/24: £749m), a net cash outflow of £153m (2023/24: £120m) in relation to interest and £16m (2023/24 £7m) in relation to taxation, partially offset by inflows in relation to working capital.

The working capital to turnover ratio (excluding the impact of securitisation arrangements) decreased slightly to 14.3% in 2024/25 from 15.2% in 2023/24 as a result of decrease in working capital.

Net cash flow used in investing activities was an outflow of £304m (2023/24: £593m) mainly on account of property, plant and equipment capital expenditure of £341m (2023/24: £624m).

There was a net cash inflow of £855m from financing activities (2023/24: inflow of £611m) mainly due to issue of equity shares in order to provide funding to the UK Business and conversion of intercompany loans in MLE Business. The net increase in cash and cash equivalents in 2024/25 was £318m (2023/24: £689m decrease).

Capital expenditure

Capital expenditure on property, plant and equipment in 2024/25 at £341m (2023/24: £624m) included spend on a number of major capital projects in both the Netherlands and the UK.

In the Netherlands IJmuiden site, investments focused on reducing environmental impact with largest contributors being construction of denox installation at the pellet plant, reduction of dust emissions by wind screen and various other reductions of emissions to air. Throughout the TSN supply chain investments in high end product capabilities continued along with targeted replacement of obsolete equipment. Investment to complete the design and planning for the decarbonisation of the IJmuiden site increased in the reporting year.

In the UK, the decarbonisation project commenced its detailed engineering and design with key contracts being placed with Tenova to deliver a state-of-the-art electric arc furnace and additional advanced steelmaking equipment for the Port Talbot site. When it is commissioned from the end of 2027, the electric arc furnace (EAF) will reduce the site's steelmaking carbon emissions by 90%, equivalent to 5 million tonnes of CO_2 a year.

The EAF will have an annual capacity of 3 million tonnes of steel – similar to the output of the site's former blast furnaces – by melting scrap steel sourced from the UK. The use of scrap will also significantly reduce the UK's reliance on imported iron ore, strengthening the resilience of the UK's manufacturing supply chains. New ladle metallurgy furnaces, will then refine the molten steel to make more complex grades required by manufacturers in the UK and other countries.

The other main project within the UK in 2024/25 was the continuation of the Corby transformation programme to consolidate the operation onto a smaller site, which includes the investment in a new cold form mill. The new mill, which is now in the advanced stages of commissioning, will roll steel into tubes which can be used in construction and various engineering applications from farm machinery to bridges and heavy goods vehicles.

Balance sheet

TSE's consolidated net assets at 31 March 2025 were £2,349m (31 March 2024: £909m).

The increase in net assets of £1,440m was principally due to equity funding received from the parent amounting to £866m and conversion of long term intercompany borrowings to equity totalling £1,402m.

Net debt at 31 March 2025 amounted to £994m (31 March 2024: £2,604m), all of which relates to external funding (31 March 2024: 49% external funding, 51% intercompany). Cash and short term deposits at 31 March 2025 amounted to £438m (31 March 2024: £133m). Further details on borrowings can be found in Note 20.

Financial risk management

TSE's financial risk management is based upon sound economic objectives and good corporate practice. The Group's main financial risks are related to the availability of funds to meet its business needs, movements in exchange rates, and commodity costs. Derivative and other financial instruments are used to manage any exposures where considered appropriate. Further details of its financial risks, and the way the Group mitigates them, are set out in Note 25.

Effective for periods commencing after 6 April 2022, The Climate-related Financial Disclosure Regulations 2022 ("the Regulations") have been introduced in the UK to report on material climate-related matters and their impact on TSE. The Regulations comprise eight climate-related financial disclosure ('CFD') requirements (A-H) based around the four pillar framework (Governance, Risk Management, Strategy, Metrics & Targets) developed by the Taskforce on Climate-related Financial Disclosures ('TCFD'). For the year ended 31 March 2025, TSE meets the relevant threshold of having more than 500 employees and a turnover of more than £500m.

TSE's strategy, along with the wider Tata Steel Limited ('TSL') group is to become a Net Zero organisation by 2045 with an interim target of reducing direct emissions by 10 million tonnes by around 2030. Implementing carbon reduction across TSE's activities requires the development of various governance processes as the climate challenge permeates across TSE's strategic decision-making channels.

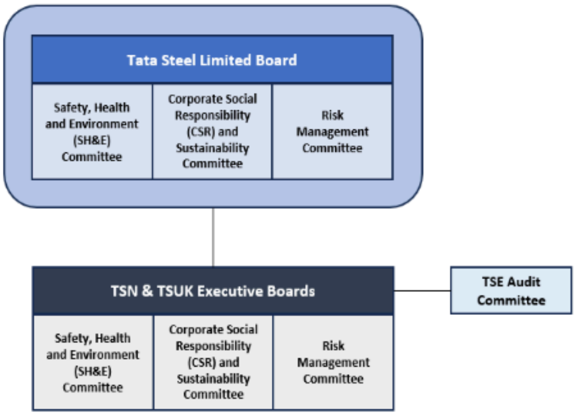
TSE recognises that climate change poses several physical risks and opportunities (e.g. those risks associated with a changing climate and how this impacts TSE operations and supply chains directly) and transition-related risks and opportunities (e.g. those arising from interventions and responses by policy makers, consumers and wider society to the phenomenon of climate change) for its business and wider industry.

The following sections set out climate-related financial disclosures covering how climate change is addressed through TSE's corporate governance arrangements; how climate-related risks and opportunities are managed; what impacts these have on strategy; and the performance metrics and targets applied in monitoring and therefore managing these issues.

Section 1: Governance

This section addresses CFD requirement (A) and outlines: (1) the climate risk governance structure, and; (2) board and management responsibilities.

1.1 Board and Committee responsibilities



The Board of TSL, the ultimate parent company of TSE, leads the climate risk assessment and identification of mitigations for the whole Tata Steel Group. TSN and TSUK adopt similar Board and committee governance structures to TSL in relation to addressing climate-related matters. While the Boards of TSN and TSUK are responsible for their own environmental and sustainability matters, this is done within a common framework aligned to achieving Tata Steel's ambition to be a Net Zero organisation by 2045.

The following TSL Board committees are responsible for and have a specific remit in respect of climate change risk assessment and strategy on behalf of the TSL Board:

Board Committee	**Key Governance and Oversight Functions in Relation to Climate-related Risks and Opportunities**
Corporate Social Responsibility (CSR) and Sustainability Committee	• Providing overall governance and oversight of CSR activities of the company including recommendation of the Annual Business Plan for CSR to the Board for its approval. • Overseeing the response by Tata Steel entities to sustainability-related risks and opportunities, including those presented by climate change.
Safety, Health and Environment Committee (SH&E Committee)	• Providing oversight of the policies relating to Safety, Health and Environment and their implementation across Tata Steel Group. A number of Climate-related risks and opportunities fall within the scope of the oversight this committee provides including, but not limited to, compliance with and costs of carbon trading policies.
Risk Management Committee	• Overseeing key risks, including strategic, financial, operational and compliance risks. • Assisting the Board in framing, implementing and monitoring the Risk Management Plan for the Company and reviewing and guiding the Risk Policy. • Developing risk management policy and risk management system framework for the Company.

1.2 Individual responsibilities

Tata Steel Group's Global Chief Executive Officer & Managing Director (CEO & MD) and the Executive Director & Chief Financial Officer (ED & CFO) are members of the Company's Board in an executive capacity and are also members of the CSR & Sustainability Committee and Risk Management Committee. The CEO & MD is also on the SH&E Committee.

Under the Board governance arrangements, Tata Steel's CEO & MD periodically reviews the status of the action plan for long term strategy including climate change mitigation plans. While the CEO & MD sets leadership direction, the team under that role evaluates various options, engages with relevant internal & external stakeholders, pursues responsible advocacy to inform policy in a proactive manner and develops & implements strategy. The CEO & MD also sit on the Boards of TSN and TSUK.

Section 2: Risk Management

This section addresses CFD requirements B and C and explains: (1) TSE's approach to climate risk management, and; (2) how this approach is integrated into the overall risk management process.

2.1 Identifying and assessing climate risk Enterprise Risk Management

Tata Steel uses its Enterprise Risk Management (ERM) process for managing climate change risks across the company and its subsidiaries, including TSN and TSUK, in an integrated and uniform manner. The process identifies and assesses business risks using a two-pronged approach, i.e., bottom-up and top-down, to ensure comprehensive risk identification and to minimise 'blind spots'.

Climate change-related risks are assigned likelihood and impact values to arrive at a risk score. Likelihood & impact scores are assigned from 5-point scales, as tabulated below which informs management as it seeks to prioritise risks and opportunities. Scores for these parameters are assigned after a rigorous due-diligence process including scenario-analysis to stress test the assumptions and assess various pathways in which the given risk may play out. The impact assessment is based on five metrics – financial, market / customer, brand / reputation, environment and business continuity and the worst-case risk scenario is considered for assigning the risk impact.

Likelihood Score			Impact Score	
Score	**Category**	**Probability**	**Score**	**Category**
5	Almost Certain	81-99%	5	Critical
4	Likely	61-80%	4	Major
3	Possible	41-60%	3	Moderate
2	Unlikely	21-40%	2	Minor
1	Rare	1-20%	1	Low

Materiality assessment

In 2023, Tata Steel undertook a detailed and systematic assessment of Physical and Transition risks in a Climate Risk assessment focusing on its key steel making sites in India, the Netherlands and the UK. The assessment was conducted by an independent third party advisor. As part of the review, scenario analysis was conducted to evaluate the company in a base case and a low carbon range.

The risk assessment exercise complemented the pre-existing ERM process operated within Tata Steel and material risks identified were incorporated into the ERM process so that they could be managed and subject to Board oversight in accordance with the existing risk management processes in place across Tata Steel.

Further detail of the impact of these scenarios on the TSE group is set out in Section 4.

2.2 Managing climate risks

Appropriate early warning indicators and mitigation strategies are identified for review by the Risk Management Committees of TSN and TSUK.

TSN's Risk Committee meets quarterly and comprises the TSN Board of Directors and risk officers. Its principal purpose is to assess and identify TSN's most significant and emerging risks which are aligned to TSN's strategy and the delivery of its objectives. In addition, risk sub-committees have been installed within the Business Unit Tata Steel Downstream Europe and Business Unit IJmuiden, composed of cross-functional senior leaders who assess emerging risks on a quarterly basis.

TSUK's Risk Committee meets quarterly and comprises the TSUK Chairman and the UK Management team which is composed of cross functional senior leaders. The Risk Committee also has representation from TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Operations Officer, Chief Financial Officer and the Chief Commercial Officer.

2.3 Integration processes for identifying, assessing and managing climate-related risks into the overall risk management process

The integration of climate risk into the overall risk management process has been enabled through:

i) Raising awareness amongst risk owners and the operators of the ERM process of climate-related risks and opportunities through regular internal communications.
ii) Integrating climate into risk appetite reporting (Principal risk & uncertainties / significant risk on Risk register).
iii) Embedding climate-related reporting into Boards and key Committees.

iv) Integrating climate risks in scenario analysis / appraisals (incorporating climate considerations on all assessments).

Section 3: Strategy

This section addresses CFD requirements D, E and F and explores the principal climate-related risks (actual and potential) and opportunities, and their impacts on the TSE Group's business, strategy and financial planning. It also describes methods used to understand and measure these climate-related risks, and TSE's resilience under different climate-related scenarios.

3.1 Climate-related risks and opportunities

The table below outlines the principal climate-related risks and opportunities that arise in connection with TSE's operations, alongside: (1) affected business areas; (2) time horizons, and; (3) current and future mitigating actions. A short term (S) horizon is considered to be between 0 to 5 years, Medium term (M) 5 to 20 years and long term (L) greater than 20 years.

Risks

a) Transition risks

Climate factor	Risk	Area	Term	Impact	Likelihood score	Impact score	Mitigating actions
Policy and Legal	Carbon pricing: TSN and TSUK are subject to a wide range of EU (in the case of TSN) and national government policy measures to incentivise the reduction of greenhouse gas emissions. The most important of these are the European Union Emissions Trading System (EU Emissions Trading Scheme (UK ETS) and the UK ETS, Under the respective ETS regimes, industrial installations are required to purchase and surrender emissions allowances equal to their annual emissions, thereby placing a direct cost on their CO_2 emission. Those sectors considered to be at most risk of a phenomenon described as CO_2 leakage (where the cost of compliance with trading schemes makes affected companies less competitive than competitors in less carbon constrained jurisdictions, leading to increased import penetration and reduced domestic production) are currently allocated free allowances based on benchmark levels of performance to safeguard competitiveness. These free allowances decrease every year, and hence the cost of ETS compliance increases.	NL UK	S	Opex	4 4	4 2	The closure of ironmaking and steelmaking in TSUK pending the construction and commissioning of an electric arc furnace (EAF) based steelmaking facility in FY28 has already reduced TSUK's CO_2 emissions profoundly. Direct emissions are now around 95% lower on an annualised basis at the new emissions rate than they were in FY24. Even after commissioning of the EAF, the forecast emissions of the steelmaking will be ~90% lower than the emissions of the pre-existing iron and steelmaking assets under the future asset configuration versus the pre-existing emissions profile. These changes have dramatically reduced TSUK's current and future exposure to UK ETS, albeit that proposed changes to the ETS regime will lead to increased price of allowances and a reduced allocation of free allowances each year. Structural transformation of iron and steelmaking assets planned at TSN will have a similar effect to those described for TSUK above. (See opportunities section below for further detail). Systematic targeting of incremental improvements in carbon emissions and energy efficiency in downstream processing assets across TSN and TSUK including electrification of steel re-heating, evaluation of options to fuel switch, use of renewables (either through construction of on-site renewable projects, private wire arrangements to 3rd party developments or procurement of certificates of

Climate factor	Risk	Area	Term	Impact	Likelihood score	Impact score	Mitigating actions
	The EU has introduced a so-called carbon border adjustment mechanism (CBAM) and the UK has indicated that it will have one in place by 2027. Under the respective CBAMs, free allocation will cease to be the central carbon leakage mitigation mechanism for affected sectors. Rather, free allocations will reduce over time to zero and competitiveness with imports from jurisdictions with lower carbon prices will be maintained through an effective tariff at borders aimed at equalising the cost of carbon between domestic and overseas producers, CBAMs present both an opportunity and a threat to TSN and TSUK. In terms of threat, there is a risk that when UK and NL steelmakers are liable to the full cost of their CO_2 emissions (absent free allowances), then steel may become less attractive to consumers in those market segments where it competes with other materials such as plastics. There is also a possibility of circumvention of CBAM, with consumers of steel seeking to off-shore manufacturing so as to avoid CBAM effects (as steel in finished goods is so far not in scope of the EU and UK CBAMs).						renewable origin) will further reduce emissions in addition to the changes at the steelmaking assets. In relation to the CBAM-related risks, Tata Steel is seeking responsibly to advocate for inclusion of steel in imported finished goods in CBAMs to ensure there is limited scope for circumvention by importers.
Markets	Procurement of low-carbon energy net of ability to pass on the higher costs to its customers.	NL UK	S / M	Opex	4 4	5 4	Systematic targeting of incremental improvements in energy efficiency in downstream processing assets across the TSN and TSUK operational portfolios (see above). Providing innovative commercial offerings to the market that increase the willingness of customers to pay a price premium for lower-CO_2 products.

Climate factor	Risk	Area	Term	Impact	Likelihood score	Impact score	Mitigating actions
		NL UK	S	Market share / revenue	4 4	4 4	Decarbonising production activities with a particular focus on the transformation of steelmaking activities. Providing innovative commercial offerings to the market ahead of the transformation. Providing excellent information to customers on the environmental footprint of products through, for example, environmental product declarations (EPDs). Tata Steel is the first steel company to operate its own EPD programme.
Technology	Cost of transitioning to low carbon steel making technologies: The ability to realise transformational decarbonisation of steelmaking assets is critically dependent on adequate and timely support from governments in terms of (i) financial support, (ii) granting of permits, (iii) provision of enabling infrastructure (e.g. abundant and affordable green hydrogen and green electricity), (iv) maintaining a level playing field for EU and UK steelmakers, (v) creating demand and markets for 'green' steel.	UK NL	S M	Cash flow / Capex	2 3	5 4	**GHG reduction commitments** As part of its long-term sustainability strategy, Tata Steel has made a public commitment in the Netherlands to reduce its CO_2 emissions by 5 million tonnes by around the end of the current decade (versus a baseline of 12.6 million tonnes corresponding to its full capacity utilisation) through an accelerated transition process. In November 2023, TSN presented an updated Green Steel Plan (Groen Staal Plan) to the Dutch Government. This plan is a significant move towards reducing environmental and climate impact as quickly as possible. It will arguably be the most prominent industrial transition in the Netherlands in the coming years. Tata Steel is discussing the Green Steel Plan with the Ministry of Economic Affairs, the province of North Holland, and simultaneously engaging with suppliers, customers, the local community, and other stakeholders. The Green Steel Plan will entail significant investment and can only succeed with policy and fiscal support from the Dutch Government. With the submission of the plan, a new phase has begun in the discussion between Tata Steel and the Dutch Government, and both parties are continuing discussions in order to reach a final agreement for its implementation. The Dutch Government recognises that certain policies, such as Network Tariffs, are affecting TSN's competitive position and have expressed an intention to review these.

Climate factor	Risk	Area	Term	Impact	Likelihood score	Impact score	Mitigating actions
							The talks between TSN and the Dutch Government are aimed at reaching a Custom Support Agreement ('Maatwerkafspraak') to replace part of the current production facilities in IJmuiden. This agreement will include additional above-statutory environmental measures. At present discussions between TSN and the Dutch Government are aimed at developing a Joint Letter of Intent (JLOI) on a Custom Support Agreement. A Governmental Advisory Committee on Custom Agreements for Industry Sustainability will review and advise before the JLOI will be made public and further developed into a definitive and binding agreement. The EU Commission will be involved by following the formal processes for state aid approval. Tata Steel announced has reached an agreement with the UK Government on proposals that would see a transition from blast furnace based iron and steel production at Port Talbot to electric arc furnace (EAF) based steelmaking. Between March and September 2024, Tata Steel safely enacted a phased cessation of its coke ovens, sinter plant, blast furnaces, basic oxygen steelmaking and casting operations in addition to various heat and power generation assets and ancillary processes at Port Talbot, bringing to an end ironmaking at the site. Steelmaking at the site is due to resume in 2027/2028: a Grant Funding Agreement was signed in September 2024 between Tata Steel and the UK Government. Under the agreement, the parties will contribute to an overall investment of £1.25 billion, making this the largest investment in the UK steel industry for decades. The new assets will reduce the UK's entire industrial carbon emissions by 8% (and Port Talbot's by 90%, reducing direct emissions by 50 million tonnes over 10 years.

Climate factor	Risk	Area	Term	Impact	Likelihood score	Impact score	Mitigating actions
Acute & chronic	Water stress and drought. TSN's operations are not currently water-constrained in material terms but pressures on fresh-water resources are projected to increase with a changing climate.	NL	M / L	Opex/ Capex	3	1	Implement water conservation measures in accordance with recognised global best practice.
Acute & chronic	Storms and high winds	UK	M / L	Opex / Capex	3	1	Implementation of robust asset condition management process across TSUK sites. Consideration of changing climate taken into account in all new construction design.

b) *Opportunities*

Climate factor	Opportunity	Area	Term	Impact	Likelihood score	Impact score
Technology / Resource efficiency	Transition to lower CO_2 technology (e.g Electric Arc Furnace (EAF)) steel making process will significantly reduce carbon emissions. Steelmaking by EAF uses scrap as the main raw material instead of iron ore. The UK is currently a net exporter of scrap iron so there is a readily available source of scrap in the UK. Transition to EAF will significantly reduce TSUK's input cost base, its exposure to carbon compliance costs and reduce exposure to exchange rate effects (when a bigger proportion of raw material comes from domestic sources).	UK	S / M / L	Revenue/ operating costs/ Capex	5	4
Technology / Resource efficiency	Transition to lower-CO_2 steel making e.g. EAF technology in conjunction with hydrogen-based direct reduction of iron (DRI) will reduce TSN's exposure to carbon compliance costs.	NL	M / L	Revenue/ operating costs/ Capex	5	4
Products & services	Enhanced demand for low carbon steel products enabling revenue uplift for 'Green-steel' premiums. Failure to respond to increased market demand for low-CO_2 steel products. A growing number of customers across all the market sectors supplied by TSE are making procurement decisions based upon the comparative carbon and wider-ESG credentials of prospective suppliers. Inter-material competition is also increasing in some market sub-sectors. These developments present both a risk and an opportunity to TSE. They are a downside risk if TSE cannot decarbonise its operations at the pace of its key competitors but they are an opportunity if TSE can decarbonise quicker than its competitors and if it can demonstrate to the market that its commercial proposition is more attractive than that of its competitors.	UK NL	S / M / L M / L	Revenue	4	4
Products & services	Increased demand for high strength steels (which can be used to lightweight end-user products such as cars, thereby making them more carbon efficient during their operational life).	UK - NL	S / M	Revenue	4	3

Climate factor	Opportunity	Area	Term	Impact	Likelihood score	Impact score
Products & services	TSE has launched commercial propositions that allow customers to take a stake in its decarbonisation journey, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand names Zeremis Carbon Lite and Optemis Carbon Lite for TSN and TSUK respectively, the propositions are based on an approach described as carbon 'insetting,' in which actual emissions reductions are third-party verified, banked and then offered to customers as a way of off-setting their own Scope 3 CO_2 emissions. The CO_2 savings are real, part of the customer's value chain, and are subject to verification by leading assurance organisation DNV. Revenues from the sale of certificates are used to fund projects generating further CO_2 savings to be verified by DNV, speeding up the Group's decarbonisation.	NL&UK	S / M / L	Revenue	3	3
Markets	Increased access to capital markets – Banks may be more willing to lend to 'Greener' companies to meet their own sustainability targets and to enhance their own green credentials. Funding may also be provided on more favourable terms.	UK / NL	S / M	Cash flow	3	2

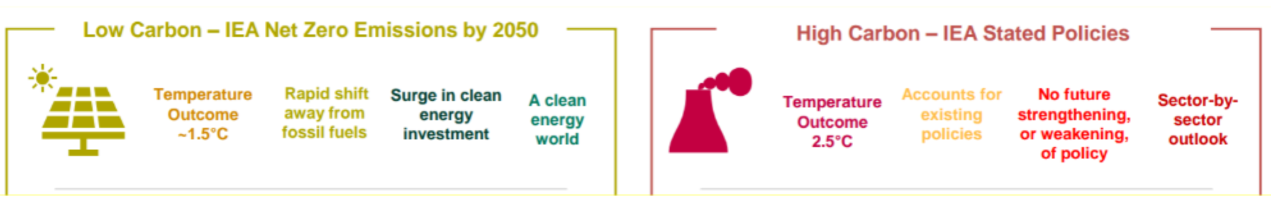
3.2 Resilience of the business model and strategy, considering difference climate-related scenarios

Scenario analysis has been carried out for the NL and UK businesses as part of a TSL Group wide materiality assessment. The objectives of the analysis were to assess materiality, prioritise key risks and opportunities and provide insight to the resilience of the business models and strategy under different climate scenarios.

The assessment was performed using a four-stage process as follows:

1. Climate-Related Risk & Opportunity (CRRO) Assessment	2. Transition scenarios & indicators are identified	3. Company exposure ratings are applied	4. Summary Heat Map
Generate a list of risks and opportunities relevant to TSN and TSUK, assessed based on impact likelihood and timeframe.	**Select climate scenarios and time horizons. Assign a climate scenario indicator for climate-related risks and opportunities (CRRO) to act as a proxy to explore how the CRRO may change with each scenario.**	**Combine scenario exposure ratings with scenario indicator deltas to calculate the risk / opportunity score.**	**Present the overall risk / opportunity scores for each CRRO**

A low carbon and high carbon scenario were selected for the scenario analysis.

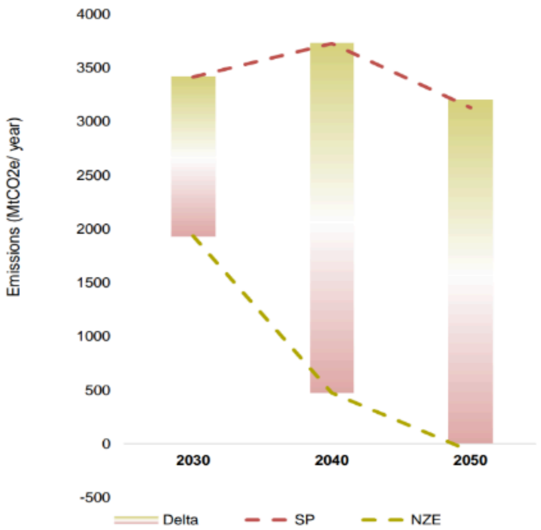


Time periods were also selected for the analysis to align with the TSE Group's decarbonisation targets.

Scenarios were used to evaluate NL and UK businesses in a base case and a low carbon range. Accordingly, two forward-looking climate scenarios were used to do this:

- **Stated Policies** – This scenario is most aligned with stated and announced policies (including those aligned with Nationally Determined Contributions (NDCs)), with an expected temperature outcome of ~2.5°C by 2100.
- **Net Zero Emissions by 2050 (NZE)** – This is an ambitious scenario that limits global warming to around 1.5 °C through stringent climate policies and innovation, reaching Net Zero CO_2 emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. The global temperature rise peaks below 1.6 °C around 2040, before dropping to ~1.4 °C in 2100.

Scenario deltas were multiplied by exposure ratings to give a risk/opportunity score. The graph below shows indicative data for a scenario indicator under the Stated policies (SP) and Net Zero Emissions by 2050 (NZE) scenarios. The difference between the two scenarios at each time point was used to represent the inherent risk posed by a given climate-related risk or opportunity. Where there is a greater difference between the higher and lower carbon scenario, it is assumed there is a higher inherent risk or opportunity. The key risks and opportunities identified from the assessment are set out in section 3.1.



Section 4: Targets and Metrics

This section addresses CFD requirements G and H and how TSE has set climate-related targets and KPI measures to assess progress in managing climate-related risks and opportunities.

4.1 GHG emissions

TSE, along with the wider TSL group has a target to become a Net Zero Organisation by 2045. The NL business, as part of its long-term sustainability strategy, has built upon this Group-wide target through its public commitment to reduce its CO2 emissions by 5 million tonnes per year by around the end of the current decade and to be fully climate-neutral by 2045 via an accelerated transition process. The UK business established in 2020 a target to reduce its direct emissions by 30% by 2030, compared to 2018, and has since announced and achieved substantial progress in its plans to transition to electric arc furnace steelmaking at its UK steel plant in Port Talbot – a plan that will achieve a reduction in annual direct emissions from the site of over 5 million tonnes upon arriving at a new steady state of steelmaking in 2027/28.

Methodology

TSE calculates and reports emission intensity based on the guidelines provided by the World Steel Association (worldsteel). These were originally derived from the GHG Protocol methodology and are designed specifically for and been widely adopted by the steel sector. TSE was a founder participant in worldsteel's Climate Action programme and has been recognised as an accredited Climate Action member ever since.

The GHG Protocol is sector agnostic and enables investors in their capital allocation decision making across sectors. It has been prepared by World Resources Institute and World Business Council for Sustainable Development and is the world's most widely used greenhouse gas accounting standards for companies. The use of GHG Protocol has also been recommended for use by the draft standards issued by the International Sustainability Standards Boards (ISSB) under the IFRS Foundation, the Science Based Target initiative (SBTi) and CDP (formerly Carbon Disclosure Protocol).

The guidelines provide for site-wise emission reporting by steel companies based on common definitions and agreed boundaries. The data collection programme enables individual steel plants to compare themselves against both average and best performance in the sector and identify the scope for improvement.

Over time, the emission reporting landscape has evolved, and investors and global reporting standards have been coalescing behind emission reporting based on the original Greenhouse Gas Protocol (GHG Protocol) methodology. Recognising the likely changes in reporting methodologies in future, TSE is beginning to make a transition towards reporting its emission as per the GHG Protocol. However, in order to ensure continued comparability against peer sites, TSE will continue to report its emission intensity as per the worldsteel methodology.

Historic trends

The table below shows CO2 emissions of the NL (Tata Steel Nederland B.V.) business and UK business (Tata Steel UK Limited) over the past six years.

Tata Steel Nederland B.V.	UOM	FY20	FY21	FY22	FY23	FY24	FY25
Scope 1	Million tonnes	11.8	10.9	11.6	10.9	8.6	11.3
Scope 2	Million tonnes	(0.1)	(0.1)	(0.1)	(0.3)	0.1	(0.1)
Scope 3	Million tonnes	0.2	0.2	0.3	0.3	(0.2)	(0.1)
Scope 1 +2 + 3	Million tonnes	11.9	11	11.8	10.9	8.5	11.1
CO2 emissions intensity	tCO2/tcs	1.76	1.78	1.78	1.78	1.80	1.69

Tata Steel UK Limited	UOM	FY20	FY21	FY22	FY23	FY24	FY25*
Scope 1	Million tonnes	6.6	6.2	6.4	5.7	5.5	2.1
Scope 2	Million tonnes	0.2	0.2	0.2	0.2	0.2	0.1
Scope 3	Million tonnes	0.3	0.2	0.2	0.1	0.2	0.1
Scope 1 +2 + 3	Million tonnes	7.1	6.6	6.8	6.0	5.9	2.3
CO2 emissions intensity	tCO2/tcs	2.09	2.00	2.02	2.05	2.02	2.21

*TSUK data for FY25 cover April 2024 to end September 2025 only, after which steelmaking ceased in TSUK.

Section 172, Companies Act 2006

This report sets out how the directors have had regard to the matters set out section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the Company.

Since 1 October 2021, the principal management and decision-making of the Group has been devolved to the separate boards and management teams of the UK and MLE Businesses. With effect from that date, the Board has concentrated on oversight and assurance of the consolidated financial result of its Group. Responsibility for the direction and control of each of the UK and MLE Businesses, including primary responsibility for setting strategic priorities, supporting stakeholder engagement and communication with the Company's ultimate parent company in India, has been assumed by TSUK and TSN and their respective management teams. The Company continues to maintain processes and controls in place to assure itself of the performance and results of its Group companies.

Governance responsibilities in relation to audit matters are delegated to a Board committee which supports the Board in carrying out its duties. This committee comprises non-executive directors to provide appropriate external perspective and challenge. The Audit Committee provides governance and oversight for financial and other key assurance matters.

The Board and Audit Committee promote high standards of corporate governance throughout the organisation and hold quarterly scheduled Audit Committee and Board meetings to consider matters relevant to the Group. In 2024/25 the Board and Audit Committee continued to meet electronically via Microsoft Teams and further decisions were made by circulation where appropriate. Any new directors inducted into the Company are made aware of their directors' duties, including section 172(1) of the Companies Act, 2006. Induction materials are regularly refreshed and made available to all TSE directors via a Board Portal.

A framework of policies are separately deployed in the constituent businesses of the Group. These include delegated authority levels applicable to senior management roles across the organisation. These delegated authority levels also identified certain financial and commercial decisions reserved to the TSL Boards. The Board typically reviews in advance any matter reserved from the constituent businesses for the attention of the TSL Board. The Board is conscious of the impact which business decisions can have on stakeholders as well as the wider impact on society. The Board recognises that, given the complexity of the Group's operations, not all decisions taken in its businesses will align with all stakeholder interests. Accordingly, in its role of assuring financial reporting and management of its constituent businesses, the Board has supported decisions in the year that it believes best support the strategic objectives of its businesses.

(a) the likely consequences of any decision in the long term

During the year the Board has received reports of financial performance and taken note of the major internal and external factors affecting its businesses, including the steel industry outlook and global and economic market conditions. The Board is mindful of the Group's decarbonisation objectives and provides guidance and direction to its constituent businesses where relevant. In the year ended 31 March 2025, the Board has considered the progress of major restructuring and decarbonisation initiatives and capital expenditure projects essential to the long-term future of its businesses.

Consistent with its role as a holding company for separate businesses, members of the Board also monitor the progress and development of key operational and sustainability issues in its constituent businesses and provide guidance in relation to the factors necessary to support long-term financial stability and sustainable value growth.

To optimise and maintain financing available to the Group, the Board approved equity restructuring and recapitalisation to support the funding requirements of its subsidiaries for 2024/25.

(b) the interests of the Company's employees

Disclosures in relation to the Group's employees are set out in this Strategic Report and in the Corporate Governance statement on page 38 of this Annual Report. Primary responsibility for considering the interests of employees rests with the constituent businesses in their operating geographies. The Board has nevertheless had regard to the interests of the Group's employees during the period and supported engagement with employees and employee representatives as appropriate. The Board recognises the importance of attracting, retaining and motivating employees to deliver each Value Chain's strategic objectives.

The Board expects its businesses to prioritise the health, safety and wellbeing of their workforces and has reviewed key metrics relating to the safety of Group operations and the well-being of Group employees improvement. The Board also supports the escalation of important matters to the Safety, Health and Environment Committee of the Tata Steel Group.

The Board also has particular regard to the impact on employees and local communities when considering developments relating to the reorganisation, divestment or closure of any part of the business or Group including the restructuring measures taken in the UK Business.

(c) the need to foster the Company's business relationships with suppliers, customers and others

The boards of the principal operating companies in the Group have oversight over many stakeholder relationships and have regard to these relationships in their decision making. In reviewing the performance of its operating subsidiaries, the Board has sought to understand and engage with matters affecting the interests of stakeholders. The Board has taken regular updates on matters of political relevance to the Group in its principal geographies and sought to provide a forum for engagement between the Group's shareholder and senior members of operational management.

Further information can be found in the Strategic Report and in the Corporate Governance statement under Principle 6 on page 40 of this Annual Report.

(d) the impact of the Company's operations on the community and the environment

The Board is aware of the impact of steel manufacturing on the environment and its local communities and the Board has taken reports on environmental performance in its area of operation. Its subsidiary companies engage as required with regulators on a frequent basis on compliance with local laws and regulations. More broadly, the Board has supported the Group's efforts to develop plans to decarbonise its carbon intensive businesses, including through proposals which are being implemented by TSUK and being developed in The Netherlands. The Board acknowledges the impacts that such measures will have on communities in which the Group operates.

A key ambition is that the Group should be carbon neutral by 2045 and the Company's UK and MLE Businesses continue to explore different strategic technological solutions to achieve their objectives in their respective geographies. More details of TSE's decarbonisation objective can be found in the Strategic Report on page 14 of this Annual Report.

As a major employer, companies in the Group act as a cornerstone customer for local businesses. In addition, the Group contains a business which supports the economic regeneration of communities affected by changes in the steel industry in the UK. Companies in the Group also support a number of popular community events including Kids of Steel, which is one of the world's longest running triathlon series for kids and the Tata Steel Chess Tournament in the Netherlands. Companies in the Group have also continue to support diversity and equity with training and employee interactions centred on events such as International Women's Day.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to maintaining the reputation of the Company and high standards of business conduct in all its business dealings. The five Tata values are set out in the Corporate Governance statement on page 38. In addition, the Tata Code of Conduct, which is a series of principles supporting the Tata values and ethical conduct, applies to all Tata branded companies.

The Group expects honesty, integrity, and transparency in all aspects of its business dealings from employees, contractors and other partners. The Audit Committee reviews control measures and frameworks to uphold ethical principles and high standards of corporate and personal conduct. Companies in the Group have adopted a number of compliance policies including competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery and human trafficking and data privacy. The Group also requires senior management and relevant employees to undertake mandatory compliance training and assessments.

Businesses in the Group have considered how they can continue to support customers and other stakeholders, whether by incorporating new technologies such as artificial intelligence or by making resources available to support customers through the decarbonisation transition in the UK.

(f) the need to act fairly between members of the Company

Following its acquisition by Tata Steel in 2007, Corus Group plc reregistered as a private company and in 2010 rebranded as Tata Steel Europe. The Company is indirectly wholly owned by TSL, a listed company in India. Further details of ownership are set out on pages 51 and 97 of this Annual Report.

Further details of group companies are also set out on page 98 of this Annual Report.

The Board includes directors holding senior positions within the TSL group who are therefore able to communicate the views of the shareholder. The Group also has mechanisms in place for reporting to the TSL board and its committees.

A8. Approval of Strategic Report

Section A of this Annual Report comprises a strategic report for the Group which has been prepared in accordance with, and in reliance upon, applicable English and Welsh company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by the law. It should be noted the strategic report has been prepared for the Group as a whole, and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiaries when viewed as a whole.

Approved by the Board of Directors and signed on behalf of the Board by:

K Chatterjee
Director
13 June 2025

Directors' report for the year ended 31 March 2025

The directors present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 March 2025.

The Board

The directors of the Company who served throughout the year from 1 April 2024 to the date of this report (unless otherwise stated) were as follows:

T V Narendran (Chairman)

H Adam

D Kapoor

K Chatterjee

There is an established Board committee for audit matters. Health, safety and environment matters are reported to the Board and considered by the SHE committee established for the TSL Group.

Directors' indemnity

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any director or former director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Group (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors & Officers liability insurance.

Dividends

The directors do not recommend that a dividend be paid, and no dividends were paid or proposed during the year (2023/24: £nil).

Political donations

The Company does not make any donations to political parties and none were made during the year.

Statement as to disclosure of information to the Company's auditors

Each director in office at the date of this Directors' report confirms that:

a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
b) the directors have taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed as auditors to the Company for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an AGM. Price Waterhouse & Co Chartered Accountants LLP in India is the auditors of the ultimate parent company, TSL.

Going concern

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

The TSE Group is made up of two businesses one centred in the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business').

The directors have considered a number of possible scenarios for the financial position of the UK Business, with reference to its Annual Plan ("the base case") and the mitigating actions the UK Business could take to limit any adverse consequences to liquidity.

In previous years, as part of the wider TSL group, the UK Business has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness, fund operating losses, and to invest in working capital. This support included equity proceeds of £866m in 2024/25, £100m in 2023/24, and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies. In the period April to May 2025, additional equity support of £104m was provided to the UK Business.

On 15 September 2023, Tata Steel UK Limited ('TSUK') announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government reflecting all the key points contained in the term sheet was signed on 11 September 2024. Following the signing of the GFA and the completion of certain administrative requirements under the GFA, TSUK has the ability to access confirmed support of £500m from the UK Government in order to fund the EAF and make the transition from its current operating model. Proceeds under the GFA will be claimed one quarter in arrears after TSUK has paid the capital costs. The first claim was paid to TSUK in Q1 2025/26.

As the UK Business is an integral part of the TSL Group, a letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will provide equity funding for 2025/26 and 2026/27 to cover the expected funding requirements of TSUK for its underlying business operations, the restructuring costs involved with TSUK's transition in its business model, and for CAPEX funding for TSUK's decarbonisation proposal.

As well as the funding from the UK Government and equity funding from the wider TSL Group mentioned above, TSUK will continue to have access to its own financing facilities to support its day to day liquidity requirements. However £255m of these facilities are uncommitted and two committed facilities amounting to £200m are due to expire in the next 17 months. The letter of support confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 17 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the UK Business has access to adequate liquidity given the support undertakings provided by TSGH as described above and the commitments from the UK Government and TSL contained in the Grant Funding Agreement in order to enable the execution of its decarbonisation strategy.

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

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

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

In addition to the above, the directors have considered a number of possible scenarios for the financial position of the MLE Business, with reference to its Annual Plan ("the base case") and the mitigating actions the MLE Business could take to limit any adverse consequences to liquidity. The base case assumes no improvement in trading conditions over the next 17 months given the general uncertain macro-economic outlook and the currently challenging conditions in the European steel market. In order to counter the effects of the current subdued market the MLE Business recently launched a Transformation programme which targets improvements in the areas of gross margin and fixed costs in order to deliver improved profitability for 2025/26 and beyond. Furthermore the MLE Business ended 2024/25 with a strong cash balance and undrawn committed financing facilities totalling around €650m. As such, under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the MLE Business has access to adequate liquidity adequate liquidity to meet its future business requirements.

For these reasons, the directors have determined that it is appropriate for the financial statements of the Company and the Group to be prepared on a going concern basis.

Corporate Governance Statement

For the year ended 31 March 2025, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (Wates Principles) as the appropriate framework for its corporate governance arrangements. These have been applied taking account of the fact that the Company no longer sets the strategic direction of its subsidiaries but concentrates on oversight and assurance of the consolidated financial result of its Group.

Principle 1 – Purpose and Leadership

Since October 2021, the Company has operated its UK and MLE Businesses as two separate 'Value Chains' with their own governance structures to allow each business to pursue different strategic paths and give them greater agility and management focus. Primary management and decision-making responsibility for each of the Value Chains is therefore positioned with the boards and management teams of TSUK and TSN respectively. The annual reports of Tata Steel UK Limited and Tata Steel Nederland B.V. each contain further details with respect to their respective governance and policies. The role of the TSE Board is now one of financial governance and oversight and providing assurance in relation to the Group's consolidated financial statements.

The TSL Group's vision has been to strive to be the global steel industry benchmark for value creation and corporate citizenship with a mission to build the leading European steel business that is sustainable and (i) delivers value to its shareholder; (ii) partners with customers and suppliers to innovate, produce and deliver steel products and services in a responsible way; and (iii) empowers its people and engages with its communities.

Tata Steel has adopted five values which are shared by all Tata companies worldwide and inform expected behaviours and practices throughout the Group:

- Pioneering - be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
- Responsibility - be responsible and responsive to the countries, communities and environments in which the company works, always ensuring that what comes from the people goes back to the people many times over.
- Excellence - constantly strive to achieve the highest possible standards in day-to-day work and in the quality of the goods and services the company provides.
- Unity - work cohesively with colleagues across the Group and with customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.
- Integrity: conduct business fairly, with honesty and transparency. Everything the Company does must stand the test of public scrutiny.

Each of the UK and MLE Value Chains communicates messages which reflect their purpose, values, vision, mission, strategy. Key messages are communicated by the Value Chains through their senior leadership via internal communications, senior manager updates and briefings.

During 2024/25, with the support of the Company and the Group, both of TSE's principal businesses have continued to develop their purposes and leadership directions.

During the year, the Board was informed and engaged in relation to the implications of decisions relating to the decarbonisation and modernisation of the TSUK business, including the terms of funding arrangements with His Majesty's Government and the safe cessation of heavy end steelmaking business at Port Talbot, both of which were concluded in September 2024.

In the Netherlands, TSN has continued to engage with the Dutch Government on the transition to low carbon dioxide steelmaking. TSN is committed to transition out of blast furnace operations to steelmaking using DRI technology and electric smelting or any other viable and scalable technology. As the technology selection, the project economics and discussions with the Government of Netherlands are finalised, the Final Investment Decision proposal along with the financing framework will be developed in a time bound manner.

Further information relating to the Group's strategy and values may be accessed on the Group's websites.

Principle 2 – Board Composition

The TSE Board comprises four directors. The balance of skills, backgrounds, experience and knowledge for the sectors in which the TSE Group operates, remains appropriate in the context of the reshaped organisation and its governance arrangements. The TSE Board has a Chairman but there is not a Chief Executive Officer responsible for a single business. None of the four directors hold executive management positions in the UK or MLE Businesses but bring experience in audit and industry matters as well as independent challenge. Three of the directors are members of the board of the ultimate parent company, TSL, two directors are also senior executive managers in TSL and one of those directors (the Chief Executive Officer of TSL) is also Chairperson of the Supervisory Board of TSN. Two are also directors of TSE's main operating company in the UK, TSUK. A third TSE Director was also the TSUK Chairperson until 1 January 2025. The size and structure of the Board is appropriate for the Company.

As a wholly owned subsidiary of TSL, TSE does not have its own Nominations Committee. TSE Board director appointments are usually recommended to the Board for consideration and approval by its ultimate parent company, TSL.

The Securities and Exchange Board of India (SEBI) monitors and regulates the corporate governance of TSL, which is a listed company in India.

Principle 3 – Directors responsibilities

The Board schedules its meetings to be aligned with the meetings held by its ultimate parent company, TSL, with additional meetings convened if required. Directors' interests are reported and declared at each Board meeting.

To support the TSE Board in carrying out its duties, there is an established Audit Committee with a terms of reference.

Safety, Health and Environment (SHE) matters are reviewed at the TSL group level by a SHE Committee chaired by a non-executive director of TSL. The TSUK and TSN boards continue to have primary responsibility for SHE matters which relate to their businesses and the TSE Board continues to review SHE matters which materially affect the Company.

During the year, the Board and Audit Committee received regular information on material aspects of the business including health and safety statistics, operational and financial performance, strategic matters, compliance and risk matters, stakeholder engagement, commercial and technical updates and market conditions. In addition, the internal audit and assurance function provides additional assurance on specific key risks to ensure systems and controls are operating effectively.

The separate Value Chains each apply a policy framework which set out expected behaviours, accountability and delegated management authority levels applicable to each business. The work of the audit and assurance function in each business includes reporting to the Audit Committee on matters concerning compliance with these policies.

Principle 4 – Opportunity and Risk

Since October 2021, the business improvement programmes of TSE's main operating subsidiaries in the UK and the Netherlands have been under the supervision of the TSUK and TSN boards respectively. Decarbonisation has continued to be a key risk and opportunity for businesses within the TSE Group and those developments are kept under review by the Board and those of the UK and MLE Businesses. The TSE Board has also considered other risks and opportunities for Group businesses during the year.

The principal risks and uncertainties affecting the TSE Group and mitigating actions taken in respect of them are set out in the Strategic Report on page 4. Since 1 October 2021, the principal activity of the Company has been that of a holding company for the TSE Group of companies and to provide financial governance and oversight for the Group.

Enterprise Risk Management (ERM) frameworks have been deployed by the respective subsidiary boards for the Value Chains, in alignment with TSL's ERM framework.

TSUK's Risk Committee meets quarterly and comprises of the TSUK CEO as its Chair and the UK Management team which is composed of cross functional senior leaders. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives.

The TSN Board of Management meets quarterly and comprises of the TSN Board of Management and risk officers. Its principal purpose is to assess and identify TSN's most significant and emerging risks which are aligned to TSN's strategy and the delivery of its objectives. In addition, risk sub-committees have been installed within the Business Unit Tata Steel Downstream Europe and Business Unit IJmuiden, composed of cross functional senior leaders who assess emerging risks on a monthly basis and act if needed.

On a quarterly basis, the risk management teams within the Value Chains discuss approach and deployment of risk management principles and share their learnings.

Each of the UK and MLE Businesses operate processes within which they review legal compliance and asset protection matters on a quarterly basis. Reports are submitted as required to the respective boards and provided to the TSE Audit Committee on a six-monthly basis.

Principle 5 – Remuneration

The separate businesses within the Group have a reward philosophy that are intended to enable them each to attract, retain and motivate the people they need to deliver their objectives, are competitive in relevant markets, linked to the achievement of corporate objectives and follow the principles of being simple, objective and fair.

The remuneration of directors of the Company, including the independent non-executive member of the Board, is a matter for the TSE Chairman and for the parent company, TSL.

The Company's principal operating subsidiary in the UK (TSUK) has published its Gender Pay Gap Report for 2025, which is available on the TSUK website. Further information in relation to the Gender Pay Gap is available on page 13 of this Annual Report.

Principle 6 – Stakeholder Relationships and Engagement

The Board recognises the importance of effective communication with the stakeholders of its UK and MLE Businesses in order to deliver the purpose, values, vision, mission and strategy of those businesses and ensure protection of Tata Steel's relationships, reputation and brand. Board and Audit Committee meetings are regularly attended by senior members of each of the UK and MLE Businesses to consider and report on these matters. The Group's stakeholders include its shareholders and the customers, suppliers, employees and employee representatives, pensioners, banks, Government bodies, and the local communities in which its businesses operate.

The Board continues to regularly monitor the health, safety and wellbeing of employees, contractors and other partners of the Group, although primary management and responsibility for these matters sits with the TSUK and TSN Boards in relation to their businesses. Each business continues to adopt a health & safety framework which includes zero harm campaigns, leadership safety tours, and the deployment of five key personal health and safety commitments. Through the Oracle system, the businesses continue to offer online learning and development courses accessible by employees, including mental health modules as well as other health, safety and wellbeing training.

During the year, businesses in the Group deployed a number of strategies for employee engagement, including enabling employees to receive performance updates and ask questions directly to their senior leaders. Communications and Human Resources teams in each of the UK and MLE Businesses review their strategies, as appropriate, to ensure employees and senior managers remain informed as to the Value Chain performance, health and safety matters and any other matter requiring employee engagement.

The Group uses a confidential reporting line service which allows employees, contractors and others to report potential concerns while remaining anonymous. All reports are followed up and investigated as required.

The Board includes directors of the parent company, TSL. The Company and each of the businesses in the Group is required to report to its ultimate shareholder on a number of matters in order to support the Tata Steel Limited Group's overall corporate governance requirements.

B. Directors' Report

During the year, Board directors and senior managers with the relevant areas of expertise have liaised with Government bodies, including regulators, as appropriate.

The Group encourages its suppliers to work with it to create value to its end customers, society and shareholders. The Group expects all suppliers to adhere to responsible procurement policies which underpin its commitments.

Delivering an excellent customer experience is a key strategic priority for the Group's business model and is centered around direct engagement with customers aligned to market sectors and allows for continuous feedback. The Group's businesses review and evaluate performance through Voice of the Customer listening activities which includes regular Customer Satisfaction surveys and feedback.

The Group is committed to its businesses working in partnership with their local communities to support their social and economic wellbeing. The constituent businesses of the Group invest in a range of sustainable initiatives that bring benefits to large groups within local communities.

The Group uses a confidential reporting line service which allows employees, contractors and others to report potential concerns while remaining anonymous.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The Company's engagement with suppliers, customers and others with whom it is in a business relationship is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 40 of this Annual Report.

Statement of engagement with employees

The Company's engagement with employees and the workforce is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 40 of the Annual Report.

Post balance sheet events

Since the year end, TSE has received £104m equity injection from T S Global Holdings Pte Limited.

On 28 May 2025, and in line with its long term pension de-risking strategy, TSUK served notice to the Trustee of the British Steel Pension Scheme that the winding up of the Scheme shall begin with such process expected to take between 12-24 months.

Information provided in the Strategic report

In accordance with section 414C of the Companies Act 2006 the directors have chosen to disclose the following information in the Group's strategic report:

- Principal risks and uncertainties (see page 4);
- Business review (see page 10);
- Factors likely to affect the Group's future development, performance and position (see page 10);
- Policies on employment of disabled persons, employee involvement, communication, consultation, recruitment and training (see page 12);
- Details on how the Group engages with its employees (see page 40);
- Streamlined Energy & Carbon Reporting emissions information (see page 18);
- Research & development activities (see page 20); and
- An indication of exposure to price, credit, liquidity and cash flow risk (see page 23)

Approved by the Board of Directors and signed on behalf by:

K Chatterjee

Director

13 June 2025

C. Directors' Responsibilities Statement

The directors are responsible for preparing the Report & Accounts 2025 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf by:

K Chatterjee
Director
13 June 2025

Report on the audit of the financial statements

Opinion

In our opinion:

- Tata Steel Europe Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2025 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts 2025 (the "Annual Report"), which comprise: the Consolidated and Parent Company balance sheets as at 31 March 2025; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Parent Company statements of changes in equity and the Consolidated statement of cash flows for the year then ended; the Presentation of accounts and accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment legislation, and climate-related regulations such as the Environmental Protection Act 1990 and the Pollution Prevent and Control Act 1999, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation, the Companies Act 2006 in the United Kingdom and the Industry Carbon Tax Act (Wst Co2-heffing industrie) in the Netherlands. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and potential management bias in significant accounting estimates in order to manipulate financial results and overstate profits. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal representatives, including consideration of known or suspected non-compliance with laws, regulations and fraud, and confirming such matters with external legal counsel where applicable;
- Reviewing Board minutes and reports that set out the Group's compliance and monitoring of legal and internal control matters;
- Inquiring with relevant personnel to understand management's processes for identifying and reporting risks and threats within the Group;
- Identifying and testing journals, in particular those that have unusual account combinations involving credits to revenue and other income statement items; and
- Challenging assumptions made by management in its significant accounting estimates; in particular in relation to asset impairment assessments.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stuart Couch (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

13 June 2025

E1. Consolidated income statement

For the financial year ended 31 March

	Note	2025 £m	2024 £m
Revenue	1	**7,098**	7,521
Operating costs	2	**(7,700)**	(9,175)
Operating loss		**(602)**	(1,654)
Finance costs	5	**(245)**	(226)
Finance income	5	**6**	18
Share of post-tax results of joint ventures and associates	10(iv)	**1**	4
Loss before taxation		**(840)**	(1,858)
Taxation	6	**23**	(33)
Loss after taxation		**(817)**	(1,891)
Attributable to:			
Owners of the company		**(817)**	(1,891)

All references to 2025 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 39 refer to the financial period ended 31 March 2025 or as at 31 March 2025 as appropriate (2024: the financial period ended 31 March 2024 or as at 31 March 2024).

Notes and related statements forming part of these accounts appear on pages 62 to 101.

E2. Consolidated statement of comprehensive income

For the financial year ended 31 March

	Note	2025 £m	2024 £m
Loss after taxation		**(817)**	**(1,891)**
Items that will not be reclassified to the income statement:			
Actuarial gains/(losses) on defined benefit pension and other post-retirement plans	22	**9**	(577)
Income tax relating to items that will not be reclassified	6	**(2)**	144
Items that may be reclassified to the income statement:			
Gains arising on cash flow hedges	25	**8**	131
Income tax relating to items that may be reclassified	6	**(1)**	(33)
Exchange differences on translation of foreign operations		**(25)**	(52)
Other comprehensive loss for the year net of tax		**(11)**	(387)
Total comprehensive loss for the year		**(828)**	(2,278)
Attributable to:			
Owners of the company		**(828)**	(2,278)

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own statement of comprehensive income.

Notes and related statements forming part of these accounts appear on page 62 to 101.

E3. Consolidated and Parent Company balance sheets

As at		Group		Company		
	Note	**31 March 2025 £m**	31 March 2024 £m	**31 March 2025 £m**	31 March 2024 £m Restated (Note 36)	1 April 2023 £m Restated (Note 36)
Non-current assets						
Goodwill	7	**405**	405	**–**	–	–
Other intangible assets	8	**64**	75	**–**	–	–
Property, plant & equipment	9	**2,892**	2,895	**–**	–	–
Equity accounted investments	10	**39**	41	**–**	–	–
Investment in subsidiary undertakings	10	**–**	–	**5,204**	5,578	6,353
Other investments	11	**16**	13	**–**	–	–
Long term receivables	12	**2**	2	**–**	–	–
Other non-current assets	13	**14**	–	**–**	–	–
Retirement benefit assets	22	**1**	2	**–**	–	–
Deferred tax assets	14	**347**	309	**–**	–	–
		3,780	3,742	**5,204**	5,578	6,353
Current assets						
Inventories	15	**1,642**	1,967	**–**	–	–
Trade and other receivables	16	**347**	458	**5**	6	37
Current tax assets	17	**5**	6	**–**	–	–
Cash and short term deposits	18	**438**	133	**–**	–	–
		2,432	2,564	**5**	6	37
Assets held for sale	19	**–**	4	**–**	–	–
TOTAL ASSETS		**6,212**	6,310	**5,209**	5,584	6,390
Current liabilities						
External borrowings	20	**(540)**	(698)	**(100)**	(100)	(149)
Trade and other payables	21	**(1,796)**	(2,021)	**(9)**	(10)	(40)
Current tax liabilities	17	**(16)**	(11)	**–**	–	–
Retirement benefit obligations	22	**(2)**	(1)	**–**	–	–
Provisions and other liabilities	23	**(235)**	(228)	**–**	–	–
		(2,589)	(2,959)	**(109)**	(110)	(189)
Non-current liabilities						
Inter-group borrowings	20	**–**	(1,323)	**(1)**	(1)	(1)
External borrowings	20	**(892)**	(716)	**–**	(225)	–
Retirement benefit obligations	22	**(56)**	(62)	**–**	–	–
Provisions and other liabilities	23	**(221)**	(248)	**–**	–	–
Other non-current liabilities	24	**(40)**	(41)	**–**	–	–
Deferred income	26	**(18)**	(4)	**–**	–	–
Deferred tax liability	14	**(47)**	(48)	**–**	–	–
		(1,274)	(2,442)	**(1)**	(226)	(1)
TOTAL LIABILITIES		**(3,863)**	(5,401)	**(110)**	(336)	(190)
NET ASSETS		**2,349**	909	**5,099**	5,248	6,200
Equity						
Called up share capital	27	**12,590**	10,322	**12,590**	10,322	10,222
(Accumulated deficit)/retained earnings		**(10,460)**	(9,650)	**(4,129)**	(4,128)	1,207
Other components of equity		**219**	237	**(3,362)**	(946)	(5,229)
TOTAL EQUITY		**2,349**	909	**5,099**	5,248	6,200

The Company recorded a total comprehensive loss of £2,417m (2024: loss of £1,052m) which includes loss after taxation of £1m (2024-restated: loss of £2m) and other comprehensive loss of £2,416m (2024-restated: loss of £1,050m). The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own income statement and statement of comprehensive income.

The financial statements on pages 46 to 101 were approved and authorised for issue by the Board and signed on its behalf by:

K Chatterjee
Director
13 June 2025
Tata Steel Europe Limited
Registered No: 05957565

E4. Consolidated and Parent Company statements of changes in equity

Group:

	Share Capital £m	Accumulated deficit £m	Hedging reserve £m	Translation reserve £m	Other reserve £m	Total £m	Non - controlling interests £m	Total Equity £m
Balance as at 1 April 2023	**10,222**	**(7,326)**	**(105)**	**295**	**2**	**3,088**	**1**	**3,089**
Loss for the financial year	–	(1,891)	–	–	–	**(1,891)**	–	**(1,891)**
Other comprehensive loss for the financial year	–	(433)	97	(52)	–	**(388)**	–	**(388)**
Total comprehensive loss for the financial year	–	(2,324)	97	(52)	–	**(2,279)**	–	**(2,279)**
Issue of ordinary shares	100	–	–	–	–	**100**	–	**100**
Other movements	–	–	–	–	–	**–**	(1)	**(1)**
Balance as at 31 March 2024	**10,322**	**(9,650)**	**(8)**	**243**	**2**	**909**	**–**	**909**
Loss for the financial year	–	(817)	–	–	–	**(817)**	–	**(817)**
Other comprehensive loss for the financial year	–	7	7	(25)	–	**(11)**	–	**(11)**
Total comprehensive loss for the financial year	**–**	**(810)**	**7**	**(25)**	**–**	**(828)**	**–**	**(828)**
Issue of ordinary shares (Note 27)	2,268	–	–	–	–	**2,268**	–	**2,268**
Balance as at 31 March 2025	**12,590**	**(10,460)**	**(1)**	**218**	**2**	**2,349**	**–**	**2,349**

Company:

	Share Capital £m	Retained earnings/ (Accumulated deficit) £m	Revaluation reserve £m	Total Equity £m
Balance as at 1 April 2023 (Restated – Note 36)	10,222	1,207	(5,229)	6,200
Loss for the financial year (Restated)	–	(2)	–	(2)
Other comprehensive loss for the financial year (Restated)	–	–	(1,050)	(1,050)
Total comprehensive loss for the financial year	–	(2)	(1,050)	(1,052)
Issue of ordinary shares (Note 27)	100	–	–	100
Transfers within equity (Restated)	–	(5,333)	5,333	–
Balance as at 31 March 2024 (Restated – Note 36)	10,322	(4,128)	(946)	5,248
Loss for the financial year	–	(1)	–	(1)
Other comprehensive loss for the financial year	–	–	(2,416)	(2,416)
Total comprehensive loss for the financial year	–	(1)	(2,416)	(2,417)
Issue of ordinary shares (Note 27)	2,268	–	–	2,268
Balance as at 31 March 2025	**12,590**	**(4,129)**	**(3,362)**	**5,099**

E5. Consolidated statement of cash flows

For the financial year ended 31 March

	Note	2025 £m	2024 £m
Operating activities			
Cash used in operations	31	**(64)**	(580)
Interest paid		**(142)**	(107)
Interest element of lease rental payments		**(11)**	(13)
UK corporation tax		**(9)**	(3)
Overseas taxation		**(7)**	(4)
Net cash flow used in operating activities		**(233)**	(707)
Investing activities			
Purchase of property, plant and equipment		**(341)**	(624)
Sale of property, plant and equipment		**34**	7
Purchase of other intangible assets		**(3)**	(7)
Sale of other investments		**2**	1
Purchase of other investments		**(6)**	-
Deferred proceeds on prior sale of subsidiary		**3**	12
Dividends from joint ventures and associates	10	**1**	1
Dividends received from investments		**-**	1
Interest received		**6**	16
Net cash flow used in investing activities		**(304)**	(593)
Financing activities			
Proceeds from issue of equity shares		**866**	100
New loans (including drawdowns of revolving credit facility)		**512**	714
Repayment of borrowings (including repayments of revolving credit facility)		**(483)**	(146)
Capital element of lease rental payments		**(40)**	(56)
Purchase of additional stake in subsidiaries		**-**	(1)
Net cash flow generated from financing activities		**855**	611
Increase/(Decrease) in cash and cash equivalents	33	**318**	(689)
Cash and cash equivalents at beginning of year	33	**125**	828
Effect of foreign exchange rate changes	33	**(5)**	(14)
Cash and cash equivalents at end of year	**33**	**438**	125
Cash and cash equivalents consist of:			
Cash and short-term deposits	18	**438**	133
Bank overdrafts	20	**-**	(8)
		438	125

E6. Presentation of accounts and accounting policies

I Basis of preparation

TSE is a private limited company incorporated, registered and domiciled in the United Kingdom under the Companies Act 2006. The consolidated financial statements of the Group for the year ended 31 March 2025 comprise the Company and its subsidiaries and the Group's interest in its joint ventures and associated undertakings.

The functional and presentational currency of the Company and the presentational currency of the Group is sterling.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. TSE transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 April 2021.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

TSE meets the definition of a qualifying entity under FRS 100 *'Application of Financial Reporting Requirements'* issued by the Financial Reporting Council. As such the Company's financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 *'Reduced Disclosure Framework'* ('FRS 101').

The financial statements apply the recognition, measurement and presentation requirements of UK-adopted international accounting standards, but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 disclosure exemptions.

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company's financial statements, in accordance with FRS 101: IFRS 7, 'Financial instruments: Disclosures'; IFRS 13, 'Fair value measurement' - paragraphs 91 to 99; IAS 1, 'Presentation of financial statements' – paragraphs 10(d), 38A, 38B-D, 111 and 134-136; IAS 7, 'Statement of cash flows'; IAS 36, 'Impairment of assets' – paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e); IAS 8, 'Accounting policies, changes in accounting estimates and errors' – paragraphs 30 and 31; and requirements in IAS 24 to disclose related party transactions.

The financial statements for the Company and Group have been prepared under the historical cost convention, unless otherwise stated.

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

The TSE Group is made up of two businesses one centred in the UK but also including manufacturing assets in Sweden and Norway as well as certain international sales offices (together 'the UK Business') and the other centred in the Netherlands but including manufacturing assets elsewhere in mainland Europe ('MLE') and the United States, along with other international sales offices (together 'the MLE Business').

The directors have considered a number of possible scenarios for the financial position of the UK Business, with reference to its Annual Plan ("the base case") and the mitigating actions the UK Business could take to limit any adverse consequences to liquidity.

In previous years, as part of the wider TSL group, the UK Business has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness, fund operating losses, and to invest in working capital. This support included equity proceeds of £866m in 2024/25, £100m in 2023/24, and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies. In the period April to May 2025, additional equity support of £104m was provided to the UK Business.

On 15 September 2023, Tata Steel UK Limited ('TSUK') announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government reflecting all the key points contained in the term sheet was signed on 11 September 2024. Following the signing of the GFA and the completion of certain administrative requirements under the GFA, TSUK has the ability to access confirmed support of £500m from the UK Government in order to fund the EAF and make the transition from its current operating model. Proceeds under the GFA will be claimed one quarter in arrears after TSUK has paid the capital costs. The first claim was paid to TSUK in Q1 2025/26.

As the UK Business is an integral part of the TSL Group, a letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will provide equity funding for 2025/26 and 2026/27 to cover the expected funding requirements of TSUK for its underlying business operations, the restructuring costs involved with TSUK's transition in its business model, and for CAPEX funding for TSUK's decarbonisation proposal.

As well as the funding from the UK Government and equity funding from the wider TSL Group mentioned above, TSUK will continue to have access to its own financing facilities to support its day-to-day liquidity requirements. However, £255m of these facilities are uncommitted and two committed facilities amounting to £200m are due to expire in the next 17 months. The letter of support confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 17 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the UK Business has access to adequate liquidity given the support undertakings provided by TSGH as described above and the commitments from the UK Government and TSL contained in the Grant Funding Agreement in order to enable the execution of its decarbonisation strategy.

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

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

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

In addition to the above, the directors have considered a number of possible scenarios for the financial position of the MLE Business, with reference to its Annual Plan ("the base case") and the mitigating actions the MLE Business could take to limit any adverse consequences to liquidity. The base case assumes no improvement in trading conditions over the next 17 months given the general uncertain macro-economic outlook and the currently challenging conditions in the European steel market. In order to counter the effects of the current subdued market the MLE Business recently launched a Transformation programme which targets improvements in the areas of gross margin and fixed costs in order to deliver improved profitability for 2025/26 and beyond. Furthermore, the MLE Business ended 2024/25 with a strong cash balance and undrawn committed financing facilities totalling around €650m. As such, under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the MLE Business has access to adequate liquidity adequate liquidity to meet its future business requirements.

For these reasons, the directors have determined that it is appropriate for the financial statements of the Company and the Group to be prepared on a going concern basis.

All accounting policies used in the preparation of the consolidated financial statements remained consistent with those applied in the preparation of the Annual Report in 2024.

In respect of Company's financial statement, the Company has voluntarily changed its accounting policy to measure its equity investments in subsidiaries from historic cost less impairment as per IAS 27 "Separate Financial Statements" to fair value through other comprehensive income as per IFRS 9 "Financial instruments" with retrospective effect. The previous policy of measuring the investments at historic cost less impairment was suitable because of an historically stable landscape in terms of continuing legacy assets, customer markets and regulatory framework. However today, both the UK and MLE Businesses are seeing fundamental underlying changes in terms of production methods and assets, cost drivers, regulatory costs, critical policy enablers and future focus market sectors. These changes will reflect on the business assumptions in relation to forecast estimates of profitability and cashflow. The key drivers determining the valuation of the business have changed as the businesses, both in the UK and Netherlands, are undertaking a strategic transformation, triggered by regulatory changes which are driving decarbonisation in Europe. This will necessarily involve closure of legacy assets and replacement by a new production route. Future cashflows will be heavily dependent on the impact of evolving regulations on Carbon Border Adjustment Mechanism, availability/pricing of clean raw materials, energy and associated infrastructure, and assumptions around costs of, and market premium, for green steel. In addition, the Businesses are also facing potential lasting changes in the market as a result of policy responses in terms of future industrial and investment policy in Europe and the UK, and supply side changes from other geographies. As a result, carrying these investments at historical costs is no longer considered appropriate. During the year the Company has therefore changed its accounting policy to fair value through other comprehensive income with changes in fair value of such investments being recognised through other comprehensive income as at each reporting date. The change in accounting policy, also adopted by the immediate and ultimate parent company for similar reasons, will provide more reliable and relevant information to the users of financial statements in respect of the underlying business performance reflecting the latest estimates of the strategic transformation and the regulatory policy frameworks.

All other accounting policies used in the preparation of the Company's financial statements, except for the above, remained consistent with those applied in the preparation of the Annual Report in 2024.

E6. Presentation of accounts and accounting policies

II New Standards, amendments and interpretations applied

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

		Effective Date*
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 Jan 2024
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
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 Jan 2024

** periods commencing on or after*

None of these amendments had a material impact on the TSE financial statements.

The Group adopted 'International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)' upon release on May 23, 2023. The amendments provided a temporary mandatory exception from deferred tax accounting for the top-up tax, which was effective immediately, and required new disclosures about the Pillar Two exposure as of December 31, 2023. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when incurred.

III 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 under UK-adopted international accounting standards in the year ended 31 March 2025, or have an effective date after the date of these financial statements:

		Effective Date*
IAS 21 (Amendments)	Lack of exchangeability	1 Jan 2025
IFRS 18	Presentation and disclosure of financial statements	1 Jan 2027
IFRS 19	Subsidiaries without public accountability	1 Jan 2027
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 Jan 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts referencing nature dependent electricity	1 Jan 2026

** periods commencing on or after*

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

IV Use of estimates and critical accounting judgements

In the application of the Group's material accounting policies, which are described in section V, 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 Group's accounting policies

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

1) Definition of cash generating units ('CGU')

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

Following the formal separation of TSE into a UK and MLE value chain on 1 October 2021, the definition of some specific CGUs in TSE used for the impairment testing of PPE and goodwill was updated. The definition of the Groups CGU's in the current year is consistent with those used in the prior year following changes made in light of the formal separation.

During the previous year, following TSUK's announcement to close its blast furnaces and associated assets, the Group assessed the carrying value of the assets which would be closed and concluded that those specific assets should be separated from the CGU as their value in use and fair value was £nil as they would remain loss making until the time that they would be taken out of service. For details see disclosure on page 70.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting year end that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1) Impairment of non-current assets

Value in use and fair value less costs to sell calculations require an estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The present value is sensitive to changes in the discount rate used in the models, the forecast profitability in the Group's Annual Plan, and the expected impact of decarbonisation on the Group. Further details on the Group's impairment review, key assumptions, and sensitivity analyses are set out in notes 7, 8 and 9.

2) Carrying value of investment in subsidiaries

In respect of carrying value of investments in the Company financial statements, estimation is required around determination of fair value of relevant investments of the TSE Group. The key assumptions in determining the fair value of the TSE group are outlined in note 7 and note 10, with the key estimates associated with the investment in the TSNH group being the (i) level of government support towards the long term capital expenditure investments needed for decarbonisation in the MLE Business, (ii) government policy in the Netherlands in respect of environmental measures and the potential impact on the 'licence to operate' of the MLE Business, (iii) government policies in respect of trade including Carbon Border Adjustment Mechanism's in the EU and UK, (iv) the level of costs savings which the MLE and UK Businesses are able to deliver in future periods, and (v) the forecast steel selling prices including the level of 'Green Steel Premium' for selling low CO2 steel. The Company's equity investment in its subsidiary was fair valued during the year which resulted in a fair value decline of £2,416m (2024: £1,050m) which was recognised in the statement of comprehensive income. Any change to the fair value calculations would increase or decrease the loss recognised in other comprehensive income.

3) Recognition of deferred tax assets

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur, based on the Group's annual plans and future forecasts. Further information can be found in note 14.

4) Post-retirement benefits

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

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

The Group's main defined benefit scheme, being BSPS in the UK, is in a net surplus position at the balance sheet date on an IAS 19 basis. An 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to £nil on the Group's balance sheet. Further details on the Group's retirement benefit obligations, including a sensitivity analysis of key judgements are included within note 22.

5) Recognition of provision

A provision is recognised when the Group has a present obligation, legal or constructive, as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. They include provisions on restructuring and rationalisation, decommissioning and environmental provisions etc. which may change where changes in facts and circumstances affect expectations about the timing or cost of underlying activities. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates although the directors do not believe that any reasonably possible change in the estimates would lead to a materially different outcome. Further information can be found in note 23.

6) Climate change and decarbonisation

The Group continues to assess the potential impacts of climate change and decarbonisation strategy and has considered such impacts on the estimates and judgments used in preparing its consolidated financial statements.

Assumptions in respect of climate and regulatory changes and the transition to a low carbon economy are taken into account when estimating the useful lives of property, plant and equipment used for calculation of depreciation and amortisation and also the review of other estimates and judgements concerning the impairment tests for goodwill and property, plant and equipment. Further information in this respect can be found in note 7 and 9.

The detailed material accounting policies for each of these areas are outlined in section V below.

V Material accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at fair value on acquisition less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Group, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. From 1 April 2009 this includes borrowing costs capitalised in respect of qualifying assets in accordance with the Group'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 Group 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. Advances paid for acquisition or construction of an item of property, plant and equipment are initially recognised as capital advance and transferred to asset under construction when transfer of risk and reward of the asset takes place and an identifiable asset is created. 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 Group and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets (including goodwill)

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including those held under leases, 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. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

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

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use and fair value less costs 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 for fair value less costs to sell, 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 the sum of the tax currently payable and deferred tax.

The tax currently payable 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 Group 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

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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

The retirement benefit asset or liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation, plus the present value of available refunds and reductions in future contributions to the plan.

(e) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Group 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 year. 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 for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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 year, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

TSE participates in the EU ETS and UK ETS, 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 year. Any surplus is only recognised once it is realised in the form of an external sale.

VI Other accounting policies

E6. Presentation of accounts and accounting policies

(a) Basis of consolidation

The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post-acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation. The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the year are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations

On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration, then these fair values are reassessed before taking the remainder as a credit to profit and loss in the year of acquisition.

Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

The Group has applied IFRS 3 (Revised) 'Business Combinations' to business combinations after 1 April 2010. The accounting for business combinations transacted prior to this date has not been restated.

(c) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Group must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of a disposal group to fair value less costs to sell.

Where a disposal group represents a separate major line of business or geographical area of operation or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, then it is treated as a discontinued operation. The post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount on the face of the income statement, with all prior periods being presented on this basis.

Where intercompany transactions have occurred between continuing and discontinued operations, these have been eliminated against discontinued operations except for interest costs on intercompany financing arrangements that will not continue after disposal which have been eliminated against continuing operations.

(d) Revenue

The Group'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 Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Group 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 Group will collect the consideration to which it is entitled to in exchange for the goods.

The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The steel is sometimes 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 year. No element of financing is deemed present as the sales are normally 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 Group 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 Group does not adjust any of the transaction prices for the time value of money.

(e) Government grants

Government grants are only recognised if there is reasonable assurance that the associated conditions will be met and the grants will be granted. Grants related to expenditure on property, plant and equipment are credited to the income statement as reduction of depreciation expense over the useful lives of qualifying assets. Grants related to revenue are credited to the income statement in line with the timing of when costs associated with the grants are incurred. Total grants receivable or received less the amounts credited to income statement at the end of the reporting period are included in the balance sheet as deferred income.

(f) Insurance

Insurance premiums in respect of insurance placed with third parties are charged to profit and loss in the year to which they relate.

(g) 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. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Premiums payable on early redemptions of debt securities, in lieu of future interest costs, are written off as interest expense when paid.

(h) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting year. Income statement items and cash flows are translated into sterling at the average rates for the financial year. In order to hedge its exposure to certain foreign exchange transaction risks, the Group enters into forward contracts and options (see (i) below for details of the Group'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 disposal of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period. Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(i) Financial instruments

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

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

(i) Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Group 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 arrangements where the Group securitises trade receivables on a non-recourse basis.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- it 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.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- it 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).

(ii) Impairment of financial assets

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

For all other financial instruments and in the case of the company intercompany receivables, the Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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 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 Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices, carbon emission rights and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, and London Metal Exchange (LME) contracts. The instruments are employed as economic hedges of transactions included in the consolidated financial statements or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain 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 and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Group seeks to adopt hedge accounting for these currency, interest rate, carbon emission right and commodity contracts. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

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

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

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

(v) Embedded derivatives

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

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

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

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(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 Group. 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 V (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.

Where the Group purchases emission rights from an emission trading scheme, it recognises these as a current asset, where these are intended to settle a current liability, and values the asset at cost. No amortisation is recognised, provided that the Group intends to utilise the asset to settle emission rights liabilities.

(k) Leases

As a lessee, the Group 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.

The Group recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is low value, which are expensed in the consolidated 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, the Group 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 the Group 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 consolidated income statement in the period in which the events or conditions which trigger those payments occur.

As a lessor, the Group recognises leases at cost which are then amortised over the life of the leases with interest recognised as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. These leases relate to property and vessels that are sublet in relation to the head lease. The risk associated with any rights retained in the underlying asset is managed via safeguards within the sub lease contract and vetting and monitoring of lessees.

(l) Investments in subsidiaries

Effective 31 March 2025, the Company has changed its accounting policy for the classification and measurement of equity investments in subsidiaries from cost less accumulated impairment losses to fair value through other comprehensive income (FVTOCI) in accordance with IAS 27 'Separate Financial Statements'. Changes in fair value of such investments being recognised through other comprehensive income (OCI) as on each reporting date. The change in accounting policy will provide more reliable and relevant information to the users of financial statements in respect of the underlying business performance and financial position of the Company.

The change has been applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". To ensure this, and consequent to the change in accounting policy, the previous period comparatives have accordingly been re-stated. The resulting impact in the Company financial statements are disclosed in note 36.

(m) Joint ventures, joint operations and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using the equity method of accounting, except where classified as held for sale.

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group's share of post-acquisition profits and losses is recognised in profit and loss, and its share of post-acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated to the extent of the Group's interest in those entities and, where material, the results of joint ventures and associates are modified to conform to the Group's policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation.

(n) Inventories

Raw materials are categorised as those inputs which are required to produce steel products or to add to the steel products as part of their further processing. Work in progress is categorised as steel products available for further processing inclusive of any purchases of steel products such as slab and coil. Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is generally 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.

(o) 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.

(p) Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into sterling 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.

For the financial year ended 31 March

1. Revenue

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

	2025 £m	2024 £m
Revenue by destination:		
UK	**1,420**	1,610
The Netherlands	**688**	686
Europe excluding UK and The Netherlands	**3,825**	4,052
North America	**930**	862
Rest of the world	**235**	311
	7,098	7,521

2. Operating Costs

	2025 £m	2024 £m
Costs by type:		
Raw material and consumables	**3,911**	3,798
Maintenance costs (excluding own labour)	**583**	784
Other external charges (including fuels & utilities, hire charges and carriage costs)	**1,114**	1,533
Employment costs (Note 4)	**1,361**	1,759
Depreciation, amortisation and impairments (Note 8 and 9)	**293**	535
Grants relating to property, plant and equipment released (Note 26)	**(1)**	(1)
Other operating items (including rents, insurance, and general expenses)	**552**	495
Changes in inventory of finished goods and work in progress	**(44)**	354
Own work capitalised	**(42)**	(74)
Profit on disposal of property, plant, and equipment	**(28)**	(6)
Loss/(profit) on disposal of group undertakings (Note 34)	**1**	(2)
	7,700	9,175

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals £m	**Total £m**
The above costs in 2025 include:			
Raw material and consumables	3,911	–	**3,911**
Maintenance costs (excluding own labor)	583	–	**583**
Other external charges (including fuels & utilities, hire charges and carriage costs)	1,114	–	**1,114**
Employee costs	1,390	(29)	**1,361**
Depreciation, amortisation and impairments (Note 8 and 9)	271	22	**293**
Grants relating to property, plant and equipment released (Note 26)	(1)	–	**(1)**
Other operating items (including rents, insurance, and general expenses)	533	19	**552**
Changes in inventory of finished goods and work in progress	(44)	–	**(44)**
Own work capitalised	(42)	–	**(42)**
Profit on disposal of property, plant, and equipment	–	(28)	**(28)**
Loss on disposal of group undertakings (Note 34)	–	1	**1**
	7,715	(15)	**7,700**

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

	2025 £m	2024 £m
The above costs are stated after including:		
Amortisation of other intangible assets (Note 8)	**8**	12
Depreciation of owned assets (Note 9)	**234**	207
Depreciation of assets held under leases	**29**	40
Impairment losses related to other intangible assets (Note 8)	**1**	3
Impairment losses related to property, plant and equipment (Note 9)	**13**	205
Impairment losses related to right of use assets (Note 9)	**–**	54
Impairment losses related to spares (Note 9)	**8**	14
Net exchange rate losses	**6**	7
Expenses relating to low value of leases	**3**	3
Expenses relating to variable lease payments not included in lease liabilities	**18**	17
Costs of research and development (gross)	**55**	65
Credit on research and development	**(15)**	(34)
Profit on release of grants (Note 26)	**(1)**	(1)
Change/(release) on provision for emissions rights deficit	**126**	(46)
Impairment against trade receivables (Note 16 (ii))	**(1)**	1

The analysis of the Group auditors' remuneration is as follows:

	2025 £m	2024 £m
Fees payable to the Groups auditors and their associates for the audit of the Group:	**2.9**	2.8
Total audit fees	**2.9**	2.8
Audit-related assurance services	**1.0**	0.5
Total non-audit fees	**1.0**	0.5
Total Group auditors' remuneration	**3.9**	3.3

Fees payable in respect of the audit of the Company were £10,000 (2024: £10,000). Fees payable for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees payable in respect of audit-related assurance services of £1.0m (2024: £0.5m) primarily relate to quarterly reviews undertaken by the Group's auditors.

3. Net restructuring and impairment costs

	2025 £m	2024 £m
Provision for restructuring and related measures:		
Redundancy and related costs	**8**	171
Pension restructuring costs (Note 22)	**–**	115
Impairment losses relating to property, plant, and equipment (Note 9)	**13**	259
Impairment losses relating to spares (Note 9)	**8**	14
Impairment losses related to intangible fixed assets (Note 8)	**1**	3
Other rationalisation costs	**19**	93
Credits for restructuring and related measures:		
Redundancy and related costs	**(37)**	–
Total net restructuring and impairment costs	**12**	655

Restructuring provisions relating to closure of blast furnace steel making facilities at Port Talbot site of UK Business were reviewed during the year which resulted in release of provision for redundancy and related costs £34m (2024: charge of £148m) and recognition of additional provision for other rationalisation costs of £19m (2024: £93m). Also included in the above are £14m (2024: £252m) impairment losses in respect of property, plant, and equipment related to the heavy end steel making facilities of the UK Business.

Provision for other net redundancy and related costs of £5m (2024: £23m) is in respect of restructuring measures across a number of units within the Group.

Pension restructuring costs of £115m in the previous year represents past service cost arising from the amendment of the British Steel Pension Scheme (BSPS) wherein the Group no longer has an unconditional right to refund of any surplus of the scheme with any such surplus now to be used to fund additional benefits to members of the scheme.

4. Employees

	2025 **£m**	2024 £m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	**1,072**	1,168
Social security costs	**166**	167
Pension costs (Note 22)	**152**	138
Pension restructuring costs (Note 3)	**–**	115
Redundancy and related costs (Note 3)	**(29)**	171
	1,361	1,759

Pension restructuring costs represents past service costs on account of additional benefits granted to the members of the British Steel Pension Scheme (See Note 22)

(i) The monthly average number of employees during the year for continuing operations was 19,600 (2024: 20,600). This total includes UK Business staff of 7,400 (2024: 8,200) and MLE Business staff of 12,200 (2024: 12,400).

(ii) Directors' remuneration

The total employment costs of the directors in the Group were:	**2025** **£m**	2024 £m
Short term employee benefits	**1.3**	1.4
Other long term benefits	**–**	–

There are no retirement benefits accruing to any directors under defined benefit schemes (2024: £nil).

The emoluments of Mr T V Narendran and Mr K Chatterjee are paid by TSL which makes no recharge to TSE. Mr T V Narendran and Mr K Chatterjee are directors of TSL, TSE and a number of fellow subsidiaries of TSL and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments for the aforementioned, whose emoluments are disclosed in the financial statements of TSL with whom they have their primary employment contract.

(iii) Highest paid director

Total amount of emoluments:	**2025** **£m**	2024 £m
Short term employee benefits	**1.2**	1.3
Other long term benefits	**–**	–

There is no accrued lump sum falling due under a defined benefit pension scheme (2024: £nil).

(iv) The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2024: £nil).

5. Financing Items

	2025 £m	2024 £m
Interest expense:		
Bank and other borrowings	**108**	84
Interest on leases	**11**	13
Interest on loans from immediate parent company (Note 35)	**78**	80
Discount on disposal of trade receivables within purchase agreement with external companies	**42**	49
Unwinding of discount on long term provisions	**6**	-
Finance costs	**245**	226
Interest income relating to:		
Financial assets measured at amortised cost	**(4)**	(16)
Financial assets measured at fair value through profit and loss	**(1)**	(1)
Gain from investments	**(1)**	(1)
Finance income	**(6)**	(18)
	239	208

6. Taxation

	2025 £m	2024 £m
UK current year charge	**–**	3
Overseas current year charge	**6**	8
UK prior year charge	**3**	4
Overseas prior year charge/(credit)	**13**	(1)
Current tax charge	**22**	14
UK deferred tax	**(46)**	108
Overseas deferred tax	**1**	(89)
Total tax (credit)/charge	**(23)**	33

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

	2025 £m	2024 £m
Loss before taxation	**(840)**	(1,858)
Loss before taxation multiplied by the applicable corporation tax rate of 25.48% (2024: 25.33%)	**(214)**	(471)
Effects of:		
Adjustments to current tax in respect of prior years	**16**	3
Adjustments to deferred tax in respect of prior years	**1**	(4)
Previously unrecognised tax losses and other tax credits that are expected to be used in the future	**(55)**	–
De-recognition of previously recognised losses and other tax credits	**5**	3
Current year temporary differences (including losses) not expected to be utilised	**219**	497
Other permanent differences	**5**	5
Total tax (credit)/charge	**(23)**	33

The applicable corporation tax rate is the average tax rate weighted in proportion to the accounting profits earned in each geographical area. The increase in the rate is caused by a change in the relative profitability weightings in the various geographical areas.

In addition to the total taxation credit/(charge) recognised in the income statement, the following amounts relating to tax have been recognised directly in other comprehensive loss:

	2025 £m	2024 £m
Relating to components of other comprehensive loss:		
Actuarial movements of defined benefit pension plans and other post-retirement plans	**(2)**	144
Revaluation of financial instruments treated as cash flow hedges	**(1)**	(33)
Total tax (charge)/credit recognised in other comprehensive loss	**(3)**	111

During 2025, the Group became subject to the global minimum top-up tax under Pillar Two tax legislation. The Group recognised a £0.2m current tax expense (2024: £nil) in respect of top-up tax which related to the Group's operations in UAE where the statutory tax rate is 9%.

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

7. Goodwill

As at 31 March	**2025** **£m**	2024 £m
Cost and net book value	**405**	405

The total net book value predominantly relates to the goodwill that arose on the acquisition of Corus Group PLC ('Corus') and has been tested against the recoverable amount of the Business Unit IJmuiden CGU. Business Unit IJmuiden is the CGU that contains the steelmaking facilities at IJmuiden and forms the major part of the MLE Business. This goodwill related to expected synergies from combining Corus' activities with those of TSL and assets which could not be recognised as separately identifiable intangible assets. Goodwill acquired through this and other acquisitions is tested annually for impairment or more frequently if there are any indications that goodwill may be impaired.

The recoverable amount of Business Unit IJmuiden CGU has been determined from a fair value less costs of disposal ('FV') calculation. This is due to the fact that a value in use calculation is no longer deemed appropriate, given that Tata Steel Nederland B.V. ('TSN') has clearly stated its plan to move away from the current production process and transition to decarbonised production via the use of Direct Reduced Iron ('DRI') and Electric Arc Furnace ('EAF').

European countries including the Netherlands have legal requirements to reach net zero by 2050 and whilst these requirements may not place any obligation on TSN to contribute to those goals, the increased focus and clear direction from politicians and society means that TSN may face these legal obligations at some point in time. As such, decarbonisation is central to the long-term strategy of TSN which has set out its ambitions to be carbon neutral by 2045.

In previous years, TSN 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 TSN's impact on its environment and making TSN more circular was submitted to the Dutch Government in November 2023. Irrespective of the choice of technology, TSN still aims to be producing a combined c. 7mt of steel post decarbonisation, is not currently envisioning any changes to its 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 discussions with the Dutch Government led to confirmation from the government in April 2024 that negotiations for tailor-made-support would commence. In August 2024 TSN submitted a financial model based on an Enterprise Value (EV) approach considering the impact of the decarbonisation project for Phase I of the Green steel transition within the boundary limits of Article 51 of the Environmental Regulations of the European Commission. Though the model submitted to the government considers both Phase I (Green Steel) and continuity of blast furnace (BF 6) in a grey steel mode, for impairment purposes considering the requirements of fair value less cost of disposal approach the impact of Phase I and Phase II is considered in green steel mode. In the third quarter of 2024/25, the Dutch Government asked TSN to resubmit the model based on the requirements of Article 52 of the Environment Regulations of EU and this was duly submitted in January 2025.

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. TSN 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.

In the near term TSN continues to face challenges from the Dutch Environmental Agencies on the operation of its Coke and Gas Plants (CGPs) and related emissions. In 2024, the Environmental Agency North Sea Channel Area ("EA") measured exceedances of emission thresholds at the CGP oven stacks. Further to these measurements, on 19 December 2024 the EA imposed two orders under penalties on TSIJ to end these exceedances within 8 weeks and stay below emission thresholds. Secondly, on 19 December 2024, the EA sent TSIJ a notice on alleged non-compliances at the CGP2, which concern the state of maintenance of the plant, in particular the oven walls.

The annual test for impairment of goodwill is consistent with the annual test for impairment of property, plant & equipment as at 31 March 2025 (Note 9). The FV calculation involves estimating future cash flows that TSE expects to derive from the BU Ijmuiden CGU using the Annual Plan for FY26, an expected level of EBITDA the period FY27-FY29 and, for the period FY30 onwards on cashflows during, and after, the transition to the DRI/EAF route of production. TSN 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 Hydrogen depending on availability and economics. Updated plans for Phase I, replacing one of the blast furnaces and one of the coke and gas plants with the first DRI plant and Electric ARC Furnace (EAF), and which is to be completed by around 2030, were submitted to the Netherlands Government in January 2025 and are part of the so called "Maatwerk" discussions. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants of Phase I. 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 terminal year at which point a 2.0% (2024: 2.0%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 8.2% (2024: 8.2%) is derived from Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs, including network costs at 2024/25 level, continuation of license to operate its coke and gas plant (CGP2) till around 2030, 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, effectiveness of Carbon Border Adjustment Mechanism (CBAM) in reducing inflow of high CO_2 steel into the EU market and a post-tax discount rate of 8.2%. In particular, whilst TSN has submitted its green steel plan to the Dutch Government, a formal commitment or agreement on the support from the Dutch Government is under discussion and without support on a similar level to that provided by other governments in Europe to their steel producers, there would be a significant adverse impact on the realisation of TSN's decarbonisation plans and a correspondingly material impact on the valuation of goodwill and PPE. The outcome of the Group's goodwill impairment test as at 31 March 2025 for the BU IJmuiden CGU resulted in no impairment of goodwill (2024: £nil).

However, the management of TSE believes that a reasonably possible change in certain key assumptions would cause the carrying amount of CGU to exceed its recoverable amount. The Group has conducted sensitivity analysis on the impairment test of the carrying value of the BU IJmuiden CGU and likely outcome of these are as below:

(i) an increase in discount rate by 1% will lead to a reduction in recoverable value by £875m resulting in the full impairment to goodwill of £405m and a decrease in discount rate by 1% will lead to an increase in recoverable value by £1,268m;

(ii) a reduction in the terminal growth rate by 1% will lead to a decrease in recoverable value by £262m resulting in impairment of goodwill £236m;

(iii) the early closure of both CGP plants (CGP1 and CGP 2) and revocation of license to operate from start of FY 27 will lead to a reduction in recoverable value by £311m and impairment to goodwill of £152m whereas no impact of EA notices on the operation of CGP plants will lead to an increase in recoverable value by £468m resulting in higher headroom in the goodwill assessment;

(iv) a 1% lower CBAM effectiveness will lead to a reduction in recoverable value by £143m and in impairment of goodwill £117m;

(v) a reduction in terminal value assumption of the EBITDA/Revenue ratio by 0.2% will lead to reduction in recoverable value by £48m and impairment of goodwill £22m; and

(vi) an increase the benefits arising from the structural improvement programme by 10% on a year on year basis will lead to an increase in recoverable value by £370m.

If any of the above key assumptions were to change then there is a risk that the headroom in the FV model would reduce and that the reduction in the headroom could be sizeable leading to significant impairments of goodwill and PPE relating to BU IJmuiden CGU. However, TSE believes that the key assumptions made represent the most likely impact of the decarbonisation proposal at this point in time. These key assumptions will be kept under review for changes, if any, based on the progress of discussions with the Dutch Government and other regulators on the decarbonisation plan.

8. Other intangible assets

Group:

2025	Computer software £m	Development costs £m	Patents and trademark £m	Intangibles under development £m	**Total £m**
Costs as at 1 April 2024	307	30	1	41	**379**
Additions	–	–	–	8	**8**
Disposals	–	(17)	–	(8)	**(25)**
Exchange rate movements	(1)	(1)	–	(1)	**(3)**
Transfers	9	1	–	(10)	**–**
Costs as at 31 March 2025	315	13	1	30	**359**
Accumulated amortisation and impairment as at 1 April 2024	273	30	1	–	**304**
Amortisation charge for the year	8	–	–	–	**8**
Impairment losses recognised during the year	1	–	–	–	**1**
Disposals	–	(17)	–	(8)	**(25)**
Exchange rate movements	(1)	(1)	–	–	**(2)**
Transfers	–	1	–	8	**9**
Accumulated amortisation and impairment as at 31st March 2025	281	13	1	–	**295**
Net book value as at 31st March 2025	34	–	–	30	**64**

2024	Computer software £m	Development costs £m	Patents and trademark £m	Intangibles under development £m	**Total £m**
Costs as at 1 April 2023	307	31	1	37	**376**
Additions	–	–	–	7	**7**
Exchange rate movements	(2)	(1)	–	(1)	**(4)**
Transfers	2	–	–	(2)	**–**
Costs as at 31 March 2024	307	30	1	41	**379**
Accumulated amortisation and impairment as at 1 April 2023	259	31	1	–	**291**
Amortisation for the year	12	–	–	–	**12**
Impairment losses recognised during the year	3	–	–	–	**3**
Exchange rate movements	(1)	(1)	–	–	**(2)**
Accumulated amortisation and impairment as at 31st March 2024	273	30	1	–	**304**
Net book value as at 31st March 2024	34	–	–	41	**75**

The remaining amortisation period for computer software is approximately 4 years (2024: 3 years).

9. Property, plant and equipment

2025	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	**Total £m**
Costs as at 1 April 2024	931	5,163	279	625	**6,998**
Additions	6	50	31	238	**325**
Disposals	(1)	(29)	(26)	(1)	**(57)**
Exchange rate movements	(19)	(105)	(3)	(11)	**(138)**
Transfers	35	241	–	(229)	**47**
Costs or valuation as at 31 March 2025	952	5,320	281	622	**7,175**
Accumulated depreciation and impairment as at 1 April 2024	472	3,513	156	126	**4,267**
Depreciation charge for the year	27	205	31	–	**263**
Impairment charge for the year (Note 2)	6	–	2	5	**13**
Disposals	(1)	(29)	(26)	–	**(56)**
Exchange rate movements	(10)	(66)	(2)	-	**(78)**
Transfers	17	28	-	(10)	**35**
Accumulated depreciation and impairment as at 31 March 2025	511	3,651	161	121	**4,444**
Net book value as at 31 March 2025	441	1,669	120	501	**2,731**
Spares (net book value)					**161**
Net book value as at 31 March 2025					**2,892**

2024	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	**Total £m**
Costs as at 1 April 2023	950	4,717	264	827	**6,758**
Additions	13	68	40	448	**569**
Disposals	(3)	(96)	(23)	–	**(122)**
Exchange rate movements	(23)	(106)	(4)	(15)	**(148)**
Adjustments relating to remeasurement of lease	(10)	(66)	–	–	**(76)**
Reclassifications	–	37	2	(1)	**38**
Classified as held for sale	(5)	(16)	–	–	**(21)**
Transfers	9	625	–	(634)	**–**
Costs or valuation as at 31 March 2024	931	5,163	279	625	**6,998**
Accumulated depreciation and impairment as at 1 April 2023	415	3,367	122	38	**3,942**
Depreciation charge for the year	32	186	29	–	**247**
Impairment charge for the year (Note 2)	43	103	25	88	**259**
Disposals	(2)	(95)	(22)	–	**(119)**
Exchange rate movements	(12)	(69)	(2)	–	**(83)**
Reclassifications	–	34	4	–	**38**
Classified as held for sale	(4)	(13)	–	–	**(17)**
Accumulated depreciation and impairment as at 31 March 2024	472	3,513	156	126	**4,267**
Net book value as at 31 March 2024	459	1,650	123	499	**2,731**
Spares (net book value)					**164**
Net book value as at 31 March 2024					**2,895**

(i) During the previous year, following the announcement on TSUK's decarbonisation strategy, the Group's UK operations reassessed its lease liability position relating to the heavy end operations at Port Talbot site and recognised a remeasurement of lease liability of £76m as an adjustment to the corresponding right-of-use assets.

(ii) The additions to the right-of-use assets during the 2025 financial period were £48m (2024: £64m).

(iii) Transfers during the period includes £9m transfer from accumulated impairment under asset under construction to accumulated impairment under intangibles under development and £3m transfers from spares to other items of Property, Plant & Equipment.

(iv) Consistent with the annual test for impairment of goodwill as at 31 March 2025 (Note 7), property, plant and equipment was also tested for impairment at that date where indicators of impairment existed.

In respect of the TSUK CGU a fair value less costs of disposal (FV) model was used to test for impairment in the Property, Plant and Equipment as at 31 March 2025. A value in use calculation is no longer deemed appropriate for this CGU due to TSUK's closure of blast furnace steelmaking assets in Port Talbot and plans to replace the same by new EAF assets in the future following a transition period during which the business will continue to supply its customers using purchased slab and coil processed through its downstream facilities.

The FV calculation for TSUK CGU involves estimating future cash flows expected to be derived from the CGU for the period up to 2049/50. The cash flows for this period include EBITDA benefits generated from the EAF assets once they are commissioned and the model assumes capital expenditure of £1.25 billion inclusive of a grant from the UK Government of up to £500 million. For the model, a Nil growth rate (March 31, 2024: Nil) is used to extrapolate the cash flow projections beyond the steady state operations once the EAF is commissioned. Given that the cash flows are prepared on a real basis without any growth rate, the post-tax discount rate of 9.6% (March 31, 2024: 9.1%) has been adjusted to a post-tax real discount rate of 7.4% (March 31, 2024: 7.0%). The discount rate is derived from TSE's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the TSUK CGU are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO2 steel including the selling price effects of a 'green steel premium', levels of government support for decarbonisation, including the introduction of a Carbon Border Adjustment Mechanism along similar lines as to the EU's and support for electricity network costs, the timing and phasing of the decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax real discount rate of 7.4% (post-tax nominal discount rate of 9.6%).

As in the prior year the recoverable amount of Business IJmuiden CGU has been determined from a fair value less costs of disposal (FV) model, refer to note 7 for disclosure on impairment test.

Key assumptions for the BU IJmuiden FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs including network costs at 2024/25 level, continuation of license to operate its coke and gas plant (CGP2) till around 2030, 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, effectiveness of Carbon Border Adjustment Mechanism (CBAM) in reducing inflow of high CO2 steel into the EU market and a post-tax discount rate of 8.2%. In particular, whilst TSN has submitted its green steel plan to the Dutch Government, a formal commitment or agreement on the support from the Dutch Government is under discussion and without support on a similar level to that provided by other governments in Europe to their steel producers, there would be a significant adverse impact on the realisation of TSN's decarbonisation plans and a correspondingly material impact on the valuation of goodwill and PPE.

For all the other CGU's, a value in use (VIU) calculation has been prepared to consider the recoverable amount and assess whether this exceeds the carrying value. This VIU calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts over the period of three years and future projections taking the analysis out to perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in calculation are those regarding expected changes to selling prices and raw material costs, exchange rates, and pre-tax discount rate of 11.0% (2024: 11.0%) for entities in the MLE Business and 12.8% (2024: 12.2%) for those entities in the UK Business. Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources.

The outcome of the above test indicated that, using a pre-tax discount rate of 11.0% (2024: 11.0%) for entities in the MLE Business and 12.8% (2024: 12.2%) for the entities in the UK Business, none of the CGUs in TSE Group had a recoverable amount which was lower than its carrying value.

A review of specific assets within TSUK identified a carrying value of £18m of assets related to assets which were no longer in use following the restructuring of TSUK's business and accordingly an impairment of £18m was recognised during the year. The impairment comprises £10m in respect of owned property, plant and equipment and £8m in respect of spares, primarily related to the heavy end steel making facilities. Within the Business Unit IJmuiden CGU and other downstream CGU's of the MLE Business an impairment of £3m was recognised in respect of specific assets.

In the prior year, following the announcement on UK decarbonisation strategy and proposal to restructure TSUK business by closing heavy end assets relating to its Blast Furnace steel making facilities at Port Talbot, specific asset impairments of £252m were recognised comprising of £184m in respect of owned property, plant and equipment, £14m in respect of spares, and £54m in respect of right of use assets. In addition to the impairment recognised as a result of the restructuring, there was also an impairment of £8m in relation to specific assets within TSUK. Within the Business Unit IJmuiden CGU an impairment of £13m was recognised in respect of specific assets which were identified as impaired.

(v) Spares are shown at net book value. Due to the substantial number of items involved, and the many variations in their estimated useful lives, it is impracticable to give the details of movements normally disclosed in respect of property, plant and equipment.

(vi) There was £nil (2024: £nil) borrowing costs capitalised in the period.

(vii)

As at 31 March	**2025 £m**	2024 £m
The net book value of land and building comprises of:		
Freehold	**406**	415
Long leasehold (over 50 years unexpired)	**6**	14
Short leasehold	**29**	30
	441	459
Right of use assets not subject to operating leases:		
Cost	**169**	180
Accumulated depreciation	**(134)**	(136)
	35	44
Owned assets	**406**	415
	441	459

Depreciation and impairment charges relating to right -of-use assets were £7m and £nil respectively for the year (2024: £12m depreciation and £31m impairment).

(viii)

As at 31 March	**2025 £m**	2024 £m
The net book value of plant and machinery comprises of:		
Right of use assets not subject to operating leases		
Cost	**213**	190
Accumulated depreciation and impairment losses	**(103)**	(102)
	110	88
Owned assets	**1,559**	1,562
	1,669	1,650

Depreciation and impairment charges relating to right-of-use assets were £22m and £nil respectively for the year (2024: £28m depreciation and £23m impairment).

(ix)

As at 31 March	**2025 £m**	2024 £m
The net book value of spares comprises of:		
Cost	**612**	602
Accumulated depreciation and impairment losses	**(451)**	(438)
	161	164

10. Equity accounted investments

Group:

As at 31 March	Interests in joint ventures £m	Interests in associates £m	2025 Total £m	2024 Total £m
Cost				
At beginning of year	10	10	**20**	20
Transfers	–	(3)	**(3)**	–
Exchange rate movements	(1)	–	**(1)**	–
At end of year	9	7	**16**	20
Post acquisition reserves				
Share at beginning of year	16	5	**21**	18
Groups' share of (loss)/profit for the period after taxation	(1)	2	**1**	3
Dividend received during the year	–	(1)	**(1)**	–
Transfers	–	3	**3**	–
Exchange rate movements	(1)	–	**(1)**	–
Share at the end of year	14	9	**23**	21
Net book value at end of year	23	16	**39**	41
Net book value at beginning of year	26	15	**41**	38

(i) The Group's equity accounted investments are listed in Note 39.

(ii) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	2025 £m	2024 £m
Share of assets and liabilities of the Groups' joint ventures:		
Non-current assets	**10**	23
Current assets	**17**	18
Current liabilities	**(5)**	(6)
Non-current liabilities	**–**	(10)
Groups' share of net assets	**22**	25
Share of the revenue and expenses of Group's joint ventures:		
Revenue	**44**	54
Expenses	**(45)**	(51)
Groups' share of joint ventures' (loss)/profit for the period after taxation	**(1)**	3
Dividends received	**–**	(1)
Groups' share of (accumulated losses)/retained profits in the year	**(1)**	2

(iii) Summarised information in respect of the Group's associates is presented below:

As at 31 March	2025 £m	2024 £m
Share of assets and liabilities of the Groups' associates:		
Total assets	**78**	78
Total liabilities	**(27)**	(25)
Net assets	**51**	53
Groups' share of net assets	**16**	16
Summarised income statement information:		
Revenue	**252**	250
Profit for the year	**5**	1
Groups' share of associates profit for the period after taxation	**2**	1
Dividends received	**(1)**	–
Groups' share of retained profits in the year	**1**	1

(iv) The share of post-tax profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2025 £m	2024 £m
Group's share of joint ventures' (loss)/profit for the year	**(1)**	3
Group's share of associates' profit for the year	**2**	1
Share of post-tax results of joint ventures and associates	**1**	4

(v) During the year, the Group disposed of its interest in its associate Fabsec Ltd.

Investment of subsidiary undertakings:

Company:

	Share in subsidiary undertakings £m	**Loans to subsidiary undertakings £m**	**Total £m**
Carrying value as at 1 April 2024 **(Restated)**	5,253	325	**5,578**
Additions	2,267	25	**2,292**
Repayment	–	(250)	**(250)**
Fair value loss for the financial year	(2,416)	–	**(2,416)**
Carrying value as at 31 March 2025	**5,104**	**100**	**5,204**
Carrying value as at 31 March 2024 **(Restated)**	5,253	325	5,578

The Company's subsidiaries and investments are listed in Note 39 of the consolidated financial statements.

During the previous year the Group underwent a series of corporate simplification transactions to simplify its legal structure. As a result, the Group's investment in Tata Steel Netherlands Holdings B.V. ('TSNH') was transferred to the Company by its former subsidiary Tata Steel UK Holdings Limited at a value of £6,099m. Upon this transaction, the Company's direct subsidiary Tulip UK Holdings (No.2) Limited, Tulip UK Holdings (No.3) Limited and Tata Steel UK Holdings Limited were placed into members voluntary liquidation (MVL) and subsequently dissolved.

Additions during the year of £2,267m includes non-cash £1,401m equity issued by TSNH in respect of conversion of an intercompany loan due to TSE's parent company T S Global Holdings Pte Limited.

The fair value of investments held by the Company in TSNH is dependent on the operational and financial performance of the UK Business and the MLE Business. Both the Businesses are seeing fundamental underlying changes in terms of production methods and assets, cost drivers, regulatory costs, critical policy enablers and future focus market sectors. These changes will reflect on the business assumptions in relation to forecast estimates of profitability and cashflow.

The key drivers determining the valuation of the business have changed as the businesses, both in the UK and Netherlands, are undertaking a strategic transformation, triggered by regulatory changes which are driving decarbonisation in Europe. This will necessarily involve closure of legacy assets and replacement by a new production route. Future cashflows will be heavily dependent on the impact of evolving regulations on Carbon Border Adjustment Mechanism, availability/pricing of clean raw materials, energy and associated infrastructure, and assumptions around costs of and market premium for green steel. In addition, the Businesses are also facing potential lasting changes in the market as a result of policy responses in terms of future industrial and investment policy in Europe and the UK, and supply side changes from other geographies. As a result, carrying these investments at historical costs is no longer considered appropriate.

During the current year, the Company has therefore, voluntarily changed its accounting policy in respect of classification and measurement of investments in subsidiaries in its standalone financial statements with retrospective effect. In the Company's separate financial statements, investments in subsidiaries are now classified as "Fair Value through Other Comprehensive Income (FVTOCI)" with changes in fair value of such investments being recognised through "Other Comprehensive Income (OCI)" as at each reporting date.

The fair value of Company's investment in TSNH has been primarily assessed based on fair value models for the UK and MLE Businesses. The fair value computation uses cash flow forecasts based not only on the most recent financial budgets, but including strategic forecasts and future projections taking the analysis on sustainable cash flow into perpetuity reflecting average steel industry conditions (between cyclical peaks and troughs of profitability). If any of the key assumptions change, the fair value of the relevant Business would increase/decrease and that could lead to change in the carrying amount of investments in TSNH.

11. Other Investments

	Loans and receivables £m	Investments £m	2025 Total £m	2024 Total £m
Carrying value as at 1 April	7	6	**13**	13
Additions	5	–	**5**	4
Disposal	(2)	–	**(2)**	(4)
Carrying value as at 31 March	10	6	**16**	13

None of the loans and receivables or investments are either overdue or impaired.

(i) The currency and interest exposure of other investments of the Group is as follows:

	2025			2024		
	Fixed long-term financial assets £m	**Floating rate long-term financial assets £m**	**Total £m**	Fixed long-term financial assets £m	Floating rate long-term financial assets £m	Total £m
Sterling	**10**	**4**	**14**	7	4	11
Euros	**2**	**–**	**2**	2	–	2
	12	**4**	**16**	9	4	13
Disclosed as:						
Loans and receivables	**10**	**–**	**10**	7	–	7
Investments	**2**	**4**	**6**	2	4	6

	2025		2024	
	Weighted average effective fixed interest rate %	**Weighted average time for which rate is fixed years**	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed years
Sterling	8.7	1.8	8.6	3.6

(ii) Contractual maturities of other investments are as follows:

As at 31 March	**2025 £m**	2024 £m
Within one year	**2**	1
Between one and two years	**4**	–
Between two and five years	**3**	5
Greater than five years	**2**	2
No contractual maturity date	**5**	5
	16	13

12. Long term receivables

	2025 £m	2024 £m
Other debtors	**2**	2
	2	2

13. Other non-current assets

	2025 £m	2024 £m
Capital advances	**14**	–
	14	–

14. Deferred tax

	2025 £m	2024 £m
Deferred tax assets	**347**	309
Deferred tax liabilities	**(47)**	(48)
Net deferred tax	**300**	261

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and previous reporting year.

	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Inventory £m	Provisions £m	Interest £m	Other £m	Total £m
As at 1 April 2024	(10)	107	8	5	49	98	4	**261**
Credited/(charged) to income statement	41	(4)	1	(1)	(10)	15	3	**45**
Exchange rate movements	–	(3)	–	–	–	(1)	1	**(3)**
Charged to other comprehensive loss	–	–	(2)	–	–	–	(1)	**(3)**
As at 31 March 2025	**31**	**100**	**7**	**4**	**39**	**112**	**7**	**300**

	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Inventory £m	Provisions £m	Interest £m	Other £m	Total £m
As at 1 April 2023	176	55	(162)	10	11	45	37	**172**
(Charged)/credited to income statement	(186)	54	26	(5)	38	53	1	**(19)**
Exchange rate movements	–	(2)	–	–	–	–	(1)	**(3)**
Credited/(charged) to other comprehensive loss	–	–	144	–	–	–	(33)	**111**
At 31 March 2024	**(10)**	**107**	**8**	**5**	**49**	**98**	**4**	**261**

Deferred tax assets of £347m (2024: £309m) have been recognised at 31 March 2025. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including Board approved budgets and forecasts. Following this evaluation, it was deemed probable there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

Deferred tax assets have not been recognised in respect of total tax losses of £6,266m (2024: £5,598m). These losses comprise UK losses of £5,360m (2024: £4,926m) and non-UK losses of £906m (2024: £672m). All unrecognised losses currently do not carry an expiry date.

Deferred tax assets have also not been recognised in respect of deductible temporary differences and unused tax credits of £1,029m (2024: £1,042m), which do not carry an expiry date.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised is £322m (2024: £324m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

15. Inventories

	2025 £m	2024 £m
Raw materials and consumables	**448**	799
Work in progress	**484**	533
Finished goods and goods for resale	**710**	635
	1,642	1,967

The value of inventories above is stated after provisions (net of reversal) of £186m (2024: £206m) for obsolescence and write-downs to net realisable value.

The cost of inventories recognised as an expense (Note 2) includes a charge of £23m (2024: £75m) in respect of write down of inventory to net realisable value.

16. Trade and other receivables

Group:

As at 31 March	**2025 £m**	2024 £m
Trade receivables	**172**	294
Less: provision for impairment of receivables	**(3)**	(4)
	169	290
Amounts owed by ultimate parent company (Note 35)	**16**	5
Amounts owed by other Group companies (Note 35)	**7**	8
Amounts owed by joint ventures (Note 35)	**7**	9
Amounts owed by associates (Note 35)	**12**	13
Derivative financial instruments (Note 25)	**11**	9
Other taxation	**12**	15
Prepayments and other non-financial assets	**43**	60
Deferred proceeds on sale of business	**–**	3
Government grant receivable	**15**	–
Other receivables	**55**	46
	347	458

(i) Trade receivables are further analysed as follows:

As at 31 March 2025	**Gross credit risk amount £m**	**Subject to credit insurance cover £m**	**Impairment provision made £m**	**Net credit risk amount £m**
Amounts not yet due	**147**	**(137)**	**–**	**10**
One month overdue	**11**	**(6)**	**–**	**5**
Two months overdue	**2**	**(2)**	**–**	**–**
Three months overdue	**1**	**(1)**	**–**	**–**
Greater than three months overdue	**11**	**(8)**	**(3)**	**–**
	172	**(154)**	**(3)**	**15**

As at 31 March 2024	Gross credit risk amount £m	Subject to credit insurance cover £m	Impairment provision made £m	Net credit risk amount £m
Amounts not yet due	248	(242)	–	6
One month overdue	31	(29)	–	2
Two months overdue	2	(2)	–	–
Three months overdue	1	(1)	–	–
Greater than three months overdue	12	(8)	(4)	–
	294	**(282)**	**(4)**	**8**

The Group considers its maximum exposure to credit risk with respect to customers at 31 March 2025 to be £15m (2024: £8m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular customers.

Credit risk management is discussed further in Note 25.

(ii) Movements in the provision for impairment of receivables are as follows:

As at 31 March	2025 £m	2024 £m
At beginning of year	**4**	3
Impairments in the year (Note 2)	**(1)**	1
At end of year	**3**	4

Company:

As at 31 March	2025 £m	2024 £m
Trade receivables	**-**	-
Amounts owed by subsidiary undertakings	**1**	1
Interest owed by subsidiary undertakings	**4**	5
	5	6

Details of the Company's credit risk are not disclosed because the financial statements of TSE disclose such details on a consolidated basis.

17. Current Tax

	Assets £m	Liabilities £m
2025		
UK corporation tax	**–**	**6**
Overseas taxation	**5**	**10**
	5	**16**
2024		
UK corporation tax	–	8
Overseas taxation	6	3
	6	11

18. Cash and short-term deposits

As at 31 March	2025 £m	2024 £m
Cash at bank and in hand	**429**	126
Short-term deposits	**9**	7
	438	133

The currency and interest exposure of cash and short-term deposits of the Group is as follows:

	2025			2024		
	Cash £m	**Short-term deposits £m**	**Total £m**	Cash £m	Short-term deposits £m	Total £m
Sterling	**73**	**9**	**82**	26	7	33
Euros	**308**	**–**	**308**	34	–	34
US Dollars	**28**	**–**	**28**	31	–	31
Other	**20**	**–**	**20**	35	–	35
	429	**9**	**438**	126	7	133

Short-term deposits are highly liquid investments with original maturities of three months or less. The weighted average interest rate across all deposits held at reporting date was 1.5% (2024: 1.3%), with £5m (2024: £5m) being based on zero rate interest. During each of the periods above cash earned interest is based on EURIBOR or other official local rates.

19. Assets held for sale

As at 31 March 2024, the Group classified certain classes of property, plant and equipment with carrying value of £4m as held for sale since it expected to recover the carrying value principally through sale and was in the process of identifying a prospective buyer. Such assets were disposed during the current year.

20. Borrowings

Group:

As at 31 March	2025 £m	2024 £m
Current:		
External:		
Overdraft	–	8
Bank Loans	485	650
Floating rate guaranteed Loan Notes	1	1
Obligations under leases	54	39
	540	698
Non-current:		
Inter-group:		
Amounts owed to immediate parent company (Note 35)	–	1,323
	–	1,323
External:		
Bank Loans	773	576
Obligations under leases	119	140
	892	716
	892	2,039
Total borrowings	1,432	2,737

Interest payable on the above borrowings is included within trade and other payables (Note 21).

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

As at 31 March	2025			2024		
	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m
Sterling	55	742	797	84	905	989
Euros	127	505	632	113	1,642	1,755
US Dollars	2	–	2	1	–	1
Other	9	–	9	8	–	8
Capitalisation of transaction costs	–	(8)	(8)	–	(16)	(16)
	193	1,239	1,432	206	2,531	2,737

	2025		2024	
	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed years	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed years
Sterling	5.6	2.7	5.4	4.3
Euros	7.4	8.6	3.6	3.9

The floating rate borrowings include amounts owed to immediate parent company and bank borrowings bearing interest rates based on EURIBOR or official local rates.

The weighted average interest rate on current borrowings was 5.40% (2024: 6.53%) and on non-current borrowings was 5.80% (2024: 6.10%).

(ii) The maturity of borrowings is as follows:

As at 31 March	2025 £m	2024 £m
In one year or less or on demand	**560**	710
Between one and two years	**136**	704
Between two and three years	**685**	1,300
Between three and four years	**24**	19
Between four and five years	**18**	17
More than five years	**71**	69
	1,494	2,819
Less: future finance charges on leases	**(49)**	(54)
Less: capitalisation of transaction costs	**(8)**	(16)
Less: future release of debt modification credit	**(5)**	(12)
	1,432	2,737
Analysed as:		
Current liabilities	**540**	698
Non-current liabilities	**892**	2,039

Amounts payable under leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Not later than one year	**62**	50	**54**	40
Later than one year but not more than five years	**95**	122	**74**	96
More than five years	**66**	63	**45**	44
	223	235	**173**	180
Less: future finance charges on lease	**(50)**	(55)	**–**	–
Present value of lease payments	**173**	180	**173**	180

The lease portfolio of the Group consists of leases of land, buildings, machinery and vehicles.

(iii) The maturity of undrawn committed borrowing facilities of the Group is as follows:

As at 31 March	2025 £m	2024 £m
Not later than one year	**–**	–
Between one and two years	**–**	132
Between two and three years	**200**	–
	200	132

In May 2024 Tata Steel UK Limited ('TSUK') entered into a revolving credit facility (RCF) with a committed availability of £400m. In September 2023 it entered into a three year £100m committed loan facility. As at 31 March 2025, both these facilities were fully utilised.

In January 2024 TSUK entered into two separate uncommitted loan facilities of £80m for two year period and £75m working capital loan. As of 31 March 2025, £80m loan was fully utilised and out of £75m working capital loan £62m was utilised.

Tata Steel Europe Limited entered into a three year £100m loan facility in January 2023. As of 31 March 2025, this facility was fully utilised.

Tata Steel Nederland B.V. ('TSN') has exclusive access to a revolving credit facility of €550m (increased on 22 March 2025 from €400m). Each advance would bear interest equal to EURIBOR + 1.50% per annum. As of 31 March 2025, €240m was undrawn.

During the previous year, TSN acquired Grijze Poort B.V. As part of the acquisition, TSN acquired loans relating to assets held by Grijze Poort B.V. which are subsequently leased to group entities. As of 31 March 2025, €22m was outstanding.

(iv) The Group's borrowings included an SFA which was successfully refinanced in October 2022. The transaction costs of €2m arising from the refinancing have been capitalised and are amortised over the term of the loan. During 2024/25 there has been a further €9m amortisation of loan expenses. The SFA is secured against the assets and shares of Tata Steel UK Limited and the shares of Tata Steel Netherlands Holdings B.V. (TSNH). The SFA contains covenants for cash flow to debt service and debt to tangible net worth calculated at the level of Tata Steel Limited in India. The SFA at 31 March 2025 comprises of a €302m bullet term loan repayable in February 2026.

The Group's senior facility contains no limits on the amount of other uncommitted, unsecured credit facilities.

Company:

As at 31 March	2025 £m	2024 £m
Current:		
External	**100**	100
	100	100
Non current:		
External	**–**	225
Inter-group:		
Amount owed to other group companies	**1**	1
	1	226
Total Borrowings	**101**	326

(i) The company entered into a 3 year committed facility in January 2023 with interest charged on a floating basis with reference to SONIA. This facility was fully drawn as at 31 March 2025.

(ii) The company has a £100m uncommitted loan facility with interest charged on a fixed rate with reference to SONIA. This facility was undrawn as at 31 March 2025.

21. Trade and other payables

Group:

As at 31 March	2025 £m	2024 £m
Trade payables (i)	**858**	931
Amounts owed to other Group companies (Note 35)	**339**	410
Amounts owed to joint operations (Note 35)	**1**	1
Amounts owed to associates (Note 35)	**2**	3
Amount owed to ultimate parent company (Note 35)	**3**	–
Other taxation and social security	**77**	63
Interest payable to immediate parent company	**–**	49
Interest payable	**14**	17
Capital expenditure creditors	**113**	132
Derivative financial instruments	**24**	16
Advances from customers	**4**	6
Other payables (ii)	**361**	393
	1,796	2,021

(i) Trade payables include amounts due to suppliers where suppliers, by their own arrangement and at their own discretion, may enter into receivable financing arrangements for managing their own working capital needs. In certain arrangements where the suppliers assign their receivables from the Group to third party finance providers, generally a consent is provided by the Group to acknowledge such notice of assignment. These arrangements do not significantly modify the original purchase/supply terms and conditions agreed with the suppliers including timing or amounts payable by the Group. Accordingly, the outstanding payables continue to be classified as trade payables and are extinguished when settled on the actual due date. All such payables are classified as current in nature as at 31 March 2025. The cash outflows in respect of such arrangements are classified as operating activities in the consolidated statement of cash flows.

As at 31 March 2025, the estimated amount of trade payables for which the Group has accepted such notice of assignment under the factoring arrangements entered into by the suppliers and early discounted by them is £19m.

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

Company:

As at 31 March	2025 £m	2024 £m
Trade creditors	**–**	–
Amount owed to subsidiary undertakings	**8**	6
Interest payable	**1**	4
	9	10

22. Pensions and post-retirement benefits

Defined contribution schemes

The Group participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Group at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the income statement in 2025 amounted to £141m (2024: £143m). Of the total cost of £141m, £93m (2024: £90m) related to payments to the pension schemes in the Netherlands ('NL').

Defined benefit schemes

The Group operates a number of defined benefit pension and post-retirement schemes. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of certain unfunded arrangements, the assets of these schemes are held in administered funds that are legally separated from the Group. For those pension schemes set up under a trust, the trustees are required by law to act in the best interests of the schemes beneficiaries in accordance with the scheme rules and relevant pension legislation. The trustees are generally responsible for the investment policy with regard to the assets of the fund, after consulting with the sponsoring employer.

The Group accounts for all pension and post-retirement defined benefit arrangements using IAS 19 *'Employee Benefits'*, with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long-term pension liabilities, are governed by the individual scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding arrangements.

The principal defined benefit pension scheme of the Group at 31 March 2025 is the British Steel Pension Scheme ('BSPS'), which is the main scheme for previous and present employees based in the UK. Benefits offered by this scheme are based on final earnings and years of service at retirement. The assets of this scheme are held in a separately administered fund.

BSPS

The BSPS is the legacy defined benefit pension scheme in the UK and is closed to future accrual. The current Scheme is the successor to the old BSPS which entered a PPF assessment period in March 2018 following a Regulated Apportionment Arrangement ('RAA') which separated the old BSPS from TSUK. The current Scheme was created on 28 March 2018 when 69% of the members of the old Scheme transferred into the current Scheme. The Scheme is sponsored by TSUK and currently has around 62,000 members of which c.82% are pensioners with benefits in payment. Although TSUK has a legal obligation to fund any future deficit, a key condition of the new BSPS going forward was that it was sufficiently well funded to meet the Scheme's modified liabilities on a self-sufficiency basis with a buffer to cover residual risks.

In previous years the scheme has entered into a number of buy-in transactions with an external insurer and, on 17 May 2023, the BSPS completed a final buy-in transaction which ensured that all liabilities of the Scheme are fully insured. The funding levels secured as part of these arrangements enabled the Trustee to award an uplift equivalent to 3% of liabilities from February 2024 in order to restore an element of member benefits which were foregone as part of the RAA. The final buy-in also included the purchase of an insurance policy on an "all risks" basis whereby any risks for data cleanse items (e.g. impact of Guaranteed Minimum Pension and Barber equalisation) and residual risks (e.g. whether any members claim that their benefit calculations are incorrect) were passed on to the insurer.

On 29 September 2023, TSUK and the Scheme Trustee signed a Deed of Amendment that stipulated that the Trustee shall apply any surplus assets at the time of winding up of the Scheme to augment member benefits to the fullest extent possible after allowing for any expenses necessary to wind up the Scheme. The Deed set out both parties' intentions that the winding up of the Scheme will take place as soon as all the tasks necessary to achieve this are completed. The Company exercised its power to order the winding up of the Scheme in May 2025 with such process expected to be completed before 31 March 2027 at the latest. At the date the Deed was signed TSUK performed an exercise that estimated the expected surplus of the Scheme at the earliest date a wind up was possible was likely to be around £115m. As a result of the Deed, a past service cost equal to £115m was recorded in the income statement in the prior year.

The Deed of Amendment means that there is no longer an ability for TSUK to access any of the surplus of the Scheme. In accordance with IAS 19 an 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to £nil on the Group's balance sheet from 29 September 2023 onwards.

The BSPS previously held an anti-embarrassment interest in TSUK agreed as part of the Regulated Apportionment Arrangement ("RAA") entered into in 2017. The anti-embarrassment interest was initially 33.33% at the time of the RAA but was diluted to less than 1% due to successive equity issuances by TSUK to its parent company Corus Group Limited. In March 2024, BSPS transferred its anti-embarrassment interest to TSUK's parent company Corus Group Limited though the Scheme retains an economic interest in the value of those shares. No value has been included in the BSPS's assets at 31 March 2025 (2024: £nil) for its interest in TSUK.

The 31 March 2024 valuation was agreed between TSUK and the BSPS Trustee during 2024-25. As the Scheme has completed all of the insurance buy-in transactions, the Scheme has a funding ratio of 100% on a Technical Provisions basis. As such no ordinary nor deficit recovery contributions are due from the Company.

At 31 March 2025 the Scheme had an IAS 19 surplus of £nil (2024: £nil). The position at 31 March 2025 includes an asset ceiling of £25m in order to restrict the surplus to £nil as TSUK no longer has an unconditional right to a refund of the surplus from the Scheme.

The weighted average duration of the scheme's liabilities at 31 March 2025 was 10.0 years (2024: 11.0 years).

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions. Furthermore the actuarial assumptions used may vary according to the country in which the plans are situated.

The key assumptions applied at the end of the reporting period for the purposes of the actuarial valuations were as follows:

2025	BSPS %	Other %
Salary growth [1]	n/a	1.50 to 3.00
Pension increases [2]	2.82	0.00 to 2.50
Discount rate	5.72	1.10 to 5.40
Inflation	2.82	1.00 to 3.00

1 The BSPS is closed to future accrual.
2 Where applicable a CPI assumption of 2.82% was applied within the BSPS.

2024	BSPS %	Other %
Salary growth [3]	n/a	1.50 to 3.00
Pension increases [4]	2.86	0.00 to 2.50
Discount rate	4.90	1.60 to 5.20
Inflation	2.86	1.20 to 3.00

3 The BSPS is closed to future accrual.
4 Where applicable a CPI assumption of 2.86% was applied within the BSPS.

The discount rate is set with reference to the current rate of return on AA rated corporate bonds (excluding government backed bonds) of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long-term predictions based mainly on the yield gap between long-term fixed interest and index-linked gilts.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The base table assumption is reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans. For the BSPS the liability calculations as at 31 March 2025 use the Self-Administered Pension Schemes 3 (SAPS 3) base tables, S3PMA_M/S3PFA/S3DFA with the 2020 CMI projections with a 1.25% p.a. (2023-24: 1.25% p.a.) long-term trend applied from 2013 to 2021 (adjusted by a multiplier of 1.03 p.a. (2023-24: 1.03 p.a.) for males, 1.03 p.a. (2023-24: 1.03 p.a.) for females and 1.04 p.a. for female dependents (2023-24: 1.04 p.a). The future mortality improvements assumptions are typically updated with each release of an updated model. Future mortality improvements from 2021 onwards are allowed for in line with the 2022 CMI Projections with a long-term improvement trend of 1% (2024: 1%) per annum, a smoothing parameter of 7.0 (2024: 7.0), an initial addition parameter of 0% (2024: 0%) and a 0% weight on mortality experience allowance (2024 :25%) for adopting w2020, a 0% weight on mortality experience allowance (2024: 25%) for adopting w2021 and a 25% allowance for adopting the w2022 parameter for excess deaths in the UK in the COVID-19 affected years . This indicates that today's 65 year old male member is expected to live on average to approximately 86 years (2023-24: 86 years) of age and a male member reaching age 65 in 15 years' time is then expected to live on average to 86 years (2023-24: 86) of age.

Sensitivities

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation and mortality. The sensitivity analysis below for the BSPS has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period:

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 50bps (2024: 50bps)	Decrease by 4.8% / increase by 4.8%
Inflation	Increase/decrease by 50bps (2024: 50bps)	Increase by 2.1% / decrease by 2.1%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 2.4%

Sensitivities for the BSPS have been provided as it is a material scheme. Please note that the sensitivities shown are in respect of the total liabilities which include the portion of the liabilities covered by an insured annuity contract. Changes in the value of the insured liabilities would be fully offset by equivalent change in the insured asset value.

The above sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the balance sheet.

Income statement costs

Under IAS 19, costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded.
- The past service cost is the change in a defined benefit obligation for employee service in prior periods, arising as a result of changes to plan arrangements in the current period.
- The net interest cost/(income) on the liability or asset recognised in the balance sheet.
- Asset ceiling restrictions are applied where the provisions of the scheme do not allow for refund of any residual surplus to the company in the event of wind-up of the scheme.

These items are treated as a net operating cost in the income statement within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of other comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets (credited to the income statement) and the actual return, the re-measurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

2025	**BSPS £m**	**NL £m**	**UK £m**	**Other £m**	**Total £m**
Current service costs	8	–	–	1	**9**
Net interest income/(cost)	(3)	–	–	2	**(1)**
Interest cost on irrecoverable surplus	3	–	–	–	**3**
Defined benefit schemes	8	–	–	3	**11**
Defined contribution schemes	–	93	40	8	**141**
Total charge for the year	8	93	40	11	**152**

2024	**BSPS £m**	**NL £m**	**UK £m**	**Other £m**	**Total £m**
Current service costs	8	–	–	1	**9**
Past service costs	115	–	–	–	**115**
Net interest income/(cost)	(33)	–	–	2	**(31)**
Interest cost on irrecoverable surplus	17	–	–	–	**17**
Defined benefit schemes	107	–	–	3	**110**
Defined contribution schemes	–	90	46	7	**143**
Total charge for the year	107	90	46	10	**253**

Total pension costs disclosed above and included in the income statement are as follows:

	2025 £m	2024 £m
Pension costs (Note 4)	**152**	138
Pension restructuring items (Note 4)	**–**	115
Total charge for the year	**152**	253

The asset classes include national and international stocks, fixed income government and non-government securities, real estate and annuities with external insurers. The majority of the reported plan assets are located in UK and EU. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

2025	BSPS %	Other %
Quoted:		
Equities - UK entities	0.0	0.0
Equities - Non-UK entities	0.0	18.3
Bonds- Fixed rate	1.5	69.3
Bonds- Index linked	0.0	0.0
Other	0.0	4.0
	1.5	**91.6**
Unquoted:		
Real estate	0.5	6.0
Derivatives	0.0	0.0
Cash and cash equivalents	1.2	2.4
Insurance	96.5	0.0
Other	0.3	0.0
	98.5	**8.4**
Total	**100**	**100**

2024	BSPS %	Other %
Quoted:		
Equities - UK entities	0.0	7.5
Equities - Non-UK entities	0.0	15.9
Bonds- Fixed rate	1.4	64.9
Bonds- Index linked	0.0	0.0
Other	0.0	0.0
	1.4	**88.3**
Unquoted:		
Real estate	1.20	5.4
Derivatives	0.00	0.0
Cash and cash equivalents	0.40	2.6
Insurance	97.00	0.0
Other	0.0	3.7
	98.6	**11.7**
	100	**100**

Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).

- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

- Asset ceiling restrictions are applied where the provisions of the scheme do not allow for refund of any residual surplus to the Company in the event of wind-up of the Scheme.

Amounts recognised in the balance sheet arose as follows:

2025	**BSPS £m**	**Other £m**	**Total £m**
Fair value of plan assets	5,464	92	**5,556**
Present value of obligation	(5,439)	(149)	**(5,588)**
Irrecoverable surplus (effect of asset ceiling)	(25)	–	**(25)**
	–	(57)	**(57)**
Disclosed as:			
Defined benefit asset	–	1	**1**
Defined benefit liability - current	–	(2)	**(2)**
Defined benefit liability - non-current	–	(56)	**(56)**
Arising from:			
Funded schemes	–	(2)	**(2)**
Unfunded schemes	–	(55)	**(55)**

2024	BSPS £m	Other £m	Total £m
Fair value of plan assets	5,987	95	6,082
Present value of obligation	(5,918)	(156)	(6,074)
Irrecoverable surplus (effect of asset ceiling)	(69)	–	(69)
	–	(61)	(61)
Disclosed as:			
Defined benefit asset	–	2	2
Defined benefit liability - current	–	(1)	(1)
Defined benefit liability - non-current	–	(62)	(62)
Arising from:			
Funded schemes	–	1	1
Unfunded schemes	–	(62)	(62)

The movements in the present value of plan assets and defined benefit obligations in 2025 and 2024 were as follows:

2025	BSPS £m	Other £m	Total £m
Plan assets:			
As at 1 April 2024	5,918	95	**6,013**
Interest income on plan assets	282	4	**286**
Interest cost on irrecoverable surplus	(3)	–	**(3)**
Return on plan assets less than the discount rate	(342)	–	**(342)**
Change in effect of asset ceiling	47	–	**47**
Contributions from employer	–	1	**1**
Exchange rate movements	–	(2)	**(2)**
Benefits paid	(463)	(6)	**(469)**
As at 31 March 2025	5,439	92	**5,531**

Defined benefit obligations:			
As at 1 April 2024	5,918	156	**6,074**
Current service cost	8	1	**9**
Interest cost on the defined benefit obligations	279	6	**285**
Actuarial gain due to financial assumption changes	(469)	–	**(469)**
Actuarial losses/(gain) due to actuarial changes	166	(1)	**165**
Exchange rate movements	–	(3)	**(3)**
Benefits paid	(463)	(10)	**(473)**
As at 31 March 2025	5,439	149	**5,588**

Included within other schemes above are post-retirement medical and similar net obligations of £3m (2024: £3m).

2024	BSPS £m	Other £m	Total £m
Plan assets:			
As at 1 April 2023	6,681	98	**6,779**
Interest income on plan assets	314	4	**318**
Interest cost on irrecoverable surplus	(17)	–	**(17)**
Return on plan assets less than the discount rate	(547)	(1)	**(548)**
Change in effect of asset ceiling	(52)	2	**(50)**
Contributions from employer	–	6	**6**
Settlements	–	(5)	**(5)**
Exchange rate movements	–	(3)	**(3)**
Benefits paid	(461)	(6)	**(467)**
As at 31 March 2024	5,918	95	**6,013**

Defined benefit obligations:			
As at 1 April 2023	5,996	167	**6,163**
Current service cost	8	1	**9**
Past service charge	115	–	**115**
Interest cost on the defined benefit obligations	281	6	**287**
Settlements	–	(5)	**(5)**
Actuarial (gain)/losses due to financial assumption changes	(35)	1	**(34)**
Actuarial gain due to demographic assumption changes	(12)	–	**(12)**
Actuarial losses/(gain) due to actuarial changes	26	(1)	**25**
Exchange rate movements	–	(4)	**(4)**
Benefits paid	(461)	(9)	**(470)**
As at 31 March 2024	5,918	156	**6,074**

Actuarial gain recorded in the statement of comprehensive income for the period were £9m (2024: Loss of £(577)m).

23. Provisions and other liabilities

	Rationalisation costs £m	Environmental provision £m	Insurance £m	Employee benefits £m	Other £m	Total 2025 £m	Total 2024 £m
As at 1 April	272	52	28	58	66	**476**	365
Charge to income statement	43	122	6	2	6	**179**	311
Released to income statement	(45)	–	–	(4)	(11)	**(60)**	(102)
Utilised in the year	(100)	(22)	(10)	–	(2)	**(134)**	(93)
Exchange rate movements	–	(2)	–	(2)	(1)	**(5)**	(5)
At end of year	170	150	24	54	58	**456**	476
Analysed as:							
Current liabilities	93	130	6	2	4	**235**	228
Non - Current liabilities	77	20	18	52	54	**221**	248

(i) Rationalisation costs include redundancy provisions as follows:

	2025 £m	2024 £m
At beginning of the year	**166**	3
Charged to income statement	**3**	171
Released to income statement	**(37)**	–
Utilised during the year	**(60)**	(7)
Exchange rate movements	**–**	(1)
	72	166

	2025 £m	2024 £m
Other rationalisation provision are as follows:		
Onerous contracts and termination benefits	**46**	41
Decommissioning, environmental and other remediation costs at sites subject to restructuring/closure	**52**	65
	98	106

Although the precise timing in respect of utilising the redundancy provisions is not known, the majority is expected to be incurred within one year.

(i) The environmental provisions consist of provisions for CO_2 emission rights, together with remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated. The majority of the provision is expected to be incurred within one year. The provision for CO_2 emission rights is subject to movements in the market price for these rights.

(ii) The insurance provisions currently held by the Group cover its historical liability risks. The provisions include a suitable amount in respect of its known outstanding claims and an appropriate amount in respect of liabilities that have been incurred but not yet reported. The provisions are subject to regular review and are adjusted as appropriate. The value of the final insurance settlements is uncertain and so is the timing of the expenditure.

(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.

(iv) Other provisions include early retirement provisions of £24m (2024: £29m), product warranty claims of £6m (2024: £6m), dilapidation provisions of £7m (2024: £7m) and other miscellaneous provisions of £21m (2024: £24m). The timing in respect of utilising these provisions is uncertain.

(v) The provisions are discounted where material and the unwinding of discount is included in finance costs in the income statement. Within the provision for rationalisation costs, charge to income statement includes £6m (2024: £nil) in respect of such unwinding of discount.

24. Other non-current liabilities

As at 31 March	2025 £m	2024 £m
Other taxation and social security	**25**	40
Derivative financial instruments	**14**	–
Other creditors	**1**	1
	40	41

As at 31 March	2025 £m	2024 £m
An analysis of other creditors by currency is set out below:		
Swedish Krona	**1**	–
Euros	**39**	41
	40	**41**

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

25. Financial instruments and risk management

(i) Capital risk management

The Group manages its capital with the aim of ensuring that the entities in the Group are able to continue as a going concern. Further details are included in the basis of preparation on page 51. The Group's overall risk strategy remains unchanged from 2024. The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 20, after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Net debt has decreased to £994m at 31 March 2025 from £2,604m at 31 March 2024 (Note 33) primarily due to a decrease of £1,290m in borrowings, a decrease of £7m in obligations under leases and an increase of £313m in cash and cash equivalents.

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

	2025 £m	2024 £m
Financial assets:		
Loans and receivables:		
Other investments (Note 11)	**10**	7
Long term receivables (Note 12)	**2**	2
Trade receivables (Note 16)	**169**	290
Other receivables [1] (Note 16)	**112**	84
Cash and short-term deposits (Note 18)	**438**	133
	731	516
Financial liabilities:		
Financial liabilities held at amortised costs:		
Trade and other payables [2] (Note 21)	**(1,691)**	(1,936)
Current borrowings (Note 20)	**(540)**	(698)
Non-current borrowings (Note 20)	**(892)**	(2,039)
Other non-current liabilities (Note 24)	**(15)**	(1)
	(3,138)	(4,674)
	(2,407)	(4,158)

[1] Excludes derivatives, other taxation and prepayments

[2] Excludes other taxation and social security, derivatives and advances from customers.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values except for current and non-current borrowings. The fair values of these are £532m (2024: £626m) and £876m (2024: £2,002m) respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(iii) Fair value measurements recognised in the balance sheet

The following table categorises the Group'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 and this includes the Group's holdings of listed investments). 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 Group's forward currency and commodity contracts). The Group's derivative financial assets and liabilities are also categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

	2025			
As at 31 March	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets				
Derivative financial assets (Note 16)	**–**	**11**	**–**	**11**
Financial assets held at fair value through profit and loss (Note 11)	**–**	**–**	**6**	**6**
	–	**11**	**6**	**17**
Financial liabilities				
Derivative financial liabilities (Note 21 and 24)	**–**	**(38)**	**–**	**(38)**
	–	**(38)**	**–**	**(38)**

	2024			
As at 31 March	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets				
Derivative financial assets (Note 16)	–	9	–	9
Financial assets held at fair value through profit and loss (Note 11)	–	–	6	6
	–	9	6	15
Financial liabilities				
Derivative financial liabilities (Note 21 and 24)	–	(16)	–	(16)
	–	(16)	–	(16)

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

(iv) Financial risk management

The Group uses a variety of financial instruments, including derivatives, to finance its operations and to manage risks arising from those operations. The principal financial risks to which the Group is exposed are those of foreign exchange, commodity, and liquidity which are largely managed by the treasury functions within the UK and MLE Businesses whose activities are governed by policies and procedures approved by the TSUK and TSN Boards. The businesses treasury committees meet at least quarterly to review activities and to monitor treasury performance against policies.

(a) Market risk: foreign exchange risk and management

At 31 March 2025, the Group had £1,432m (2024: £2,737m) in borrowings, of which £626m (2024: £1,740m) net of capitalised transaction costs of £6m (2024: £15m) is denominated in euros, £795m (2024: £988m) net of capitalised transaction costs of £2m (2024: £1m) is denominated in sterling, £2m (2024: £1m) is denominated in US dollars, and £9m (2024: £8m) is denominated in other currencies. As described in note 20, the Group's SFA is held by TSE's euro-denominated subsidiary company Tata Steel Netherlands Holdings B.V. ('TSNH'). As at 31 March 2025, the SFA comprises of a €302m euro denominated bullet term loan (for full details see Borrowings note 20).

It is the Group policy that substantially all the net currency transaction exposure arising from contracted sales and purchases over an approximate 6-month time horizon is covered by selling or purchasing foreign currency forwards. At 31 March 2025, the Group held forward currency sales of principally Euros and US Dollars amounting to £135m (2024: £183m) and purchases of principally Euros and US dollars amounting to £633m (2024: £1,014m).

A 10% appreciation of sterling at 31 March 2025 would increase the Group's net assets by approximately £16m (2024: £152m), increase equity by approximately £16m (2024: £152m) and increase operating profit by approximately £nil (2024: £nil). This sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at 31 March, excluding trade payables, trade receivables and other non-derivative financial instruments not in net debt which do not present a material exposure.

(b) Market risk: commodity risk and management

The Group make use of commodity futures contracts and options to manage its purchase price risk for certain commodities. Across the Group, forward purchases are also made of zinc, tin and nickel to cover sales contracts with fixed metal prices, carbon emission rights based on predicted future emissions deficit, and of natural gas and electricity to manage its purchase price risk.

At 31 March 2025, a 10% appreciation of market prices would increase the Group's equity by approximately £28m (2024: £12m). 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 risk and management

The objective of the Group's interest risk management is to reduce its exposure to the impact of changes in interest rates in the currencies in which debt is borrowed.

Based on the composition of net debt at 31 March 2025, a 100 basis points increase in interest rates over the 12-month period would increase the Group's net finance expense by approximately £8m (2024: £20m) and decrease equity by approximately £8m (2024: £20m).

(d) Credit risk

Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group arising from the amounts and obligations due from counterparties. The credit risk on short-term deposits is managed by limiting the aggregate amounts 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.

Individual operating units are responsible for controlling their own credit risk arising from the Group'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 program, and regular reviews are undertaken of exposure 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 Group 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 Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk

The management of liquidity risk is co-ordinated and controlled centrally by the treasury operations of the UK and MLE Businesses. Liquidity risk is managed by maintaining access to a level of committed and uncommitted borrowing facilities to ensure liquidity is appropriate to forecasted cash flows to satisfy general corporate or working capital requirements. As shown in Note 20(iii), the total undrawn committed borrowing facilities at 31 March 2025 is £200m (2024: £132m).

The management of TSE's UK and MLE Businesses review liquidity and any associated risk monthly, which includes a review of the businesses funding position and cash flow forecasts.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Group's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating rate interest 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 at 31 March 2025.

As at 31 March	2025			
	Contractual cashflows £m	Less than 1 year £m	Between 1-5 years £m	More than 5 years £m
Non-derivative financial liabilities:				
Trade and other payables [1]	**(1,691)**	**(1,691)**	**–**	**–**
Floating rate guaranteed loan notes	**(1)**	**(1)**	**–**	**–**
Lease obligations	**(223)**	**(62)**	**(95)**	**(66)**
Bank and other loans	**(1,372)**	**(550)**	**(817)**	**(5)**
	(3,287)	**(2,304)**	**(912)**	**(71)**
Derivative financial liabilities:				
Foreign currency contracts				
Payables	**(774)**	**(774)**	**–**	**–**
Receivables	**764**	**764**	**–**	**–**
Commodity contracts	**(1)**	**(1)**	**–**	**–**
Other derivative contracts	**(26)**	**(12)**	**(14)**	**–**
	(37)	**(23)**	**(14)**	**–**
Total financial liabilities	**(3,324)**	**(2,327)**	**(926)**	**(71)**

[1] Excludes other taxation and social security, derivatives and advances from customer.

As at 31 March	2024			
	Contractual cashflows £m	Less than 1 year £m	Between 1-5 years £m	More than 5 years £m
Non-derivative financial liabilities:				
Trade and other payables [1]	(1,936)	(1,936)	–	–
Floating rate guaranteed loan notes	(1)	(1)	–	–
Lease obligations	(235)	(50)	(122)	(63)
Bank and other loans	(2,875)	(791)	(2,077)	(7)
Other creditors	(1)	(1)	–	–
	(5,048)	(2,779)	(2,199)	(70)
Derivative financial liabilities:				
Foreign currency contracts:				
Payables	(1,196)	(1,196)	–	–
Receivables	1,197	1,197	–	–
Commodity contracts	(6)	(6)	–	–
Other derivative contracts	(2)	(2)	–	–
	(7)	(7)	–	–
Total financial liabilities	(5,055)	(2,786)	(2,199)	(70)

[1] Excludes other taxation and social security, derivatives and advances from customers

(v) Derivative financial instruments

Derivative financial instruments used by the Group include forward exchange contracts and commodity contracts. These financial instruments are utilised to hedge significant future transactions and cash flows, and, in most cases, these are subject to hedge accounting under IFRS 9. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the fair values of derivatives held by the Group at the end of the reporting period:

	2025		2024	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	**2**	**(11)**	6	(5)
Commodity contracts	**9**	**(1)**	3	(9)
Others	**–**	**(12)**	–	(2)
	11	**(24)**	9	(16)
Non-current:				
Others	**–**	**(14)**	–	–
	–	**(14)**	–	–
	11	**(38)**	9	(16)

The fair value of derivative financial instruments that were designated as cash flow hedges at the end of the reporting year were:

	Foreign currency contracts £m	**Commodity contracts £m**	**Taxation £m**	**2025 £m**
Cash flow hedge reserve net of taxation at beginning of year	(1)	(8)	1	**(8)**
Recycled to the profit and loss	(10)	5	–	**(5)**
Fair value recognised	9	4	–	**13**
Deferred tax	–	–	(1)	**(1)**
Cash flow hedge reserve net of taxation at end of the year	**(2)**	**1**	**–**	**(1)**

	Foreign currency contracts £m	**Commodity contracts £m**	**Taxation £m**	**2024 £m**
Cash flow hedge reserve net of taxation at beginning of year	(39)	(100)	34	**(105)**
Recycled to the profit and loss	25	145	–	**170**
Fair value recognised	13	(53)	–	**(40)**
Deferred tax	–	–	(33)	**(33)**
Cash flow hedge reserve net of taxation at end of the year	(1)	(8)	1	**(8)**

At the end of the reporting year the total notional amount of outstanding foreign currency and commodity contracts that the Group has committed to are as follows:

	2025 £m	2024 £m
Foreign currency contracts	**768**	1,197
Commodity futures and options	**499**	145

There was no ineffectiveness on cash flow hedges recognised in the income statement in 2025 (2024: £nil).

26. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	2025 £m	2024 £m
As at 1 April	1	3	**4**	3
Additions	–	15	**15**	2
Released to income statement	(1)	–	**(1)**	(1)
At 31 March	–	18	**18**	4

27. Called up share capital

Group and Company:

The share capital of the Company is shown below as at 31 March:

Authorised, allotted and fully paid	**2025 £m**	2024 £m
12,589,651,284 (2024:10,322,326,338) ordinary shares of £1 each	**12,590**	10,322

The Company has one class of ordinary shares which carry no right to fixed income.

During the year TSE allotted and issued 866,000,000 ordinary shares of £1 each to T S Global Holdings Pte Limited. The equity issue was used by TSE to fund its indirect subsidiary Tata Steel UK Limited.

In addition, on 27 February 2025 TSE allotted and issued 1,401,324,946 ordinary shares of £1 each to T S Global Holdings Pte Limited to capitalise loans and accrued interest held by Tata Steel Netherlands Holdings B.V. into equity.

Company reconciliation of share capital and equity:

	Ordinary share capital £m	Accumulated deficit £m	Revaluation reserve £m	Total £m
As at 1 April 2024 (Restated – Note 36)	**10,322**	**(4,128)**	**(946)**	**5,248**
Loss for the financial year	–	(1)	–	(1)
Other comprehensive loss for the financial year	–	–	(2,416)	(2,416)
Issue of ordinary shares	2,268	–	–	2,268
As at 31 March 2025	**12,590**	**(4,129)**	**(3,362)**	**5,099**

All share issues are ordinary shares of £1 each issued at par.

28. Future capital expenditure

	2025 £m	2024 £m
Contracted but not provided for	**339**	112
Authorised but contracts not yet placed	**1,079**	230

At the end of the reporting year there was £9m (2024: £12m) of future expenditure planned in relation to intangible assets, included above.

29. Exposure for cash outflows relating to leases

	2025 £m	2024 £m
Future exposure for cash outflows by the Group at the end of the year:		
Future cash outflows relating to leases committed but not yet commenced	**1**	19

30. Contingencies

On December 19, 2024, the Environment Agency (EA) of the Netherlands imposed two orders under penalty ("Orders") on Tata Steel Nederland B.V. ('TSN'), a step down wholly owned subsidiary of TSE for a maximum amount of €27m stating alleged non-compliance of emission thresholds for operations of its Coke and Gas Plants (CGP 1 and CGP 2) with a period of 8 weeks for TSN subsidiary Tata Steel Ijmuiden B.V. ('TSIJ') to reduce the emissions to a level within the permissible threshold limits. In addition, the EA also sent a notice on alleged non-compliances regarding certain state of maintenance of its CGP2 plant for which EA has given TSIJ a period of 12 months to remedy the alleged non compliances, failing which, the permit for operating CGP 2 can get revoked.

TSN is in constructive discussions with the local provincial authorities and is preparing a future oriented plan including all improvements related to the environmental performance of the coke and gas plants. In addition, the plan includes measures which are part of the discussions with the Netherlands Government and will include solutions for outstanding orders or notices. It is also discussing appropriate measurement protocols for the future with the EA.

Considering the various actions which TSN is currently pursuing, including the execution of a positive and solution-oriented action plan related to various operational and technical levers along with legal proceedings contesting the Orders and the notice which are pending final outcome, the Group sees no material risk of premature revocation of the license/permit or any possibility of suspension or closure of the coke and gas plants.

Considering the fact that the order under penalty relating to exceedances of emissions at the CGP oven stacks may be a possible obligation in future, the final impact of the which is currently uncertain, the Group has considered the aforesaid Orders as a Contingent Liability for an amount up to €27m (2024: €nil).

Dependent on future events, other current legal proceedings and recent significant contracts may give rise to contingencies and commitments which are not disclosed as the possibility of any outflow in settlement is remote. There are also contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

The Group is party to a number of environmental obligations where there is a possibility that an obligation may crystallise. No provision has been made in these financial statements where the Group does not consider that there is any probable loss.

The Group is party to a number of claims which may provide the Group with a future inflow of cash. No amount has been recorded in these financial statements on the basis that the Group does not consider it virtually certain that an amount will be received.

31. Reconciliation of cash generated from total operations

	2025 **£m**	2024 £m
Loss after taxation	**(817)**	(1,891)
Adjustments for:		
Taxation	**(23)**	33
Depreciation and amortisation including impairment items (net of grants released)	**293**	534
Profit on disposal of property, plant and equipment and Group companies	**(29)**	(8)
Finance Income	**(6)**	(18)
Finance expense	**245**	226
Share of post-tax results of joint ventures and associates	**(1)**	(4)
Foreign exchange (gain)/loss	**(5)**	–
Movement in pensions and post-retirement benefits	**8**	102
Movement in provision for impairments of trade receivables	**(1)**	1
Movement in insurance and other provisions	**87**	(141)
Movement in spares	**15**	(2)
Movement in inventories	**294**	467
Movement in receivables	**147**	116
Movement in payables	**(151)**	(251)
Net rationalisation costs provided	**(10)**	265
Utilisation of rationalisation provisions	**(110)**	(9)
Net cash flow used in operations	**(64)**	(580)

32. Reconciliation of net cash flow to movement in net debt

	2025 £m	2024 £m
Movement in cash and cash equivalents	**318**	(689)
Movement in total debt excluding bank overdrafts	**11**	(512)
Change in net debt resulting from cash flows in year	**329**	(1,201)
Exchange rate movements	**53**	32
Other non-cash changes	**1,228**	(56)
Movement in net debt in year	**1,610**	(1,225)
Net debt at beginning of year	**(2,604)**	(1,379)
Net debt at end of year	**(994)**	(2,604)

33. Analysis of net debt

	1 April 2024 £m	Cash flow £m	Exchange rate movements £m	Other non cash movements £m	**31 March 2025 £m**
Cash and short-term deposits	133	310	(5)	–	**438**
Bank overdrafts	(8)	8	–	–	**–**
Cash and cash equivalents	125	318	(5)	–	**438**
Non-current borrowings	(1,899)	(118)	52	1,192	**(773)**
Current borrowings	(650)	89	3	72	**(486)**
Obligations under leases	(180)	40	3	(36)	**(173)**
Total debt excluding bank overdrafts	(2,729)	11	58	1,228	**(1,432)**
	(2,604)	329	53	1,228	**(994)**

The other non-cash movements in respect of non-current and current borrowings relate to £(124)m of rolled interest on debt due to immediate parent company, £1,402m conversion of debt due to immediate parent company into equity, £(14)m related to unwinding of amortised loan transaction costs during the year and reclassifications between current and non-current.

The other non-cash movements in respect of obligations under leases comprises of £(48)m of additions of new lease contracts and derecognition of lease liability £12m.

34. Disposal of group undertakings

During the year, the Group completed the dissolution of the below 5 subsidiaries, having previously entered them into liquidation.

- 00030048 (formerly British Steel Corporation) (Dissolved 23 June 2024)
- 00026466 Limited (formerly Firsteel Group Limited) (Dissolved 18 July 2024)
- Oremco Inc. (Dissolved 18 October 2024)
- Hadfields Holdings Limited (Dissolved 01 November 2024)
- Demka BV (Dissolved 31 March 2025)

Details of companies currently still in the process of liquidation can be found on Note 39.

(i) During the year the Group has recognised impairment of £1m (2024: reversal of £2m) in relation to deferred consideration on previous business divestments which is now not recoverable.

35. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business at market rates and terms, and loans between the Group, its parent and its joint ventures and associates.

	2025 £m	2024 £m
Amounts reported within the consolidated income statement:		
Sales to joint ventures	**59**	68
Sales to joint operations	**–**	1
Sales to associates	**109**	94
Sales to other Group companies	**27**	22
Other operating income with other Group companies	**–**	2
Dividend from associates	**1**	–
Purchases from associates	**32**	32
Purchases from joint operations	**4**	9
Purchases from ultimate parent company	**17**	26
Purchases from other Group companies	**1,766**	2,005
Interest on loans from immediate parent company (Note 5)	**78**	80
Amounts reported within the consolidated balance sheet:		
Amounts owed by joint ventures (Note 16)	**7**	9
Amounts owed by associates (Note 16)	**12**	13
Amounts owed by ultimate parent company (Note 16)	**16**	5
Amounts owed by other Group companies (Note 16)	**7**	8
Amount owed to ultimate parent company (Note 21)	**3**	–
Amounts owed to joint operations (Note 21)	**1**	1
Amounts owed to associates (Note 21)	**2**	3
Amounts owed to other Group companies (Note 21)	**339**	410
Interest payable to immediate parent company (Note 21)	**–**	49
Derivatives payable to other Group company (Note 21)	**1**	–
Equity infusion from group companies (Note 27)	**2,268**	100
Loans owed to immediate parent company (Note 20)	**–**	1,323

Included in the transactions and balances above are arrangements that have been put in place with T S Global Procurement Co. Pte Limited ('Proco'), and Tata Sons. These include:

Proco

As at 31 March 2025 £223m (2024: £374m) was owed to Proco and £nil owed by Proco (2024: £3m). Total purchases in the year in relation to this agreement were £1,455m (2024: £1,918m) and cover the Group's purchase of raw materials for its blast furnace operations.

Tata Sons

There is also a branding fee payable to Tata Sons under a brand equity and business promotion agreement, based on turnover, with £17m being payable for 2025 (2024: £17m).

Aggregate compensation for key management personnel, being the TSE Board of was as follows:

	2025 £m	2024 £m
Short-term employee benefits	**2**	2
Other long term benefits	-	–
	2	2

36. Change in accounting policy

During the current year, the Company voluntarily changed its accounting policy in respect of classification and measurement of investments in subsidiaries in its separate financial statements. In the Company financial statements, investments in subsidiaries are now classified as "Fair Value through Other Comprehensive Income (FVTOCI)" with changes in fair value of such investments being recognised through "Other Comprehensive Income (OCI)" as at each reporting date. The change in accounting policy will provide more reliable and relevant information to the users of financial statements in respect of the underlying business performance. To reflect the change in accounting policy, the previous period comparatives have been re-stated in the Company financial statements of TSE.

The impact of change in accounting policy in the Company's balance sheet and income statement is presented below.

As at		**31 March 2024 £m**			**1 April 2023 £m**	
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Shares in subsidiary undertakings	5,253	-	5,253	5,224	979	6,203
Others	331	-	331	187	-	187
Total assets	**5,584**	**-**	**5,584**	**5,411**	**979**	**6,390**
Total liabilities	**(336)**	**-**	**(336)**	**(190)**	**-**	**(190)**
Net assets	**5,248**	**-**	**5,248**	**5,221**	**979**	**6,200**
Share capital	10,322	-	10,322	10,222	-	10,222
Accumulated deficit	(5,074)	946	(4,128)	(5,001)	6,208	1,207
Revaluation reserve	-	(946)	(946)	-	(5,229)	(5,229)
Total equity	**5,248**	**-**	**5,248**	**5,221**	**979**	**6,200**

For the financial year ended		**31 March 2024 £m**	
	As previously reported	Adjustments	As restated
Loss after taxation	(73)	71	(2)
Other comprehensive loss for the year after tax	-	(1,050)	(1,050)
Total comprehensive loss for the year	**(73)**	**(979)**	**(1,052)**

Consequent to the change in above accounting policy the carrying value of equity investment held by the Company in its subsidiary were restated to reflect the same at fair value with the corresponding fair value changes being recognised separately in equity as revaluation reserve. Accordingly, as at 1 April 2023 a fair value gain of £979m was recognised by the Company in its investment in Tulip UK Holdings (No.2) Limited (TUKH) and the cumulative loss of £5,229m was recognised in revaluation reserve, a part of which was earlier presented within accumulated deficit. During the year ended 31 March 2024, a further fair value loss of £104m was recognised by the Company in its investment in TUKH. TUKH was placed into members voluntary liquidation (MVL) and subsequently dissolved during the prior year. Upon dissolution of TUKH the cumulative losses recognised in revaluation reserve was transferred to accumulated deficit.

During the year ended 31 March 2024, a fair value loss of £946m was also recognised by the Company in its investment in Tata Steel Netherlands Holdings B.V. which is reflected in the closing balance of revaluation reserve as at 31 March 2024.

37. Events after the reporting period

Since the year end, TSE has received £104m equity injection from T S Global Holdings Pte Limited.

On 28 May 2025, and in line with its long term pension de-risking strategy, TSUK served notice to the Trustee of the British Steel Pension Scheme that the winding up of the Scheme shall begin with such process expected to take between 12-24 months.

38. Ultimate and immediate parent company

T S Global Holdings Pte Limited is the company's immediate parent company, which is incorporated and registered in Singapore.

Tata Steel Limited ('TSL'), a company incorporated in India, is the ultimate parent company and controlling party and the smallest and largest group to consolidate these financial statements.

Copies of the Integrated Report & Annual Accounts for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai 400 001.

39. Subsidiaries and investments

The subsidiary undertakings, joint ventures and associates of the Group at 31 March 2025 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

Subsidiary undertakings

Steel producing, further processing or related activities:

Belgium	
Société Européenne de Galvanisation (Segal) Sa (ii) (iii)	Chassée de Ramioul 50, Flemalle, Ivoz Ramet, 4400, Belgium
Tata Steel Belgium Packaging Steels N.V. (ii) (iii)	Walemstraat 38, Duffel, 2570, Belgium
Tata Steel Belgium Services N.V. (ii) (iii)	Coremansstraat 34, Berchem, 2600, Belgium
Brazil	
Tata Steel International (South America) Representacoes Limited (ii) (iii)	C/O SIS, Brigadeiro Faria Lima, 1685 Conj. 5J Sao Paulo, SP Brazil
Czech Republic	
Tata Steel International (Czech Republic) S.R.O (ii) (iii)	Praha 2, Mala Stepanska 9, 120 00, Czech Republic
Finland	
Naantali Steel Service Centre OY (ii) (iii)	Rautakatu 5, 21110 Naantali, Finland
France	
Corbeil Les Rives SCI (67.31%) (ii) (iii)	Rue Decauville, Corbeil Essonnes, Essonne, 91100, France
Tata Steel France Holdings SAS (ii) (iii)	3 Allee des Barbanniers, Gennevilliers, 92632, France
Tata Steel International (France) SAS (ii) (iii)	3 Allee des Barbanniers, Gennevilliers, 92632, France
Tata Steel Maubeuge SAS (ii) (iii)	22 Avenue Abbé Jean de Béco, Louvroil, 59720, France
Unitol SAS (ii) (iii)	Za De L'Aeroport De Paris, 1 Rue Fernand Raynaud, 91814, France
Germany	
Catnic GmbH (ii) (iii)	Am Leitzelbach 16, Sinsheim, 74889, Germany
Degels GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Dusseldorf, Germany
Fischer Profil GmbH (ii) (iii)	Waldstrasse 67, Netphen, 57250, Germany
FP Produktions-Und Vertriebs GmbH (ii) (iii)	Waldstrasse, 67, Netphen, 57250, Germany
Hille & Müller GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Dusseldorf, Germany
S.A.B Profil GmbH (ii) (iii)	Industriestrasse 13, Niederaula, 36272, Germany
Service Center Gelsenkirchen GmbH (ii) (iii)	Grimbergstr. 75, 45889 Gelsenkirchen, Germany
Tata Steel Germany GmbH (ii) (iii)	Am Trippelsberg 48, 40589 Düsseldorf, Germany
Tata Steel International (Germany) GmbH (ii) (iii)	Am Trippelsberg 48, 40589, Dusseldorf, Germany
India	
Tata Steel International (India) Limited. (ii) (iii)	3rd Floor, One Forbes Buildings, 1 Dr V B Ghandi Marg Fort, Mumbai, 400 001, India
Ireland (Republic of)	
Corus Ireland Limited. (ii) (iii)	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Gamble Simms Metals Limited. (ii) (iii)	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Isle of Man	
Crucible Insurance Company Limited. (ii) (iii)	Level 2, Samuel Harris House, 5-11 St. George's Street, Douglas, Isle of Man, IM1 1AJ
Italy	
Tata Steel International (Italia) Srl (ii) (iii)	Via Rondoni 1, Milano, 20146, Italy

Mexico	
Tata Steel Mexico SA de CV (ii) (iii)	Blvd Bernardo Quintana 300, Colonia centro sur, ZIP 76090, Querétaro Qro, Mexico
Netherlands	
C. V. Bénine (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Grijze Poort B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Huizenbezit Breesaap B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
S.A.B Profiel B.V. (ii) (iii)	Produktieweg 2-3a, Ijsselstein, 3401 Mg, Netherlands
Service Centre Maastricht B.V. (ii) (iii)	Fregatweg 42, 6222 Nz, Maastricht, Netherlands
Tata Steel IJmuiden B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Consulting & Technical Services B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Services B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Technology B.V. (ii) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Tata Steel Nederland Tubes B.V. (ii) (iii)	Souvereinstraat 35, Oosterhout, 4903 Rh, Netherlands
Tata Steel Netherlands Holdings B.V. (i) (iii)	Wenckebachstraat 1, Velsen-Noord, 1951 JZ, Netherlands
Nigeria	
Tata Steel International (Nigeria) Limited (ii) (iii)	Block 69a, Plot 8, Admiralty Way, Lekki Phase 1, Lagos, Nigeria
Norway	
Norsk Stal Tynnplater AS (ii) (iii)	Stabburveien 10, 1617 Fredrikstad, Norway
Tata Steel Norway Byggsystemer A/S (ii) (iii)	Roraskogen 2, Skien, N 3739, Norway
Poland	
Tata Steel International (Poland) Spólka z.o.o (ii) (iii)	40-156 Katowice, Aleja Wojciecha Korfantego 138A, Poland
Romania	
Corus International Romania SRL (ii) (iii)	7, Hirsova Street, Sector 3, Bucharest, Romania
South Africa	
TS South Africa Sales Office Proprietary Limited (ii) (iii)	Indobali Office Park, 229 Hull Road Rynfield, Benoni, Gauteng, 1501, South Africa
Spain	
Layde Steel S.L. (ii) (iii)	Eguskitza 11, E-48200 Durango, Spain
Tata Steel International Iberica SA (ii) (iii)	Calle Rosario Pino 14-16 9a planta, Torre Rioja, Madrid, 28020, Spain
Sweden	
Halmstad Steel Service Centre AB (ii) (iii)	Turbingatan 1, Box 406, 301 09, Halmstad, Sweden
Norsk Stal Tynnplater AB (ii) (iii)	Box 406, Halmstad, 301 09, Rønneholmsvej 11 B, 211 47, Malmø, Sweden
Surahammar Bruks AB (ii) (iii)	Box 201, S-735 23, Surahammar, Sweden
Tata Steel International (Sweden) AB (ii) (iii)	Första Långgatan 18, 413 28 Gothenburg, Sweden
Switzerland	
Montana Bausysteme AG (ii) (iii)	Durisolstrasse 11, Villmergen, 5612, Switzerland
Turkey	
Tata Steel Istanbul Metal Sanayi ve Ticaret AS (ii) (iii)	Elmadag Harbiye Mahalessi Cumhuriyet Caddesi No: 48, Pegasus Evi Kat:7, Sisli, ISTANBUL, Turkey
UAE	
Tata Steel International (Middle East) FZE (ii) (iii)	PO Box 18294, Jebel Ali, Dubai, United Arab Emirates

United Kingdom	
137050 Limited (ii) (iii)	30 Millbank London SW1P 4WY
British Steel Trading Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Cogent Power Limited (ii) (iii) (x)	18 Grosvenor Place London SW1X 7HS
Corby (Northants) & District Water Co. (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus CNBV Investments (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels (UK) Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Group Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Holdings Limited (ii) (iii)	58 Morrison Street, Edinburgh, Scotland EH3 8BP
Corus International (Overseas Holdings) Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus International Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Property (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus UK Healthcare Trustee Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
H E Samson Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Runblast Limited (ii) (iii)	P O Box 4385 Cardiff CF14 8LH
Tata Steel UK Consulting Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Tata Steel UK Limited (ii) (iii) (iv) (viii)	18 Grosvenor Place London SW1X 7HS
The Newport And South Wales Tube Company Limited (ii) (iii) (x)	18 Grosvenor Place London SW1X 7HS
U.E.S. Bright Bar Limited (ii) (iii) (xiii)	154 Great Charles Street, Queensway, Birmingham. B3 3HN
UES Cable Street Mills Ltd (ii) (iii)	9 Albert Embankment, London. SE1 7SN
UK Steel Enterprise Limited (ii) (iii)	The Innovation Centre 217 Portobello Sheffield S1 4DP
USA	
Apollo Metals, Limited. (ii) (iii) (xi)	1001 Fourteenth Avenue, 18018-0045 Bethlehem, USA
Hille & Müller USA, Inc. (ii) (iii)	Delaware Avenue N.W., Warren, Ohio, 44485, United States
Hoogovens Usa, Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Rafferty-Brown Steel Co Inc Of Conn. (ii) (iii)	240 Huntingdon Ave, Waterbury, Connecticut, 06708, USA
Tata Steel International (Americas) Holdings Inc. (ii) (iii) (iv)	Wilmington Trust SP Services Inc., 1105 N Market Place, Wilmington, DE, 19899
Tata Steel International (Americas) Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Tata Steel USA, Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Thomas Processing Company (ii) (iii)	Delaware Avenue N.W., Warren, Ohio, 44485, United States
Thomas Steel Strip Corp. (ii) (iii)	2518 West Market Street, Warren, Ohio, 44485, United States

Classification key:

(i) Directly owned by Tata Steel Europe Limited
(ii) Indirectly owned by Tata Steel Europe Limited
(iii) Ordinary shares
(iv) Ordinary A shares
(v) Ordinary B shares
(vi) Ordinary C shares
(vii) Preference shares
(viii) Deferred shares
(ix) Deferred A shares
(x) Cumulative redeemable preference shares
(xi) Non-cumulative preference shares
(xii) No share capital
(xiii) UK and Irish subsidiaries currently in liquidation via a members Voluntary Liquidation

All subsidiaries are included in the consolidation of these financial statements.

Unless indicated otherwise, subsidiary undertakings are wholly owned within the Group.

Joint ventures, Joint operations and associates

England and Wales	
Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
Texturing Technology Limited (50%) (i) (iii) (JO)	PO Box 22, Texturing Technology Ltd, Central Road, Tata Steel Site Margam, Port Talbot, West Glamorgan, Wales, SA13 2YJ
Ravenscraig Limited (33%) (i) (iii) (JV)	58 Morrison Street, Edinburgh, Scotland EH3 8BP
Netherlands	
Gietwalsonderhoudcombinatie B.V. (50%) (i) (ii) (AS)	Staalstraat 150, 1951 JP Velsen-Noord
Hoogovens Court Roll Surface Technologies VOF (50%) (i) (viii) (JO)	WENCKEBACHSTRAAT 1, VELSEN NOORD, 1951 JZ, Netherlands
Hoogovens Gan Multimedia S.A. De C.V. (50%) (i) (vii) (AS)	Ave. I. Zaragoza 1300 sur, zona centro, Monterrey, Nueva Leon, c.p. 64000, Mexico
Laura Metaal Holding B.V. (49%) (i) (ii) (JV)	Rimburgerweg 40, 6471 XX Eygelshoven, Kerkrade, The Netherlands
Wuppermann Staal Nederland B.V. (30%) (i) (ii) (AS)	Vlasweg 15, 4782 PW Moerdijk, Netherlands
Turkey	
Tata Steel Ticaret AS (50%) (i) (ii) (JV)	İnönü Caddesi No:50 Devres Han Kat:3 34437 Gümüşsuyu-Beyoğlu Istanbul Türkiye, PEGASUS EVI KAT: 7, Turkey

Financial information relating to joint venture and associate companies is disclosed in Note 10.

Classification key:

(i) Owned by the Group
(ii) Ordinary shares
(iii) Ordinary A shares
(iv) Ordinary B shares
(v) Voting shares
(vi) Preference shares
(vii) 455,000 shares of the variable part ; 25,000 of the minimum fixed part of the capital stock
(viii) Partnership by agreement
(ix) Disposed post balance sheet date
(JV) Joint Venture
(JO) Joint Operation
(AS) Associate

Tata Steel Europe Limited
18 Grosvenor Place
London
SW1X 7HS
United Kingdom
T +44 (0)20 7717 4444
F +44 (0)20 7717 4455
Registered No: 05957565