Company registered number: 12303256

British Steel Limited

Annual Report and Financial Statements

for the period 1 January 2024 to 28 December 2024

Contents

Company Information

Directors	X Cao X F Han D P Hargreaves (resigned 6 October 2025) H Li W Zhang Z An
Company Secretary	D P Hargreaves
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Independent Auditor	MHA Chartered Accountants & Statutory Auditor 2 London Wall Place London EC2Y 5AU
Principal Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

Strategic Report

Introduction

The directors have the pleasure of presenting their Strategic Report together with the audited accounts of British Steel Limited ('BSL' or 'the Company') for the period ended 28 December 2024.

Ownership

Throughout 2024, the Company was a wholly owned subsidiary of Jingye Steel (UK) Holding Limited ('JSUK' or 'the Parent'), and its activities were managed as an integral part of the parent's operations. The ultimate parent company of JSUK is Jingye Group Co Ltd ('Jingye Group'), an unlisted company incorporated in China.

During 2025, operational control of BSL changed as a result of the Steel Industry (Special Measures) Act 2025 which was passed by the UK Government on 12 April 2025.

From 12 April 2025, operational control transferred to the Secretary of State. Post-transfer, BSL is therefore no longer considered a subsidiary of JSUK in accordance with IFRS 10 Consolidated Financial Statements. Despite loss of operational control, legal ownership remains with JSUK as at the date of approval of these financial statements.

Principal Activities

The principal activities of the Company are the manufacture and sale of steel long products. The Company produces its product via the process of basic oxygen steelmaking at its integrated steelworks in the UK at Scunthorpe, before rolling at one of its four rolling mills located in Scunthorpe, Teesside, Skinningrove, or at the group subsidiary in the Netherlands, FNsteel BV. FNsteel BV was disposed of on 5 September 2025.

The Company organises its commercial activities by major product group with offerings in Sections, Rods, Rail and Special Profiles as well as cast billets and slabs. The Company owns two distribution centres for construction steels located in both Teesside and Lisburn (Northern Ireland).

Strategic Activities

Capital expenditure was deliberately constrained throughout 2024 pending the outcome of extensive discussions with the UK Government regarding a potential support package for the Company's decarbonisation investment proposals. A significant amount of management time was dedicated to this process, engaging with the government and its advisors to conduct detailed due diligence on the business plan. Following the general election, the level of engagement intensified with the new Labour administration and the appointment of Jonathan Reynolds as Secretary of State for Business and Trade, as the business worked to secure its transition to a sustainable, low-carbon future.

As discussions between the Board of Jingye Group and the UK Government regarding potential support measures did not result in an agreement, the Company announced on 27 March 2025 the start of a consultation period to consider restructuring proposals. The proposals considered the closure of the blast furnaces, steelmaking operations and Scunthorpe Rod Mill. The UK Government was of the view that the supplies of raw material purchases required for safe and continued operation of the blast furnaces beyond the consultation period were not met by the Company and on 12 April 2025 the UK Government passed the Steel Industry (Special Measures) Act 2025 enabling the UK Government to take control of the Company and its assets in a move that stops short of nationalisation. The directors do not support the view that the supply of raw materials was not being met.

The UK Government is in negotiations with the current shareholder and is actively seeking a long-term solution for BSL's future, which may include third-party investment. This process is being undertaken in the context of the forthcoming UK Steel Strategy and aims to determine the future operational model and structure of BSL. The operations of the Company are dependent on the ongoing financial support from the UK Government. Further details are discussed in note 27 *'Events after the balance sheet date'*.

Under the UK Government's control, there has been an increased focus on health and safety within the business. As such, the Company continues to prioritise the health and wellbeing of employees whilst also maintaining safe operations in order to protect customers, suppliers and communities. A positive culture of risk management is promoted by the Board and addressed through continuous improvement and rigorous staff training.

Business Review

Macroeconomic Environment

UK trading conditions in 2024 remained challenging. UK steel production continued to contract, with output falling for the third consecutive year. The closure of blast furnaces (notably at Port Talbot) and reduced operations at Scunthorpe contributed to a drop in crude steel output, which fell by nearly 29% year-on-year. Domestic demand remained subdued, with UK steel deliveries to the domestic market dropping sharply. Exports also declined, and import penetration increased, with imports now accounting for around 60% of the UK market.

Steel prices in the UK fell to their lowest levels since 2020, with only a modest recovery seen in early 2025. The price decline outpaced reductions in input costs, squeezing margins. While energy prices moderated from their 2022 peaks, UK steelmakers continued to pay significantly more for electricity than their European competitors—up to 50% higher than in France or Germany.

Strategic Report (CONTINUED)

Macroeconomic Environment *(continued)*

The sector remains under pressure from high costs, weak demand, and global overcapacity. The new UK Government has committed £2.5bn, delivered through the National Wealth Fund, to support the steel industry's transition to net zero and drive decarbonisation and investment. Despite this significant commitment, trading conditions remain challenging.

Trading Performance

The trading performance for the Company in 2024 was poor, with the period characterised by extremely low production levels that fell below the low volumes achieved in 2023.

The Queen Victoria blast furnace was taken out of service in December 2023 following significant production issues toward the end of her campaign life. She was replaced by Queen Bess who came back into service in February 2024.

Production in the period was impacted by severe and persistent operational problems with the blast furnaces experiencing a number of 'chill' events (where a blast furnace loses thermal reserve and stops producing liquid iron) throughout the period. For a significant proportion of the period, the business was constrained to operating with only a single blast furnace, which severely limited production capacity.

This impacted steel making and down-stream rolling with liquid steel output falling by 24% year-on-year. Blast furnace instability also impacted production quality resulting in high 'plating' levels in the period where liquid iron cannot be accepted by the steel making process and is poured into pits for future recovery. This, combined with lower hot metal temperatures, limited the maximum amount of scrap that could be charged at the steel making process, further depressing output.

Key Performance Indicators

Operational headwinds impacted liquid steel production with output in the period of 1.3M tonnes (2023: 1.7M), a 24% reduction year-on-year.

Revenues decreased to £0.8bn (2023: £1.3bn) reflecting lower volumes. Other income decreased to £5.4M (2023: £44.6M) due to the timing of capital investment grant money received from the UK Government, as well as a prior year credit arising from the recalculation of interest payable on loans from related parties. Trading performance deteriorated to a total loss of £197.3M (2023 restated: £154.3M) before impairments for the financial period. The Company recognised £27.6M in impairments to non-current assets (2023 restated: £77.1M), primarily due to the long-term embedding of high energy prices and the anticipated retirement of existing primary steelmaking facilities.

The Company's result for the period after taxation and exceptional items was a loss of £254.2M (2023 restated: £253.9M), but despite these challenging conditions the Company continued to invest £63M (2023: £103M) in property, plant and equipment to support the business and discussions are ongoing with the UK Government regarding investments towards its long-term decarbonisation strategy and restructuring plans.

Prior Period Restatements

As part of the preparation of the 2024 financial statements, BSL has undertaken a review of its historical application of IAS 36 Impairment of Assets. This review identified that the Company's historical approach to identifying cash generating units ('CGUs') differed from the approach required by IAS 36, which requires CGUs to be determined based on the smallest group of assets that generate largely independent cash inflows.

In previous reporting periods, BSL assessed impairment at the level of individual business units, treating each as a separate CGU for the purposes of IAS 36. Under this approach, impairment losses were recognised only against heavy end assets in both 2022 and 2023.

Following a reassessment of the degree of integration across the business, management concluded the appropriate CGU for impairment testing was deemed to be BSL as a whole. This reinterpretation required the Company to revisit its historical impairment assessments.

As a consequence, the impairment charges recognised in 2022 and 2023 were lower than they would have been under the revised CGU assessment, and depreciation charges in those periods were correspondingly higher, reflecting the higher carrying amount of assets prior to the restatement.

In accordance with IAS 8, the comparative figures for 2022 and 2023 have been restated retrospectively to reflect the revised impairment assessment.

Further details, including a schedule of the financial statement line items impacted, are presented in note 28 *'Prior Year Restatements'*.

Financing

The Company adopts a blend of short-term and long-term funding to maintain an optimum cost of capital. Structural or capital investment is funded through long-term financing arrangements, whereas bridging and trade finance is generally short-term to maintain flexibility and minimise the cost of debt.

Strategic Report (CONTINUED)

Financing *(continued)*

In 2024, BSL benefitted from access to an external asset-backed receivable lending facility of £50M supplied by Secure Trust Bank plc. Jingye International (HK) Holdings Company Limited provided a further £400M committed lending facility to the JSUK Group, maturing in February 2026. The Company also benefitted from £510M support from the Jingye Group with £410M in short-term uncommitted lending facilities and £100M investment in ordinary share capital.

The impact on financing due to JSUK's loss of operational control of BSL in 2025 is described in the 'Future Developments' section of this report.

Cash Flow

Net cash outflow in the period was £17M (2023: £22M). This comprised an underlying trading loss before tax of £254.8M (2023 restated: £258.1M loss) combined with £295M (2023: £81M) of shareholder/related party funding in the period and movement on working capital.

The working capital turnover ratio (excluding the impact of arrangements with JSUK Group companies and related parties) for 2024 is 2.6 (2023: 3.7), with most of the working capital held in inventories and receivables.

Capital Expenditure

Capital expenditure was deliberately constrained throughout 2024 pending the outcome of extensive discussions with the UK Government regarding a potential support package for the Company's decarbonisation investment proposals.

Total capital expenditure in the period has been circa £63M (2023: £103M).

The impact on capital expenditure due to JSUK's loss of operational control of BSL in 2025 is discussed in the 'Future Developments' section of this report.

Balance Sheet

BSL net liabilities as at 28 December 2024 were £693.1M (2023 restated: £438.8M).

Net debt (excluding intercompany/related party arrangements) was £64M (2023: £32M) and intercompany/related party loans were £960M (2023: £711M). Intercompany debt with JSUK was £550M (2023: £277M). Related party debt with Hebei Jingye Cut Deal Co Ltd was £410M (2023: £434M). Cash and cash equivalents amounted to £17M (2023: £33M). Further details on borrowings can be found in note 18 *'Borrowings'*.

The impact on loan capital due to JSUK's loss of operational control of BSL in 2025 is discussed in the 'Future Developments' section of this report.

Raw Materials and Energy

Exposure to energy shortages and price increases are a present risk, due to disruption caused by conflict in Eastern Europe and sanctions on Russian businesses and products. These risks are closely monitored, and the Company continues to target measures to reduce its energy requirements and unit energy cost. See further discussion below under 'principal risks and uncertainties'.

Principal Risks and Uncertainties

The other principal risks and uncertainties affecting the Company include health, safety, environmental and other compliance matters, workforce, climate change, financing, cyber-attacks on information or operational technology, trading in the global steel market, long-term competitiveness, performance and operations, exchange rates and access to raw materials and energy.

<u>Health, safety, environmental and other compliance matters</u>

Risk

The priority of the Company at all times is the health, safety and wellbeing of staff and contractors. Available capital expenditure funding is therefore prioritised to this area. The Company is subject to numerous laws, regulations and contractual commitments relating to health, safety, the environment and regulatory compliance in the countries in which it operates.

Failure to comply could result in substantial costs, operational disruption, legal liabilities and reputational damage. The realisation of this risk would have an immediate and severe impact on operations, potentially leading to enforced shutdowns or restrictions, and could materially affect financial performance in the short-term.

Strategic Report (CONTINUED)

Principal Risks and Uncertainties *(continued)*

Mitigation

The Company has policies, systems and procedures in place aimed at ensuring compliance and there is a strong commitment from the Board and Executive Committee to continuously improve health and safety performance, enforce compliance and to minimise the impact of operations on the environment – see KPI figures on page 7 of the Strategic Report. The Company deploys a positive culture of managing health, safety and environmental (HSE) risks. BSL continually strives to improve safety performance by focusing on the five key subjects of leadership and accountability, risk assessment, incident process, planned general inspection and management of work. This includes the escalation of these risks to an HSE committee and conducting audits and other checks to ensure controls are adhered to. A key focus of operations and procurement is to minimise environmental impacts by selecting raw materials on environmental credentials as well as quality in order to minimise landfill tonnages and to identify external opportunities for use/sale of by-products. The Company is in increasing contact with local communities closest to its manufacturing operations to explain the measures taken to reduce emissions and avoid environmental nuisance and to listen to their concerns regarding the Company's activities.

Workforce

Risk

Maintaining a critical mass of engineers and other specialist functions remains a challenge within the Company due to the demand for these skills in the locations in which the business operates.

A shortage of these capabilities could lead to delays in maintenance and capital projects, reduced operational efficiency, and increased reliance on contractors at higher cost. If this risk materialises, the impact would be felt in the short- to medium-term, potentially constraining production capacity and affecting delivery commitments.

Mitigation

Strategic collaborations continue with universities, schools and talent programmes for graduates, apprentices and experienced hires to improve quality and retention as well as business continuity.

Climate change

Risk

The transition to low carbon steelmaking includes technological, policy and market risks. In addition, increased emission trading systems unit costs and future reductions in CO_2 allowance present a further financial exposure.

If these risks materialise, the implications include increased operating costs, potential non-compliance penalties, and delays in implementing decarbonisation projects. The impact would be felt progressively over the short- to medium-term, with long-term consequences for competitiveness and alignment with the UK Steel Strategy.

Mitigation

Recognising the need for environmental sustainability, the Company has ensured that the vast majority of capital projects in its 10-year plan seek to drive efficiencies across the steel manufacturing process and contribute to the reduction of emissions.

Financing

Risk

The Company is funded in part through asset-backed lending and shareholder loans. Operating within the specified covenants remains a risk for the business.

Breach of these covenants could restrict access to funding, trigger repayment obligations, and adversely affect liquidity. The realisation of this risk would have an immediate impact on short-term cash flow and could compromise the Company's ability to meet operational and strategic commitments.

Mitigation

The Company maintains routine short- and medium-term financial statement forecasting, including analysis of breach of covenants and their potential impact. Breaches of covenants have not had a material impact on the financing of the business. Forecast requirements continue to be closely monitored and downside sensitivities are undertaken regularly to ensure the adequacy of the facilities.

Digital resilience

Risk

The cyber environment in which BSL operates requires continuous scanning of threats and constant review of controls to prevent increasing risk exposure. The Company is committed to having the right cyber security standards and practices to ensure the Company is equipped to defend itself from cyber incidents.

Strategic Report (CONTINUED)

Principal Risks and Uncertainties *(continued)*

A successful cyber-attack could result in operational disruption, data loss, regulatory penalties, and reputational damage. If this risk materialises, the impact would be immediate, potentially halting critical systems and affecting short-term business continuity, with longer-term consequences for stakeholder confidence and compliance obligations.

Mitigation

A cyber security forum with representation from both the information technology and the process control environment has been established to evaluate security controls and practices. The Company does not currently hold insurance coverage for cyber-attacks; however, options for obtaining such coverage are under review. Technology solutions are continually being upgraded to stay current with the increased threat levels, and user-awareness campaigns are regularly run to reinforce the message with regard to cyber risk.

Trading in the global steel market

Risk

Financial performance is heavily influenced by the global steel market and economic and political factors particularly in the UK, Europe and the United States of America. The Company continues to experience a rise in imports in core markets against a backdrop of long-term declining demand. Whilst measures are in place to support UK producers, safeguards are based on historical import levels when demand was higher than today, and the measures do not address prices.

The implications of these risks emerging include margin erosion, reduced competitiveness and potential loss of market share. The impact would be felt in the short-term through pricing volatility and in the medium-term through structural changes in demand, requiring ongoing engagement with Trade Remedies Authorities to mitigate adverse effects.

Mitigation

BSL's commercial strategies continue to focus on core markets and key sectors whilst also identifying export opportunities. The Company continues to utilise tariff rate quota allocations which, in the main, serves the current level of exports and orderbook. The Company will continue to monitor and engage with emerging legislation and trade measures as required.

Long-term competitiveness

Risk

Manufacturing facilities are based mainly in the UK, which is a relatively high-cost area, where growth in demand for steel products is slower than in developing parts of the world. Increasing raw material costs and competing materials challenge the long-term competitiveness of the Company's products.

The implications of this risk include sustained margin pressure, reduced ability to invest in innovation, and potential loss of market share. The impact would be gradual but significant over the medium- to long-term, affecting strategic positioning and profitability.

Mitigation

The ambitious capital investment programme will significantly improve competitive capability by unlocking additional sales capacity, improving asset reliability and reducing costs. Furthermore, the Company is undertaking a number of initiatives including cost reduction measures and business-specific improvement plans. Recent delivered benefits under these schemes include renegotiation of onerous contracts and various strategic insourcing initiatives.

Performance and operations

Risk

Whilst the Company seeks to increase differentiated/premium business, which is less dependent on steel market price movements, it still retains focus on improving its operations, consistency and measures to protect against unplanned interruptions and property damage.

If this risk materialises, the implications include production delays, increased repair costs and potential loss of customer confidence. The impact would be immediate in the event of a major disruption, with short-term effects on output and financial performance and longer-term consequences for customer relationships.

Mitigation

Best practice in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management remain priorities for the business.

Strategic Report (CONTINUED)

Principal Risks and Uncertainties *(continued)*

Exchange rates

Risk

The Company derives most of its revenue in the UK and Europe, with the majority of its receipts in British pounds sterling (GBP) and Euros (EUR). Major raw material purchases are denominated largely in US dollars. As a result, the Company is impacted by the relationship between GBP, the Euro and the US dollar (USD). In general, a strengthening of sterling reduces the sterling value of export revenues from the UK and improves the relative competitiveness of steel producers in countries with weaker currencies, enabling them to discount prices in the UK market. In contrast, a strengthening of sterling reduces the sterling cost of the Company's raw materials, which are purchased predominantly in US dollars.

Fluctuations in exchange rates may reduce margins, constrain cash flow and diminish competitiveness in overseas markets. The effect would typically arise in the short- to medium-term as purchase contracts and sales invoices are settled.

Mitigation

The Company closely monitors the exchange rates on its key currencies of GBP, USD and EUR, but has not engaged to date in large-scale currency hedging programmes.

Raw materials and energy

Risk

The Company has limited access to captive iron ore and coal supplies. Therefore, access to and pricing of raw materials supplies depends, to a large extent, on worldwide supply and demand relationships, notably for iron ore, metallurgical coal, coke and scrap. Exposure to raw material shortages has not been a high risk historically. Supply disruption of raw materials beyond existing buffer stocks could arise, either from quarantine of the vessels if they come from high-risk countries, or disruption and restrictions in the country of origin of raw materials.

These disruptions could increase production costs and affect operational continuity. The impact would likely occur in the short-term if buffer stocks are exhausted, with prolonged shortages posing a medium-term risk to output and profitability.

Mitigation

Exposure to energy shortages and price increases are partially mitigated by the implementation of self-generation of electricity and by initiatives to improve energy efficiency, which continue to make significant progress. The UK Government continues to support energy-intensive industries (EIIs) such as steel with a range of measures focused on industrial competitiveness. These include compensation and exemptions to offset the burden of specific policy and network costs, such as the costs of renewable energy levies and electricity transmission charges. The company has also diversified its supply lines, with raw materials resourced from North America, South America, Europe, and Australasia.

Other Key Performance Indicators

The business monitors a wide range of indicators to assess performance. These include injury performance, production and sales volumes, margins by product group, inventory, and a wide variety of production statistics including yield and plant availability.

The key performance indicators (KPIs) monitored by the Board are as follows:

KPI	2024	2023 (restated*)
Loss before tax per tonne	**-£201**	-£155
Loss before tax and impairment per tonne	**-£179**	-£108
All injuries per million hours worked	**20.20**	23.90
Lost Time Injury Frequency Rate (LTIF) per million hours worked	**2.10**	1.90
Liquid steel production	**1.3mt**	1.7mt
CO_2 intensity per tonne of liquid steel on 1, 2 and 3 emissions	**2.866tCO_2/t**	2.382tCO_2/t

Loss before tax per tonne is a key indicator of investor return. All injuries and lost injury time are also monitored closely as a key indicator for employee wellbeing. Liquid steel production and CO_2 intensity are measured as key indicators of plant productivity and environmental liabilities.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

Strategic Report (CONTINUED)

Employees

Health and safety

The safe operation of all sites is a top priority for BSL. The Company continues to work closely with the Competent Authorities to continually improve and mature processes for both Occupational and Process Safety. To maintain safeguards and the health and wellbeing of the workforce, the Company conducted (and continues to conduct) audits and checks to ensure systems and controls are followed. The Company reviewed its Management of Change (MOC) process and developed and deployed a refreshed and improved system across the business.

BSL actively strives to continually improve safety performance and remains focused on five key subjects – Leadership and Accountability; Risk Assessment; Incident Process; Planned General Inspection; and Management of Work. These key topics remain at the heart of the Company's Health and Safety Management system.

Employee numbers

As at 28 December 2024, staff numbers were 3,931 (2023: 4,226). The average for the period (as per note 6 *'Employee costs'*) was 4,163 (2023: 4,271). The Company continue to recruit in line with its strategic plan with a focus on BSL employment rather than utilising external contractors.

Employment policies

The Company regards its people as its greatest asset, and employment values and policies are built upon an approach to work that is characterised by pride, passion and performance. A key component of this approach is maintaining a two-way conversation between the Company, and its employees and trade unions. This ensures that colleagues, along with their health, safety and wellbeing, remain central considerations in all decision-making processes.

BSL is an equal-opportunities employer, committed to ensuring fairness and equality for all employees, regardless of their background or role within the business. The Company recognises the value that every team member brings and seeks to support individuals in their personal development journeys, whatever direction their career may take.

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities, and employs them where suitable work can be found. The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed. All reasonable measures are taken to ensure that disabled employees are given the opportunity and facilities to participate fully in the workplace, in training and in career development, and promotion opportunities. In addition, every effort is made to find appropriate alternative jobs for those who have become disabled while working for the business.

BSL continues to invest in employees' careers by providing a range of training and development activities. The Company has adopted a flexible approach to working, placing the safety and wellbeing of employees at its heart. A proactive and robust framework has been implemented to support individuals in promoting mental wellness for themselves and others.

Employment policies will continue to evolve to meet the changing needs of both the Company and its workforce.

Pension arrangements

Pension arrangements for employees in the UK are provided by way of a defined contribution scheme. The principal defined contribution pension scheme in the Company as at 28 December 2024 is the British Steel Limited Pension Plan. Further details on these schemes are provided in note 22 *'Pensions and post-retirement benefits'*.

Gender Pay

Government regulations require all large employers to publish information on their gender pay gap between the average earnings of men and women. The gender pay gap is not the same as equal pay. Equal pay ensures that men and women receive the same pay for carrying out the same or equivalent work. The gender pay gap is a simple average figure for all employees within the UK workforce, regardless of what job they do. Historically, the manufacturing industry primarily attracted male applicants. Around 90% of the current workforce is male, rising to approximately 99% within production environments. BSL is actively encouraging the recruitment and development of more women into this industry and the business. The British Steel Limited gender pay gap report is published online (see www.britishsteel.co.uk).

Modern Slavery Act

In accordance with section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015, the Company is required to publish a statement setting out the steps it is taking to prevent modern slavery in business and supply chains. This statement is published online (www.britishsteel.co.uk).

Research and Development

The Company's research programme has two main aspects. Firstly, through a dedicated research hub at the British Steel R&D Centre in Sheffield's Advanced Manufacturing Park, and secondly, utilising distributed research across the business as a whole. Both research avenues work in concert and research various projects for product and process development. Additionally, the business engages suitably qualified external consultants to ascertain and claim R&D tax credit (RDEC) on qualifying work undertaken by the Company's R&D centre and the wider business.

Strategic Report (CONTINUED)

Financial Risk Management

BSL financial risk management is based upon sound economic objectives and good corporate practice. The Company's main financial risks are as follows:

- *Price Risk*: The Company manages price risk by procuring raw materials on a floating price basis and minimising physical inventory to align the price point of raw materials with committed sales orders.
- *AR Risk Management*: The Company's policy is not to trade uninsured, with exceptions decided by the finance director and chief commercial officer. The Company has a 95% coverage policy via Allianz Trade.
- *Cash Flow Management*: Day-to-day cash flow is managed via a rolling daily cash flow forecasting process, a 13-week short-term cash flow combined with a periodic indirect cash flow requirement assessment.
- *Liquidity Risk:* Liquidity risk is managed through the ongoing monitoring of forecast and actual cash flows mentioned above and by maintaining appropriate financing arrangements. Weekly liquidity reviews are conducted with the Group CFO.
- *FX Hedging*: FX hedging is deployed and where possible, a natural hedge is used by selling in USD. The main exposure is on the USD/EUR currency pair.
- *Inventory Obsolescence Risk*: Inventory obsolescence risk is mitigated through most products being made to order. The Company has an aged stock write-down process for any stock that may take time to liquidate.

Future Developments

As discussions between the Board of Jingye Group and the UK Government regarding potential support measures did not result in an agreement, the Company announced on 27 March 2025 the start of a consultation period to consider restructuring proposals. The proposals considered the closure of the blast furnaces, steelmaking operations and Scunthorpe Rod Mill. The UK Government was of the view that the supplies of raw material purchases required for safe and continued operation of the blast furnaces beyond the consultation period were not met by the Company, and on 12 April 2025, the UK Government passed the Steel Industry (Special Measures) Act 2025 enabling the UK Government to take control of the Company and its assets in a move that stops short of nationalisation. The directors do not support the view that the supply of raw materials was not being met. Under section 2 of the Act the Secretary of State may direct the company or its officers to preserve or continue the use of specified assets and prohibit insolvency actions. While operational control has been assumed by the UK Government, the shares of BSL remain legally held by JSUK as at the date of approval of these financial statements.

The Company is awaiting commercial resolution on future ownership and whether this comprises nationalisation or involves government participation. The mechanism, timing and probability for any legal transfer of ownership remain uncertain.

During this period of uncertainty, the directors remain focused on delivering strategies to ensure the future success of the business. In the short-term, the Company's focus is on maintaining stable operations and strengthening the Company's financial position.

Discussions with the UK Government remain ongoing regarding the Company's long-term aspirations to become a clean, green and sustainable business, in line with customer expectations. A number of options are still under consideration, including transition to electric arc furnaces, with a decision yet to be made. Under these proposals, the Company would build new facilities for steel making and casting as well as upgrading the business's existing rolling mills.

These actions form part of the Company's broader long-term strategy to contribute positively to a low-carbon economy. Alternative long-term financing from either the UK Government or future owner would be required to replace the existing related party loan finance and support the proposed capital expenditure.

Non-Financial Sustainability Information Statement

The Company is exempt from disclosing energy and carbon information under the UK Government's Streamlined Energy and Carbon Reporting (SECR) legislation, as it is a subsidiary undertaking, which the directors intend to include in the group report of its UK parent company, Jingye Steel (UK) Holding Limited, which is expected to comply with the relevant reporting requirements.

The Company is exempt from making separate climate-related financial disclosures under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, as its activities are included within the consolidated group report of its UK parent company, Jingye Steel (UK) Holding Limited, which is expected to comply with the climate-related financial disclosure requirements.

Section 172, Companies Act 2006

This report sets out how the directors have had regard to the matter set out in 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:

Strategic Report (CONTINUED)

Section 172, Companies Act 2006 *(continued)*

- the likely consequences of any decision in the long-term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The BSL Board is responsible for control and oversight of the Company's affairs, for setting strategic priorities, supporting stakeholder engagement, including communication with JSUK's ultimate parent company in China, Jingye Group Co Ltd. As is usual in large companies, the Board delegates authority for day-to-day management of BSL to an executive committee led by the Chief Executive Officer, which sets, approves and manages the execution of business strategy.

The BSL Board promotes high standards of corporate governance throughout the organisation and holds board meetings as required to consider matters relevant to the JSUK Group. Board meetings were held during the period ended 28 December 2024, with additional executive committee meetings held regularly. These meetings were held both electronically via Microsoft Teams and physically in person, and decisions were also made by circulation where appropriate. New directors inducted into the Company are made aware of their directorship duties, including section 172(1) of the Companies Act 2006. The Board is conscious of the impact its business decisions have on stakeholders as well as the wider impact on society. The Board recognises that, given the complexity of the Company, not all decisions taken will align with all stakeholder interests. Accordingly, the BSL Board has taken decisions in the period that it believes best support the Company's strategic objectives.

As of 12 April 2025, the Board operate under the provisions of the Steel Industry (Special Measures) Act 2025. The accounting firm Ernst & Young ('EY') was appointed by the UK Government to provide full advisory management support services.

The likely consequences of any decision in the long-term

Each year, the BSL Board approves an annual plan for the Company and monitors its implementation throughout the year through detailed review of operational and financial performance. The Board also observes external factors, including the steel industry outlook and global and economic market conditions. As set out in the delegated authority framework, the Board reviews proposals for the allocation of capital expenditure to support the annual plan and future sustainability of the Company. The Board takes into consideration guidance received from its parent company, JSUK, and has sought to align capital allocation within the cash flows generated, while ensuring capital expenditure for safety compliance and essential maintenance received the highest priority. The Board also reviews proposals for contracts greater than five years and other material items. As set out in the Statement of Corporate Governance Arrangements on pages 14 to 16 of this annual report, any Board proposal is required to include detailed criteria to inform directors in their decision making.

The Board is mindful of the Company's decarbonisation objectives and considers it in strategic decisions where relevant.

The interests of the Company's employees

Disclosures in relation to BSL employees are set out in this report and in the Statement of Corporate Governance Arrangements on pages 14 to 16 of this annual report. The Board has regard to the interests of employees in its decision making and engages with employees and employee representatives as appropriate. The Board recognises the importance of attracting, retaining and motivating employees to deliver strategic objectives, and prioritises the health, safety and wellbeing of its workforce.

Certain employees continue to work from home. Engagement with employees has increased to ensure that, even though employees may be isolated, they do not feel alone or excluded and there has been enhanced communication throughout the organisation including videos, emails and bringing teams together online.

The need to foster the Company's business relationships with suppliers, customers and others

The Board has oversight over all stakeholder relationships and has regard to these relationships in its decision making.

Through the Chief Executive Officer, and the commercial and procurement functions, the Company develops strong processes to manage and enhance relationships with suppliers, customers and others. This includes understanding their evolving needs and new trends in order that BSL can adapt to meet those needs. Further information can be found in this Strategic Report and in the Statement of Corporate Governance Arrangements under *'Stakeholder relationships and engagement'* on page 15 of this annual report.

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 the communities in which the Company operates and reviews environmental performance against BSL goals.

Strategic Report (CONTINUED)

Section 172, Companies Act 2006 *(continued)*

A key ambition is for the Company to achieve carbon neutrality by 2050, with phased reductions in CO_2 emissions targeted for 2030 and 2035. This objective will be pursued through significant investment in new technologies, increased use of recycled materials, and ongoing improvements in energy efficiency. The Company is committed to supporting the transition to low-carbon steel production in line with national and international climate goals, notably those being developed by the UK Steel Council and the UK Climate Change Committee.

As a major employer, BSL acts as a cornerstone for local businesses. The Company also supports several community initiatives.

The desirability of the Company making a reputation for high standards of business conduct

The Board is committed to maintaining BSL's reputation and a high standard of business conduct in all its business dealings. The Company expects honesty, integrity and transparency in all aspects of its business dealings from employees, contractors and other partners. The Board reviews and approves control measures and frameworks to uphold ethical principles and high standards of corporate and personal conduct. BSL has in place 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 Company also requires senior management and relevant employees to undertake mandatory compliance training and assessments.

The need to act fairly between members of the Company

The Board aims to act with fairness and integrity in all of its dealings and considers all stakeholders when making decisions for the overall good of the Company.

Approval of Strategic Report

The Strategic Report for the Company has been prepared in accordance with, and in reliance upon, 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.

Approved by the Board on 14 July 2026 and signed on its behalf by:

签署人：
Xifeng Han 2026年7月14日
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X F Han
Director

Directors' Report

The directors present their report and the audited financial statements of the Company for the period ended 28 December 2024.

The Board

The directors of the Company are listed on page 1.

X Cao, X F Han, H Li and W Zhang held office as directors of the Company throughout the financial period and up to the date of signing these financial statements.

D P Hargreaves served as director of the Company throughout the financial period and resigned on 6 October 2025.

Z An was appointed as a director of the Company on 21 June 2024.

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 Company (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' and officers' liability insurance.

Dividends

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

Political Donations and Political Expenditure

The Company does not make any political or charitable donations and none were made during the period (2023: £nil).

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

MHA 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.

The auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP.

Going concern

The financial statements have been prepared on a going concern basis in accordance with IAS 1 which requires management to assess the entity's ability to continue as a going concern for at least twelve months from the date of approval of these financial statements. Management has performed a rigorous evaluation of the Company's ability to continue as a going concern, including detailed cash flow forecasts, stress testing under severe but plausible scenarios, and assessment of covenant compliance. The assessment identified a material uncertainty relating to the Company's reliance on continued financial support from the UK Government.

The Company has made a loss before tax in the period ended 28 December 2024 of £254.8M (2023 restated: £258.1M) after impairment of non-current assets of £27.6M (2023 restated: £77.1M) and with losses continuing into 2025. Prior to the transfer of operational control to the UK Government, the Company was funded mainly through debt facilities provided by entities under the control of Jingye Group and had a total amount of debt outstanding of £1,006.3M (see note 18 'Borrowings'). These borrowings are contractually repayable before 28 February 2026. However, the settlement and future treatment of these balances remain subject to ongoing discussions between the UK Government and Jingye Group. The Company had net liabilities at the period-end of £693.1M (2023 restated: £438.8M).

Following the enactment of the Steel Industry (Special Measures) Act 2025 ('the Act') in April 2025 and the transfer of operational direction to His Majesty's Government ('HMG'), the directors do not expect that additional financial support will be provided by

Directors' Report (CONTINUED)

Going concern *(continued)*

the Jingye Group. Accordingly, the Company is reliant on continued financial support from the UK Government to meet its operational and liquidity requirements.

Since 12 April 2025, the Company has been operating under the direction of HMG pursuant to the Act for the specific purpose of ensuring the continued safe operation of the blast furnaces at Scunthorpe. Financial assistance has been, and is expected to continue to be, provided under the Act. £359M of working capital funding has been provided by the UK Government since April 2025.

The directors have received a letter from the Department for Business and Trade confirming the UK Government's intention to continue working with the Company regarding future funding and support under the Act. The letter refers to the government's broader commitment of up to £2.5bn to support the UK steel sector as a whole, including through mechanisms such as the National Wealth Fund. However, no specific amount of funding has been formally allocated or committed to the Company. The letter is indicative of the UK Government's current intention to provide support but does not constitute a legally binding commitment to provide funding.

The Company's base case forecast indicates that, in order to continue operations and meet its liabilities as they fall due over the next twelve months, additional external funding support in the range of approximately £275M to £330M will be required, depending on trading performance and working capital movements. The base case assumes continued government funding at a level broadly consistent with support provided to date. No legally binding committed funding facility is currently in place.

Management has performed sensitivity analysis on the base case forecast, including:

- A reduction in forecast EBITDA arising from lower sales volumes or raw material cost prices;
- Withdrawal or non-renewal of existing banking facilities;
- Delays or shortfalls in anticipated UK Government funding support; and
- Adverse movements in working capital requirements.

Under severe but plausible downside scenarios, additional funding beyond the base case requirement would be necessary to maintain liquidity.

In parallel with funding discussions, management are progressing strategic plans to improve operational efficiency and reduce carbon intensity, aligning with industry and government objectives. Regular reviews of financial performance, rigorous cost control initiatives, and risk management processes are in place to preserve working capital and ensure that any emerging issues are addressed promptly. While these measures are expected to improve operational resilience and reduce cash outflows, they do not eliminate the requirement for continued external funding support during the forecast period.

While repayment obligations remain, legal protections under the Steel Industry (Special Measures) Act 2025 provide safeguards that mitigate immediate liquidity risk. The Secretary of State may direct the Company to refrain from initiating or permitting insolvency proceedings where necessary to secure the continued and safe use of specified assets. It also provides indemnity for individuals acting in compliance with government directions, ensuring no personal liability for actions taken in good faith under the Act. While these provisions reduce the risk of near-term insolvency and creditor enforcement action, they do not in themselves constitute committed funding and do not remove the Company's underlying requirement for continued financial support.

The future ownership structure of BSL is subject to ongoing negotiations between the UK Government and the Jingye Group, which will determine the settlement of outstanding related party loans.

These events and conditions indicate that the Company is reliant on continued financial support from the UK Government to meet its obligations as they fall due over the going concern period. As no legally binding funding commitment is currently in place, this reliance represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Nevertheless, based on the forecasted cash flows, the funding provided to date, the statutory protections under the Act, and the directors' expectation that further financial assistance will be made available as required under the Act, the directors anticipate that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly, the accounts have been prepared on a going concern basis.

Post balance sheet events

Share issues

On 30 December 2024, 260M shares with a nominal value of £1 each were allotted and paid up in BSL. The consideration for these shares comprised of a £260M shareholder loan offset from the Parent company, Jingye Steel (UK) Holding Ltd.

Jingye Steel (UK) Holding Ltd loss of control in British Steel Limited

As discussions between the Board of Jingye Group and the UK Government regarding potential support measures did not result in an agreement, the Company announced on 27 March 2025 the start of a consultation period to consider restructuring proposals. The proposals considered the closure of the blast furnaces, steelmaking operations and Scunthorpe Rod Mill. The UK

Directors' Report (CONTINUED)

Post balance sheet events *(continued)*

Government was of the view that the supplies of raw material purchases required for safe and continued operation of the blast furnaces beyond the consultation period were not met by the Company and on 12 April 2025 the UK Government passed the Steel Industry (Special Measures) Act 2025 enabling the UK Government to take control of the Company and its assets in a move that stops short of nationalisation. The directors do not support the view that the supply of raw materials was not being met.

The government has made a commitment to the long-term future of the steel industry in the UK and BSL is expected to maintain existing steelmaking operations over the medium-term. While control of BSL is in the hands of the UK Government and its advisors, it continues to be owned by JSUK with commercial resolution expected in the coming months.

Consequently, the future ownership structure of BSL is subject to ongoing negotiations between the UK Government and JSUK, which will also determine the settlement of outstanding related party loans. The UK Government's long-term plan for BSL, and whether this involves nationalisation, third-party investment, or settlement of intercompany loan balances, will be informed by these discussions.

In the short- to medium-term, the UK Government is expected to finance BSL's operational requirements; future funding may involve third-party participation alongside government support, depending on the commercial resolution.

The long-term strategy for BSL will be to align to the government's UK Steel Strategy, which is still in development. Plans to transition to electric arc furnace technology remain integral to this strategic alignment.

Sale of FNsteel BV

On 5 September 2025, JSUK completed the sale of FNsteel BV, a subsidiary of the parent group, to Ferrobridge Holding BV through a management buyout. The transaction resulted in the reassignment of BSL's outstanding trade receivables of £28.8M (€33.3M) with FNsteel BV to JSUK in exchange for a reduction of the intercompany loan balance between BSL and JSUK. The transaction does not have a material impact on the Company's ability to continue as a going concern.

Statement of Corporate Governance Arrangements

The Company operates in accordance with a set of core values that guide how value is derived to the shareholder and the wider community, and how interactions are managed with stakeholders, including the shareholder, employees, customers and suppliers. No specific corporate governance code was applied during the financial period.

The corporate governance arrangements are as follows:

Purpose and leadership

The Board is responsible for oversight functions and, in consultation with the shareholder, sets the overall strategy of the Company and monitors performance. The Board delegates authority for day-to-day management of the Company's affairs to the Executive Committee.

The Board, in collaboration with the employees of the business, are engaged in a consultation process to establish the Company's vision and mission statement. The Company's values guide and inform all activities and reflect its principles as a business.

Board members hold regular meetings with senior management to monitor Company performance and the effectiveness of the Company's overall strategy.

Board composition

The Board comprises five directors (six directors as at 28 December 2024) with an appropriate balance of skills, experience and knowledge for the sector in which the Company operates. Each director has clear responsibility for separate parts of the business. The size and structure of the Board is appropriate for the Company.

The Board are supported by an Executive Committee, which through the financial period comprised the Chief Executive Officer, Chief Financial Officer, Chief Commercial and Procurement Director, Production Director, HR Director, Legal and Compliance Director, Chief Marketing Officer, Finance Director, SHEQ Director and IT Director.

As of 12 April 2025, the Board operate under the provisions of the Steel Industry (Special Measures) Act 2025. The accounting firm Ernst & Young ('EY') was appointed by the UK Government to provide full advisory management support services.

The directors also hold regular operational meetings with their respective leadership teams and attend the Executive Committee meetings on a weekly basis to monitor business performance and agree required actions.

The Company is committed to the ongoing professional development of the Board, and the directors embrace such opportunities and ensure that they have sufficient time to discharge their duties.

Directors' Report (CONTINUED)

Statement of Corporate Governance Arrangements *(continued)*

Regular evaluation of the Board helps individual directors to contribute effectively and serves to highlight the strengths and weaknesses of the Board as a whole. The Executive Committee acts on the recommendations of such evaluations, such an approach being an integral part of refreshment and succession planning.

Subsequent to JSUK's loss of operational control in 2025, interim changes have been made to the composition of the Board. Notwithstanding this period of uncertainty, the fundamental principles guiding the Company's Board and Committee governance have remained consistent and continue to be applied effectively.

Directors' responsibilities

The Board seeks to ensure that the necessary financial, operational and human resources are in place for the Company to meet its objectives, review management performance and ensure obligations to shareholders and other stakeholders are understood and met. All directors have a clear understanding of their roles and have access to the Legal Director for advice on their responsibilities and regulatory matters. All directors have received up-to-date training from the Legal Director on their directors' duties and responsibilities.

The Board and Executive Committee receive regular and timely information on all key 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. Authority to Commit (ATC) papers setting out proposals for approval are required to include background, rationale and business case, options, financial analysis, risk assessment and timelines to help inform directors with their decision making.

Health, Safety and Environment (HSE) matters are reviewed by a HSE Committee, chaired by the HSE Director and attended by the Production Director. The Production Director reports to the Board and Executive Committee on health and safety performance at each of its scheduled meetings and on the actions being taken to improve performance.

Opportunity and risk

The Company continues to invest in long-term financial stability and sustainable value growth, and the directors and Executive Committee monitor the progress and implementation of the investment programme against the Company's strategic objectives.

To align with the UK Government's Steel Strategy, BSL's investment programme focuses on four key areas: production growth; asset investment and environmental commitments; cost reduction; and decarbonisation strategy. These initiatives are designed to strengthen competitiveness and manage emerging risks in order to secure the Company's future.

The principal risks and uncertainties affecting the Company and mitigating actions taken in respect of them are set out in the Strategic Report. The Company operates risk management processes across its departments, with each business unit maintaining and updating a detailed risk register for its area, to assist the directors' understanding of the key risks for the Company and help ensure that systems and controls are operating effectively. The Company is currently reviewing its risk management processes with a plan to adopt an enterprise risk management (ERM) framework.

Remuneration

The Company seeks to provide competitive remuneration packages that will attract and retain executives of the calibre required to take forward the Company's strategy. Remuneration comprises a base salary, competitive benefits package and bonus structure linked to overall Company performance. External benchmarking of remuneration is undertaken periodically to ensure alignment with good practice and the market.

Stakeholder relationships and engagement

The Board recognises the importance of effective communication with its stakeholders in order to deliver its purpose, values, vision, mission and strategy and ensure protection of relationships, reputation and brand. Stakeholders include its shareholder, customers, suppliers, employees and employee-representatives, pensioners, banks, Government bodies, and the local communities in which the Company operates.

As of 12 April 2025, the Board operate under the provisions of the Steel Industry (Special Measures) Act 2025. The accounting firm Ernst & Young ('EY') was appointed by the UK Government to provide full advisory management support services.

Information disclosed in the Company's Strategic Report

Financial risk management disclosures are included in the strategic report given their strategic importance.

Information on the Company's research and development activities, as required under section 416(4) of the Companies Act 2006, is set out in the Strategic Report on page 8.

Directors' Report (CONTINUED)

Statement of Corporate Governance Arrangements *(continued)*

Details of the Company's future developments, as required under the Companies Act 2006, are provided in the Strategic Report on page 9.

Information on employees and engagement with employees, as required under section 414C of the Companies Act 2006, are included in the Strategic Report on pages 8 and 10.

The statement on engagement with suppliers, customers and others in a business relationship with the company, as required under the Companies Act 2006, is contained in the Strategic Report on page 10.

Information disclosed in the Parent company Strategic Report

In accordance with section 414C of the Companies Act 2006, the directors have chosen to disclose the following information in the JSUK Group Strategic Report:

- Streamlined energy & carbon reporting emissions information
- Climate-related financial disclosures

As at date of this report, the group accounts of Jingye Steel (UK) Holdings Limited for the financial period ended 28 December 2024 are still in the process of being prepared and will be available in due course.

Approved by the Board on 14 July 2026 and signed on its behalf by:

签署人：
Xifeng Han 2026年7月14日
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X F Han
Director

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and the Companies Act 2006).

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 Company and of the profit or loss of the Company 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 14 July 2026 and signed on its behalf by:

签署人：
Xifung Han 2026年7月14日
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X F Han
Director

Independent Auditor's Report to the Members of British Steel Limited

Opinion

We have audited the financial statements of British Steel Limited for the period ended 28 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 December 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – prior period restatement

We draw your attention to Note 28 of the financial statements, which describes the restatement of the prior year comparative information following a reassessment of the Company's cash-generating unit structure for the purposes of impairment testing under IAS 36. As a result of this reassessment, impairment losses recognised in prior periods have been revised and the comparative figures have been restated accordingly. Our opinion is not modified in respect of this matter.

Emphasis of matter - disclosure exemptions

We draw your attention to note 1 of the financial statements and the exemptions taken in respect of disclosures which will be made in the consolidated financial statements of Jingye Steel (UK) Holdings Limited which are in the process of being prepared and which will be available in due course. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to Note 1 in the accounting policies. During 2025, the Secretary of State assumed operational control of the Company. The Company's ability to continue as a going concern is therefore dependent on the extent and timing of future funding provided by the UK Government. While a total budget of £2.5 billion has been committed to rebuilding the UK steel sector, uncertainty remains as to the level of funding that will be allocated to the Company.

These events or conditions along with the matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt to the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources are required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Company's cash flow projections.
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.
- The consideration of the protections from potential insolvency actions by creditors or other stakeholders arising from the provisions of the Steel Industry (Special Measures) Act 2025, including the powers of the Secretary of State to direct the Company in relation to the continued operation of specified steel assets.
- The consideration of the non-binding letter received by the Company from the Department for Business and Trade indicating the Government's stated intention to continue supporting the UK steel industry and, in turn, the Company, including holding discussions with representatives of the Department to understand the Government's stated intentions.

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

Independent Auditor's Report to the Members of British Steel Limited (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We draw your attention to the director's report and the exemptions taken in respect of the disclosures which will be made in the strategic report of Jingye Steel (UK) Holdings Limited which are in the process of being prepared and which will be available in due course.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of British Steel Limited (CONTINUED)

Auditor 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 auditor's 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation, Steel Industry (Special Measures) Act 2025 or those that had a fundamental effect on the operations of the Company.
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining fair value less costs of disposal of non-current assets.

Independent Auditor's Report to the Members of British Steel Limited (CONTINUED)

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board of directors meetings;
- audit procedures performed by the engagement team in connection with the risks identified included:
    - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
    - identifying and testing journals entries, including those post-trial balance adjustments on the financial statements and those posted by infrequent or unusual users;
    - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
    - challenging the assumptions and judgements made by management in its significant accounting estimates;
    - obtaining an understanding of how the Company complies with applicable laws and regulation requirements by discussions with management and internal legal representatives;
    - discussing with management and internal legal representatives, including consideration of known or suspected non-compliance with laws and regulations and fraud, agreeing to supporting correspondence from regulators and confirming such matters with external legal counsel where applicable;
    - obtaining confirmations from third parties to confirm existence of a sample of transactions and period end balances; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

R Shaunak

Rakesh Shaunak FCA (Senior Statutory Auditor)
for and on behalf of MHA
Statutory Auditor

London, United Kingdom

15 July 2026

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

Statement of Comprehensive Income
for the period ended 28 December 2024

	Note	**2024 £'000**	2023 (restated*) £'000
Revenue	*2*	**829,052**	1,259,703
Other operating income	*3*	**6,510**	72,060
Operating costs excluding impairment and expected credit loss	*4*	**(1,031,295)**	(1,482,696)
Impairment of non-financial assets	*12*	**(27,585)**	(77,072)
Expected credit loss	*15*	**(1,526)**	(3,412)
Operating costs	*4*	**(1,060,406)**	(1,563,180)
Operating loss		**(224,844)**	(231,417)
EBITDA		**(189,090)**	(154,125)
Impairment	*12*	**(27,585)**	(77,072)
Depreciation	*4*	**(8,169)**	(220)
Operating loss	*5*	**(224,844)**	(231,417)
Finance income	*8*	**519**	236
Finance costs	*9*	**(30,514)**	(26,886)
Loss before taxation		**(254,839)**	(258,067)
Tax credit	*10*	**602**	4,193
Loss for the financial period		**(254,237)**	(253,874)
Total comprehensive loss for the period		**(254,237)**	(253,874)
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**(254,237)**	(253,874)
Total comprehensive loss for the period		**(254,237)**	(253,874)

All references to 2024 in these financial statements, the accounting policies, and the related notes 2 to 28 refer to the accounting period from 1 January 2024 to 28 December 2024, or as at 28 December 2024, as appropriate.

All references to 2023 in these financial statements, the accounting policies, and the related notes 2 to 28 refer to the accounting period from 1 January 2023 to 31 December 2023, or as at 31 December 2023, as appropriate.

All results derive from continuing operations. There was no item of other comprehensive income during the period (2023: nil).

The notes on pages 25 to 48 form an integral part of the financial statements.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

Statement of Financial Position
as at 28 December 2024

	Note	2024 £'000	2023 (restated*) £'000	1 January 2023 (restated*) £'000
Assets				
Non-current assets				
Intangible assets	*11*	-	-	-
Property, plant and equipment	*12*	-	-	-
Right-of-use assets	*13*	-	-	-
Other receivables	*19*	**11,914**	-	-
		11,914	-	-
Current assets				
Inventories	*14*	**338,063**	326,409	496,301
Trade and other receivables	*15*	**172,455**	228,888	235,248
Current tax asset	*16*	**11,404**	10,667	1,642
Cash and cash equivalents		**16,710**	33,219	54,943
		538,632	599,183	788,134
Liabilities				
Current liabilities				
Trade and other payables	*17*	**(134,429)**	(179,461)	(304,165)
Borrowings	*18*	**(456,643)**	(459,149)	(386,637)
Lease liabilities	*19*	**(2,626)**	(2,454)	(5,602)
		(593,698)	(641,064)	(696,404)
Net current (liabilities)/assets		**(55,066)**	(41,881)	91,730
Non-current liabilities				
Borrowings	*18*	**(549,684)**	(276,582)	(243,585)
Lease liabilities	*19*	**(31,508)**	(34,135)	(38,416)
Deferred tax liabilities	*20*	-	-	-
Provisions	*21*	**(68,730)**	(86,239)	(94,692)
		(649,922)	(396,956)	(376,693)
Net liabilities		**(693,074)**	(438,837)	(284,963)
Equity				
Called up share capital	*24*	**100,000**	100,000	-
Accumulated losses	*25*	**(793,074)**	(538,837)	(284,963)
Equity attributable to owners of the Company		**(693,074)**	(438,837)	(284,963)
Total deficit		**(693,074)**	(438,837)	(284,963)

The notes on pages 25 to 48 form part of these financial statements.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

The financial statements were approved and authorised for issue by the Board of Directors on 14 July 2026 and signed on its behalf by:

签署人：
Xifeng Han 2026年7月14日
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X F Han
Director

British Steel Limited
Company registration no. 12303256

Statement of Changes in Equity
for the period 1 January 2024 to 28 December 2024

	Called up share capital £'000	(Accumulated losses) / Retained earnings £'000	Total equity / (deficit) £'000
At 1 January 2023, as previously reported	-	(122,768)	(122,768)
Impact of correction of errors*	-	(162,195)	(162,195)
At 1 January 2023 (restated*)	-	(284,963)	(284,963)
Share capital issued	100,000	-	100,000
Loss for the year (restated*)	-	(253,874)	(253,874)
Other comprehensive income	-	-	-
Total comprehensive loss (restated*)	-	(253,874)	(253,874)
At 1 January 2024 (restated*)	**100,000**	**(538,837)**	**(438,837)**
Share capital issued	-	-	-
Loss for the period	-	(254,237)	(254,237)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(254,237)	(254,237)
At 28 December 2024	**100,000**	**(793,074)**	**(693,074)**

Total equity is wholly attributable to the owners of the Company

The notes on pages 25 to 48 form an integral part of the financial statements.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

Notes to the Financial Statements
for the period 1 January 2024 to 28 December 2024

1 Accounting policies

Basis of preparation

British Steel Limited ('the Company') is a private company, limited by shares, incorporated in England and Wales with company number 12303256 and domiciled in the United Kingdom. The registered address is Brigg Road, Scunthorpe, DN16 1XA.

The functional and presentational currency of the Company is pounds sterling ('sterling'), since this is the currency in which most of the Company's transactions are denominated. Figures in the financial statements and the accompanying notes are shown in round thousands (£'000).

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' and the requirements of the Companies Act 2006 for the period ended 28 December 2024. This is different to the Company's accounting reference date of 31 December 2024, and as such, they are not entirely comparable with the prior period. The Companies Act 2006 allows UK companies to set their financial year end up to seven days either side of the accounting reference date. Transactions occurring between 29 December and 31 December 2024 are not included in these financial statements and will be recognised in the subsequent accounting period. This approach ensures compliance with the Companies Act 2006 and provides a true and fair view of the Company's financial position for the period presented.

The Company has restated certain comparative information presented in these financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These restatements are due to the reassessment of cash generating units for impairment testing under IAS 36 Impairment of Assets. Full details of the nature and impact of these prior period restatements are set out in note 28 *'Prior Period Restatements'*.

The following relevant exemptions from the requirements of International Accounting Standards (IAS) have been applied in the preparation of these financial statements, due to consolidation at Jingye Steel UK level, in accordance with FRS 101:

i. IFRS 7 Financial Instruments: Disclosures;

ii. Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement, in relation to the disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities;

iii. The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

iv. The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;

v. Paragraph 38 of IAS 1 Presentation of Financial Statements – comparative information requirements in respect of: b) paragraph 73(e) of IAS 16 Property, plant and equipment; and paragraph 118(e) of IAS 38 Intangible Assets;

vi. The requirements of paragraphs 10(d), 16, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

vii. IAS 7 Statement of Cash Flows;

viii. The requirements in IAS 24 Related Party Disclosures to disclose related party transactions with JSUK Group and the wider Jingye Group companies;

ix. The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures relating to key management personnel; and

x. The requirements of paragraph 74A(b) of IAS 16.

The Company's financial statements will be included in the consolidated financial statements of Jingye Steel (UK) Holding Ltd, which are currently in the process of being prepared and audited before being filed with Companies House. The financial statements have been prepared under the historical cost convention as modified by derivative financial instruments that are measured at fair value through profit and loss.

Going concern

The financial statements have been prepared on a going concern basis in accordance with IAS 1 which requires management to assess the entity's ability to continue as a going concern for at least twelve months from the date of approval of these financial statements. Management has performed a rigorous evaluation of the Company's ability to continue as a going concern, including detailed cash flow forecasts, stress testing under severe but plausible scenarios, and assessment of covenant compliance. The assessment identified a material uncertainty relating to the Company's reliance on continued financial support from the UK Government.

Notes to the Financial Statements (CONTINUED)

Going concern *(continued)*

The Company has made a loss before tax in the period ended 28 December 2024 of £254.8M (2023 restated: £258.1M) after impairment of non-current assets of £27.6M (2023 restated: £77.1M) and with losses continuing into 2025. Prior to the transfer of operational control to the UK Government, the Company was funded mainly through debt facilities provided by entities under the control of Jingye Group and had a total amount of debt outstanding of £1,006.3M (see note 18 'Borrowings'). These borrowings are contractually repayable before 28 February 2026. However, the settlement and future treatment of these balances remain subject to ongoing discussions between the UK Government and Jingye Group. The Company had net liabilities at the period-end of £693.1M (2023 restated: £438.8M).

Following the enactment of the Steel Industry (Special Measures) Act 2025 ('the Act') in April 2025 and the transfer of operational direction to His Majesty's Government ('HMG'), the directors do not expect that additional financial support will be provided by the Jingye Group. Accordingly, the Company is reliant on continued financial support from the UK Government to meet its operational and liquidity requirements.

Since 12 April 2025, the Company has been operating under the direction of HMG pursuant to the Act for the specific purpose of ensuring the continued safe operation of the blast furnaces at Scunthorpe. Financial assistance has been, and is expected to continue to be, provided under the Act. £510M of working capital funding has been provided by the UK Government since April 2025.

The directors have received a letter from the Department for Business and Trade confirming the UK Government's intention to continue working with the Company regarding future funding and support under the Act. The letter refers to the government's broader commitment of up to £2.5bn to support the UK steel sector as a whole, including through mechanisms such as the National Wealth Fund. However, no specific amount of funding has been formally allocated or committed to the Company. The letter is indicative of the UK Government's current intention to provide support but does not constitute a legally binding commitment to provide funding.

The Company's base case forecast indicates that, in order to continue operations and meet its liabilities as they fall due over the next twelve months, additional external funding support in the range of approximately £275M to £330M will be required, depending on trading performance and working capital movements. The base case assumes continued government funding at a level broadly consistent with support provided to date. No legally binding committed funding facility is currently in place.

Management has performed sensitivity analysis on the base case forecast, including:

- A reduction in forecast EBITDA arising from lower sales volumes or raw material cost prices;
- Withdrawal or non-renewal of existing banking facilities;
- Delays or shortfalls in anticipated UK Government funding support; and
- Adverse movements in working capital requirements.

Under severe but plausible downside scenarios, additional funding beyond the base case requirement would be necessary to maintain liquidity.

In parallel with funding discussions, management is progressing strategic plans to improve operational efficiency and reduce carbon intensity, aligning with industry and government objectives. Regular reviews of financial performance, rigorous cost control initiatives, and risk management processes are in place to preserve working capital and ensure that any emerging issues are addressed promptly. While these measures are expected to improve operational resilience and reduce cash outflows, they do not eliminate the requirement for continued external funding support during the forecast period.

While repayment obligations remain, legal protections under the Steel Industry (Special Measures) Act 2025 provide safeguards that mitigate immediate liquidity risk. The Secretary of State may direct the Company to refrain from initiating or permitting insolvency proceedings where necessary to secure the continued and safe use of specified assets. It also provides indemnity for individuals acting in compliance with government directions, ensuring no personal liability for actions taken in good faith under the Act. While these provisions reduce the risk of near-term insolvency and creditor enforcement action, they do not in themselves constitute committed funding and do not remove the Company's underlying requirement for continued financial support.

The future ownership structure of BSL is subject to ongoing negotiations between the UK Government and the Jingye Group, which will determine the settlement of outstanding related party loans.

These events and conditions indicate that the Company is reliant on continued financial support from the UK Government to meet its obligations as they fall due over the going concern period. As no legally binding funding commitment is currently in place, this reliance represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notes to the Financial Statements (CONTINUED)

Going concern *(continued)*

Nevertheless, based on the forecasted cash flows, the funding provided to date, the statutory protections under the Act, and the directors' expectation that further financial assistance will be made available as required under the Act, the directors anticipate that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly, the accounts have been prepared on a going concern basis.

New standards and interpretations applied

The following new international accounting standards ('IAS') and new IFRSs have been adopted in the current period:

		*Effective Date**
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Presentation of financial statements on non-current liabilities with covenants	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangement	1 January 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 January 2024

* *Periods commencing on or after*

The amendments to the above Standards did not have a material impact on the Company's financial statements.

New standards and interpretations not applied

The International Accounting Standards Board (IASB) has issued the following new standards, which are relevant to the Company's reporting but have either not been applied as they have not been adopted for use under UK-adopted International Accounting Standards in the period ended 28 December 2024, or have an effective date after the date of these financial statements:

		*Effective Date**
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts referencing nature dependent electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

* *periods commencing on or after*

Management have performed a review of the expected impact from the other standards and interpretations not applied as shown above. Management do not expect a material impact as a result of other new standards and interpretations not applied.

Use of estimates and critical accounting judgements

The preparation of accounts in accordance with FRS 101 requires management to make estimates and assumptions that affect the:

i. reported amounts of assets and liabilities;
ii. disclosure of contingent assets and liabilities at the date of the accounts; and
iii. reported amounts of income and expenses during the period.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below.

Judgements in applying the Company'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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

Notes to the Financial Statements (CONTINUED)

Use of estimates and critical accounting judgements *(continued)*

Definition of cash generating units ('CGU')

A significant proportion of the Company's capital is invested in property, plant and equipment. Assessing whether these assets are impaired requires management to determine the appropriate CGUs for the purposes of IAS 36. A CGU is defined as 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. While certain product lines operate within distinct markets, the Company's production processes, supply chain, capacity planning and commercial activities are deeply integrated. Decisions around production routing, resource deployment, maintenance and volume allocation are made on a Company-wide basis. These interdependencies mean that the cash inflows generated by individual product lines cannot be considered truly independent. Accordingly, management considers the Company to operate as a single cash-generating unit for impairment testing under IAS 36. The process of defining CGUs requires the exercise of significant judgement.

Judgements involving sources of estimation uncertainty

Critical accounting judgements are the key sources of estimation or uncertainty in applying the Company's accounting policies. They arise in relation to provisions created for environmental remediation and legal claims, recoverability of loan receivables, ECL of trade receivables, classification of exceptional items, the discount rate used to calculate lease liabilities in respect of right-of-use assets, and impairment of property, plant and equipment and intangible assets. Each of these areas relies upon a number of estimates and judgements which are subject to uncertainty and which may lead to an adjustment within the next financial year.

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

Allowance for expected credit losses, write-down, obsolescence and provisions

Estimates in calculating expected credit losses, write-down of inventories, environmental remediation and legal claims are based on previous experience and third-party advice and are reassessed on a regular basis. Judgment is required in assessing the likely costs and timing of these costs.

Please see note 14 'Inventories', 15 'Trade and other receivables' and note 21 'Provisions and contingencies'. Spares are not depreciated but are reviewed regularly for obsolescence, with the resulting loss or gain being shown in the accumulated depreciation and impairment section of the property, plant and equipment note to the financial statements (note 12 'Property, plant and equipment'). Environmental provisions for blast furnace waste products are determined using volumetric surveys and movements of filter cake and oily mill scale to establish the tonnage processed and then by applying current disposal, transportation and handling costs to these volumes. Costs for landfill tax are derived from those published by HMRC. Transportation and handling fees are based on the latest quotations advised by waste management consultants.

Property, plant and equipment

The Company estimates the useful lives of buildings and plant and equipment, based on the period over which the assets are expected to be available for use. The related estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

As at the date of approval of these financial statements, there are no immediate plans to close the blast furnaces, however the estimated useful lives of the heavy end assets were shortened in 2023 and 2024 to reflect the Company's long-term plan to transition to electric arc furnace technology. There were no other changes in the estimated useful lives of property, plant and equipment in 2024 and 2023.

Amounts owed by/to Group undertakings, related parties and ultimate parent company

The Company has a number of loan balances, both receivables and payables, with other entities within the JSUK Group and the wider Jingye Group. Judgment is required in determining whether loan balances are recoverable. In line with the Company's policy on receivables in general, where indications exist that loan receivables may not be recoverable, including an assessment of events occurring after the balance sheet date, then appropriate impairment allowance is recognised and charged to profit or loss in line with the requirements of IFRS 9. Please see notes 15 *'Trade and other receivables'*, 17 *'Trade and other payables'*, 18 *'Borrowings'*.

Notes to the Financial Statements (CONTINUED)

Use of estimates and critical accounting judgements *(continued)*

(iv) Derivative financial instruments

In the ordinary course of business, the Company uses certain derivative financial instruments to protect itself from business risk which arises from its exposure to foreign exchange fluctuations.

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 remeasured at its current fair value, with the fair value changes being presented within operating costs in the profit and loss.

1.5 Property, plant and equipment

Property, plant and equipment is recorded at cost on acquisition less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. This includes borrowing costs capitalised in respect of qualifying assets in accordance with the Company's policy.

Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Company refers to as 'commissioning costs' and which includes 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 the profit or loss as incurred. Assets under construction are depreciated from the date on which they are available for their intended use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit or 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 spares, against which impairment provisions are made where necessary to cover slow-moving and obsolete items.

Included in property, plant and equipment are spares which are stated at estimated or actual purchase price or standard cost for own manufactured items, less amounts against which impairment provisions are made where necessary to cover slow-moving and obsolete items.

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

1.6 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Depreciation or amortisation is provided to write off, on a straight-line basis, the cost of property, plant and equipment, including those held under leases as defined by IFRS 16, to their residual value. These charges commence from the dates the assets are available for their intended use and are spread over their estimated useful lives or, in the case of right-of-use assets, over the lease period if shorter. The estimated useful lives of assets and residual values are reviewed annually 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 changes 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 intangible assets are:

	Life (years)
Land and buildings	25-50
Plant and equipment	4-25
Software	3-10

Rolling mill rolls, which are included within plant and equipment, are depreciated based on their residual radius rather than a fixed useful life, so that the depreciation charge directly reflects actual wear and tear. Land and spares are not depreciated. Spares are held for immediate use in the operation of the business. These are not depreciated as they are not in active use until incorporated into the production facility and/or capital projects but are reviewed regularly for impairment due to long periods of non-consumption/usage which results in spares being obsolete, with the resulting loss or gain being shown in the accumulated depreciation and impairment section of the property, plant and equipment note to the financial statements (note 12 *'Property, plant and equipment'*).

Notes to the Financial Statements (CONTINUED)

Use of estimates and critical accounting judgements *(continued)*

Assessment of impairment of non-current assets

A significant part of the Company's capital is invested in property, plant and equipment, right-of-use assets, and intangible assets. An impairment review is required under IAS 36 when an indicator of impairment exists. At 28 December 2024, management determined that such indicators existed and have performed an impairment test. The assessment also resulted in the restatement of comparative information for 2022 and 2023 to correct previously understated impairment charges.

Further details are included in note 12 *'Property, plant and equipment'*, note 1.6 *'Accounting policies: Depreciation, amortisation and impairment of property, plant and equipment and intangible assets'* and note 28 *'Prior Period Restatements'*.

The detailed accounting policies for each of these areas are outlined here below.

1.1 Government grants

Grants related to expenditure on property, plant and equipment are credited to the profit or loss over the useful lives of qualifying assets, except where those assets are impaired, in which event they are credited to profit or loss. Grants related to revenue are credited to the profit or loss in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to the profit or loss at the end of the reporting period are included in the Statement of Financial Position as deferred income.

1.2 Interest

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

Interest expense is determined through the EIR method. Discounts or premiums and expenses are amortised over the term of any loans and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding loan balance. Premiums payable on early redemptions of bank loans, in lieu of future interest costs, are written off as interest expense when paid.

1.3 Translation of foreign currency denominated transactions

Foreign currency denominated transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates, or at the average exchange rates for a relevant period, as practicable. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

In order to hedge its exposure to certain foreign exchange transactions risks, the Company enters into forward contracts.

1.4 Financial instruments

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

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

(i) Financial assets

All regular-way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification the financial assets. Where the Company transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised, and any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities.

(ii) Impairment of financial assets

The Company recognises lifetime expected credit losses (ECL) for trade and third-party receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss (FVTPL).

Notes to the Financial Statements (CONTINUED)

1.6 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets (continued)

As stated in note 1.5 *'Accounting policies: Property, plant and equipment'*, assets under construction are not depreciated until the assets are available for their intended use.

At each reporting period-end, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that the carrying amount of assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Following the reassessment of the CGU structure, all assets are now included within a single CGU for impairment-testing purposes. 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 of disposal and value in use. In assessing fair value less cost of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, based on the Company's long-term weighted average cost of capital (WACC) of 10.5% (2023: 10.0%). 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 immediately as an expense in the profit or loss.

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 immediately as income in the profit or loss.

1.7 Intangible assets

Environmental licences (i.e. emission rights) are included in the balance sheet as intangible assets where they are clearly linked to long-term economic benefits for the Company. In this case, they are measured initially at fair value on acquisition or purchase cost. Environmental licences are not amortised and have an indefinite life. They will be subject to annual impairment testing or more frequently where there is an indication of impairment. All other costs on environmental licences are expensed in the profit or loss as incurred.

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

i. completion of the development is technically feasible;
ii. it is the intention of the Company to complete the intangible asset and either use or sell it;
iii. it is evident that the intangible asset will generate probable future economic benefits'
iv. adequate technical, financial, and other resources to complete the development and to either 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 1.6 above. Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the profit or loss in the period in which it is incurred. Where the Company purchases emission rights from an emission trading scheme, it recognises these as an intangible asset, and values the asset at cost. No amortisation is recognised, provided that the Company intends to utilise the asset to settle emission rights liabilities.

1.8 Inventories

The Company adopts a standard costing approach in its accounting processes to value its inventories. This is based on an estimated annual production volume along with a combination of historic and forecast information. Actual results differ from these estimates due to production levels, input material prices and consumption levels. Inventories are then revalued periodically, to take account of these deviations.

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is generally determined using the 'first in, first out' (FIFO) method. Inventories of partly processed materials, finished products, and consumables 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. Allowance for obsolescence is made to cover slow-moving and obsolete items based on historical experience of utilisation on a

Notes to the Financial Statements (CONTINUED)

1.8 Inventories (continued)

product-category basis, which involves individual businesses considering their local product lines and market conditions; and also write-downs to net realisable value (NRV) where NRV is lower than cost, NRV being determined by prevailing market price. Inventories are valued at standard costs and are adjusted at period-end to reflect actual costs, with the purchase price and performance yield variances being absorbed into production.

1.9 Employee benefit costs

Retirement benefit costs

A defined contribution pension plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments in settlement of obligations for contributions to defined contribution retirement benefit schemes are charged as an expense in the profit or loss in the periods during which services are rendered by employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company does not participate in a defined benefit pension scheme.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.10 Provisions and contingencies

Provisions for environmental remediation and legal claims are recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. This involves a series of management judgements and estimates that are based on experience of similar events and third-party advice where applicable. Where appropriate and relevant, provisions are discounted to take into consideration the time-value of money.

In cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognised in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third-party with respect to the obligation is recognised as a separate asset not exceeding the amount of the related provision.

The Company uses the net liability approach to recognition and measurement of carbon allowances. Under this approach free allocated carbon allowances are recognised at a nominal amount (cost) and can be sold to secondary market as the need arises, and the entity will only recognise a liability once the actual emissions exceed the emission rights granted and still held. This method is the approach adopted by most participants of the EU ETS (Climate Policy Initiative Jan 2011). There are no specific reporting standards for carbon credits. The Company adopts IFRS 15 for recognition and disclosure. Proceeds from the sale of carbon credits are recognised as other income when control of the credits is transferred to the buyer through the secondary market and the Company has an irrecoverable right to the income.

1.11 Revenue

Revenue is measured based on the consideration specified in the contractual terms of trade with a customer. The Company's revenue is derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time.

Revenue from the sale of goods is recognised at the point in time when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

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

Notes to the Financial Statements (CONTINUED)

1.11 Revenue (continued)

The steel is often sold with volume discounts based on aggregate sales over a certain period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are 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 as only the passage of time is required before the payment is due. As such, there are no contract assets recognised in relation to the right to consideration in exchange for goods or services that the Company has transferred to a customer.

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

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in IFRS 15 and expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting policies related to those financial reporting standards (such as inventories). Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

1.12 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 accounting period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 amount 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.

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 substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

R&D tax credits claimed under the Research & Development Expenditure Credit (RDEC) scheme are credited to the profit or loss in the financial period in which they are received.

1.13 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are presented as a separate line on the face of the Statement of Financial Position.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

Right-of-use assets acquired as part of business combinations are initially measured at cost adjusted for favourable or unfavourable lease terms when compared with market terms.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful economic life of the underlying asset. The estimated useful lives of the right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments which

Notes to the Financial Statements (CONTINUED)

1.13 Leases (continued)

depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the cost of any options that the Company is reasonably certain to exercise, such as the lease payments in an optional renewal period or penalties for early termination of a lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a modification to or a reassessment of the lease, including when there is a change in: lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; and the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the profit or loss as incurred.

Lease payments are allocated between principal and finance costs. Finance costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from inception, and cash generated from receivables financing.

1.15 Equity

Called up share capital represents the nominal value of shares that have been issued. Accumulated losses represent all current and prior period results of operations as reported in the Statement of Comprehensive Income, reduced by any amounts of dividends declared.

2 Revenue

The directors consider the manufacture and sale of steel throughout the world to be the Company's only material line of business.

All the revenues below are from performance obligations satisfied during the period, and there are no partially satisfied performance obligations as at period-end.

	2024 £'000	2023 £'000
Sale of goods	**829,052**	1,259,703
An analysis of revenue by destination is shown below:		
United Kingdom	**485,773**	661,166
Europe	**195,622**	329,494
Rest of the world	**147,657**	269,043
	829,052	1,259,703

3 Other operating income

	2024 £'000	2023 £'000
Rental income	**1,160**	727
Sale of carbon credits	**-**	26,781
Other income	**5,350**	44,552
	6,510	72,060

Rental income is from tenants at Scunthorpe and Skinningrove sites.

Carbon allowances (i.e. credits) are bought or sold on the secondary market as the need arises.

Notes to the Financial Statements (CONTINUED)

3 *Other operating income (continued)*

£5.4M (2023: £17.6M) of other income is in respect of capital investment grant money received from the UK Government to assist with purchase of heavy end plant and equipment. There are no unfulfilled conditions or other contingencies attaching to these grants. The grant is repayable in the event of defaulting on the terms and conditions. There are no anticipated circumstances that would lead to default. The remaining other income in 2023 relates to a prior year credit arising from the recalculation of interest payable on loans from related parties, following a reduction in the applicable interest rate from 7% to 0.2% for Hebei Jingye Cut Deal Co. Limited and Power Rich Resources Limited. The Company did not benefit directly from any other forms of government assistance, apart from the energy rebate scheme, referred to as 'Government compensation', shown in note 15 *'Trade and other receivables'*.

4 Operating costs

Costs by type:	2024 £'000	2023 (restated*) £'000
Raw materials and consumables	**459,327**	830,760
Maintenance costs	**117,744**	157,100
Other external charges (including fuel, utilities, hire charges and carriage costs)	**243,806**	308,727
Lease expenses for low value assets and short-term leases	**927**	1,010
Employee costs (note 6)	**193,258**	209,145
Depreciation	**8,169**	220
Exchange rate loss/(gain) on operations	**1,343**	2,775
Exchange rate loss/(gain) on financing	**8,212**	(23,630)
Impairment loss recognised on property, plant and equipment	**27,147**	75,390
Impairment loss recognised on intangible assets	**438**	165
Impairment loss recognised on right-of-use assets	**-**	1,518
Other operating items	**35**	-
	1,060,406	1,563,180

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

5 Expenses and auditor's remuneration

Operating loss has been arrived at after charging/(crediting):

	2024 £'000	2023 (restated*) £'000
Depreciation of property, plant and equipment (note 12)	**7,218**	90
Depreciation of right-of-use assets (note 13)	**-**	130
(Decrease)/increase in inventory write-down to net realisable value (note 14)	**(6,683)**	8,928
Increase/(decrease) in allowance for obsolescence of inventories (note 14)	**2,401**	(3,134)
Impairment loss recognised on property, plant and equipment (note 12)	**27,147**	75,390
Impairment loss recognised on intangible assets (note 11)	**438**	165
Impairment loss recognised on right-of-use assets (note 13)	**-**	1,518
Expected credit loss recognised on trade receivables (note 15)	**1,526**	2,931
Loss on scrapping of property, plant and equipment	**290**	-
Environmental provision (released)/charged to profit and loss (note 21)	**(17,510)**	(8,452)
Lease expenses for low value assets and short-term leases	**927**	1,010
Research and development expensed as incurred	**78**	232
Exchange rate loss/(gain) on operations	**1,343**	2,775
Exchange rate loss/(gain) on financing	**8,212**	(23,630)

BSL engages suitably qualified external consultants to ascertain and claim R&D tax credit (RDEC) on qualifying work undertaken by the Company's R&D centre and the wider business.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

The remuneration paid to MHA (2023: MHA), the Company's external auditors, was as follows:

	2024 £'000	2023 £'000
Fees payable for the audit of the Company's financial statements	**799**	835
Total fees	**799**	835

Notes to the Financial Statements (CONTINUED)

6 Employee costs

	2024 £'000	2023 £'000
Wages and salaries	**160,006**	174,185
Social security costs	**17,615**	18,669
Defined contribution pension costs	**15,637**	16,291
	193,258	209,145

The average monthly number of employees during the period, including executive directors, was:

	2024 No.	2023 No.
Sales	**132**	134
Operations	**3,704**	3,823
Administration	**327**	314
	4,163	4,271

7 Emoluments of directors

The remuneration of the directors, who are the key management personnel of the Company, was as follows:

	2024 £'000	2023 £'000
Short-term employee benefits	**758**	665
Post-employment benefits	**5**	5
	763	670

All directors are remunerated through the Company.

Short-term employee benefits include employers' national insurance contributions paid by the Company of £69,371 (2023: £70,897). The number of directors for whom retirement benefits are accruing under the defined contribution pension scheme is one (2023: 1).

The management remuneration and pension contributions of the highest-paid director was £125,791 (2023: £126,902) and £nil (2023: £nil), respectively.

8 Finance income

	2024 £'000	2023 £'000
Interest receivable on bank deposits	**519**	236

9 Finance costs

	2024 £'000	2023 £'000
Interest payable on leases (note 19)	**1,667**	2,069
Interest payable on loans from parent company (note 18)	**14,327**	13,153
Interest payable on loans from entities under common control (note 18)	**12,494**	10,831
Interest payable on receivables finance facility (note 18)	**2,026**	833
	30,514	26,886

10 Taxation

(a) Analysis of tax credit in period:

	2024 £'000	2023 £'000
Current tax:		
Prior year adjustment	**(602)**	(973)
UK corporation tax on profits for the period	**-**	(3,220)
Total current tax credit	**(602)**	(4,193)

Notes to the Financial Statements (CONTINUED)

10 Taxation (continued)

	2024 £'000	2023 £'000
Deferred tax:		
Origination and reversal of temporary differences - prior period	-	-
Origination and reversal of temporary differences - current period	-	-
Deferred tax rate change	-	-
Deferred tax asset not recognised	-	-
Total deferred tax (credit)/charge (note 20)	-	-
Total income tax (credit)/charge	**(602)**	(4,193)

Corporation tax is calculated at 25% (2023: 23.5%) of the estimated assessable profit for the period.

(b) Factors affecting tax (credit)/charge for period:

Income tax credit for the period can be reconciled to accounting profit as follows:

	2024 £,000	2023 (restated*) £,000
Loss before taxation	**(254,839)**	(258,067)
Corporation tax at 25% (2023: 23.5%)	**(63,710)**	(60,646)
Effect of:		
Expenses not deductible for tax purposes	**16,299**	10,213
Incentives	-	(215)
Research and development expenditure credit (RDEC)	-	989
Research and development expenditure repayable (RDEC)	-	(3,220)
Income not taxable	**(1,351)**	-
Other permanent difference for tax	**(6,750)**	(22,606)
Deferred tax asset not recognised	**55,512**	74,130
Current tax prior year adjustment	**(602)**	(973)
Deferred tax prior year movement	-	(1,899)
Deferred tax rate adjustment	-	34
Total income tax (credit)/charge	**(602)**	(4,193)

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

11 Intangible assets

	Environmental licences £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2024 (restated*)	1,869	-	1,869
Additions at cost	-	64	64
Transfer of assets under construction	-	1,325	1,325
At 28 December 2024	**1,869**	**1,389**	**3,258**
Accumulated amortisation and impairment			
At 1 January 2024 (restated*)	1,869	-	1,869
Amortisation	-	951	951
Impairment loss recognised during the period (note 12)	-	438	438
At 28 December 2024	**1,869**	**1,389**	**3,258**
Carrying amount			
At 28 December 2024	-	-	-
At 31 January 2024 (restated*)	-	-	-

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

Notes to the Financial Statements (CONTINUED)

12 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Spares £'000	Under construction £'000	Total £'000
Cost					
At 1 January 2024 (restated*)	54,609	141,097	103,974	183,317	482,997
Additions at cost	-	6,680	28,727	27,333	62,740
Transfer of assets under construction	322	18,318	-	(19,965)	(1,325)
Issued	-	-	(26,760)	-	(26,760)
Disposals	(2,129)	(15,629)	(12)	-	(17,770)
At 28 December 2024	**52,802**	**150,466**	**105,929**	**190,685**	**499,882**
Accumulated depreciation and impairment					
At 1 January 2024 (restated*)	54,609	141,097	103,974	183,317	482,997
Charge for the period	-	7,218	-	-	7,218
Impairment loss recognised during the period	322	17,502	1,955	7,368	27,147
Eliminated on disposals	(2,129)	(15,351)	-	-	(17,480)
At 28 December 2024	**52,802**	**150,466**	**105,929**	**190,685**	**499,882**
Carrying amount					
At 28 December 2024	-	-	-	-	-
At 1 January 2024 (restated*)	-	-	-	-	-

Land and buildings are freehold. Secure Trust Bank plc holds a first ranking charge over certain land properties of the Company (see note 18 *'Borrowings'*).

Property, plant and equipment under construction represent capital projects in progress at the period-end, of which a significant proportion relate to rolling mill enhancements. These will be reclassified to the appropriate asset categories when the assets become operational.

Impairment test for property, plant and equipment (including intangible assets)

The Company recognised a total impairment charge of £27.6M (2023 restated: £77.1M).

Property, plant and equipment was tested for impairment at 28 December 2024, following the identification of indicators of impairment at that date.

During the period, management reassessed the identification of cash generating units ('CGUs') in accordance with IAS 36, with particular focus on the requirement that a CGU represents the smallest group of assets generating largely independent cash inflows, as described in the *'Judgements in applying the Company's accounting policies'* section in note 1. Following this reassessment, it was concluded that impairment should be assessed at the level of BSL as a whole rather than at the level of individual business units as previously applied. Further details of the restatements are presented in note 28 *'Prior Year Restatements'*.

A fair value less cost of disposal (FV) model was used to determine the recoverable amount of the CGU and assesses whether this exceeded the carrying amount. The calculation uses discounted cash flow forecasts based on the most recently approved financial budgets and strategic forecasts. These support the decarbonisation strategy, which covers a period of ten years, and future projections taking the analysis out to 2052 based on a steady state, sustainable cash flow, reflecting average steel industry conditions between successive peaks and troughs of profitability. A pre-tax discount rate of 10.5% (2023: 10.0%) has been derived from market participant weighted average cost of capital benchmarks for comparable steel producers and adjusted where appropriate to reflect risks specific to the CGU.

Notes to the Financial Statements (CONTINUED)

12 Property, plant and equipment *(continued)*

Key assumptions

- Changes in selling prices, raw material costs, EU and UK steel demand, energy costs and exchange rates are based on expectations of future changes in the steel market based on external market sources
- Recent performance was reviewed and adopted as the best indication of future performance
- The Company has assumed a weighted average cost of capital (WACC) of 10.5% (2023: 10.0%)
- Sales volume was expected to increase to 2.5mt per annum
- Spread, being the steel to raw materials price, was assumed to be constant based upon actual results achieved in 2024
- The price of carbon was based on the price prevailing at 28 December 2024 of £76 per tonne (2023: £76)
- No contraction of the economy was expected
- The Company has adopted a 28-year horizon in its impairment assessment which supports the anticipated delivery of its decarbonisation road map over the next 10 years, and the subsequent expected useful life of any updated heavy end assets
- Capital expenditure for the transition to electric arc furnace technology is based on management's latest decarbonisation investment plan which includes installation, associated infrastructure and enabling works
- 50% of the electric arc furnace capital investment would be supported through UK Government funding
- Remediation costs and scrap recovery proceeds are based on benchmark data from comparable UK steel plant decommissioning projects, including expected demolition costs and scrap recovery rates, with scrap valued at the year-end market price of £247 per tonne
- Working capital requirements are based on expected raw material prices and stock levels, and have been adjusted as necessary to support projected operations

Compared to the prior year, the model reflects an accelerated timeline for blast furnace closure and revised capital expenditure estimates associated with the decarbonisation strategy.

The carrying amount of the CGU at 28 December 2024 was £292.6M (2023: £283.2M), which includes £326.7M of net working capital (2023: £319.8M).

The recoverable amount of the CGU, determined using a fair value less costs of disposal model, was £51.1M (2023: £159.7M).

As the recoverable amount was lower than the carrying amount of the CGU, an impairment loss was recognised in accordance with IAS 36. In allocating the impairment loss, the Company considered the requirements of IAS 36 which prohibit reducing individual assets below their respective recoverable amounts. Net working capital balances are measured in accordance with IAS 2 and IFRS 9 and were assessed to be recoverable at their carrying amounts at the reporting date. Accordingly, no impairment was allocated to those balances.

The impairment loss was therefore allocated in full to property, plant and equipment, intangible assets and ROU assets, resulting in an impairment charge of £27.6M (2023: £77.4M).

Sensitivity analysis

Any impairment is dependent on judgement used in determining the most appropriate basis for the assumptions and estimates made by management, particularly in relation to the key assumptions described above. As at 28 December 2024, the recoverable amount of the CGU was materially below its carrying amount, resulting in full impairment of property, plant and equipment. Accordingly, there is no headroom in the impairment model.

Management has considered reasonably possible changes in key assumptions, including:

- A 1% increase or decrease in the real pre-tax discount rate
- A 5% change in forecast sales volumes and steel spreads
- Variations in forecast capital expenditure requirements
- Changes in assumptions regarding government investment funding support
- A 20% change in forecast energy and carbon prices

Based on this analysis, no reasonably possible change in the above assumptions, in isolation, would have resulted in a recoverable amount exceeding the carrying amount of the CGU as at 28 December 2024.

Notes to the Financial Statements (CONTINUED)

12 Property, plant and equipment *(continued)*

The impairment conclusion is therefore not sensitive to reasonably possible changes in individual key assumptions.

On 6 November 2023 the Company announced its intention to become a clean, green and sustainable business by adopting electric arc furnace steelmaking and closing the blast furnaces. The impairment assessment as at 28 December 2024 reflects management's strategic plan in place at that date. In April 2025, subsequent to the reporting date, the UK Government assumed control of the Company under the Steel Industry (Special Measures) Act. As a result, the previously announced closure plan has not proceeded as originally envisaged. This development has been treated as a non-adjusting subsequent event and has not impacted the impairment assessment as at 28 December 2024. Further details are provided in note 27 *'Events after the balance sheet date'*.

Following the impairment assessment, the carrying amount of property, plant and equipment, intangible assets and right-of-use assets has been reduced to nil. However, these assets remain in use operationally. Depreciation recognised in the period primarily relates to additions during the year prior to being fully impaired.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

13 Right-of-use assets

	Land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2023	43,110	18,055	61,165
Additions	264	-	264
Remeasurement	1,384	-	1,384
At 1 January 2024 (restated*)	44,758	18,055	62,813
Additions	-	-	-
At 28 December 2024	**44,758**	**18,055**	**62,813**
Accumulated depreciation and impairment			
At 1 January 2023 (restated*)	43,110	18,055	61,165
Depreciation charge	130	-	130
Impairment loss recognised during the period (note 12)	1,518	-	1,518
At 1 January 2024 (restated*)	44,758	18,055	62,813
Depreciation charge	-	-	-
At 28 December 2024	**44,758**	**18,055**	**62,813**
Carrying amount			
At 28 December 2024	-	-	-
At 1 January 2024 (restated*)	-	-	-
At 31 December 2022 (restated*)	-	-	-

The Company leases land and buildings, plant, office equipment, machinery and vehicles for use within the business. Land and buildings are leased for terms ranging from 3 to 15 years. A number of land and buildings leases contain options to extend the lease. Management has determined whether these options are reasonably certain to be exercised to determine the lease term at inception. A number of land and buildings leases also contain clauses whereby the rent is reviewed on certain dates to align the amount with open market rental rates.

Remeasurements are made due to the variability of annual lease payments wherein the annual rent is reviewed based on change in retail price index.

Plant is leased for a term of 5 years, office equipment for an average of 2 years and machinery and vehicles for an average of 3 years. A number of vehicle leases contain options to terminate the lease, and management has determined whether they are reasonably certain to exercise these options when assessing the lease term. Office equipment leases contain options to purchase the assets at the end of the lease. Management have also assessed whether these options are reasonably certain to be exercised.

*Refer to note 28 *'Prior Year Restatements'* for more information on the restatements.

Notes to the Financial Statements (CONTINUED)

14 Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	**215,188**	209,476
Work in progress	**62,134**	43,868
Finished goods	**60,741**	73,065
	338,063	326,409

Raw materials, consumables and changes in finished goods and work in progress included in operating costs in the period amounted to £459.3M (2023: £830.8M). The allowance for write down to NRV at 28 December 2024 is £43.7M (2023: £50.4M) and the allowance for obsolescence is £24.0M (2023: £21.6M). The value of stock in transit at the period-end was £38.3M (2023: £1.3M). The gross value of inventories is £405.8M (2023: £398.4M).

The Company's core business is continuously subject to volatile price changes which may cause inventory write-downs and subsequent reversals. Moreover, future realisation of the carrying amounts of inventories is affected by price changes in different market segments of the steel and other products.

For raw materials and consumables, there is no material difference between the value of inventories included in the Statement of Financial Position and its replacement cost. Work in progress and finished goods are valued at the lower of cost and net realisable value based on estimated selling prices less costs to complete and sell. These assets are not pledged as security for any liabilities.

15 Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	**93,289**	127,187
Less: impairment provision	**(5,196)**	(3,670)
Net trade receivables	**88,093**	123,517
Prepayments	**2,954**	3,560
Government compensation	**-**	5,215
Other receivables	**43,190**	45,794
Security deposits	**13,101**	-
Amounts owed by Group undertakings	**37,031**	50,802
	184,369	228,888
Due within one year	**172,455**	228,888
Due after more than one year	**11,914**	-
	184,369	228,888

Government compensation includes compensation for the indirect costs of the UK Emissions Trading System and the Carbon Price Support Mechanism.

Other receivables pertain significantly to vendor advances for raw materials and the rent deposit for Immingham Bulk Terminal.

The credit risk for other receivables is considered negligible. Vendor advances are made to established and reputable suppliers with whom the Company has long-standing relationships, and the rent deposit is held with a financially sound counterparty under a formal lease agreement (Associated British Ports). Therefore, no ECL was assessed for these amounts.

Security deposits represent receivables arising from letters of credit issued in the ordinary course of business. BSL considers the credit risk on these deposits to be negligible, as they are recoverable from counterparties with high credit ratings. Therefore, no ECL was assessed for these amounts.

Amounts owed by Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

With the exception of trade receivables from FNsteel BV, ECL for amounts owed by Group undertakings are measured and recognised using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the amounts upon demand at the reporting date taking into consideration the historical defaults from the counterparties.

A simplified approach is used for FNsteel BV as these are trade related. Therefore, the ECL is based on a loss rate derived from historical loss data, adjusted to reflect current conditions and forward-looking information.

The Company does not consider any significant credit risks in these amounts owed by group undertakings since these entities are part of Jingye Group, whose credit risks for liquid funds are considered negligible and have indicated to financially support these related parties as part of its long-term corporate strategy.

Notes to the Financial Statements (CONTINUED)

15 Trade and other receivables *(continued)*

Movement in the trade receivables impairment provision

	2024 £'000	2023 £'000
At 1 January 2024 / 1 January 2023	**3,670**	739
Expected credit loss recognised	**1,526**	3,412
Amounts written off as uncollectable	**-**	(481)
At 28 December 2024 / 31 December 2023	**5,196**	3,670

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowance for ECL, estimated by the Company's management based on prior experience and forward-looking assessments of the economic environment in accordance with IFRS 9 'Financial Instruments'.

The Company has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. In addition, the Company holds a credit insurance policy.

16 Current tax asset

	2024 £'000	2023 £'000
UK corporation tax	**11,404**	10,667
At 28 December 2024 / 31 December 2023	**11,404**	10,667

17 Trade and other payables

	2024 £'000	2023 £'000
Trade payables	**69,804**	64,601
Social security and other taxes	**3,903**	4,655
Accrued expenses	**58,765**	105,642
Other creditors	**1,325**	3,360
Financial liabilities measured at fair value through profit or loss	**-**	997
Amounts owed to Group undertakings	**632**	206
	134,429	179,461

All financial liabilities included within 'Trade and other payables' are due to be settled within 12 months from period-end.

Accrued expenses primarily relate to energy, raw materials and maintenance costs.

Amounts owed to Group undertakings are repayable on demand and unsecured.

18 Borrowings

	2024 £'000	2023 £'000
Receivables financing	**46,607**	25,010
Loan from entities under common control	**410,036**	434,074
Loan from parent company	**549,684**	276,582
Loan from subsidiary of ultimate parent company	**-**	65
	1,006,327	735,731

Notes to the Financial Statements (CONTINUED)

18 Borrowings (continued)

	2024 £'000	2023 £'000
Due within one year	**456,643**	459,149
Due after more than one year	**549,684**	276,582
	1,006,327	735,731
Contractual maturities of borrowings including future interest:		
On demand or within one year	**457,463**	460,238
In the second year	**549,684**	296,003
In the third to fifth years inclusive	**-**	-
In more than five years	**-**	-
Total contractual cash flows	**1,007,147**	756,241
Future finance charges	**(820)**	(20,510)
Present value of contractual cash flows	**1,006,327**	735,731

Receivables financing | The Company has a receivables finance facility with Secure Trust Bank plc at 3% over base rate. The limit on this facility is £50M (2023: £50M). The bank holds a first ranking charge over the property, plant and equipment of the Company. The facility agreement includes financial covenants, including an EBITDA covenant. During the period, the Company did not comply with this covenant. Following the breach, Secure Trust Bank plc confirmed that, notwithstanding the covenant breach, it did not intend to demand repayment of the facility and that the facility would continue to be made available.

Loan from entities under common control | The Company has signed commodity sales and repurchase financing arrangements with Power Rich Resources Limited and Hebei Jingye Cut Deal Co. Limited, covering iron ore fines, coal and coke held at the Immingham port facility. The ultimate parent company of both these entities is Jingye Group Co Ltd, a company incorporated in China (see note 26 *'Ultimate and immediate parent company'* for further details). In 2023, there was a recalculation of interest rate from 7% to 0.2% for both related party entities, resulting in a gain of £27.0M recognised in the profit and loss.

Loan from parent company. Advances made by the Parent company up to July 2023 bear interest at 7% per annum. Advances made after this date are interest-free. Under the contractual terms of the arrangement, the loan is repayable in full on 28 February 2026. As at the reporting date, the balance remains outstanding and the settlement and future treatment of this loan and the loan from entities under common control form part of the ongoing discussions between the UK Government and Jingye Group regarding the future ownership and funding structure of the Company (see note 1).

On 30 December 2024, 260M shares with a nominal value of £1 each were allotted and paid up. The consideration for these shares comprised of a £260M shareholder loan offset from the Parent company *(see note 24 'Called up share capital').*

Liquidity risk

The Company's objectives when managing liquidity are:

- to safeguard the Company's ability to meet expected and unexpected payment obligations at all times; and
- to maximise the Company's profitability

19 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to settle within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024 £'000	2023 £'000
Due within one year	**2,626**	2,454
Due between one and five years	11,747	*11,239*
Due after more than five years	19,761	*22,896*
Due after more than one year	**31,508**	34,135
Lease liabilities	**34,134**	36,589

Notes to the Financial Statements (CONTINUED)

19 Lease liabilities *(continued)*

The movements in the lease liabilities during the period are as follows:

	2024 £'000	2023 £'000
At 1 January 2024 / 1 January 2023	**36,589**	44,018
Additions	**-**	264
Remeasurements	**-**	1,385
Rent deposit	**-**	(3,482)
Interest	**1,667**	2,069
Repayments	**(7,604)**	(7,665)
Rent deposit restatement	**3,482**	-
At 28 December 2024 / 31 December 2023	**34,134**	36,589

Remeasurements are made due to the variability of annual lease payments wherein the annual rent is reviewed based on change in retail price index.

In the prior year, certain rent deposits were netted against lease liabilities. During the current period, an amount of £3.5M has been reclassified to lease deposits within non-current assets. The prior year comparatives have not been restated as the impact is considered immaterial.

The rent deposit restatement represents a current-period reclassification to correct the prior year presentation above. The adjustment had no impact on profit or net assets. The remaining lease deposit of £8.4M in non-current assets has been reclassified from prepayments.

The impact of leases on the financial performance of the Company in the period is summarised below:

	2024 £'000	2023 restated £'000
Depreciation expense on right-of-use assets	**-**	130
Interest expense on lease liabilities	**1,667**	2,069
Leases of low value assets and short-term leases	**927**	1,010
Total expense for the period	**2,594**	3,209

The cash outflows in respect of leases are equal to the repayments made in the period for lease liabilities, being a total of £7.6M (2023: £7.7M). The incremental borrowing rate applied to lease liabilities is 4.41% (2023: 4.41%).

Lease deposits amounting to £11.9M are recognised as 'Other receivables' in the Statement of Financial Position. ECL on security deposits are discussed in note 15 *'Trade and other receivables'*.

The Immingham Bulk Terminal lease contains the option to extend by a period of 5-10 years, exercisable in the last 18 months of the existing lease term. Management have made the judgement that they are reasonably certain to extend this lease by 5 years, and as such this has been factored into the lease term.

20 Deferred tax

	Advanced Capital Allowances £'000	Other temporary differences £'000	Losses £'000	**Total £'000**
At 1 January 2023	-	-	-	**-**
Amounts in respect of prior periods	1,899	-	1,718	**3,617**
Total net release related to the current year	23,726	(55)	51,862	**75,533**
Deferred tax asset not recognised	(25,625)	55	(53,580)	**(79,150)**
At 1 January 2024	-	-	-	**-**
Amounts in respect of prior periods	1,241	298	8,967	**10,506**
Total net release related to the current period	6,939	39	57,349	**64,327**
Deferred tax asset not recognised	(8,180	(337)	(66,316)	**(74,834)**
At 28 December 2024	-	-	-	**-**

The UK deferred tax liability as at 28 December 2024 was calculated at 25% (2023: 25%), as this is the rate substantially enacted at the balance sheet date. The Company has an unrecognised deferred tax asset of £206.3M (2023 restated: £142.0M).

Notes to the Financial Statements (CONTINUED)

20 Deferred tax *(continued)*

The unrecognised deferred tax asset is calculated at 25% (2023: 25%). It includes losses totalling £718M (2023 restated: £453M) providing an asset of £179.5M (2023 restated: £114.9M); decelerated capital allowances of £106M (2023 restated: decelerated £108M), providing an asset of £26.5M (2023 restated: £27.1M); and other timing differences asset of £1.3M (2023: liability £0.1M), providing an asset of £0.3M (2023: £0.0M liability).

The deferred tax assets are not recognised as it is not envisaged that the Company will utilise the losses and other timing differences in the foreseeable future.

The Company has applied the exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and current tax expense relating to Pillar Two income taxes.

Historically, the Company's effective rate has been above 15%. The Company has assessed its exposure to Domestic Top Up Taxes and any impact will be immaterial.

21 Provisions and contingencies

	Environmental £'000	**Total £'000**
At 1 January 2023	94,692	**94,692**
Provisions utilised	(8,453)	**(8,453)**
Charged to profit and loss	-	**-**
At 31 December 2023	86,239	**86,239**
Included in current liabilities	-	**-**
Included in non-current liabilities	86,239	**86,239**
At 31 December 2023	86,239	**86,239**
At 1 January 2024	86,239	**86,239**
Provisions utilised	(17,509)	**(17,509)**
Charged to profit and loss	-	**-**
At 28 December 2024	68,730	**68,730**
Included in current liabilities	-	**-**
Included in non-current liabilities	68,730	**68,730**
At 28 December 2024	68,730	**68,730**

Environmental provision

£35.3M (2023: £33.9M) is cost inclusive of landfill tax of disposing waste by-products at the Scunthorpe site.

CO_2 emissions provision of £33.4M (2023: £52.3M) represents the carbon shortfall position of the Company under the UK Emissions Trading Scheme at the balance sheet date.

The provision is expected to be settled within the next five years. Due to the nature of these provisions, the timing of any settlement is uncertain. Provisions are held at their present value.

Contingencies

Dependent on future events, current legal proceedings and recent significant contracts may give rise to contingencies and commitments that are not currently reflected in the above figures, as they are not deemed probable.

Following the imposition of UK Government sanctions in respect of iron ore imports, the Company is party to a £4M trade dispute where there is a possibility that an obligation may crystallise.

Based on the information currently available and advice received, management does not consider it probable that an outflow of economic benefits will be required to settle the matter. Accordingly, no provision has been recognised in the financial statements and the matter has been disclosed as a contingent liability. No reimbursement is expected in relation to this matter.

An investigation by the UK health and safety executive also continues where there is a risk of financial loss. The disputed amount cannot be estimated reliably.

No provision has been made in these financial statements where the Company does not consider that there is a probable loss.

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

There were no contingent liabilities in the prior year.

Notes to the Financial Statements (CONTINUED)

22 Pensions and post-retirement benefits

Defined contribution pension plan

The Company operates a defined contribution pension plan for all qualifying employees. The plan is administered by Legal & General. A minimum of 5% of salary is paid by the employee; Company contribution cap increased from 3% to 5% effective April 2022.

The total cost charged to income of £15.6M (2023: £16.3M) represents contributions payable to the plan by the Company. Contributions payable into pension schemes at period-end were £1.3M (2023: £1.4M).

23 Commitments

Raw materials

At the period-end, the Company had entered into spot value contractual agreements all maturing by mid-May 2025 with a number of suppliers to purchase circa 0.3M metric tonnes of various raw materials used in the steel production process at a value of £48.9M.

Guarantees given under trade agreements

The Company has given a guarantee to Npower Limited for £12M (2023: £16M) and to SEFE for £16M (2023: £nil).

Foreign currency

As at the period-end, the Company held open foreign currency forward contracts totalling USD $nil (2023: USD $11.5M). The amount of derivative liability recognised as at the period-end was £nil (2023: £1.0M).

Government Grant – Exceptional Regional Growth Fund

BSL received a government grant of up to £120M in 2023, subject to conditions on capital investment, job retention, and project delivery timelines. If these conditions, including the timely implementation of the EAF project, are not met, some or all of the grant may be clawed back. £23M has been received to date. There remains a risk of clawback if key milestones are not achieved as agreed. Based on management's expectations regarding compliance with the grant conditions, the likelihood of clawback is considered remote.

24 Called up share capital

£1 ordinary shares allotted, issued and fully paid	**2024 £**	2023 £
At 1 January 2024 / 1 January 2023	**100,000,001**	1
Issued in the period	-	100,000,000
At 28 December 2024 / 31 December 2023	**100,000,001**	100,000,001

The sole shareholder of the Company is Jingye Steel (UK) Holding Ltd (see note 26 *'Ultimate and immediate parent company'*) and is entitled to be paid any profits of the Company which are available for distribution and to receive notice of general meetings and to attend, speak and vote at such meetings.

25 Reserves

Accumulated losses

Accumulated losses represent the accumulated profits and losses of the Company.

26 Ultimate and immediate parent company

Jingye Steel (UK) Holding Ltd is the Company's immediate parent company, which is incorporated in England and Wales (Brigg Road, Scunthorpe, DN16 1XA, UK), and is the smallest group to consolidate these financial statements.

Jingye Group Co Ltd, a company incorporated in China (Nandian Town, Pingshan County, Shijiazhuang, Hebei, 050400 China), is the ultimate parent company and the largest group to consolidate these financial statements, the accounts of which are themselves not consolidated further nor legally required to be made publicly available.

The ultimate controlling party is Li GanPo.
From 12 April 2025, operational control transferred to the UK Government. Post-transfer, BSL is therefore no longer considered a subsidiary of JSUK in accordance with IFRS 10 Consolidated Financial Statements *(see note 27 'Events after the balance sheet date')*.

Notes to the Financial Statements (CONTINUED)

27 Events after the balance sheet date

Share issues

On 30 December 2024, 260M shares with a nominal value of £1 each were allotted and paid up in BSL. The consideration for these shares comprised of a £260M shareholder loan offset from the Parent company, Jingye Steel (UK) Holding Ltd.

Jingye Steel (UK) Holding Ltd loss of control in British Steel Limited

As discussions between the Board of Jingye Group and the UK Government regarding potential support measures did not result in an agreement, the Company announced on 27 March 2025 the start of a consultation period to consider restructuring proposals. The proposals considered the closure of the blast furnaces, steelmaking operations and Scunthorpe Rod Mill. The UK Government was of the view that the supplies of raw material purchases required for safe and continued operation of the blast furnaces beyond the consultation period were not met by the Company and on 12 April 2025 the UK Government passed the Steel Industry (Special Measures) Act 2025 enabling the UK Government to take control of the Company and its assets in a move that stops short of nationalisation. The directors do not support the view that the supply of raw materials was not being met.

The government has made a commitment to the long-term future of the steel industry in the UK and BSL is expected to maintain existing steelmaking operations over the medium-term. Following the UK Government's intervention and assumption of operational control, the previously proposed closure of the blast furnaces has not proceeded as originally envisaged and steelmaking operations have continued. This event occurred after the reporting date and does not provide evidence of conditions that existed at 28 December 2024. Accordingly, it has been treated as a non-adjusting subsequent event in accordance with IAS 10. The impairment assessment and the estimated useful lives of heavy end assets as determined at 28 December 2024 have therefore not been adjusted as a result of this development. While control of BSL is in the hands of the UK Government and its advisors, it continues to be owned by JSUK with commercial resolution expected in the coming months.

Consequently, the future ownership structure of BSL is subject to ongoing negotiations between the UK Government and JSUK, which will also determine the settlement of outstanding related party loans. The UK Government's long-term plan for BSL, and whether this involves nationalisation, third-party investment, or settlement of intercompany loan balances, will be informed by these discussions.

In the short- to medium-term, the UK Government is expected to finance BSL's operational requirements; future funding may involve third-party participation alongside government support, depending on the commercial resolution.

The long-term strategy for BSL will be to align to the government's UK Steel Strategy, which is still in development. Plans to transition to electric arc furnace technology remain integral to this strategic alignment.

Sale of FNsteel BV

On 5 September 2025, JSUK completed the sale of FNsteel BV, a subsidiary of the parent group, to Ferrobridge Holding BV through a management buyout. The transaction resulted in the reassignment of BSL's outstanding trade receivables of £28.8M (€33.3M) with FNsteel BV to JSUK in exchange for a reduction of the intercompany loan balance between BSL and JSUK. The transaction does not have a material impact on the Company's ability to continue as a going concern.

There were no other significant events since the balance sheet date which may have a material effect on the financial position or performance of the Company.

28 Prior Period Restatements

As part of the preparation of the 2024 financial statements, BSL has undertaken a review of its historical application of IAS 36 Impairment of Assets. This review identified that the Company's historical approach to identifying cash generating units ('CGUs') differed from the approach required by IAS 36, which requires CGUs to be determined based on the smallest group of assets that generate largely independent cash inflows.

In previous reporting periods, BSL assessed impairment at the level of individual business units, treating each as a separate CGU for the purposes of IAS 36. Under this approach, impairment losses were recognised only against heavy end assets in both 2022 and 2023.

Following a reassessment of the degree of integration across the business, management concluded the appropriate CGU for impairment testing was deemed to be BSL as a whole. This reinterpretation required the Company to revisit its historical impairment assessments.

Applying a single CGU assessment for all periods presented resulted in a materially different outcome from that previously reported. Specifically:

- Assets previously tested for impairment at business unit level should have been tested at Company level.
- Under the Company wide CGU, the recoverable amount was lower than the carrying amount of the full asset base, leading to a requirement to recognise full impairment of all non current assets, not just the heavy end assets previously impaired. Right-of-use assets have only been impaired to the extent that they are not reduced by their corresponding lease liability.
- The restatement arises from a revised interpretation and application of IAS 36 to prior periods. As this does not represent a change in accounting estimate, it has been accounted for as a prior period error in accordance with IAS 8.

Notes to the Financial Statements (CONTINUED)

28 Prior Period Restatements *(continued)*

As part of the reassessment, management also refined the basis used to determine the recoverable amount of the CGU. In the previously reported 2022 and 2023 impairment assessments, value in use was used, with EBITDA applied as a proxy for cash flows. Following the reassessment, the recoverable amount for 2022 has been determined using value in use based on forecast cash flows, while for 2023 it has been determined using a fair value less costs of disposal model based on forecast cash flows.

As a consequence, the impairment charges recognised in 2022 and 2023 were lower than they would have been under the revised CGU assessment, and depreciation charges in those periods were correspondingly higher, reflecting the higher carrying amount of assets prior to the restatement.

Following this reassessment, certain non-current assets, including right-of-use assets, were fully impaired in prior periods through the CGU allocation process. This results in lower depreciation charges in subsequent periods, as there is no remaining depreciable carrying amount for those assets following the restatement.

The revision has resulted in the following adjustments to previously reported amounts:

- Additional impairment charges in both 2022 and 2023 to reflect the impairment of non-current assets at CGU level.
- Revised depreciation charges, reflecting the lower carrying amount of assets following the revised impairment and consequently, reduced depreciation in subsequent periods.
- A corresponding reduction in the carrying amount of noncurrent assets, and adjustments to opening equity for the earliest period presented.

In accordance with IAS 8, the comparative figures for 2022 and 2023 have been restated retrospectively to reflect the revised impairment assessment. The restated figures ensure that:

- The financial statements are presented on a basis consistent with the revised application of IAS 36; and
- The carrying amount of assets, depreciation charges and impairment losses are comparable and reliable across all periods presented.

The financial impact of these restatements is provided below.

Impact on Statement of Comprehensive Income:

Financial statement line item	2023 (as previously reported) £'000	PYA £'000	**2023 Restated £'000**
Impairment	(36,902)	(40,170)	(77,072)
Depreciation	(13,514)	13,294	(220)
Loss for the financial year	(226,998)	(26,876)	(253,874)

Impact on Statement of Financial Position:

Financial statement line item	2023 opening (as previously reported) £,000	PYA £,000	**2023 opening Restated £,000**	2023 £,000	PYA £,000	**2023 ending Restated £,000**
Intangible assets	1,704	(1,704)	-	1,869	(1,869)	-
Property, plant and equipment	117,370	(117,370)	-	148,789	(148,789)	-
Right-of-use assets	43,121	(43,121)	-	38,414	(38,414)	-
Accumulated losses	(122,768)	(162,195)	(284,963)	(349,766)	(189,071)	(538,837)

Management confirms that no other prior-period errors were identified during the preparation of the 2024 financial statements.