

A large, curved, and layered steel structure, possibly a bridge or a modern architectural facade, dominates the upper half of the image. It features numerous parallel steel beams that curve and overlap, creating a sense of depth and movement. The structure is set against a clear, light blue sky.

2024

ANNUAL REPORT

U. S. STEEL KOŠICE

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RESPONSIBILITY BRINGS
SUCCESS, AND SUCCESS
BRINGS RESPONSIBILITY



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U. S. Steel Košice (USSK) continues to embody U. S. Steel's most important value: Safety first. Congratulations to the employees of USSK on your best safety performance since 2020, and for continuing to live by our S.T.E.E.L. Principles, day in and day out.

Since its acquisition of the Košice Steelworks in 2000, USSK has been an important part of our company. With its extraordinarily committed employees, USSK continues to deliver strong operational performance, even in the face of extraordinary macroeconomic and geopolitical challenges. And even as those challenges have proven unrelenting, USSK has made meaningful investments in digitalization.

To the more than 7,500 employees at USSK: thank you, once again, for all you do, and all you continue to do. Congratulations and thank you for another strong year.

David Burritt

President and CEO of U. S. Steel



Safety first. That has always been U. S. Steel's core value and always will be. I am so pleased to announce that our team at USSK has continued our record safety performance. With all the challenges that our team faces, I am incredibly proud of each and every employee for continuing to look out for each other.

As you will read in the following pages, 2024 was another year of significant challenges for energy intensive businesses in Europe, and our team at USSK remains steadfast and focused on continuing to manage these challenges. The terrible war in Ukraine continues, and European manufacturing and industrial sectors remain troubled. Despite these challenges, we have made significant strides in process optimization and innovation. The implementation of the ERP system exemplifies a transformation with the potential to fundamentally reshape how we conduct business, as we prepare to leverage the powers of Artificial Intelligence.

Indeed, digitalization is a key component of our strategy, aimed at enhancing the competitiveness and efficiency of steel production, and improving the efficiency with which we service our customers. Our company is leveraging artificial intelligence, mobile applications, and robotic solutions, which optimize processes, improve quality, and reduce costs. Special attention is also devoted to leveraging data, applying advanced methods like machine learning, neural networks, and deep learning to improve predictability and process management. We continue to prioritize developing the digital skills of our workforce, fostering talent for the future.

In 2024, we faced unexpected events, such as the fire at the Continuous Casting, which required swift and decisive action. Thanks to the professionalism and dedication of our employees, we minimized the impacts and maintained production without significant disruptions to supply. This incident highlighted once again the strength and resilience of the U. S. Steel Košice team, which never gives up, even in the most challenging circumstances.

Sustainability remains a long-term priority, requiring the alignment of economic foundations with environmental objectives. We believe

that through our partnership with Nippon Steel, which has made significant technological advances in this field, we can achieve the ambitious environmental goals set in Europe. Simultaneously, we continue active dialogue with our partners and regulatory authorities to ensure that our activities contribute to the sustainable social and economic development of the region. We recognize that a sustainable future is an essential prerequisite for long-term success.

An important aspect of our strategy is strengthening relationships with employees, communities, and partners. We organize events that promote education, safety, and development. Volunteer activities and collaboration with local communities also play a significant role, contributing to regional development and reinforcing our position as a responsible employer and trusted partner.

In sum, 2024 was a challenging period for the entire steel industry but also served as evidence of our ability to deliver high-quality products to our customers, not only in favorable times but also during difficult ones. Independent experts continue to view our company as a viable enterprise, thanks to our strategic geographic location, technological capabilities, and, most importantly, the competitive strength of our great employees. I believe these factors, combined with continuous effort and determination, will enable us to achieve further success.

As we look ahead to 2025, and our pending merger with Nippon Steel, I am certain that the future of USSK is bright. Nippon Steel brings the resources and technical expertise to truly take USSK to new heights. And most importantly, Nippon Steel shares similar values -- like us, they have an unrelenting focus on safety.

We will truly be better, and stronger, together.

Thank you for your interest in U. S. Steel Košice.

James E. Bruno

President of U. S. Steel Košice, s.r.o.

2024 IN NUMBERS

Quantity of steel produced

3.476 million metric tons
of raw steel slabs

EBITDA

60 million
EUR

Sales and other income

3,071 million
EUR

Employment*

7,554 employees

Proportion of women in USSK

14.4%

Proportion of women among statutory representatives

25%

OSHA Days Away From Work Frequency

0.000

OSHA Recordable Injuries Frequency

0.035

* U. S. Steel Košice, as of December 31, 2024

INTRODUCTION

COMPANY PROFILE

U. S. Steel Košice, s.r.o. was established as a limited liability company on June 7, 2000 and inscribed in the Commercial Register of Municipal Court Košice I, Section Sro, Insert 11711/V on June 20, 2000. The Company's registered office is at Vstupný areál U. S. Steel, 044 54 Košice and as of December 31, 2024, its sole shareholder was U. S. Steel Global Holdings VI B.V., Basisweg 10, 1043 AP, Amsterdam, Netherlands. The ultimate parent company is United States Steel Corporation, 600 Grant Street, Pittsburgh, Pennsylvania, USA (United States Steel Corporation hereinafter also referred to as U. S. Steel or USS).

As of December 31, 2024, U. S. Steel Košice, s.r.o. had 4 subsidiaries, 2 of them located in Slovakia and 2 abroad. The Company does not have an organizational unit abroad, or other remote production sites.

On December 18, 2023, U. S. Steel entered into a merger agreement with Nippon Steel Corporation (NSC). The merger remains pending. For the latest information on the pending merger, please refer to United States Steel Corporation's Annual Report on Form 10-K for the year ending December 31, 2024, and its other filings made with the U.S. Securities and Exchange Commission.

COMPLEX PRODUCTION AND TECHNOLOGICAL PLANT

U. S. Steel Košice, s.r.o. also referred to as "U. S. Steel Košice," "USSK" or "the Company," is one of the largest integrated producers of flat-rolled steel products in Central Europe, providing a wide assortment of hot-rolled, cold-rolled and coated products including hot-dip galvanized, color-coated, tinplate and nongrain oriented sheets. On top of flat-rolled steel products, the Company also produces spiral welded pipes.

U. S. Steel Košice, s.r.o. has annual raw steel slab production capability of **4.5 million metric tons**. Operation facilities include two coke batteries (1), four sintering strands (2), three blast furnaces (3), four steelmaking vessels (4), a vacuum degassing unit (5), two dual strand continuous casters (6), a hot strip mill (7), two pickling lines (8), two cold reduction mills (9), a batch annealing facility (10), a skinpass (11), a two-stand tandem mill (12), two continuous annealing lines (13), two hot-dip galvanizing lines (14), two tin-coating lines (15), one dynamo line (16), a color-coating line (16) and two spiral-welded pipelines (17). U. S. Steel Košice, s.r.o. also has multiple slitting, cutting and other finishing lines for flat products. Power engineering plant (18) is also part of the Company. The research and development unit (19) operates pilot lines for laboratory-scale simulation of liquid steel production, hot and cold rolling, annealing, hot-dip coating, stamping, physical and corrosion process, as well as laser-based thickness and profile measurement of steel sheets.

MEMBERSHIP IN ORGANIZATIONS

- [Eurofer](#) - European Steel Association
- [Steel for packaging Europe](#) - Association of European Producers of Steel for Packaging
- [RÚZ](#) - National Union of Employers
- [AmCham Slovakia](#) - American Chamber of Commerce in the Slovak Republic
- [SOPK](#) - Slovak Chamber of Commerce and Industry
- [ZAP](#) - Automotive Industry Association of the Slovak Republic
- [BLF](#) - Business Leaders Forum
- [Košice IT Valley](#)

HISTORY OF USSK

- **1959** - On the basis of the government's decision, the Deed of Foundation, establishing the national enterprise - the East Slovakian Steelworks (VSŽ) - was signed on April 1st.
- **1960** - On January 4th construction of the iron and steel works started. More than four thousand people participated in the official groundbreaking.
- **1965** - One of the largest investment projects - construction of the first blast furnace - was completed and the first iron was smelted on June 2nd.
- **1966** - The whole metallurgical cycle was completed thanks to rapidly proceeding construction.
- **1969** - The old type of radiator production started.
- **1972** - The first spiral welded pipe intended for export.
- **1982** - On April 28th the continuous casting of steel slabs was officially put into operation.
- **1989** - VSŽ, national enterprise was transformed on July 1st into a state company.
- **1990** - From November 15th the steel company became a joint-stock company (a.s.).
- **1991-1992** - VSŽ was included in the first wave of voucher privatization.
- **1995** - VSŽ, a.s. became an associate member of Eurofer - the European Steel Association.
- **1996** - The last ingot was rolled out in the Slabbing Plant on January 10th. This technology was then replaced by 100% steel casting into slabs.
- **1998** - VSŽ and the United States Steel Corporation set up a joint venture based in Košice.
- **2000** - On November 24th the United States Steel Corporation took over the Košice steelworks.
- **2007** - On September 25th Galvanizing Line No. 3 was officially brought into operation.
- **2023** - In December 2023 Japan Nippon Steel announced it had entered into a definitive merger agreement with Nippon Steel North America and Nippon Steel Corporation.

COMPANY MANAGEMENT

AS OF DECEMBER 31, 2024:



JAMES E. BRUNO
President / statutory representative



MICHAEL L. PIEKUT
Deputy President / statutory representative



DAVID E. HATHAWAY
Vice President Engineering and Innovation / statutory representative



JUDr. ELENA PETRÁŠKOVÁ, LL.M
Vice President Energy and General Counsel / statutory representative



RNDr. MIROSLAV KIRAL'VARGA, MBA
Vice President External Affairs, Administration and Business Development / statutory representative



Ing. SILVIA GAÁLOVÁ, FCCA
Vice President and Chief Financing Officer / statutory representative



KARL G. KOCSIS
Vice President Human Resources and Transformation / statutory representative



Ing. MARCEL NOVOSAD
Vice President Operations / statutory representative



TOMÁŠ KURIATNIK, MBA
Vice President Information Technology

SUPERVISORY BOARD

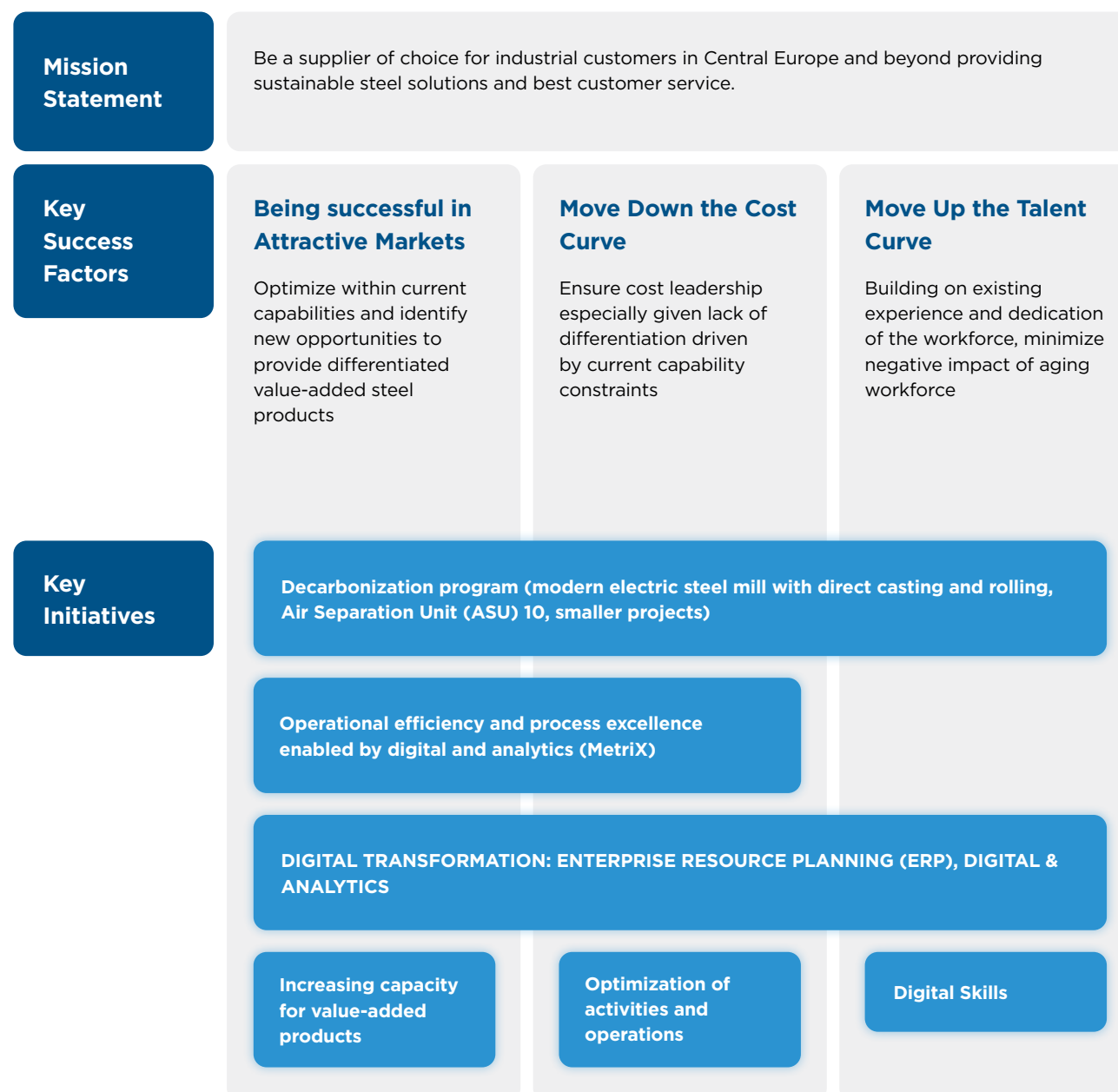
DUANE DOUGLAS HOLLOWAY
Chairman

MANPREET SINGH GREWAL

Mgr. EVA DURZÓOVÁ

INTRODUCTION

STRATEGY



Building on USS's corporate strategy and recognizing specifics of the local environment and the industry, USSK aspires to be a supplier of choice for industry in Central Europe and beyond providing sustainable steel solutions and best customer service.

This aspiration stems from USSK's strengths, including a wide portfolio of products, quality credentials and customer service accolades.

With its strategy, USSK aims to target three main success factors:

- ✓ **Grow its presence in attractive market segments** (within current constraints and through potential future projects).
- ✓ **Continue its efforts in cost leadership** acknowledging that steel is a globally traded commodity where price (and hence production costs) is one of the key buying factors.
- ✓ **Continue developing its experienced and highly dedicated workforce.**

To deliver this strategy, USSK manages a portfolio of initiatives comprising mainly:

- ✓ **Decarbonization plan**
 - » Focused on significant reduction of future CO₂ footprint through the implementation of technological changes including State-of-the art mill with Electric Arc Furnaces (EAFs), Direct Casting and Rolling (DCR) and several electrification projects such as new air separation unit or an electric blower.
- ✓ **Increasing the capacity of value-added products**
 - » USSK has been continuously improving throughput of existing value-added lines and will continue to pursue these opportunities.

- » In addition, USSK has identified several potential projects in this area which may become relevant after decarbonization.

✓ Operations and process excellence

- » Continuous improvement is in the DNA of USSK. As steel is, to some extent, a commodity product, USSK aspires to outperform its competitors on key value drivers in operations (such as yields, productivity or fuel rates).
- » After completing the BestX program in 2023, USSK is starting the next wave of its continuous improvement program under the name MetriX (formerly BestX), this time covering years 2024 to 2026. More details on BestX can be found in *Continuous Improvement Programs* section.

✓ Digital transformation – ERP, Digital&Analytics

- » Leveraging digital tools is key to improving our operations.
- » We are in the middle of replacing our home-grown legacy ERP system with a new market leading standardized solution which will enable a sustainable future through digital solutions and reliable process and data.
- » In addition, we will continue running a Digital&Analytics program focused on implementing innovative digital and AI solutions in our processes.

✓ Footprint optimization

- » We continuously evaluate our core and non-core activities to reduce greenhouse gas emissions while ensuring maximum returns for our shareholders.

✓ Digital skills

- » As part of our Digital&Analytics program, USSK invests into capability building of its employees through a range of trainings focused on Digital and AI skills including internal bootcamps and several levels of AI academy in cooperation with Pavol Jozef Šafárik University.

USSK management has quantified the strategy and regularly reviews progress towards achieving ambitious targets in safety, profitability, carbon footprint as well as customer experience and employee engagement.



INTRODUCTION

SUSTAINABILITY AND ESG

SUSTAINABILITY CORPORATE SOCIAL RESPONSIBILITY (CSR) ESG ISSUES

Every company defines these phrases a bit differently. U. S. Steel views them through a simple lens: Ensuring a more sustainable future, for our company and the stakeholders who depend on us, is not only the right thing to do, it is also essential to our long-term success. To realize this future, we have implemented our Best for All® strategy to transform our company into a sustainable, competitive business, enabling us to remain a pillar of our communities, a source of pride for our employees, and the bedrock of sustainable manufacturing for generations to come.

Sustainability within U. S. Steel means ensuring that our Company creates long-term value for all who participate in it – for investors, customers, employees, the community where we live and work, and ultimately for the planet.

BEST FOR ALL®

Best for All® strategy is focused on providing customers with profitable steel solutions for people and the planet, creating a more sustainable future for all our stakeholders. This strategy is informed by assessment of the climate-related risks and opportunities in our industry as well as potential climate impacts on our facilities, customers, and suppliers.

U. S. STEEL CORPORATE FRAMEWORK



Inspiring innovation

U. S. Steel innovation culture inspires the development of profitable, sustainable solutions for customers and drives positive outcomes for all stakeholders. This innovation drives material efficiency, energy management and process, and product progress.



Protecting our planet

U. S. Steel strives to minimize our environmental footprint through implementation of our greenhouse gas (GHG) intensity reduction goal, air quality goal and adherence to environmental standards. We cooperate with our stakeholders throughout the year and report on our performance to relevant groups across our organization.



Supporting people

U. S. Steel maximizes the potential of the people we impact, both internal and external to the organization, through employee benefits and development, and community outreach. Our focus on empowerment includes community engagement, corporate governance, health and safety, relationships with unions, and talent management.



SUSTAINABLE DEVELOPMENT GOALS AT USSK

As a responsible company, we strive to focus our attention not only on the sustainability of our business, but also on contributing to efforts aimed at overcoming global challenges. For a long time, USSK have been setting goals that are in line with the global **Sustainable Development Goals (SDGs)**, which were adopted by the UN member states in 2015 as part of the 2030 Agenda and which the Slovak Republic also endorsed.

We strive to do business responsibly. Towards the end of 2021, USSK started setting up a structure focused on meeting ESG requirements, by also creating our own ESG team. We continue doing so while intensifying both communication and cooperation as well as developing our skills and knowledge in this area. We have been deepening SDGs within USSK and looking for new ways to embed them in our principles and values which include the environment, anti-corruption system, and human rights.

Working towards these goals not only contributes to overcoming global challenges, but also helps to create better working conditions, improve fair play on the market, reduce the risks that occur in the process and last but not least, to be more competitive.



- Talent and Skills Development (p. [80](#))
- Safety and health protection at work (p. [94](#))
- Chemicals (p. [98](#))
- Crisis management (p. [100](#))
- Community engagement (p. [102](#))



- Talent and Skills Development (p. [80](#))
- Development activities/programs (p. [81](#))
- Cooperation with schools (p. [83](#))
- Community engagement (p. [102](#))



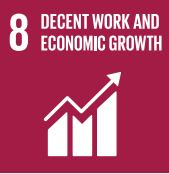
- Equal opportunities (p. [88](#))



- Mitigating impact on environment (p. [58](#))
- Water management (p. [64](#))



- Process innovation (p. [39](#))
- Energy Efficiency (p. [72](#))

	• Talent and Skills Development (p. 80) • Employee Social Program and Cooperation with Labor Unions (p. 86)
	• Process innovation (p. 39) • Products and industrial solutions (p. 40) • Research and development (p. 43) • Capital investments (p. 47) • Continuous Improvement Programs (p. 49)
	• Equal opportunities (p. 88) • Community engagement (p. 102)
	• Community engagement (p. 102)
	• Process innovation (p. 39) • Products and industrial solutions (p. 40) • Quality and customer technical support (p. 42)
	• Mitigating impact on environment (p. 58) • EU Emissions Trading System (p. 70) • USS path to Net-Zero Greenhouse Gas Emissions (p. 69)
	• Mitigating impact on environment (p. 58) • Nature and Landscape Protection (p. 65)
	• Ethics and Compliance (p. 117) • Bribery prevention - Anti-corruption Policy (p. 118) • Thorough confirmation of no use of conflict material (p. 122)
	• Community engagement (p. 102)

ESG

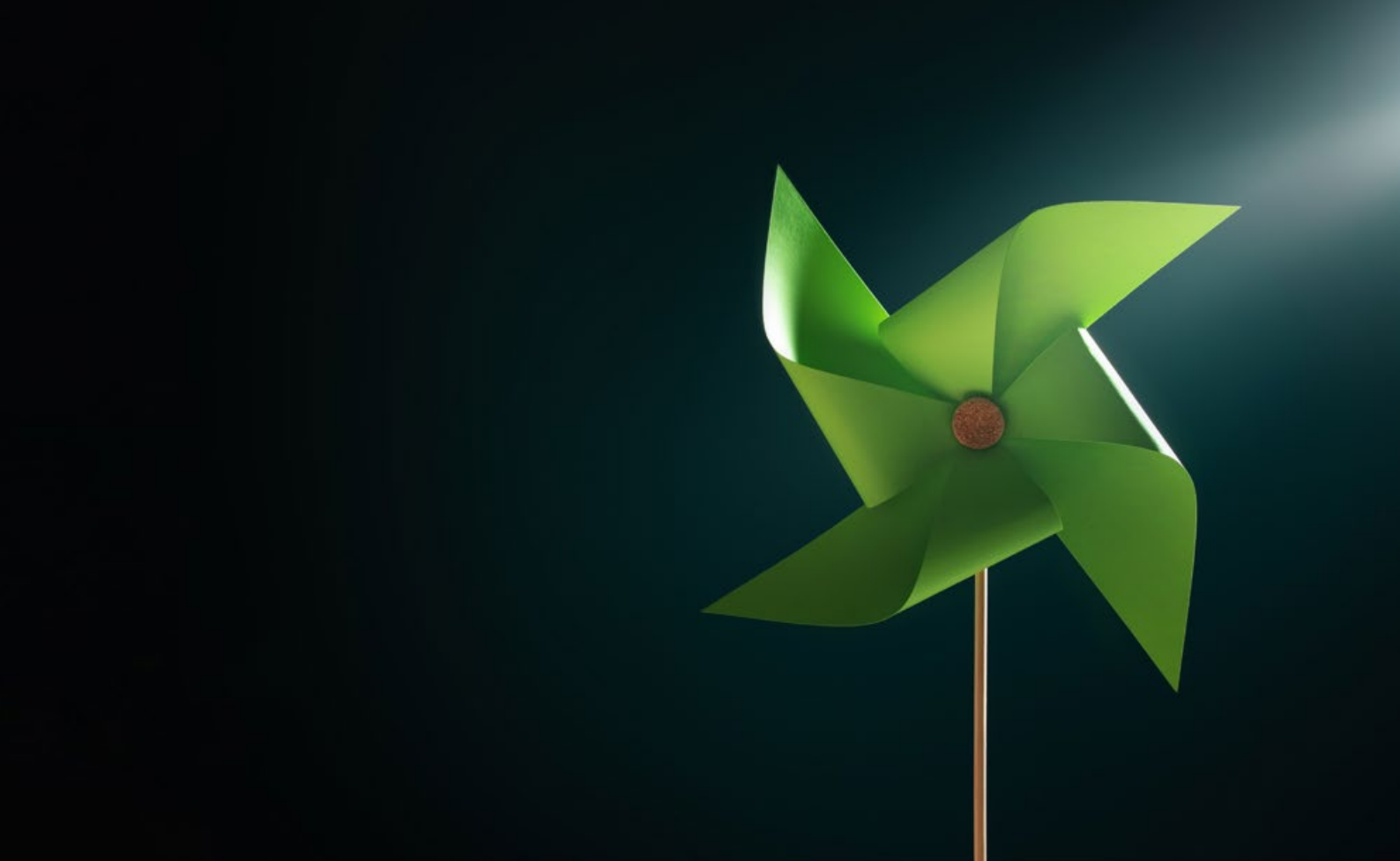
Corporate Social Responsibility (CSR) and **ESG (Environmental, Social, Governance)** representing the criteria used to assess a company's impact on climate and the environment, its societal impact and the quality of decision-making and management) are nothing new for our Company. We have been producing in Slovakia high-quality steel that serves world needs for more than 20 years. Long before the word “sustainability” began to be used in connection with the business to society relationship, the Company applied a responsible approach in its business. Since the beginning of our operations in Košice, we have followed the principles of ethical and transparent business of the first Chairman of the Supervisory Board of U. S. Steel, Elbert Gary, which he introduced at the beginning of the 20th century.

USSK as the **largest employer and company in eastern Slovakia** has been regularly informing about the impact of its business in social, economic, and environmental areas through corporate responsibility reports, and ever since 2011 via integrated annual reports. USSK is one of the founding members of the informal association of companies, Business Leaders Forum, which since 2004, has been systematically working on promotion of CSR in Slovakia.

USSK is a leading corporate partner and **responsible community member supporting the development of the region** where its partners and employees live. It has been doing so since its establishment in 2000 via the promotion of children's and youth activities, health care, sport and sporting events, environmental and educational programs, projects helping to preserve the cultural identity of the region. It supports its active employees, appreciates their generosity in corporate fundraisers for charitable purposes, and develops their volunteer work for the benefit of communities.

USSK pays significant attention to issues of **management, education, and development of human resources** – from the preparation of the next generation of employees through the support of students at partner schools, to a close cooperation with trade unions – in creating a motivated workforce. We put special emphasis on the **safety and health of employees**, which U. S. Steel Košice promotes as a key value in cooperation with its partners and the community. Last but not least, USSK is a **leader in the application of business ethics and anti-corruption practices in Slovakia**.





MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

U. S. Steel Košice has been intensively preparing for the new obligation to compile a sustainability report according to the European Sustainability Reporting Standards (ESRS). Therefore, at the end of 2023, a **double materiality assessment** was conducted, based on these standards. On the identified set of cross-sectional ESG topics, which were selected from the relevant sustainability context of U. S. Steel Košice, U. S. Steel, as well as for similar companies operating in the steel segment, the Company evaluated the importance of these topics from the point of view of impacts and financial significance. In addition, it engaged a wide range of internal and external stakeholders from employees, investors, affected communities, the value chain and non-governmental organizations to confirm the internal assessment of double materiality. Stakeholders were involved in the form of a questionnaire or dialogue, within which they evaluated the importance of ESG topics for themselves and for other stakeholders.

The disclosure of the double materiality assessment will be prepared as part of the annual report compiled on the basis of the Corporate Sustainability Reporting Directive (CSRD).

Sustainability throughout the production process

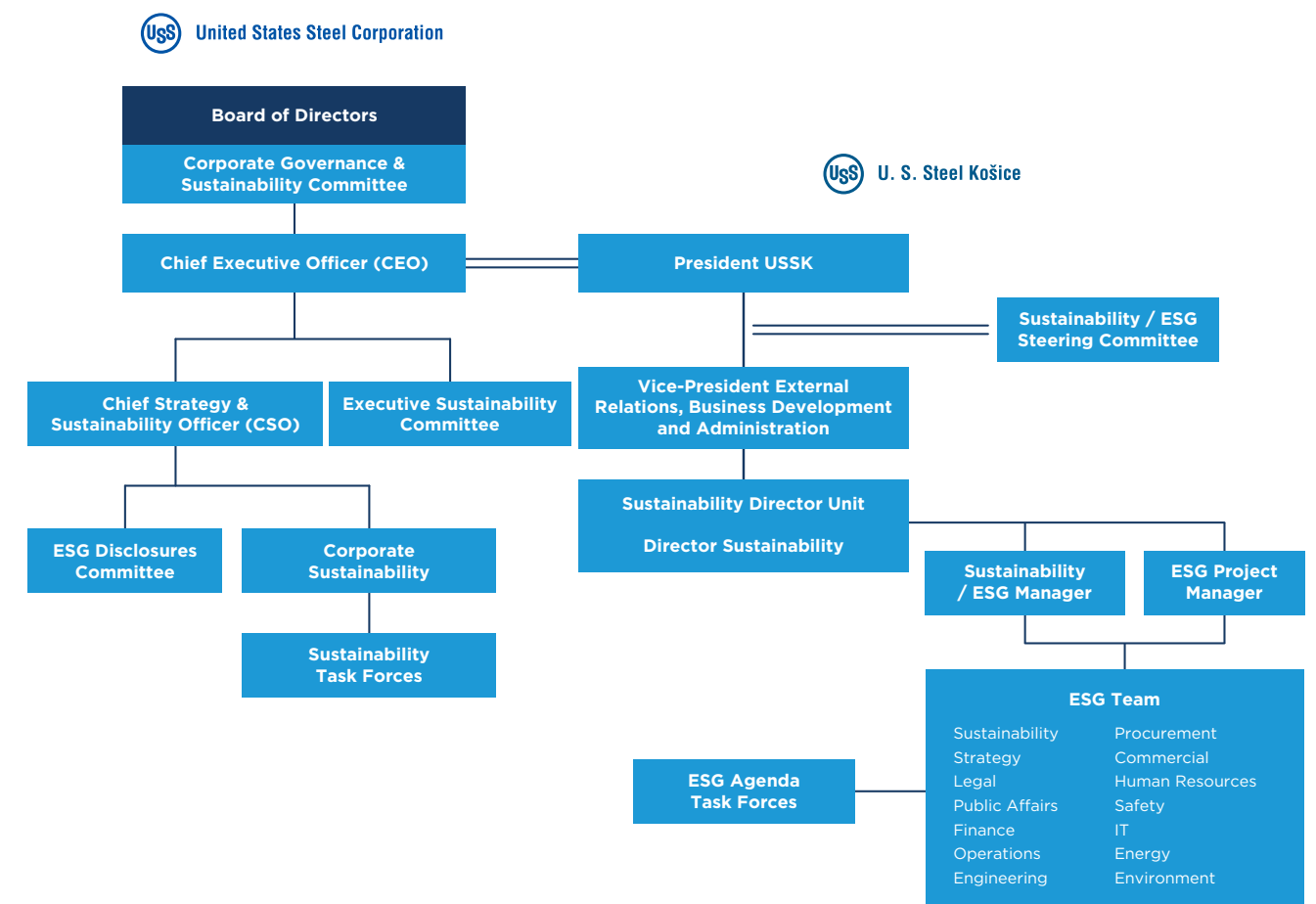
Sustainability within U. S. Steel means ensuring that our Company creates long-term values for all who participate in it - for investors, customers, employees, the community where we live and work, and ultimately for the planet.

Within U. S. Steel Košice we systematically work on the development of our Company's sustainability strategy. We have an effectively functioning ESG / Sustainability team, which covers the agenda across the entire scope of the Company as we care about sustainability. We believe that a responsible and sustainable way to succeed is key to our business. It not only brings economic development, but also strengthens the motivation and loyalty of employees, evokes customer satisfaction and loyalty, promotes understanding with the community in which we operate and live, and last but not least, is beneficial to our shareholders.

U. S. Steel is an active ResponsibleSteel™ (RS) member. Being committed to the RS standard, which stems from and follows ESG principles, USS obtained the 1st Site certification in North America (Big River Steel). While supporting USS RS membership, USSK has been in close cooperation with the corporate team, actively preparing for RS Site Certification process.

Within U. S. Steel Košice, ESG agenda is the responsibility of the Vice President for External Relations, Administration and Business Development, Director of Sustainability, Sustainability/ ESG Manager, and ESG Projects Manager.

On the corporate level, Sustainability & ESG agenda is led by the Senior Vice President & Chief Technology Officer, and Head of Sustainability.





BUSINESS ENVIRONMENT

TRUSTED BY OUR EMPLOYEES, CUSTOMERS, INVESTORS, COMMUNITY

Company Management (ESG)

- Transparent and ethical management of the company

Procurement of raw materials, products and services (ESG)

- **Transparent and responsible principles for supplier selection and cooperation with suppliers**
- Implementation of the **Supplier Code of Conduct and the Code of Responsible Sourcing**
- **Use of alternative materials**

- Use of **recyclable materials** in the production of refractory materials.
- Use of **BIO alternatives** for sealing and insulating materials as a substitute for materials with carcinogenic elements.
- Purchase of so-called **green zinc** – use of recycled extracted zinc ore from the dump for the re-production of zinc blocks using new technologies.
- Use of metal-bearing by-products from the engineering industry in agglomeration and blast furnace feed.

- **A greener approach to transport**

- Transport of raw materials – **85%** of our deliveries are imported using **rail transport**, **15%** are imported using **ship transport** and **less than 1%** uses **road transport**.

Production (ESG)

- Monitoring and systematically reducing environmental impact
- Efficient and responsible use of raw materials, energy, and water
- The repeated use of technological residues, wastewater treatment and reuse, air pollution reduction, and biodiversity support represent the key areas of environmental care in our Company
- We strategically invest in R&D, including lower-emission steel production
- **Steel production is an ideal example of a CIRCULAR ECONOMY:**

- Steel can be infinitely recycled without loss of quality. At USSK, we can use up to 2,000-4,000 tons of scrap per day.
- Steel has an average lifespan of 40 years, and many steel products can be reused at their end of life, conserving resources.
- By-products of the production process can be further used.
- 50% of technological residues from production consist of blast furnace slag, which has further applications in various industrial sectors. We process waste in our own waste recovery facilities, and any waste that cannot be further utilized is disposed of in our own landfill sites.
- **By-products and materials** that are formed during the production process of steel and coke are reused in **various segments of industry and construction**. They are not landfilled, thus impact on the environment is being minimized.
- **Blast furnace slag** is further processed into products used in the construction industry, while by-products from coke and coke gas production are utilized in the **chemical industry**.
- In the field of **recovery and treatment of selected waste** through stabilization and/or decontamination, we obtain recycled material for landfill reclamation or enable its disposal at a non-hazardous waste landfill.
- USSK produces around 50% of the total electricity consumed at the plant.

The steel industry is constantly innovating new products and processes. Of the 3,500 grades of steel in use today, 75% did not exist 20 years ago.

- Steel production energy consumption has decreased by about 60% since the 1960s, thanks to energy efficiency improvements.
- Advanced High-Strength Steels make applications across industries lighter and stronger, reducing their environmental footprint.
- Nearly all technologies designed to reduce greenhouse gas (GHG) emissions rely on steel: renewable energy generation, transportation, electrification and the hydrogen industry. In order to transition to net-zero GHG emissions by 2050, the world needs steel.
- By 2050, global steel use is expected to rise about 20% from today's level to meet the needs of the world's growing population.

Products (ESG)

- We respond, among others, to the needs of the construction, automotive, white goods and energy industries.
- We are constantly expanding our product portfolio.
- Our products help to create sustainable infrastructure and promote a more sustainable lifestyle.
- Transport of products – changing to eco-friendly, multimodal method of material delivery to customers, through distribution warehouses in Germany (CO₂ savings in 2021 – 3.692 tons, in 2022 – 4.013 tons, in 2023 – 2.595 tons, and in 2024 – 2.430 tons)

Quality and safe working environment (ESG)

- Fair, ethical, and respectful treatment of our employees
- Opportunities for further development
- A wide range of benefits (beyond the legislative requirements)
- Safe, healthy, and quality working life for our people
- Safety of our employees is our priority
- We implement complex safety projects
- We provide our employees with the necessary personal protective equipment (PPE)

Engaged member of community (ESG)

- Active cooperation with the local community, interest in the needs of the region and engagement in their solution – either directly or through its foundation, Nadácia U. S. Steel Košice.
- The priorities in the area of donations and sponsorship are public benefit projects for children, support for health care, science and education, culture and sports.
- Volunteering programs
- Partner to many non-profit organizations that are active in solving problems and providing innovative solutions for community development and social care for disabled people and senior citizens.



INTRODUCTION

TAXONOMY

REPORTING OF INFORMATION IN ACCORDANCE WITH THE EU TAXONOMY

The Company is required by Regulation (EU) 2020/852 of the European Parliament and of the Council establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (hereinafter "Taxonomy Regulation" or "EU Taxonomy") to evaluate and disclose information for 2024 on the proportion of revenues, capital expenditures, and operating expenses that are associated with eligible economic activities or economic activities that comply with the EU Taxonomy.

In accordance with Article 10 of this regulation, companies meeting specified criteria must report selected non-financial information on a mandatory basis from 1 January 2022. The criteria defining mandatory reporting companies are set out in Directive 2014/95/EU of the European Parliament and of the Council amending Directive 2013/34/EU regarding the disclosure of non-financial and diversity information by certain large undertakings and groups. This directive has been transposed into Slovak law, particularly in the provisions of Section 20 of Act No. 431/2002 Coll. on Accounting, as amended.

The Company has followed the following applicable delegated regulations in developing the EU taxonomy requirements in this reporting period:

- Commission Delegated Regulation (EU) 2021/2139 and 2023/2485 (also known as the Climate Delegated Act), which contains a classification of economic activities that contribute significantly to **climate** change mitigation and/or adaptation for climate change. The economic activities covered by this delegated regulation are to be assessed not only for their eligibility but also for their **alignment** with the EU taxonomy, i.e., appropriate technical assessment criteria are also considered.
- Commission Delegated Regulation (EU) 2021/2178 (also known as the Disclosure Delegated Act) establishing the scope and content of information that entities are to disclose regarding environmentally sustainable economic activities, as well as the methodology for fulfilling this disclosure obligation.
- Commission Delegated Regulation (EU) 2022/1214 (also known as the Complementary Climate Delegated Act), which sets conditions for economic activities in certain energy sectors.
- Commission Delegated Regulation (EU) 2023/2486 (the so-called delegated regulation on environment), which includes a classification of economic activities that contribute significantly to at least one of the remaining **environmental** objectives of the taxonomy: pollution, water and marine resources, biodiversity, and ecosystems and/or circular economy.

1. ELIGIBLE ECONOMIC ACTIVITIES OF USSK

An eligible economic activity under the EU taxonomy (hereinafter referred to as an 'eligible economic activity') is an economic activity that is described in the delegated regulations supplementing the EU taxonomy, regardless of the fact whether that economic activity meets some or all of the technical screening criteria determined in those delegated acts.

The main activity of the Company is to produce and sell steel products, which include slabs, sheets, steel strips, tin-plated products, spiral-welded pipes, and coils. As supporting activity which the Company consider also to be eligible in terms of EU taxonomy, USSK provides availability and regulating electricity.

In addition to our core business, the Company also engages in ancillary activities, such as the processing and material and energy recovery of waste, the sale of by-products generated as residues from our production, as well as the care of the environment within the USSK premises as well as in adjacent protected areas on which the Company may have a potential impact. These non-core activities are so insignificant in terms of total turnover, capital, and operating expenditure that they are considered immaterial and are not analyzed further under the EU taxonomy.

Therefore, among the eligible economic activities under the EU taxonomy, we list the following activities for USSK:

Economic activity	Description	Significant contribution to an environmental objective	Contribution to the indicator	SK NACE Code
3.9 Manufacture of iron and steel	Production of iron and steel and ferro alloys	Climate change mitigation	Turnover, Capital expenditures, Operating costs	24.10, 24.20, 24.32,
4.9 Transmission and distribution of electricity	Operation of transmission and distribution system	Climate change mitigation	Turnover	35.12
2.3. Collection and transport of non-hazardous and hazardous waste	Disposal of waste	Transition to circular economy	Operating costs purchased - not material	38.11
6.2. Freight rail transport	Use of freight rail transport for products	Climate change mitigation	Operating costs purchased - not material	49.20
6.3. Urban and suburban transport, road passenger transport	Operation of in-plant buses	Climate change mitigation	Operating costs purchased - not material	49.31
6.6. Freight transport services by road	Use of freight road transport for products	Climate change mitigation	Operating costs purchased	49.41
6.8. Inland freight water transport	Use of inland freight water transport for products	Climate change mitigation	Operating costs purchased - not material	50.10
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Use of sea and coastal freight water transport for products	Climate change mitigation	Operating costs purchased - not material	50.20
6.14. Infrastructure for rail transport	Purchase of parts for rail transportation	Climate change mitigation	Operating costs purchased - not material	49.20

2. ALIGNED ECONOMIC ACTIVITIES OF USSK

An economic activity is considered environmentally sustainable if it is aligned with the EU taxonomy (hereafter referred to as 'aligned economic activity') and meets all the following requirements under Article 3 of the EU Taxonomy Regulation:

- It meets the technical screening criteria set by the European Commission in accordance with the Regulations, namely:
 - It makes a significant contribution to one or more of the environmental objectives set out in the Regulation.
 - It does not significantly harm any of these environmental objectives (DNSH principle).
 - It is carried out in accordance with the minimum social safeguards set out in the Regulation.

The Company assessed its eligible economic activities against the technical screening criteria in the context of the Climate Delegated Act, the Complementary Delegated Act, and the Environmental Delegated Act, that is, specifically the activities related to production of iron and steel production and transmission and distribution of electricity. However, after reviewing the technical screening criteria, the Company concluded that these activities fail to align with the EU taxonomy, as is explained below.

2.1 TECHNICAL SCREENING CRITERIA

2.1.1 Substantial contribution to the objective of climate change mitigation

The economic activity of iron and steel production and transmission and distribution of electricity contributes significantly to the objective of mitigating climate change if production process has not exceeded the limits of greenhouse emission emitted determined in Regulation. Similarly, there are emission thresholds for the activity of transmission and distribution of electricity that would confirm the low carbon production of electricity, waste disposal, use of freight rail transport for products, operation of in-plant buses, use of freight road transport for products, and purchase of parts for rail transportation.

The Company does not meet technical screening criteria for either of eligible economic activities, after the assessment, therefore can no longer be assessed as environmentally sustainable.

2.1.2 Do No Significant Harm Principle (DNSH)

In addition to significant contribution, the technical screening criteria also address the so-called 'no significant harm' principle, which should ensure that the economic activities do not have a significant negative impact on the environment and do not undermine any other environmental objective set out in Article 9 of Regulation (EU) 2020/852:

a) Adapting to climate change

For activities 3.9 Manufacture of iron and steel and activity 4.9 Transmission and distribution of electricity, the Company is required to meet the criteria set out in Appendix A of the Climate Delegated Regulation, which requires an assessment of climate risks, their severity and an assessment of adaptation solutions that can mitigate the identified physical climate risk while considering the lifetime of the activity in question.

The Company will make such an assessment of climate risks in future reporting periods, also in view of the disclosure requirement for this information under European Reporting Standard ESRS E1.

b) Sustainable use and protection of water resources

For activity 3.9 Iron and Steel Production, the Company needs to meet the criteria set out in Appendix B of Annex I of the Climate Delegated Regulation. Assessment on impact as for

environment, as for water is performed by the Company in compliance with valid legislation and with regulation 2011/92/EU.

For activity 4.9 Transmission and distribution of electricity the sustainable use and protection of water sources is not further specified.

c) Circular economy

For activity 3.9 Manufacture of iron and steel the circular economy is not further specified.

For activity 4.9 Transmission and distribution of electricity, the Company must implement a waste management plan within the framework of a circular economy that ensures maximum reuse or recycling at the end of its life cycle in accordance with the waste hierarchy. This commitment must be reflected in contractual agreements with waste processing partners, financial forecasts or official project documentation.

d) Pollution prevention and control

For activity 3.9 Manufacture of iron and steel follow the principles of the general environmental, health and safety guidelines contained in the internal Occupational Health and Safety (OHS) document. Reports are regularly submitted, and obligation fulfilled in the applicable standards and regulations regarding the use of the substances listed in:

- Regulation (EU) 2019/1021 of the European Parliament and of the Council on Persistent Organic Pollutants
- Regulation (EC) No 1005/2009 of the European Parliament and of the Council on substances that deplete the ozone layer.

For activity 4.9 Transmission and distribution of electricity, as part of the pollution prevention and control, the company must ensure that construction activities comply with the principles of the IFC General Environmental, Health and Safety Guidelines. It is also essential to comply with applicable standards and regulations to minimize the impact of electromagnetic radiation on health, including the EU Council recommendations for limiting public exposure. The company must also not use polychlorinated biphenyls (PCBs) in its activities.

e) Protection and restoration of biodiversity and ecosystems

For activities 3.9 Iron and Steel Production and activity 4.9 Transmission and distribution of electricity, the Company must comply with the criteria set out in Appendix D of the Climate Delegated Regulation to carry out an environmental impact assessment in accordance with Directive 2011/92/EU. However, only activities that meet the thresholds set by Act 24/2006 are subject to such an assessment. The Company submits any activities or plans in this respect to the environmental impact assessment compliance with the above legal requirements.

2.1.3 Minimum social safeguards

According to Article 3(c) of the EU taxonomy, any economic activity that is considered environmentally sustainable must be carried out in accordance with minimum safeguards.

Minimum safeguards are defined in Article 18(a) of the EU taxonomy as practices that ensure

that environmentally sustainable economic activities are carried out in accordance with:

- OECD Guidelines for Multinational Enterprises (2011)¹;
- The UN Guiding Principles on Business and Human Rights (UNGP)², including the principles and rights set out in the eight core conventions set out in the ILO Declaration on Fundamental Principles and Rights at Work³;
- The International Charter of Human Rights⁴.

The assessment of the Minimum safeguards was carried out in the light of the Final Report on Minimum safeguards prepared by the Platform for Sustainable Finance in October 2022⁵.

Assessments of compliance with minimum social safeguards were carried out for the four areas examined:

- Human rights (including labor and consumer rights)
- Corruption and bribery
- Taxation
- Fair competition

There have been no human rights violations (including labor and consumer rights) in the Company, either during the reporting period or historically. To ensure the proper functioning of the company in the field of human rights, the Company's Ethical Code of Conduct is in place. In order to /proactively prevent corrupt conduct and bribery, the Company has established an Internal System for handling complaints of anti-social activities. In 2023, the Company has also received a designation of "Highly Reliable Tax Entity" from the Slovak Financial Administration. In 2024, the Company continued to be considered a reliable tax entity.

¹ <https://www.oecd.org/daf/inv/mne/48004323.pdf>
² https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
³ https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf
⁴ <https://www.ohchr.org/sites/default/files/Documents/Publications/Compilation1.en.pdf>
⁵ https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

2.2 SUSTAINABLE PURCHASING AND GREEN PROCUREMENT

In line with the broader objectives of the Taxonomy Regulation, sustainable procurement plays a crucial role in fostering environmentally sustainable practices within the supply chain. For USSK, procurement activities span across diverse categories, which are foundational to its production processes. These categories include raw materials, energy, transportation, and various services that support the overall operational framework of the Company.

In the context of our ongoing commitment to sustainability and responsible business practices, it is essential to address the role of sustainable purchasing and green procurement within our operations. Our procurement activities encompass a wide range of categories, some of which have been identified as potentially aligned with sustainable practices. This alignment involves assessing the environmental impact of the products and services we procure, ensuring that they meet specific sustainability criteria, and working closely with suppliers who share our commitment to sustainability.

3. KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) include a turnover indicator, a capital expenditure indicator and an operating expenditure indicator. The disclosure of KPIs is in line with the EU taxonomy and in accordance with Annex II to the EU Commission Delegated Regulation on disclosure⁶ and Annex II to the EU Commission Delegated Regulation on residual environmental targets⁷.

As the Company does not have any aligned activity under the terms of the EU taxonomy, ratios of aligned KPIs show zero values for turnover, capital and operating expenses and non-zero values only for the ratios of eligible (non-aligned) activities.

The aggregate share of economic activities eligible and aligned to each of the Company's indicators is shown in the following Table:

Proportion of economic activities eligible and aligned under the EU taxonomy for 2024 (turnover, capital expenditure, operating costs)

Year ending December 31, 2024	Total (in ths. of EUR)	Share of eligible (non-aligned) economic activities (%)	Share of aligned economic activities (%)	Share of non-eligible economic activities (%)
Turnover	3,071,456	84%	0%	16%
Capital expenditure	88,900	100%	0%	0%
Operating expenses	131,751	100%	0%	0%

⁶ European Commission Delegated Regulation No 2021/2178 of 6 July 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed by businesses covered by Article 19a or 29a of Directive 2013/34/EU with regard to environmentally sustainable economic activities and specifying the methodology for fulfilling that disclosure obligation
⁷ https://eur-lex.europa.eu/legal-content/SK/TXT/PDF/?uri=OJ:L_202302486

3.1 TURNOVER

Turnover consists of revenues recognized from sales of own products and related services net of tax and discounts. The main activities of the Company are the production and sale of steel products, which include slabs, sheet, strip mill plate, tin mill products and spiral welded pipes. In addition, the Company provides services relating to availability and regulatory electricity. The Company also produces coke which is primarily used in the steel making process. The Company also provides certain support services to subsidiaries as well as to the parent company (Note 19 of IFRS Financial Statements). Certain activities from other income were excluded either by their recognition under IAS 20 — Accounting for Government Grants and Disclosure of Government Assistance or by its kind (income recognized under IFRS 9 Financial Instrument: Recognition and Measurement).

Unanalyzed activities are non-homogeneous activities that are individually insignificant, unrelated to and not aligned with the Company's core business and represent less than 0,5% of total revenue and other income.

Financial year 2024	Year 2024			Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) turnover, year N-1	Category enabling activity	Category transitional activity
Economic activities	Code	Turnover (000 EUR)	Proportion of turnover %	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Y/N ²	%	E	T		
				Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ²	Y/N ²	Y/N ²	Y/N ²	Y/N ²	Y/N ²	Y/N ²		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
none		0	0%	Non-applicable																0%	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
3.9 Manufacture of iron and steel	CCM 3.9	2,614,016		Y	N	N	N	N	N	N	N	N	N	N	N	Y	3,104,646		T		
4.9 Transmission and distribution of electricity	CCM 4.9	19,355		Y	N	N	N	N	N	N	N	N	N	N	N	Y	14,143		T		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				84%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Y	3,118,789		T		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)				84%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Y	3,118,789		T		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities		438,085		16,0%																	
TOTAL		3,071,456		100%																	

Revenue

The turnover of the company as defined in Article 17(1) of the Taxonomy Regulation (denominator) is 3,118,789 EUR as of 31 December 2023.

The turnover of the company as defined in Article 17(1) of the Taxonomy Regulation (numerator) is 3,118,789 EUR as of 31 December 2023.

The proportion of the company's turnover that is eligible for the Taxonomy is 100% (3,118,789 EUR / 3,118,789 EUR).

Revenue indicator

The Company does not report any proportion of turnover associated with aligned economic activities as explained in Chapter 3 and section 2.1.1.

The turnover ratio was determined as the ratio of the turnover associated with eligible economic activities (numerator) to the total turnover of the Company as defined by the EU taxonomy (denominator) for the year ending 31 December 2024.

¹ Y – Yes, Taxonomy-eligible and Taxonomy / N – No, Taxonomy-eligible but not Taxonomy / NEL – Not eligible

² Yes / No

Financial year 2024	Year 2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)								
Economic activities	Code	CapEx (000 EUR)	Proportion of CapEx	%	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year N-1	Category enabling activity	Category transitional activity				
					Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N ²	%	E	T				
	A. TAXONOMY-ELIGIBLE ACTIVITIES																	
	A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
	none		0	0%	Non-applicable										0%			
	A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
3.9 Manufacture of iron and steel	CCM 3.9	88,900	100.0%	Y	N	N	N	N	N	N	Y	262,082		T				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		88,900	100.0%	100%	0%	0%	0%	0%	0%	0%	Y	262,082		T				
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		88,900	100%	100%	0%	0%	0%	0%	0%	0%	Y	262,082						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities		0	0.0%															
TOTAL		88,900	100%															

Capital expenditure indicator

3.2 CAPITAL EXPENDITURE

The Company does not report any portion of capital expenditures related to the aligned economic activities as explained in Chapter 3 and section 2.1.1.

The capital expenditure indicator is defined as the ratio of capital expenditure related to aligned economic activities (numerator) to total capital expenditure as defined by the EU taxonomy (denominator) for the year ending 31 December 2024. However, the Company does not report any portion of capital expenditures related to the aligned economic activities as explained in Chapter 3 and section 2.1.1. Hence the Company only calculated the eligibility ratio using the similar methodological approach as described above.

The numerator and denominator include capital expenditure related to the main economic activity.

Capital expenditures (CAPEX) consist of additions to property, plant and equipment, including investment property and right of use assets and intangible assets transferred to base (Note 5 and 7 of IFRS Financial Statements) mainly into machinery, equipment and motor vehicles. Technical improvement of non-current asset is also included. For determining

¹ Y – Yes, Taxonomy-eligible and Taxonomy / N – No, Taxonomy-eligible but not Taxonomy / NEL – Not eligible

² Yes / No

Financial year 202t	Year 202t			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year N-1	Category enabling activity	Category transitional activity		
Economic activities	OpEx	(000 EUR)	Proportion of OpEx	%	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Y/N ²	E	T		
					Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹								
					Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹								
					Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹								
					Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹	Y/N/ NEL ¹							
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
none		0	0%	Non-applicable																0%	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
3.9 Manufacture of iron and steel	CCM 3.9	131,751	100.0%	Y	N	N	N	N	N	N	N	N	N	N	N	N	Y	106,174	T		
	OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		131,751	100.0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Y	106,174	T		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		131,751	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Y	106,174			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-non-eligible activities		0	0.0%																		
TOTAL		131,751	100%																		

Operating expenses indicator



taxonomy-eligible capital expenditures, all ongoing investment projects were reviewed. This process involved a screening of all procurement expenditures, ensuring that each individual CAPEX item was assessed based on its alignment with the EU Taxonomy.

The analysis confirmed that all relevant capital expenditures (CAPEX) are eligible under the EU Taxonomy, as they either directly contribute to production and eligible activities or result from legislative requirements related to these activities and changes related to these activities. The assessment was conducted at the level of individual purchases rather than a blanket mapping to the main activity.

3.3 OPERATING EXPENSES

The Company does not recognize any proportion of operating expenses associated with the aligned business activities as explained in Chapter 3 and section 2.1.1.

When calculating the eligible operating expenses, the indicator was defined as the ratio of operating expenditure related to eligible economic activities (numerator) to total operating expenditure as defined by

¹ Y – Yes, Taxonomy-eligible and Taxonomy / N – No, Taxonomy-eligible but not Taxonomy / NEL – Not eligible

² Yes / No

the EU taxonomy (denominator). However, the Company does not report any portion of operating expenditures related to the aligned economic activities as explained in Chapter 3 and section 2.1.1. Hence, the Company only calculated the eligibility ratio using the similar methodological approach as described above.

All ongoing projects were assessed to determine the operating expenses eligible under the taxonomy. This process involved a screening of all procurement expenditures, ensuring that each individual OPEX item was assessed based on its alignment with the EU Taxonomy.

The analysis confirmed that all relevant operating expenses (OPEX) are eligible under the EU Taxonomy, as they either directly contribute to production and eligible activities or result from legislative requirements related to these activities and changes related to these activities. The assessment was conducted at the level of individual purchases rather than a blanket mapping to the main activity.

Among operating costs according to the EU taxonomy, we considered costs related to maintenance and repair of buildings, plant and equipment, research and development, and short-term leases and rentals. USSK includes operating costs according to the EU taxonomy, mainly costs related to maintenance and repairs, while daily maintenance includes routine repairs, servicing and preventive maintenance of machines, equipment and buildings necessary to ensure the smooth running of production. This includes, for example, regular inspections, replacement of worn parts, inspection of safety elements and other measures to prevent failures and maintain the operability of production capacities.



INSPIRE INNOVATION

PROCESS INNOVATION



COLLABORATING WITH CUSTOMERS TOWARD SHARED SUCCESS

In recent years, we have collaborated with several customers to solve specific problems during the design process to ensure better end results. What began as intermittent customer requests has evolved into ongoing collaborations, customized solutions, and more differentiated products.

These collaborations have been extraordinarily successful, in large part because of the high level of trust we've built with our customers over time through our strong business relationships. There's a mutual respect for each other's knowledge and expertise, a comprehensive understanding of each other's businesses, and confidence that each party will fulfil its commitments.

We have continuously strived to improve all aspects of our business, including optimizing how we produce steel, and this is taking us in exciting new directions. We believe that long-term success depends on our ability to adapt to the changing needs of our customers and the environment.

Our engagements start with understanding our customers' business needs, engineering requirements and obstacles. Then we identify a solution, which could be creating a specialized product or modifying an existing one to fit their needs. The more our customers learn about the properties of steel and the ways it can be used, the more they are turning to differentiated steel products as a solution earlier in the design process and pushing the boundaries of its use.



INSPIRE INNOVATION

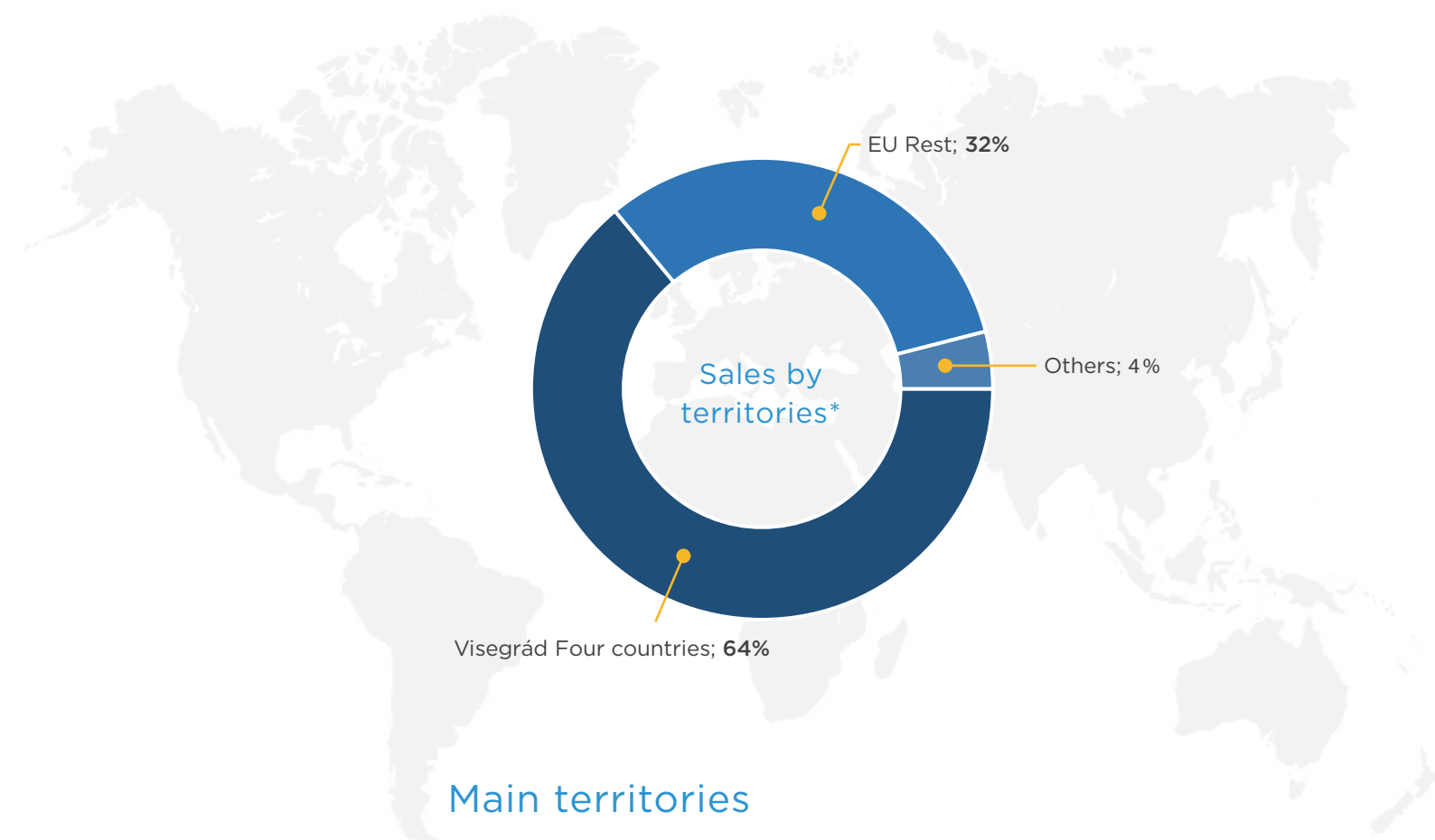
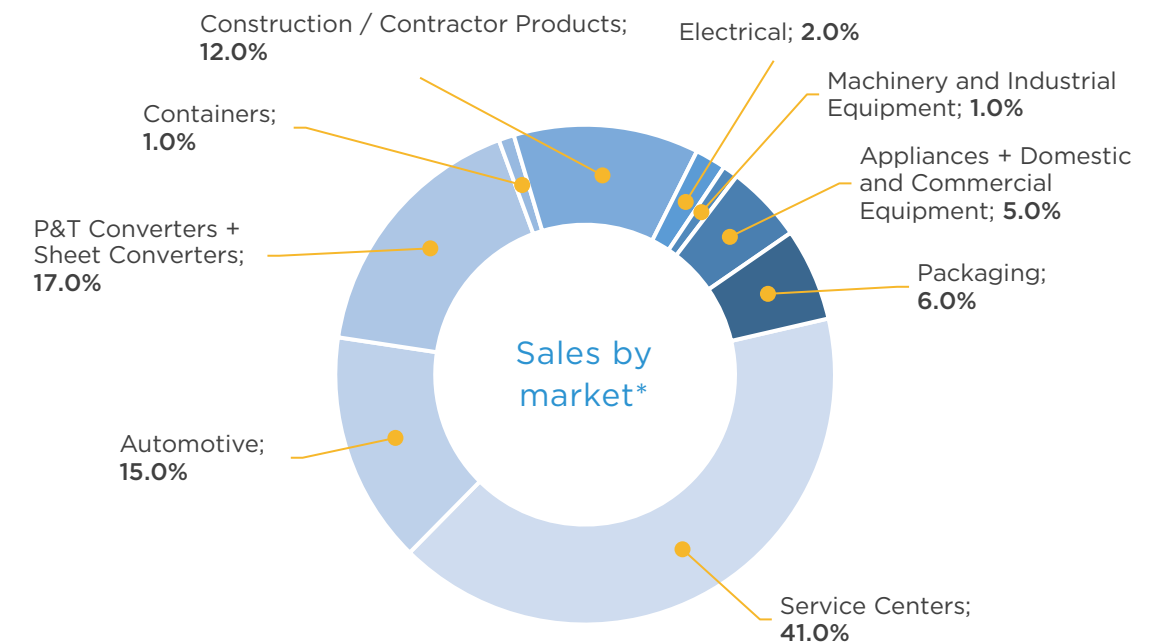
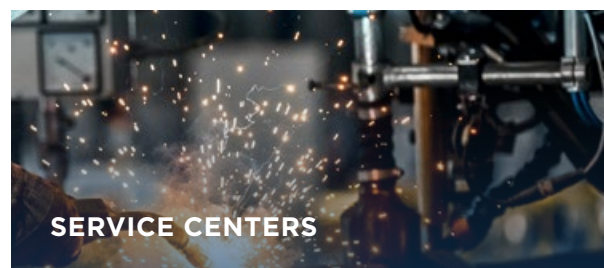
INSPIRE INNOVATION

PRODUCTS AND INDUSTRIAL SOLUTIONS



Our customers demand high performance and more sustainable solutions. Within the Company, we do everything to meet their needs.

U. S. Steel Košice serves several steel-consuming sectors including service centers and the construction, automotive, transportation, container, processing, and home appliance industries. To maintain its competitive position in challenging market conditions, U. S. Steel Košice focuses on continuous improvement projects and activities as the main tools to make decisions and implement programs which lead to higher quality goods and sustainable profitability improvements that improve USSK's financial position.



Main territories

The main territories in which U. S. Steel Košice operates are Central and Western Europe.



INSPIRE INNOVATION

QUALITY AND CUSTOMER TECHNICAL SUPPORT (CTS)

USSK has an established and certified **quality management system (QMS)** according to the **EN ISO 9001 standard and according to the IATF 16949 standard for the automotive industry**, the performance of which is checked once a year by an accredited certification body. The Company **holds several dozen product certificates** for its final and secondary products and also has several laboratories accredited according to the EN ISO/IEC 17025 standard.

In 2024, the Company successfully completed a **recertification audit according to EN ISO 9001:2015 and IATF 16949:2016**, thus confirming suitability and the efficiency of established processes. This recertification also confirmed the synergy of USSK's established and certified management systems in the area of environment, energy efficiency, safety and maintenance of railway transport (ECM) with the vision of introducing an integrated management system.

In the field of **internal quality**, when defining demanding internal goals, the quality of deliveries in 2024 was evaluated positively by USSK customers.

As for external quality, in 2024 a positive trend in customer claims was recorded. As regards the claims ratio as well as claims losses, both key indicators were met. The claims ratio reached the same excellent level as in 2023 and claims losses were even 14% lower than in 2023.

As to cooperation with customers, the **Customer Satisfaction Survey** is a significant **external quality parameter of supplied products and services**. The response rate in 2024 reached the same record level as in previous year, **99%**, whereby the customer satisfaction rating reached a **value of 1.73** (on a scale of 1 – excellent down to 5 – poor). **This result belongs to TOP 5 best customer satisfaction survey ratings since U. S. Steel acquired the Košice plant.** Customer Satisfaction Survey having clearly showed stable and consistent quality level of supplied products proved the leading position of USSK in the area of delivery performance, sales service and mainly in customer technical service.



INSPIRE INNOVATION

RESEARCH AND DEVELOPMENT



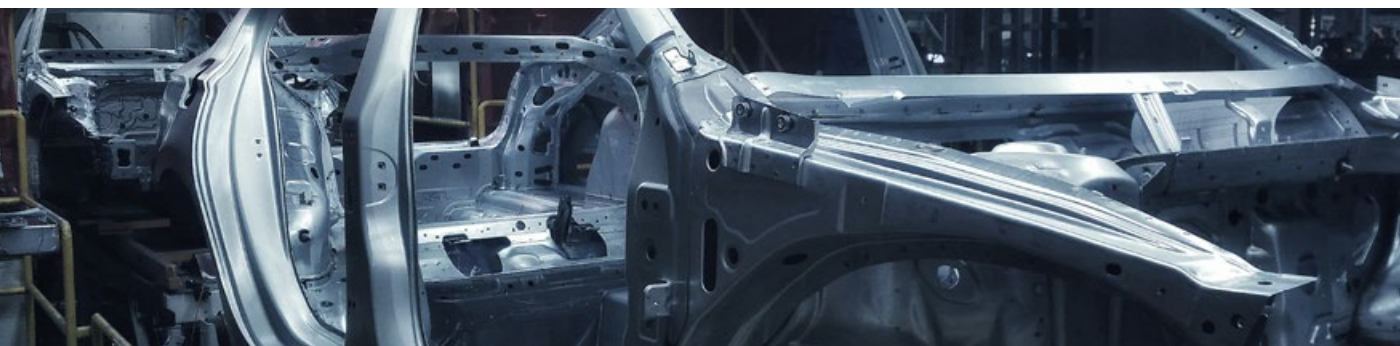
WE CONTRIBUTE TO INCREASING EFFICIENCY AND SUSTAINABILITY

In 2024, research and development activities responded to the adverse developments in the steel market, the energy crisis, and the overall situation caused by the war in Ukraine. The primary objectives of R&D efforts remained focused on improving and optimizing production processes while meeting customer requirements.

FOCUS OF RESEARCH AND DEVELOPMENT ACTIVITIES

- By leveraging advanced analytical methodologies and process optimization, we enhanced the procurement of strategic raw materials, streamlined supply chains, and minimized their adverse impact on product quality.
- Improvements in production efficiency and productivity led to further reductions in CO₂ emissions, as well as decreases in energy intensity and overall manufacturing costs.
- In primary steelmaking, process optimizations were implemented in the management of coal blend homogenization piles, deoxidation, alloying, modification, and continuous casting operations. The application of advanced optimization techniques, analytical modelling, and artificial intelligence in metallurgical process simulation continued to be a priority.
- Special attention was dedicated to the selection, testing, and validation of mold powders and specialized tundish ceramics to achieve maximum internal steel cleanliness.
- In the area of hot metal desulfurization, various desulfurization reagent blends were tested in combination with an AI-based desulfurization model.
- Development efforts continued on a comprehensive system for predicting hot metal temperature during transport from the blast furnace to the steel shop. Accurate temperature predictions enabled the optimization of the metallic charge in the basic oxygen furnace.
- A system for optimizing the slab cutting speed at continuous casters was introduced, leading to reductions in gas consumption and material losses.
- The implementation of process automation resulted in lower energy consumption and minimized steel losses.
- A significant expansion was achieved in the range of products and aggregates where predictive models for mechanical properties replaced conventional mechanical testing. This not only saved material and reduced the time required for sample collection and processing but also eliminated the risk of workplace injuries associated with destructive testing procedures.

- Enhancing product quality remained an integral part of research and development. Projects were carried out to improve internal steel cleanliness, surface quality, and mechanical properties.
- The development of new steel grades tailored to specific customer needs and requirements continued. The mechanical properties of multiple products were modified to align with precise specifications. In addition to new steel grades, the product portfolio was expanded to include new thicknesses and widths.
- Products with the highest added value were manufactured for strategic industries, including the automotive, packaging, electrical, and construction sectors.



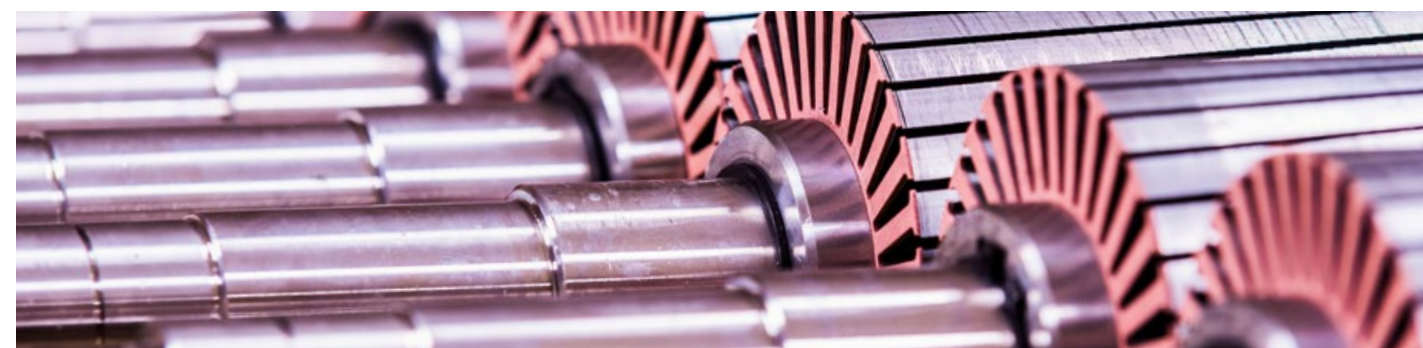
Automotive Industry

- In the field of galvanized steel sheets for the automotive sector, research and development efforts continued on high-strength grades with enhanced ductility. These advanced grades enable our customers to manufacture lighter vehicle components, reducing overall vehicle weight and lowering emissions while maintaining passenger safety.
- The mechanical properties of selected galvanized steel grades (deep-drawing, microalloyed, etc.) were optimized according to customer specifications to ensure optimal formability during the stamping of specific automotive parts.
- In pursuit of environmental sustainability and improved occupational hygiene in the steel industry, collaboration with chemical companies advanced in the development of chromium-free passivation solutions for galvanized sheet surface treatment.
- For hot-rolled pickled microalloyed grades, the production program was expanded in accordance with VDA automotive industry standards. This expansion included the development of high-formability grades with reduced variability in strength characteristics and improved plasticity, tailored to meet the specific demands of automotive customers.
- Using sophisticated 3D automated optical measurement systems, the material card database was expanded to include new steel grades, dimensions, and surface coatings. Automotive industry customers utilize these material cards for numerical stamping simulations in AutoForm software during the pre-production stage of product development.
- Numerical stamping simulations and technical support were provided to customers using AutoForm software to address challenges in processing and forming USSK steel sheets. These simulations help retain existing business and verify the suitability of USSK materials for customers' future projects.
- For the development of hot-dip galvanized high-strength DP steel grades with enhanced ductility, simulations were conducted using the Hot Dip Process Simulator (HDPS).



Packaging Industry

- Development commenced on a new continuously annealed steel grade for tinplate production as a replacement for an existing batch-annealed grade. This transition reduces the energy intensity and overall production costs.
- The successful development of a new high-strength tinplate grade was completed, specifically designed for the manufacture of aerosol can components.
- A new research and development project was launched to create continuously annealed steel grades with low guaranteed earing values, primarily intended for the production of twist-off closures.
- In the development of chromium-free passivation for packaging steels—conducted under the umbrella of Steel for Packaging Europe (formerly APEAL), the association representing all European tinplate producers—collaboration with external partners, including coating manufacturers and customers, continued successfully. A key milestone in this project was the first long-term production of chromium-free passivated tinplate.
- With the regulatory deadline for phasing out hexavalent chromium-based compounds approaching (set for December 31, 2027), an increased demand for this material from customers is expected in the near future.



Electrotechnical Industry

- In the field of electrical steels, the development of new grades with low specific core losses and high magnetic polarization continued, enabling the production of more energy-efficient electric motors. Special attention was also given to the development of new electrical steel grades for generators used in renewable energy power generation.
- Research and development efforts commenced on steel grades designed for motor applications operating at higher frequencies (400 Hz).

- Successful trials were conducted on a new type of insulation, which offers multiple advantages in the lamination bonding of rotors and stators in electric motor manufacturing, including enhanced mechanical stability and improved magnetic properties.



Construction Industry

- For pre-painted steel sheets, new combinations of colors and coating thicknesses were introduced. The implementation of four-coat systems, along with textured and metallic finishes, resulted in extended durability and enhanced aesthetic performance.



Consumer Goods Industry

- In the home appliance and consumer electronics segment, production continued for steel sheets with transparent thin organic coatings (TOC) for applications such as washing machines, dryers, range hoods, and HVAC systems. Additionally, color-coated TOC sheets were manufactured for interior television panels, customized according to specific customer requirements.

In 2024, the costs to operate Research and Development department amounted to EUR 1.79 million (2023: EUR 1.88 million). Certain portion of these costs, if eligible, were included in the total costs of projects, which were identified to comply with R&D tax credit requirements. Total amount of the costs eligible for 2024 R&D tax credit, after adding operating trial costs, is EUR 3.4 million (2023: EUR 10.7 million).



INSPIRE INNOVATION

CAPITAL INVESTMENTS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



INFRASTRUCTURE PROJECTS

In 2024, our Blast Furnace Stoves renewal program continued with the completion of the upgrade of Stove 23 and the start of the upgrade of Stove 22 at Blast Furnace 2. This is the second and third of three stoves subject to the upgrade on this furnace, which in addition to extending their useful life, also restores their efficiency. The restored efficiency will prevent an increase in CO₂ emissions.

The control system on the five-stand tandem mill was replaced with a new modern and reliable control system, including an adaptive model with stress gauge adjustment, reliable automatic thickness and tension control in the mill, required strip profile, reliable diagnostic tools for flatness control and roll bending adjustment in the mill.

Other successful infrastructure projects included Locomotive Renewal initiatives that improved the reliability of transport.

In the area of safety, the Rescue Vehicle, OIDP Testing Facility and T61 and T62 Conveyor Belt Fire Protection projects were completed. Other projects such as Compressor Cooling of Coke Oven Gas, Blast Furnace Pellet Sorting, Automatic Sample Size Control, Online Si Measurement for BF Control Model, Digital Data Transmission Transformation and 400 kN Tensile Testing Machine improved the overall technical condition of USSK's facilities.

ENVIRONMENTAL PROJECT - USSK WASTEWATER QUALITY - SOLUBLE MATTERS REDUCTION

The scope of the project is to replace the existing Chemical Water Treatment Plant (CHWTP) Krásna technology with modern clarifier reactors and filtration, and at CHWTP Power Plant to replace the existing 5 process lines and add 4 new demi water production units using a membrane technology, significantly reducing the consumption of chemicals. By implementing this project, compliance with the applicable legislative and technical requirements will be achieved. Initial operation was achieved on both sites by the end of 2024.

ENHANCING THE ENERGY EFFICIENCY AND EFFICIENT USE OF RAW MATERIALS AND OTHER RESOURCES

Successful cost reduction projects in 2024 included the Integration of Control Rooms – Primary Production, Reconstruction of the Central Heat Exchange Station, Analyzers for Converters of Steel Shop 1 and Steel Shop 2, Reduction of Natural Gas Consumption for Ladle Heating at Steel Shop 1, Flatness Measurement at Galvanizing Line 3, Automated Condensate Sampler, Semi-Automatic Coil Strapping Machine, and Thickness Gauge for the Skinpass Mill.

SUCCESSFUL IT PROJECTS

The projects Critical Equipment Remediation, DKEN Upgrade, Data Backbone Upgrade, Upgrade of the Operating System of the Finishing Mill at the Hot Rolling Mill, HSM TMEIC – Replacement of Disk Arrays, Replacement of Infrastructure at the Electrolytic Tin-Coating Line, Replacement of Infrastructure at Galvanizing Line 3, Detection of Attacks on the USSK Production Environment, and Replacement of the EPS at the VS Center improved the reliability and security of USSK's IT infrastructure.

USSK ENTERPRISE RESOURCE PLANNING (ERP)

We are implementing state-of-the-art technology to optimize our processes, increase productivity and provide a higher level of service to our customers.

Project implementation started in 2022:

- We are proud that our team successfully completed the first step of the transition to the new system, despite the large scale of the project, as planned in January 2025. Our legacy platform Financial 2000 (F2000) was replaced by SAP platform. Also, we implemented new software solution from PSImetals for Sales & Operations Planning.
- As a next step of the ERP Program we are planning to continue implementing SAP solutions for sales of steel products, replacing legacy platforms AS400, SPTS and ISPV, and integrate with Business Planning, Order Dressing, and Tin MES software from PSImetals.
- The ERP Program will deliver our sustainable future with digital solutions, reliable processes and data, to bring value to our people, customers and society. We want to move to a digital environment that will enable us to innovate and grow, while simplifying and standardizing many of our business processes. Ultimately, we will become a faster and more flexible organization that can continue building success on the market.
- USSK has driven a number of improvement projects over the past several years, which enables us to cope with new challenges very effectively, as we can build on all that experience that our leaders and people have gained. In addition, we also build on the experience gained by our US Headquarters when implementing their ERP system, so that we can navigate our own ERP journey more successfully.

"New ERP will bring the best processes and enable us to be more effective and efficient, so we can be more productive and profitable in the near future." Eduard Grečner, General Manager PMO



Continuous improvement at USSK is aimed at optimizing processes, increasing efficiency, productivity and reducing costs using the principles of LEAN and Six Sigma.

Each continuous improvement program is defined by specific rules and represents a systematic and structured approach.

In 2024, USSK launched a new continuous improvement program called **metriX**, which focuses on critical key indicators such as fuel consumption, production line yields and costs. The most rigorous methodology yet is used to calculate the benefits, with the results achieved being compared against a 2023 baseline. Also, the sustainability of the projects is up to 3 years.

- ✓ As part of the metriX program, USSK successfully implemented 249 projects in 2024, of which 159 were EBITDA Recurring Improvement projects (with total annual savings of USD 101.3 million).

2024 was a year of intense efforts to increase process efficiency, reduce operating costs and implement effective continuous improvement measures in all key areas. Our priority was to improve process quality, optimize resources and create values that directly contribute to the sustainability and growth of our company. As in previous years, the focus was also on Digital and Energy projects. Advanced Analytics predictive models helped to optimize and streamline processes at several production facilities. A number of workshops were conducted, where employees brought a number of innovative ideas that were incorporated into individual projects.

The most successful MetriX project for 2024 was for the **Blast Furnace Fuel Consumption Reduction** project.

The second most significant project is the **Replacement of Overseas Blast Furnace Coal with Coal from Europe** (with savings of USD 7.5 million) with a focus on maintaining quality and reducing transportation costs.

The third project with the highest savings is **Customer Mix Optimization for Steel Slab Sales** (with savings of USD 6.5 million), where collaboration with certain customers was expanded in 2024, resulting in an increase in overall volume and improved steel slab sales conditions.



Digitalization brings significant changes in production management. Artificial intelligence tools and correctly interpreted data allow us to increase the quality and efficiency of production, reduce emissions and improve sustainability.

The digitalization process at Košice iron and steel works began already in the **early 1990s**. Today, U. S. Steel Košice has its own IT department with more than 190 employees. Digitalization has brought significant changes to production management. Thanks to data and analytics, we can increase the quality and efficiency of our production, and at the same time reduce emissions and increase sustainability. Digitalization affects most production and support processes. Today, the main challenge is **advanced analytics**, i.e., **data evaluation to optimize production**. The first projects implemented on the basis of data evaluation by advanced analytics were launched in 2017 and are now deployed in production, while saving millions of EUR per year.

Thanks to the Company's systems, we have historical data on each ton of steel produced, its exact composition, list of additives, detailed production process or parameters of various aspects of manufacturing. This so-called BigData, is key for further extensive analysis. We are currently working on the transformation of our ERP and MES environment to move them to the next level of development and enable the use of the modern technologies such as advanced analytics, machine learning and augmented reality.

DATA AND ANALYTICS

If we can comprehensively manage processes within the entire metallurgical cycle using the outputs of advanced analytics, we can increase the quality of steel production and reduce costs at the same time. The benefit of innovation, expressed as the value of financial savings, shows that correctly interpreted data are worth millions of EUR.

Based on machine learning, otherwise known as artificial intelligence, we can better evaluate large volumes of data and discover new contexts and improvements. U. S. Steel Košice wants to be the best steel plant in Europe and a leader in the use of smart technology for industry within the **Industry 4.0** concept.

Data Studio Europe department, in cooperation with departments such as Operations and Power Engineering, has successfully implemented several projects that bring results.

DATA STUDIO

WE TRANSFORM PRODUCTION USING DATA

As part of the digitalization in our company, we have long been developing our own solutions and implementing various AI technologies directly into our production processes. In this way, advanced analytics and artificial intelligence help us save millions of euros every year and reduce our environmental impact.



INTELLIGENT PRODUCTION SYSTEM

MES
ERP
Salesforce CRM



DATA AND ANALYTICS

Leveraging data and new analytical methods to support better decisions



DIGITAL SOLUTIONS ("apps")

Digital enablement of non-routine tasks



AUTOMATIZATION AND ROBOTIZATION

Automatization and robotization of routine/repetitive/monotonic tasks

- We have implemented a number of solutions thus far across our key processes, such as:

- Procurement of raw materials
- Process control and process parameters prediction in various steps of iron and steel making
- Visual quality control
- Automated drone image processing for maintenance inspections
- Warehouse digitalization and digital twins
- Energy usage prediction and optimization
- Optimizing the loading of products into trucks

- We have more than 190 employees in our IT department, up to 11 of whom are data engineers and scientists.
- We actively leverage expertise in the region by working with universities and businesses to solve business problems.

Some project highlights applying AI solutions to our daily practice

- **Value In Use BF** (Blast Furnaces) – large scale optimizer for purchasing of raw materials for BF use.
- **Steelshop Desulph** (Steelworks) – novel approach using Physics Informed Neural Networks (PINNs) to solve problem of right dosing of Desulph agent to maximize efficiency and yield.
- **Value In Use Steelshop** (Steelworks) – using several ML models to optimize scrap composition and purchasing to decrease cost and increase yield of scrap in BOF vessel.
- **BOF parameters real time prediction** (Steelworks) – set of ML (Machine learning) models predicting the chemical composition and temperature in the vessel during SS BOF process.
- **Steelshop Vacuum Degasser** (Steelworks) – using ML and advanced scheduling tools to increase throughput of Vacuum Degasser.
- **Truck loading optimizer** – optimizer using cutting edge algorithms to load the trucks shipping our products to their legal limit reducing truck usage as much as several thousand rides a year.
- **Side trim visual inspections** – using ML model trained on small dataset to automatically detect wrong side trim of rolled material.
- **Value In Use energy** (Power Engineering) – Optimizer for key processes and energy media effectively managing usage of energy media within the plant thus reducing energy footprint of operations.
- **Hot Rolling Mill Hot charge** (Hot Rolling Mill) – several optimizers and ML models to reduce gas used for slab reheating, significantly reducing CO₂ byproduct.
- **Blast Furnace** (Blast Furnaces) – prediction of silicon content and temperature in hot metal allowing more efficient process control to reduce the fuel required.

THANKS TO DIGITAL TECHNOLOGIES
AND ADVANCED ANALYTICS WE ARE
ALREADY BRINGING THE INNOVATIONS
OF THE FUTURE TODAY.



Training / Cooperation with Universities:

- Upskilling of internal employees in Digital area through internally provided trainings and external university courses developed jointly

- **Analytics bootcamp** – internal training program for employees to grasp basics of data analytics and agile project delivery.
- **Analytics academy in collaboration with Pavol Jozef Šafárik University** – university-run curriculum for aspiring novice data analysts.

- Contribution to university students’ education through providing lectures, diploma theses and student employment

- We are constantly expanding our platform of educational courses in the IT field for our employees, which not only broadens their horizons in the IT field, but also teaches them how to protect themselves in the digital space, both at work and at home.
- In this area, we also cooperate with universities through which we implement some of these courses.
- We regularly present our activities in the field of digitalization of processes and introduction of AI technologies into our daily practice to students in the form of lectures at their universities.
- We are also deepening cooperation with universities in the sphere of cooperation with students, for example in the form of mentoring in the process of writing their final, bachelor’s or diploma theses.

For more information on cooperation with universities, see pages 83-84 and 103.

Further initiatives implemented in the IT area leading to more sustainable day-to-day business

MES Orchestration project:

Standardization and consolidation of production and warehouse data. Replacement of manual monthly closings by automatic processing, creation of a single data base for accounting and controlling. The project lays the foundations for further progress, including the implementation of a modern ERP system and the potential use of artificial intelligence models.

The MES Orchestration project faced many challenges, including reliance on multiple information systems and a multitude of Excel spreadsheets, which required standardization and consolidation of data. A new MES Orchestration system was introduced to replace the old methods and ensure accurate and consolidated data collection for accounting and control purposes. The new system tracks the history of semi-finished goods, their costs over time and ensures that no data is lost, greatly increasing the accuracy and reliability of the data.



Shared printers:

- A standard of shared network printers has been introduced; these printers are mostly located in corridors. This allowed the elimination of a significant number of local printers. It allowed to reduce the number of different models of printers, the costs of their operation and it also resulted in a reduction in the number of printed pages.

Remote work:

- All employees in the administration are equipped with laptops, mobile phones and are allowed remote access to USSK via VPN access.
- Our meeting rooms are equipped with technology to make it possible to hold Teams meetings with people working from home as well as from an external environment.
- Shared workplaces have been created.



CYBERSECURITY

The main goal of the U. S. Steel Cybersecurity team is to implement the Information Security Management System (ISMS) in the entire corporation. The purpose of ISMS is to establish conception around which new principles, policies, standards and regulations can be developed. The Cybersecurity team performs or assists with the information security risk analysis of new systems and business activity or evaluates threats and attacks against property and systems. The team provides services to register incident responses and knowledge gained from incidents, vulnerabilities, and attacks.

The team also provides reaction services based on the event or a request, like notification about compromised system, spreading malicious code, software vulnerability or something that was identified by intrusion detection or protocol system. Provided reaction services contain the warnings and the alerts, incident processing, incident analysis and vulnerability response, processing, analysis, and response to artefact in coordination with external governmental and non-governmental institutions.

Prevention services provided by the Cybersecurity team are designed considering improvement of the infrastructure and security processes of property before any incident or event occurs. The main goal is to avoid incidents and reduce their impact and influence when they do occur. Prevention services contain the announcements, security audits or assessments, the tools for security management and security information propagation.

The goal of U. S. Steel's Košice cybersecurity program is to fortify the cyber posture against emerging threats and the changing risk landscape.

The program is grounded in 4 major strategic priorities:



LINKEDIN

Digital communication channels such as the web, mail or social networks are a matter of course for everyone today. Regular informing of customers about news and interesting matters from the environment of our Company in a multimedia form is helping us increase the value of the U. S. Steel brand.

We use **LinkedIn** to publish information related to our industry. We also reach out to potential candidates to work with us through this channel.



THE X APP KOŠICE

The X App Košice, a communication application for the company's employees as well as for the public, was launched at the end of 2021. We are constantly improving the application, adding new features which facilitate communication and significantly simplify registration for company sports and volunteer events. During 2024, the application also enabled employees to register for quick health screenings, which the Company organized with a partner organization. A new My Exchange platform was added in late 2024, allowing employees to advertise for free.



In 2024 over 1,190 articles were published on The X App Košice, for which we recorded 512,000 views. In 2024 we achieved 10% more views compared to 2023.

Thousands of colleagues mainly read information about the happenings in the Company. They were interested in news from communication meetings, the development of the acquisition by Nippon Steel, but also in company benefits and the amount of variable wages.

In the course of 2024, they participated in dozens of different surveys and competitions, which were prepared mainly in cooperation with partners.

New technologies bring new possibilities. Reliable and accurate information is key to our effective communication with stakeholders.

The application can be downloaded from Google Play or the App Store. However, the full content can be accessed only by employees of USSK and its subsidiary.





PROTECT OUR PLANET



Environmental stewardship is a core value at U. S. Steel, stemming from the Gary Principles created in the early 1900s and continuing today in our S.T.E.E.L. Principles. As a company, U. S. Steel lives its core value of environmental stewardship through three basic principles that all our employees are responsible for following. These principles are:

- Compliance with environmental laws and regulations;
- Continuous improvement in environmental and resource management;
- Minimalization of adverse environmental impacts of production activities;

PROTECT OUR PLANET

ENVIRONMENTAL MANAGEMENT

Environmental protection is one of USSK's main strategic goals and the basic intentions in this area are enshrined in the **Quality, Environmental and Energy Policy**. On 7-9 October 2024, TÜV SÜD Slovakia s.r.o. experts performed a combined recertification audit of the **environmental management system** and surveillance audit of the SMS and EnMS. Based on the results of the audit, the certification company issued a new EN ISO 14001 certificate for USSK. It identified strengths such as the high environmental expertise of the employees, results in biodiversity, work with environmental aspects, dispatching activities and audit management.

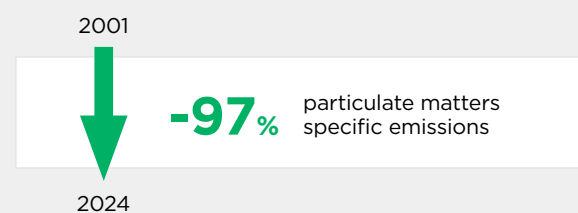
Since 2000, USSK has invested more than USD 714 million in dozens of environmental projects.

The greatest achievement in targeted care for various elements of the environment is the fact that since 2008 there has been no ecological accident. The aim of USSK's activities is to carry out activities in full compliance with applicable environmental legislation.

PROTECT OUR PLANET

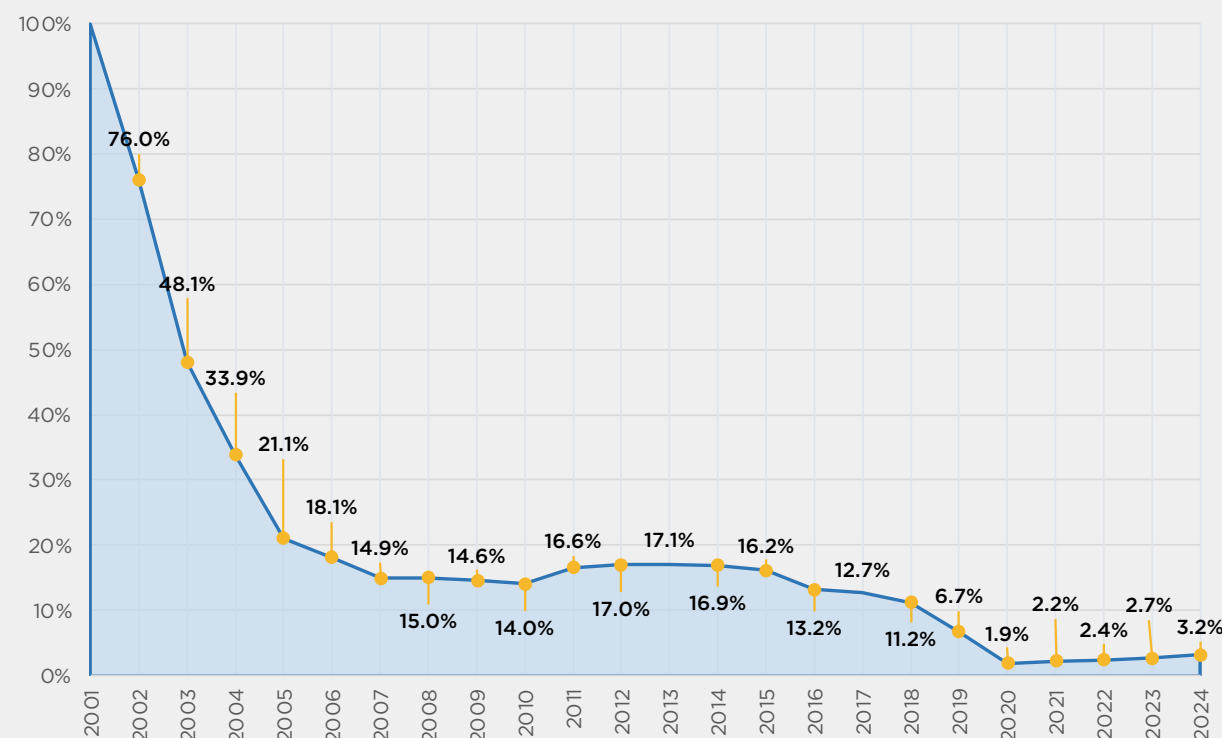
AIR

- ✓ We have achieved a 97 % reduction in **particulate matters** since 2001.

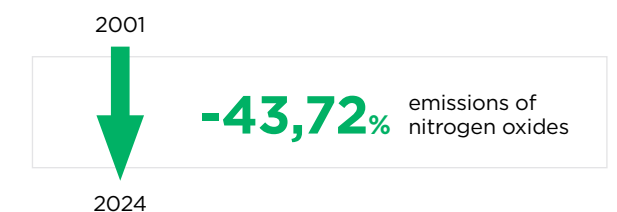
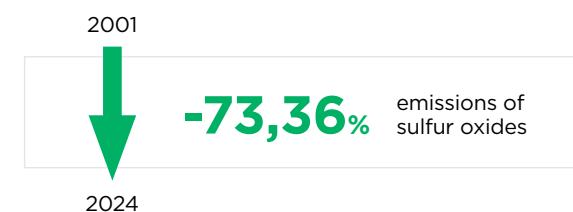


- ✓ Compared to 2001, the **specific amount of particulate matter emissions** decreased in 2024 by 96.8 %, in numerical terms to 0.144 ton per 1,000 tons of produced steel. Overall, since 2001 we have reduced yearly pollution of air by particulate matters in the vicinity of USSK by a total of 16,166 tons of dust.

Comparison of Particulate Matters Specific Emissions in kg/t steel production (year 2001 is 100 %)

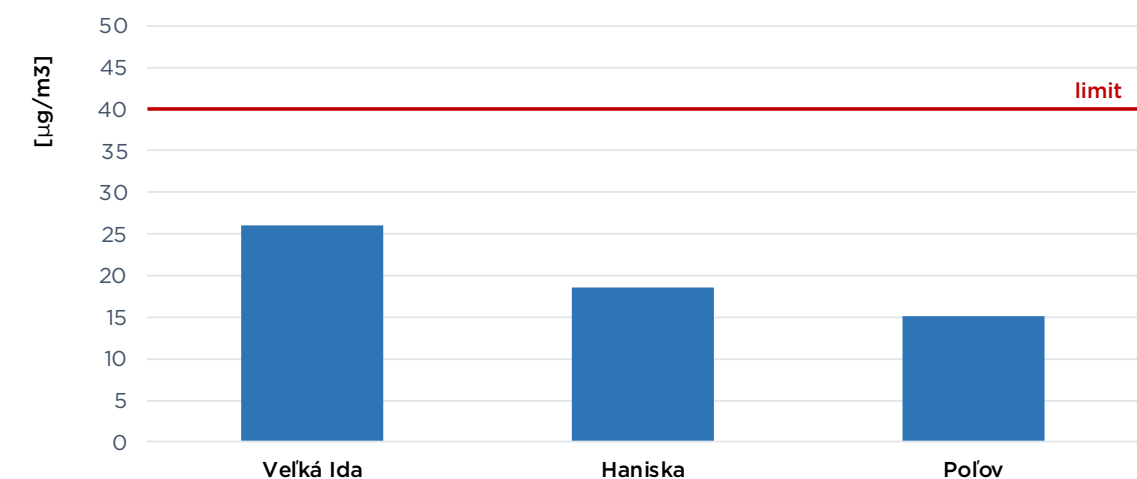


- ✓ In addition to particulate matter emissions, in the USSK we also reduced **the specific amount of emissions of sulfur oxides** by 73.36 % (from 2.97 tons to 0.79 tons per 1,000 tons of steel produced) and **nitrogen oxides** by 43.72 % (from 2.74 tons to 1.54 tons per 1,000 tons of produced steel) in 2024 compared to 2001. In numerical terms, this is a reduction of 8,331 tons of sulfur oxides and 4,792 tons of nitrogen oxides compared to 2001.



- ✓ In addition to emissions monitoring (pollutants emitted into the air), USSK also **monitors PM10** in USSK surrounding air quality monitoring stations. Data from three air quality monitoring stations are sent to the Slovak Hydrometeorological Institute. Average annual PM10 values for year 2024 are shown in the graph.

PM10 [$\mu\text{g}/\text{m}^3$] monitoring in neighboring municipalities



PROTECT OUR PLANET

WASTE MANAGEMENT AND RECYCLING

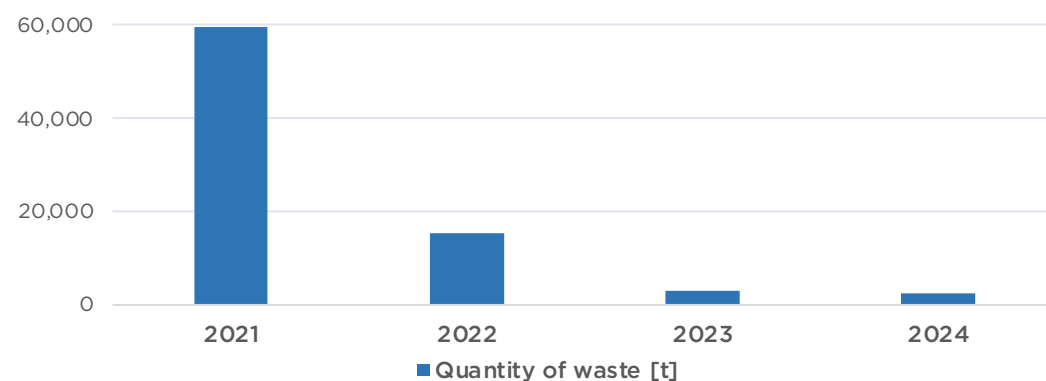
As part of the circular economy, U. S. Steel Košice achieved (according to the ISO 14021 standard) the Recycled content of steel scrap in its product at the level of 11.7 % and the Recycled content of materials at the level of 15.3 %.

In 2024, the Company operated several waste recovery facilities and two waste landfills for permanent waste disposal.

In the waste recovery facility at Blast Furnaces - the "Production Preparation" operation, USSK recovered 3,087,500 tons of (metal-bearing) waste from external sources, at Steelworks, 710,535,245 tons of steel scrap from internal and external sources, and DP Shipment (plastic waste shredder) almost 19 tons of plastic waste from own production.

In the waste disposal facility - "New hazardous waste dump at the premises of U. S. Steel Košice, s.r.o." USSK disposed of a total of 2,328 tons of hazardous waste from own production and in the waste disposal facility - "Non-hazardous waste dump U.S. Steel Košice, s.r.o." the total of 406,837 tons of other waste from internal production and from the production of contractual partners.

Positive trend of reducing hazardous waste disposal



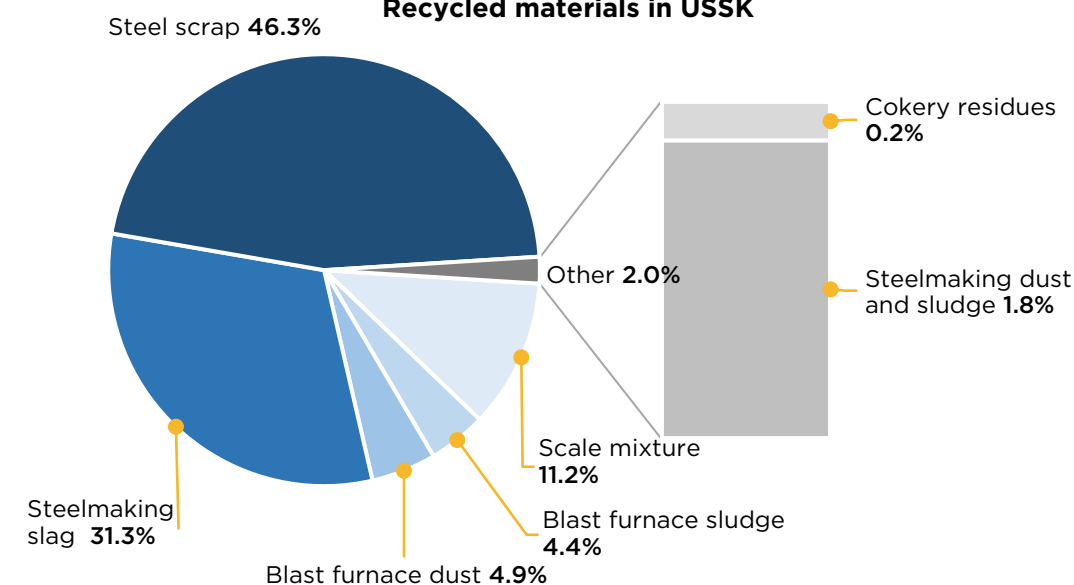
In the course of 2024, USSK in cooperation with ENVIRONCENTRUM, s.r.o. (operator of its own stable stabilization line) ensured the disposal of 51,436.68 tons of mainly hazardous waste (other waste of which only 5,128.04 tons) from the production of USSK. At the same time, it recovered 52.40 tons of hazardous waste from the production of USSK. After treatment, these wastes were disposed of as other category waste at the USSK non-hazardous waste dump.

In terms of by-product management, by the end of 2024 the U. S. Steel Košice had 35 approved by-products.

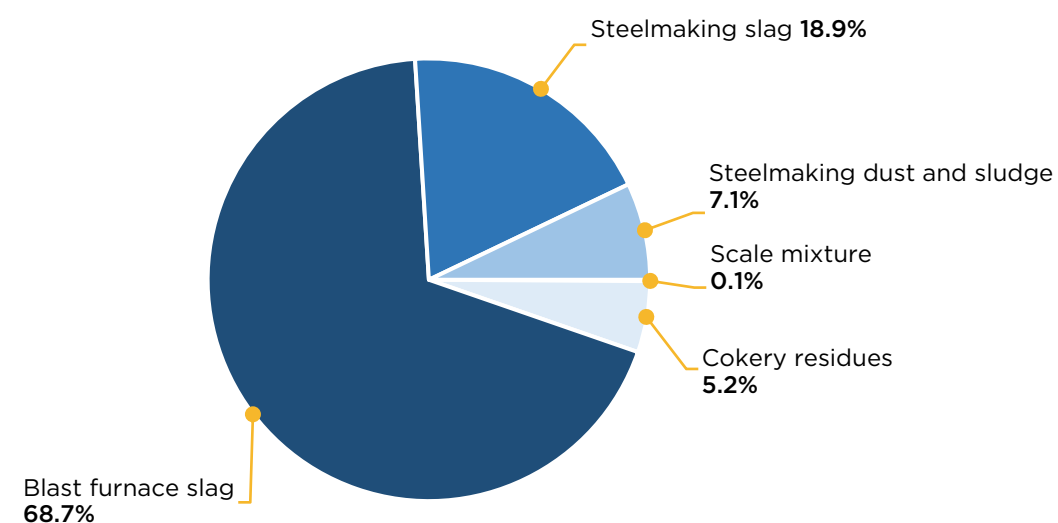
The total amount of liquid Blast furnace slag has been sold to the external company since beginning of 2022 - for this reason it is not included in recycled materials inside of USSK.

Due to increased production compared to 2023, internal and also external recycling of materials increased by approx. 1%. A total of 2,077,497 tons of residues were recycled within USSK and by an external processor outside USSK, specifically 699,548 tons of residues inside and 1,377,949 tons of residues outside, produced by USSK.

Recycled materials in USSK



Recycled materials outside USSK



- ✓ In the area of municipal waste management, USSK continued also in 2024 a system for the collection of deposited plastic and metal beverage containers and a system of separate collection of municipal waste components (collection of paper, collection of glass, collection of plastics and metals).
- ✓ As part of the sorted collection of municipal waste components, USSK through an external company submitted for recovery:
 - 14.1 tons of sorted plastic waste from packaging
 - 1.6 tons of sorted waste from glass packaging

Heap Management

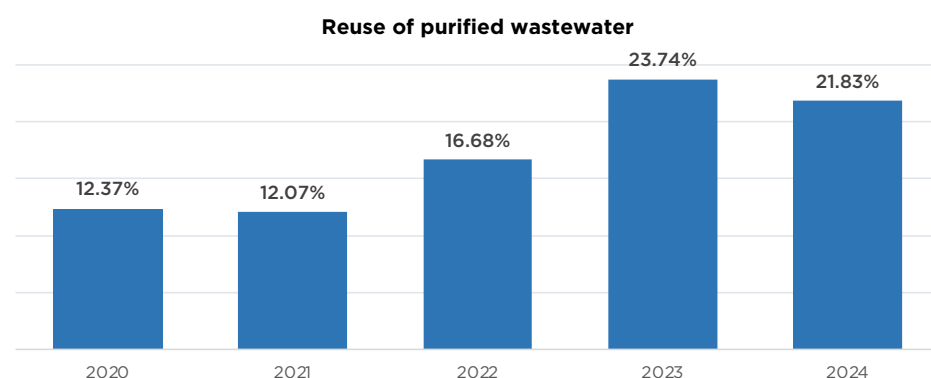
Our activities also continued **in the field of body modification of the Dry Heap**.

- Since the start of the sludge recovery process from the wastewater treatment plant, we have recovered more than 364,765 tons of material suitable for reclamation purposes. The use of this material in the Dry heap area resulted in a reduction of dust, as well as the greening of the heap surface over an area of approximately 93,500 m² (year-on-year increase of 13 %).



Significant results **in the field of water protection** include the reuse of returned water from the Sokolany wastewater treatment plant.

- ✓ The amount of treated wastewater returned to U. S. Steel Košice was **21.83% of the total amount of treated wastewater** last year. We achieved this by modernizing the return water supply system to the company, which made interannually possible to leave almost 6.7 million m³ of water in the natural environment of the Hornád River. By doing so, the Company saved natural resources.



Nature and Landscape Protection

- ✓ In 2024 we oversaw the care of **205,191 m²** of forestry land, **545,593 m²** of other woodland and **28,432 m²** of other land in the vicinity of USSK premises. As part of taking care of these lands, we planted trees on the occasion of the Earth Day, which the Company demonstrated our commitment to the environment.

The idea of sustainability and building a pleasant working environment was also transferred by the Company to the realization of the water biotope - a pond with natural elements, which was realized in front of the main administrative building. It is also the object of the scientific environmental project **Water pond - water and greenery in the industrial area**, on which the UPJŠ Botanical Garden in Košice is working. They will study the water biotope, collect scientific data and compare it with biotopes in the city.



USSK has adopted a **Biodiversity Plan** with a focus on providing awareness of the importance of biodiversity and steps to protect and sustainably use it, care for forests, protect aquatic and water-dependent habitats, and mitigate the negative impact of invasive plant species. Initial bird monitoring of selected sites was undertaken in autumn/winter 2024.

In 2024, **3,200** trees were planted in and around the USSK site for dust control.

We are reusing wastewater, recycle metallurgical residues, wastes as well as other materials. Additionally, in 2024 we planted 3,200 new trees and saved 3,343 trees thanks to separate collection of paper.



Sustainability

Energy Efficiency

Environmental behavior and operation of facilities

Waste Management

Protection of all components of Environment

In line with legislative requirements, USSK continuously monitors and regularly informs its employees as well as the general and professional public about environmental performance via the company communication application X App Košice and on its website.

As part of the Environmental Excellence campaign, with the aim of increasing the environmental awareness of employees, the Company published a total of 17 environmental articles and 22 environmental videos during the year 2024, which focused on various environmental topics, in the work and private spheres of employees' lives. At the same time, a total of 7 environmental flash directions were issued during the year 2024, which guide employees to comply with environmental obligations when performing work activities.





PROTECT OUR PLANET

GREENHOUSE GAS EMISSIONS

13 CLIMATE ACTION



PATH OF THE CORPORATION TO NET-ZERO GREENHOUSE GAS EMISSIONS

- ✓ Although producing steel is carbon-intensive, we, at U. S. Steel, have a [roadmap](#) get to **net-zero** Scope 1 and Scope 2 **emissions by 2050**. This builds on the commitment to achieve a **20% reduction in GHG emissions intensity** (Scope 1 plus Scope 2) **by 2030**, against our 2018 baseline, which was 2.31 metric tons CO₂ e/metric ton raw steel for Scope 1 plus Scope 2.
- ✓ U. S. Steel has always strived to achieve energy-efficient production of steel using blast furnaces. In 2021, U. S. Steel published a [Climate Strategy Report](#) to publicly demonstrate our path toward net-zero.
- ✓ In 2023, U. S. Steel made significant progress towards its global 2030 target of reducing greenhouse gas (GHG) emissions intensity by 20%. In 2023, emissions intensity was reduced by 19.6%, bringing the Corporation significantly closer to meeting this commitment.

The roadmap includes technologies that exist and are being implemented today, as well as technologies that require further development. The more future-focused technologies will require collaboration with customers, universities, suppliers and other organizations, as well as supportive governmental policies, to implement.

In 2021, USS announced the goal to achieve net-zero greenhouse gas emissions by 2050.

Technologies to help achieve "Net Zero"

1. Electric Arc Furnace (EAF)
2. Direct Reduced Iron (DRI)

The more future-focused technologies will require partnerships and supplier development, as well as supportive governmental policies, to implement.

USSK

USSK is an integrated manufacturer of high quality, value-added steel that serves as a building block for a sustainable future. Through differentiated products and constant progress towards reduction of the environmental impact of production, the Company is making significant progress to contribute to a lower carbon, and more circular economy.

USSK 2024 GHG INTENSITY

Unit	Scope 1 intensity	Scope 2 intensity*	Total intensity
Tons CO ₂ / tons liquid steel	2.015	0.027	2.042

*(Note: Using the CO₂ emission factor of the energy mix of sources from the supplier – 2023: 0.123 tCO₂ / MWh)

EU EMISSIONS TRADING SYSTEM

Greenhouse gas emissions are regulated by **EU Directive 2003/87/ES establishing the Emissions Trading System (ETS)**, which was transposed into the Slovak legal system via Law 414/2012 Coll.

Since 2019, new implementation rules for the trading period **2021-2030 (fourth trading period)** have been gradually refined. **Decision on free allocation was published in June 2021** in the form of the National Allocation Table. For the period **2021-2025**, the baseline is **average production for 2014-2018**, and for the years 2026-2030 the baseline will be average production for 2019-2023. Another new element used in the fourth trading period is the so-called dynamic allocation that flexibly responds to changes in production compared to the basic equivalent. To determine the free allocation it takes into account the rolling average of the two preceding years and compares this with the baseline production of 2014-2018. In cases where the actual production is 15 % higher, the allocation will increase. Equally, actual production that is 15 % lower will result in a lower allocation. This process was applied for the first time in 2021. We again received an allocated volume for 2024 at the level of the historical production average from 2014-2018.

THE EUROPEAN GREEN DEAL

The European Green Deal sets new ambitious goals. Among other features, it calls for greater emissions reduction efforts, namely **55-60 % by 2030** and a goal of **carbon neutrality by 2050**.

Steelmaking sector is among first industrial sectors in EU to apply **Carbon-Border Adjustment Mechanism (CBAM)** measures for imported goods from countries with lower environmental and climate standards. On the other hand, implementation will mean gradual phase out of free allocation from 2026 until no free allocation in 2034. CBAM also translates into higher

administrative burden for importers including steel producers. Years 2024 and 2025 are set as transitional with no financial impact. However, reports are set to be submitted on quarterly basis starting in January 2024 for Q4 2023.

The EU also launched an initiative to set reduction targets for 2040. We are following those discussions.

We are constantly working to promote new solutions while minimizing the impact of operations on human health and the environment.

CO₂ REDUCTIONS TILL DATE



CO₂
In the last 5 years, we have implemented 20 CO₂ reduction projects with cumulative runrate savings of - 200 kt CO₂



Energy and coal
A number of projects focused on energy efficiency and coal consumption reduction *see the section on Energy Efficiency

USSK POTENTIAL DECARBONIZATION PLAN

In 2024, the Company continued efforts to develop **decarbonization plan**, encompassing technologies such as Electric Arc Furnaces (EAFs) and innovative Direct Casting and Rolling (DCR). We have obtained initial permits including Environmental Impact Assessment (EIA).

Cooperation between the public and private sectors is essential to achieve decarbonization targets, hence:

- ✓ In May 2022, the Company signed **a memorandum of understanding with the City of Košice to support our intended decarbonization projects.**
- ✓ A **non-binding memorandum of cooperation** to establish a **strategic partnership with ČEZ** was also signed in 2022 on analysis of the future energy needs and cooperation in supplying the mill with emission-free electricity from renewable and nuclear sources, as well as implementation of energy saving measures.
- ✓ In 2023, the Company became a **member of the Slovak Small Modular Reactors Consortium.**



PROTECT OUR PLANET

ENERGY EFFICIENCY



Energy efficiency 2024:

As part of the effort for continuous improvement, energy consumption at USSK plants is one of the top priorities. We pay particular attention to purchased energy.

USSK is an integrated plant which, in addition to primary fuels, also uses by-products in the form of metallurgical gases as energy sources, and fuel to produce other energy media. It is therefore our endeavor to use these resources efficiently, taking into account the pursuit of sustainability and responsible resource management and the price of primary fuels. This also corresponds to a long-established standard: **ISO 50001 - Energy Management System**.

Throughout the year, regular meetings were held with representatives of the manufacturing plants to discuss energy projects and challenges related to energy consumption. Afterwards, effective measures were taken to reduce the energy intensity of respective production processes - including production adjustments based on customer demand. In 2024, regulated production was applied across multiple months in the entire metallurgical cycle. The final PEN was positively impacted by lower fuel consumption in sinter production, while the overall lower production volumes had a negative effect.

In 2024, our Company continued to be significantly affected by fluctuations in the energy markets. High volatility became a defining characteristic, with both short- and long-term price fluctuations complicating the procurement of the required energy volumes. This was particularly evident in the electricity market, where during the summer months of July and August, as well as toward the end of the year, certain hourly prices saw sharp increases. Additionally, the introduction of new European market mechanisms, MARI and PICASSO, with revised imbalance pricing rules, led to substantial short-term fluctuations.

At USSK, we maintain a long-term focus on improving efficiency across all areas of our operations, with energy efficiency remaining a key priority.



OUR BIGGEST ENERGY SAVINGS IN 2024 WERE ACHIEVED THROUGH THE FOLLOWING NEW PROJECTS IN ADDITION TO THOSE PREVIOUSLY IMPLEMENTED:

Heating Regulation for VKB1

- To supply thermal energy to the large-scale coke oven battery, we utilize blast furnace gas, coke oven gas, and natural gas.
- This project focuses on increasing the utilization of blast furnace gas, conserving coke oven gas for use in other processes where it can replace alternative fuels (primarily natural gas), and ensuring that VKB1 does not consume excessive amounts of natural gas.
- ✓ Annual savings: 1.133 million Nm³ of natural gas.

Small projects aimed at coal consumption reduction

- Increased utilization of metallurgical gases in plants – Phase 1 (Power Plant).
- Reduction of natural gas consumption for ladle preheating in Steel Plant 1.
- Optimization of reheat furnace control.
- Electricity savings in rolling mills (Four-stand tandem mill).

Reduction of Steam Consumption at USSK – Phase 2

- Steam distribution within and outside the plant presents a significant potential for reducing losses, as transporting steam over long distances is inherently inefficient.
- We achieved overall loss reductions by decommissioning specific steam pipelines, replacing steam heating with hot water systems, repairing condensate traps, and improving insulation.
- ✓ Electricity savings: 377,890 GJ annually.
- ✓ Looking ahead, we aim to transition the heat transmission medium in the district heating network for customers in the Šaca district from steam to hot water. This would reduce heat transmission losses, which are currently borne by our Company.

Reduction of Fuel Consumption in Blast Furnaces

- The blast furnace process requires a specific amount of fuel, such as coke, coal, or gas, to sustain the reduction reaction. On average, fuel consumption is approximately 500 kg per ton of produced raw iron.
- Fuel efficiency improvements were achieved through optimization of burden composition, adjustments in the chemical composition of additives, and refined process control.
- ✓ Specific fuel savings: 15 kg per ton of raw iron.



EnMS – Energy Management System

The evaluation of the suitability, adequacy and effectiveness of the Energy Management System is also part of the reports from external audits carried out annually by TÜV SÜD Slovakia, s.r.o. Audit results:

- **The supervisory audit of the USSK Energy Management System** according to the amended ISO 50001:2018 Standard was conducted by the inspection company TÜV SÜD Slovakia, s.r.o. between 7 October 2024 and 9 October 2024. The auditors did not find any shortcomings. On the basis of this audit the validity of the international certificate was acknowledged for U. S. Steel Košice, s.r.o. until November 29 2026.
- **Among the strengths, the auditors ranked:**

- ✓ High level of expertise among employees.
- ✓ Progress in implementing tools for managing and monitoring energy facilities, including the digitalization and automation of heat exchanger stations.
- ✓ Effective feedback system from operators to management regarding energy management practices.

- ✓ Optimization of heating in production areas, supported by the installation of energy-saving equipment such as thermal curtains at manufacturing hall entrances to prevent heat loss.
- ✓ Application of statistical methods for energy consumption forecasting and performance improvement tracking, in compliance with the revised ISO 50003:2021 standard.

The year 2024 presented numerous challenges, yet we remained steadfast in our commitment to building an energy-responsible company.

U. S. Steel is dedicated to reducing emissions across its operations and implementing innovative best practices to enhance environmental performance and reduce energy consumption.

We remain committed to advancing toward a cleaner and healthier future. By collaborating with governments, academia, and industry partners, we aim to further minimize our environmental footprint.



SUPPORTING PEOPLE



Head count*

7,554

The proportion of women in the Company

14.4%

The proportion of women among the Company's statutory representatives

25%

* U. S. Steel Košice s.r.o. as of 31 December 2024

Average age

48.3 years

Validity of the Collective Labor Agreement

1 SEPTEMBER 2020 - 31 DECEMBER 2025

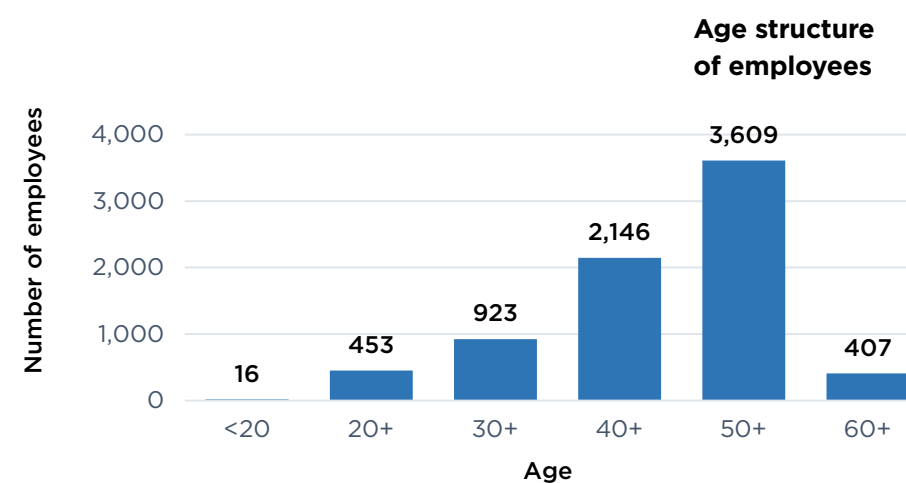
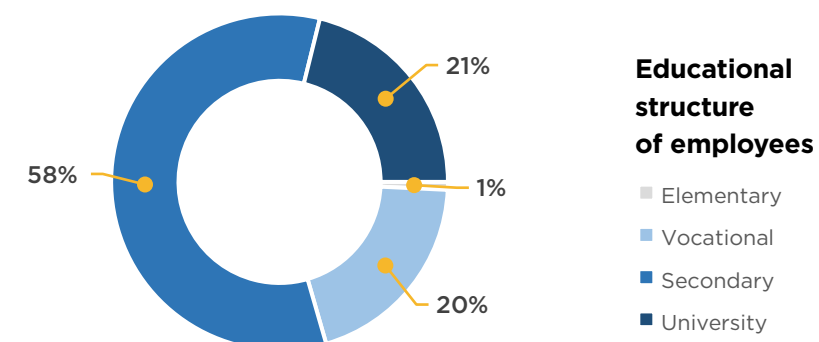
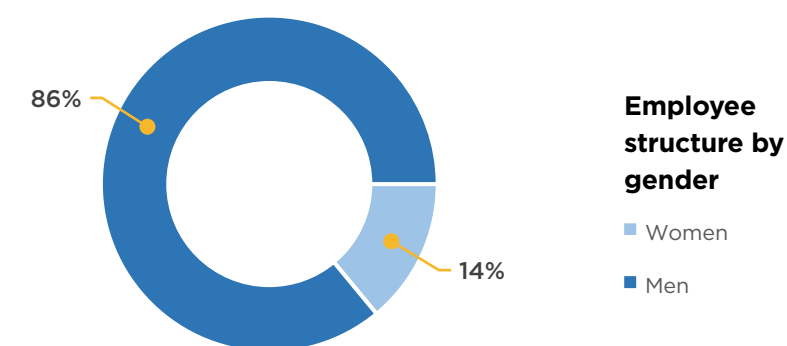
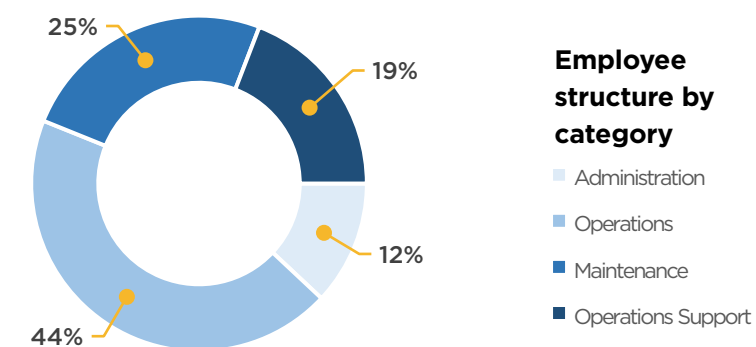
Number of completed trainings

44,564

Number of hours of completed trainings

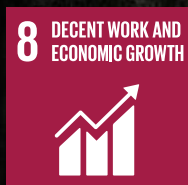
178,542

HEADCOUNT DISTRIBUTION BY CATEGORY



SUPPORTING PEOPLE

DEVELOPMENT OF TALENT AND SKILLS



The Company supports **the training and development of its employees** within the framework of internal and external programs focused on various areas: managerial, professional, IT, language, security, professional and management systems.

Educational activities in numbers

	All USSK employees	"R category" (blue collar) employees	"T category" (white collar) employees
Number of training hours	178,542	127,646	50,896
Number of hours per 1 employee	23.4	23.0	24.6
Number of completed trainings	44,564	28,871	15,693
Number of trainings per 1 employee	5.8	5.2	7.6

DEVELOPMENT PROGRAMS / ACTIVITIES:



Mentoring for newly appointed managers and newly hired employees

The aim of mentoring is to help newly appointed managers or newly hired employees develop their professional skills and better use their own potential by learning thanks to sharing the unique experiences of their mentors.



Enhancement of leadership skills of line managers (management employees)

Newly appointed senior foremen are gradually retrained to develop their skills in effective communication, understanding best work practices, giving constructive feedback, building favorable working relationships and developing their subordinates. For this program we also used various e-learning modules and "on the job" development.

The group interactive workshops "How to build good relationships at the workplace for operation managers" and "How to work with Generation Z" led by an experienced psychologist were also highly rated.



Internal coaching

Employees have the opportunity to participate in individual or team coaching sessions with one of our internal coaches. In this way, we provide space for finding solutions to problems and ways to grasp and implement ideas. Team coaching allows for the creation of a space to address a specific situation and leads to a common solution, as well as personal motivation for each team member.



Production flow academy

It is designed to ensure up-to-date professional knowledge of the metallurgical process for our employees as well as students in the framework of a summer internship or year-round practice. It is led by our internal R&D experts. Currently an e-learning version is also available.



Advanced Analytics Academy

In cooperation with the Institute of Informatics of the University of Pavol Jozef Šafárik (UPJŠ) in Košice, a selected group of employees participated in a 3-month consultation program, "Analysis and processing of data and applications of artificial intelligence," which was devoted to developing experience in the field of development and application of various methods for data collection, analysis and interpretation, e.g., in the optimization of dynamic or repetitive one-time processes using graph structures and modeling of real processes. The consultations were focused on real projects of program participants.



The support of employees in improving their qualifications by studying at a university or high school

In the case of selected fields of study that are directly in line with the job, we support them to study alongside their employment (study leave or compensation for costs related to improving their qualifications). In 2024, 40 employees were enhancing their qualifications by studying at a university.



Development of digital literacy

For employees in different target groups (DSE team, digital agents, ERP SMEs, managers, other T category employees), we have prepared an offer of training and information on the development of computer and data literacy. Selected employees from various departments of the Company participated in the 4-week interactive AI Academy on the Seduo platform.

Internal or external **online learning** has become a routine part of our working lives. We focused on updating and expanding the offer of **internal e-learning courses**. We also made the **SEDUO** online education platform available to selected employees with a wide range of interesting and up-to-date e-learning courses and training programs. As part of the corporation's contract, we were also able to provide selected employees with access to the **worldwide Udemy Business Platform**, which offers thousands of valuable courses on various topics.



Talent management

The long-term used process of regular evaluation of the performance and potential of the company's employees, which begins with setting performance goals at the beginning of the year, continues with quarterly performance reviews, potential evaluation, identification of high potential employees, preparation of succession plans and establishment of development plans, is completed with a year-round evaluation of performance and competencies.

Succession plans define successors for managerial and key positions with graduations of readiness of individual successors - Ready immediately; Ready in 1-3 years; Ready in 3-5 years.

Employees have developed development plans with specific development goals for the current or future position, according to the current need and opportunities for personal development.

Development activities can be implemented in various forms - classic educational activities (provided internally or externally; online or face-to-face), self-study individually directed by the employee, participation in projects, shadowing the employee in the future target position, mentoring from an experienced colleague, on the job activities - so that they develop the knowledge and/or skills of employees, their productivity at work and contribute to the development of the entire Company.

COOPERATING WITH SCHOOLS



- **The employee recruiting system** is based on long-established cooperation with selected partnership vocational secondary schools and universities.

Systematic cooperation with high schools and universities ensures an influx of young talented people into our teams.

Cooperating with high schools

✓ Active recruitment promotion

Promotion of fields of study of metallurgy, mechanical engineering, and electrical engineering for elementary school students in the Košice and Prešov regions.

In total, in 2024, **118 students** entered the first years of our contractual high schools.

✓ Dual system of education

The cooperation with the Secondary Vocational School of Industrial Technologies in Košice - Šaca and the Secondary Vocational School of Railways is primarily aimed at providing professional experience to students in selected production facilities of our Company, support in the creation of school educational programs and support in the recruitment of primary school students.

In the 2023/2024 school year **444 students studied** at contractual secondary vocational schools **within the dual education system as well as the state system**.

Cooperating with universities

We are intensively developing cooperation mainly with the Technical University in Košice (TUKE) and the University of Pavol Jozef Šafárik (UPJŠ) in Košice. The cooperation focuses mainly on providing professional practice for students, expanding practical and professional knowledge on operational exercises, excursions, as well as in the modification and development of study programs.

✓ Projects aimed at popularizing technical fields

A technology experience day - Secondary Vocational School of Industrial Technologies, Učňovská 5, Košice

✓ Expert guidance of bachelor, diploma, specialization and dissertation theses

Professional support of university students under the consulting guidance of the Company's employees, experienced consultants, to solve USSK problems and projects, which are published and updated on the Company's website. In the academic year 2023/2024, 5 bachelor's theses, 10 diploma theses, 2 dissertations, and 1 specialization thesis were completed.



✓ USSTÁŽ - internship for university students

Program for students from the third year of full-time university studies with a focus on metallurgy, mechanical engineering, electrical engineering, power engineering, environment, economics, information technology, cybernetics, construction, chemistry, and other technical fields.

There was a total of **88** students in the program who are involved in work on projects and activities of individual production facilities and departments in the administration.

✓ AI4STEEL lab

Program in cooperation with the Technical University of Košice, Faculty of Materials, Metallurgy and Recycling.

The goal of the joint experimental workplace is research and development activities focused on the use of artificial intelligence tools in solving current industrial challenges to increase quality and environmental protection while maintaining economic efficiency and competitiveness of production.

Number of students who completed Dual Education and USSTÁŽ in 2024:

High schools (Grades 1 - 4)

444 students

Universities (Grades 3 - 5)

88 students

The active approach of working with students has worked well for us. High school and university students have the opportunity to engage in practical activities of USSK, gain experience and skills that will provide them a competitive advantage in the labor market. This approach also allows us to search for and develop talents from among high school students and university students to ensure our future needs.



SUPPORTING PEOPLE

SOCIAL PROGRAM FOR EMPLOYEES AND UNION RELATIONS



FINANCIAL AND NON-FINANCIAL EMPLOYEE BENEFITS

Financial benefits

- Variable salary payment on a monthly basis according to the Company's economic result
- Merit-based employee assessment
- 13th and 14th salary in May and November
- Annual bonus for a selected group of employees based on the fulfillment of the Company's economic indicators and evaluation of the fulfillment of the set goals of the employees
- Reward for work and life anniversaries
- Contribution to supplementary pension savings (3rd pension pillar)

Education support

- Opportunity for continuous education and professional skills development
- Career growth opportunity within the entire Company

Job opportunities

- Flexible working hours
- Work-leave with wage compensation for single parents taking care of children up to 15 years of age
- Leave of absence in excess of Labor Code for the birth of a child, wedding, etc.

Social policy and benefits

- Organizing summer and winter sports events for employees (including the President's Cup football and hockey tournament)
- Social assistance in difficult life situations, long-term sick leave
- Social assistance for family members in the event of the death of an employee
- Support of free blood donation with contributions for the regeneration and relaxation of employees for blood donation and for the Jansky and Kňazovicky Plaque award
- Employee competitions
- Employee discounts provided by different partners
- Recreation stays (specific form of medical rehabilitation)

Additional benefits

- Allowance for recreational stays
- *Up benefia* contribution to Up payment cards for regeneration and relaxation of employees
- Reconditioning stays and discounted accommodation prices for family members
- Gifts and allowance for regeneration at work anniversaries
- Reward to OSH employee representatives for their activities within their competence and for the most active ones, an award in the form of an *Up benefia* contribution for the regeneration and relaxation of employees
- Employee meal allowance (also during vacation)



COOPERATING WITH TRADE UNION ORGANIZATIONS

Cooperation with trade unions is an integral part of the USSK social program for employees. In compliance with the **Labor Agreement for the years 2020-2025**, relating to U. S. Steel Košice, s.r.o. and U.S. Steel Košice - SBS, s.r.o., the annual collective bargaining continued in the area of working hours and salary development.



- ✓ In March 2024, Amendment No. 8 to the Collective Agreement was signed, in which the parties agreed to extend the Collective Agreement until 31 December 2025, to increase the monthly tariff wage with effect from 1 April 2024 and to pay a one-off remuneration for work if the agreed economic indicator is met.

USSK fully respects the role of a social partner in every area of its operation in accordance with legislative requirements and considers social harmony to be a necessary condition for effective business.

Cooperation is implemented at all levels of management in the fulfillment of obligations arising from the collective agreement and the resolution of labor law matters in accordance with legal provisions. The Company, with the participation of the social partner, resolves matters concerning employees in the field of work safety, remuneration, social policy, catering, and transport through parity commissions. Representatives of trade unions meet regularly with management and are informed about the production and economic situation.

USSK continuously informs employees, professionals and the general public about its business on its website, Intranet page, and the latest communication tool with employees is its own application based on social networks The X App Košice.

AWARDS IN BANSKÁ ŠTIAVNICA

In 2024, the members of our Company again participated in the Day of Miners, Metallurgists, Geologists and Oil Workers, which is regularly celebrated in Banská Štiavnica. Nine steelmakers from U. S. Steel Košice received the highest departmental awards for work loyalty at a ceremony in St. Catherine's Church. The celebration is associated with the town's **Salamander Days** festivities. The historic Salamander procession was preceded by a traditional procession in which entrepreneurs, students, mining and metallurgical associations, guilds and fraternities were represented. Our employees, vice presidents, general managers, and directors of the plants where these employees work were also present.





SUPPORTING PEOPLE

EQUAL OPPORTUNITIES

5 GENDER EQUALITY



10 REDUCED INEQUALITIES



EQUAL EMPLOYMENT OPPORTUNITIES

USSK's focus on fostering a culture of belonging has a positive impact on both the Company and our employees. It is essential for large companies like ours to foster innovation, stay competitive, attract, and retain talent and promote positive workplace dynamics.

USSK **guarantees every employee the rights arising from employment relationships and prevents direct or indirect discrimination in accordance with legal standards**, including in the area of personal data protection. All employees are treated **equally and without discrimination, including age and gender**.

- ✓ Even though **the proportion of women** in the total number of the Company's employees is only 14.3%, women form a very important part of USSK's management and **hold positions at the highest management levels**.
- ✓ In 2024, the **proportion of women among the Company's statutory representatives was 25%**, with responsibility for the management of energy, legal and financial affairs.

Our Employee Resource Groups strengthen employee engagement and connection. Since 2010, the **Women's Inclusion Network** has been supporting by helping employees develop an environment that fosters networking, education, and community activities. **NextGen** has also been active within USSK since 2021.

What could be our vision of belonging?

To raise the level of belonging and psychological safety to the level of physical safety as our greatest value.

**PSYCHOLOGICAL
SAFETY FIRST!**

SUPPORT OF COLLEAGUES WITH DISABILITIES

In the protected workshop, we create job opportunities for employees who have worked at various USSK plants but, due to a change in their health condition, could no longer perform their original work. In a protected operation, they are assigned work that they can do with their restrictions, such as sorting and recovering waste, collecting PET bottles, paper and toners on the USSK premises, checking safety harnesses, ropes, dry collective mains and ladders, sewing filter bags for the blast furnaces, or issuing protective equipment for visitors. By continuing their employment at U. S. Steel Košice, we avoid the problems they might have when looking for a suitable job on the labor market. This requires flexibility and tailoring the work to each individual employee according to their skills and abilities.

- ✓ In 2024, we had **34 employees with an altered working capacity** that made it impossible for them to perform their previous tasks (so-called protected operation).
- ✓ In total, **we employ at least 237 employees with a disability** (partial or full disability or handicap). These employees work in a variety of administrative and production units where they can perform work in accordance with their medical limitations.

SUPPORTING THE MARGINALIZED ROMANY COMMUNITY

Opportunity to work and learn

The social enterprise GOMBIDA was established by the municipality of Veľká Ida in 2021 and is a continuation of our project Equal Opportunities in the field of employment of Romany people living in the municipality of Veľká Ida. The aim of the cooperation is to give a chance to unemployed Romany people who are interested in work and education.

At the very beginning, in 2002, in response to a request from the mayor of Veľká Ida for financial support, the company U. S. Steel Košice offered opportunities to the Romany inhabitants to apply for positions to work at the Company. There was 100 percent unemployment in the settlement at that time.

Selecting employees

The selection of GOMBIDA social enterprise staff for the joint project is based on personal knowledge of the applicants by the mayor, community, and social workers. Employees of the social enterprise perform work appropriate to the level of their education, mainly auxiliary and cleaning jobs in the area of U. S. Steel Košice and its surroundings.

- The project addresses a real local problem of high unemployment in the region. It improves the economic situation and standard of living of people living in generational poverty and, in addition, enables the integration of Romany people into society.
- Long-term unemployed people have gained a regular income and can provide better housing and living conditions for their families.
- Employee training is supported by a number of social enterprise activities.
- Encouraging and motivating them to gain education and qualifications will give them a better chance of finding a subsequent job in the labor market.

EMPLOYEE RESOURCE GROUPS (ERGs)

WIN	NextGen	
2008	Establishment	2021
Use the potential of employees in the growth of the Company and improve its performance and support employees in their professional growth by training and developing their communication and management skills.	Goal and area of interest	Supporting a stronger future for USSK by strengthening the position of the next generation of the Company, through team building activities and initiatives of various nature, including involvement in community programs, supporting their onboarding process, and providing opportunities for further self-development.
• Continue to hold events with current topics related to USSK • Include more health and healthy lifestyle events • Actively engage and support employees in their professional growth by educating and developing their communication and management skills • Close cooperation with NextGen	Plans and ambitions	• Continue successful, well-established initiatives • Organizing online events with external speakers, who share their inspirational and educational thoughts • Support for learning and development of hard and soft skills • Supporting other community-building projects • Close cooperation with WIN
usskwin@sk.uss.com	Contact	ussknextgen@sk.uss.com



WIN (Women Inclusion Network)

The Employee Interest Group, Women Inclusion Network U.S. Steel Košice, were active in 2024 as well.

- ✓ WIN organized **5 online events** during which interesting and important information in the professional field was shared, such as a joint event with NextGen dedicated to Digital - "Can artificial intelligence make steel?" with more than 400 participants or the event "Communication as a superpower" with 330 participants. At the event, we learned that thanks to body language, we can read people's emotions and thoughts. At the same time, we know how to use our body language to be more persuasive and all the tips and tricks in verbal and non-verbal communication to send the right signals and vice versa. We addressed current topics such as the expected transaction with Nippon Steel, where we organized the event "Japan through the 5 most common stereotypes" with the participation of over 470 participants.
- ✓ Our traditional topic is health, where we focused on our eyesight, learned how to protect it while working with a computer, smartphone, as well as the effects of light on vision and circadian rhythm. Another event was dedicated to breast cancer, where we talked about prevention, diagnosis and treatment. In cooperation with the Šaca Hospital, we presented a program for women from USSK where they can book a mammography examination at an accelerated waiting time.
- ✓ At the end of September, thanks to the financial support of USSK and the organizational support of USSK WIN, USSK employees took part in the **Carpathian hiking** fundraising event. This event offers a 25- or 50-kilometer hike along forest roads along the ridge of the Volovské vrchy mountain range and has been organized by the Carpathian Foundation since 2010. This is a unique activity aimed at supporting projects for the development of eastern Slovakia.
- ✓ WIN was also active during the **USSK Volunteer Days**, where it ensured the activities of the dog shelter near Haniska village (Union of mutual aid of the people and dogs). The volunteer day was greatly supported by the USSK management and also by the hockey club HC Košice, where the management and the hockey players actively participated in the work related to the upgrade of the shelter. This year too, volunteers were actively involved in mowing pastures, building shelters for dogs, painting, cleaning, sawing wood for heating in winter, repairing the bridge, assembling gates...
- ✓ WIN was actively involved in **charity events**, where it supported events for families from the "We are together at the right time" project. WIN invited these families in need to hockey matches. We also participated in a sports day for children from foster home.

WIN in USSK closely cooperates with NextGen. All events enjoy great interest, as evidenced by high participation and many positive responses.

NextGen

The community of young employees USSK NextGen was created as part of the corporate NextGen platform in 2021.

In 2024, under the leadership of their organizing team, they organized a number of events open to all employees.

- ✓ Several **plant tours** focused on production processes and support activities (e.g., purchase of raw materials) were organized.
- ✓ Members were invited to the HC Košice hockey match.
- ✓ They organized a critical thinking academy - a full-day training led by external lecturers.
- ✓ They continued with regular Wednesday workout practices and added a series of group practices called Active Summer during June to August.
- ✓ They organized **lunches with USSK management members**, which provided NextGen members with space for informal discussion.
- ✓ NextGen also actively participated in the **summer sports games**, during which it took on the organizational role of a beach volleyball match. The games not only motivated our employees to be physically active, but also provided an opportunity for socialization, thus contributing to the work-life balance of our employees.

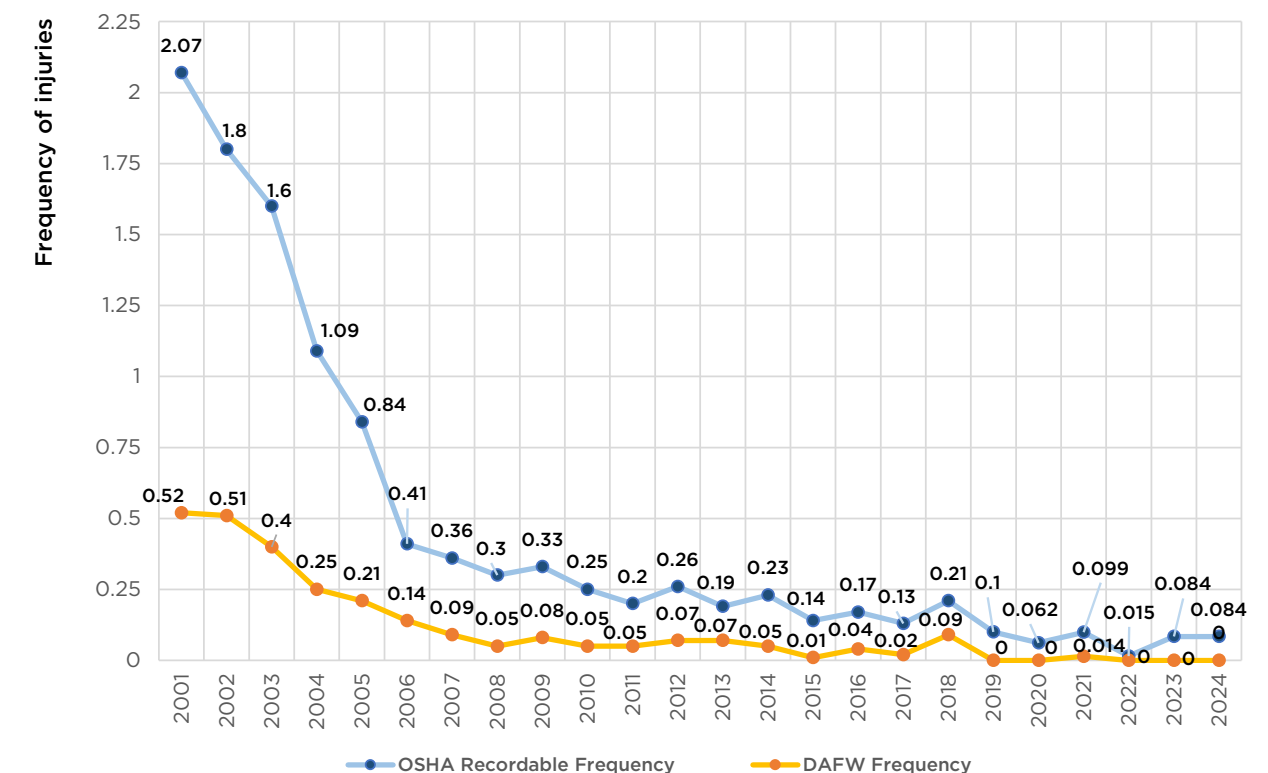


OCCUPATIONAL HEALTH AND SAFETY



INJURY FREQUENCY

In 2024, the Company achieved (pursuant to the methodology of the US Occupational Safety and Health Administration (OSHA)) a Frequency of all OSHA injuries of **0.035** - and a Frequency of registered injuries of **0.000**.



- ✓ Compared to 2023, the frequency of all OSHA injuries decreased from 0.084 to 0.035, which is below the planned value of 0.093. The planned values were not exceeded and are in a range that is significantly lower than the values achieved in our industry.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (SMS)

Our **activities in improving the efficiency of occupational health and safety** processes also continued. In cooperation with experts from various fields and QMS manager, we continued to improve our **occupational health and safety management system (SMS)**.

- ✓ In the course of 2024, internal SMS audits were carried out at all our organizational units.
- ✓ In October 2024 **we confirmed the certificate according to ISO 45001:2018**. ISO 45001 specifies occupational health and safety standards to help reduce workplace injuries. It also provides tools for continuous improvement of performance in the field of occupational safety and health protection of USSK employees and suppliers.

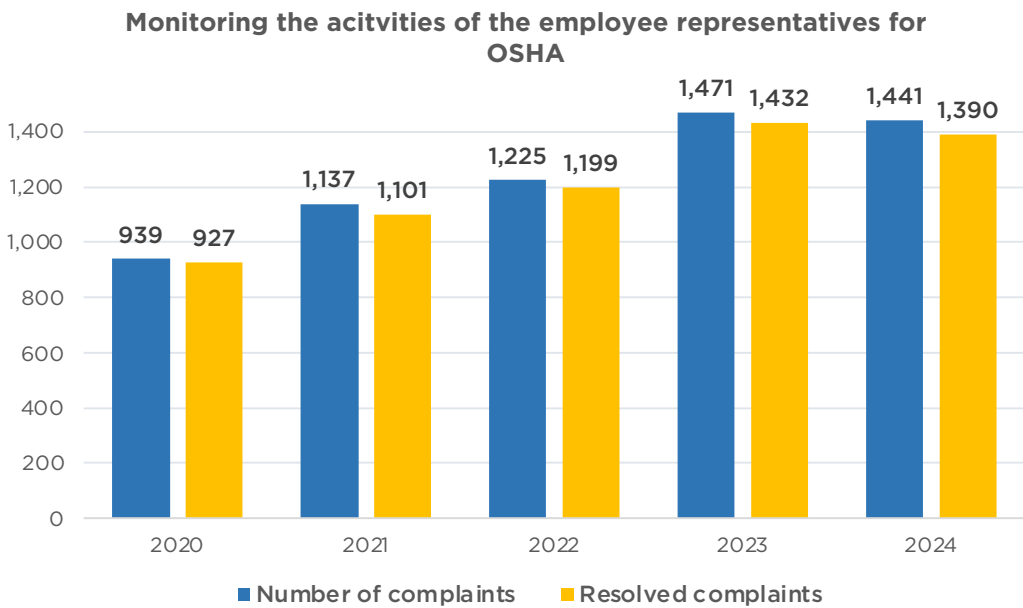


The slogan **SAFETY FIRST** remains at U.S. Steel Košice our primary and most important value in protecting the life and health at work of our employees and contractors who work daily on the Company's premises.

EMPLOYEE REPRESENTATIVES FOR HEALTH AND SAFETY

In the results that we managed to achieve, the employee representatives for health and safety also played a key role, who with their work contribute to the search for risks, reveal dangers and propose their elimination.

- ✓ Of the total number of **1,441 suggestions for improvement** presented by the employee representatives for health and safety, we solved 1,390 by the end of the year, which represents **96%**.
- ✓ **The commitment of employee representatives to health and safety remains at a comparable level:**



CONTRACTOR SAFETY

Even in 2024, the company paid special attention to the issue of **contractor safety**.

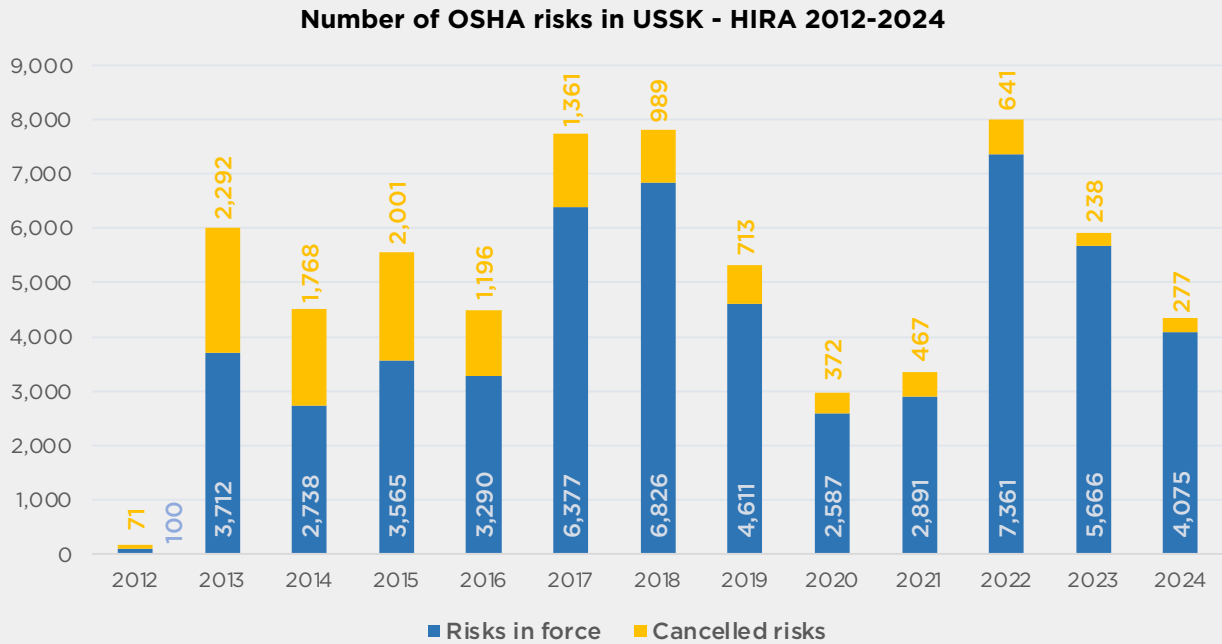
Cooperation with the ISN company, dealing with the safety of contractors, continued. In October 2024, the audit of ISN (RAVS Plus) established that written programs in the field of health and safety are put into practice throughout the company of audited contractors. In order to positively motivate contractors to prevent accidents, our Company continued with the assessment of supplier employees in the area of compliance with the basic rules of safety and health protection at work.

OCCUPATIONAL SAFETY CULTURE

In order to further develop the **Occupational Safety Culture**, we implemented **safety campaigns** in all operations. Targeted activities were aimed at reminding the main rules, principles, or procedures in the field of prevention of serious

accidents, fire safety, raising the awareness of employees, as well as the culture of care and treating others. Our Safety 360° approach is focused not only on physical safety at work, but also on the psychological well-being of our employees. This means ensuring that everyone feels part of our society, with the right to express an opinion, even when something is not right. We emphasized the right to stop work by using the **"Stop and Act"** rule, thus preventing incidents and injuries in case of danger.

As part of the HIRA (Hazard Identification and Risk Assessment) project, we identified and resolved the following risks between 2012 and 2024:



HOURS WORKED WITHOUT AN OCCUPATIONAL INJURY

- ✓ Even in 2024, our plants managed to achieve significant milestones of hours worked without an injury.

Individual milestones	2020	2021	2022	2023	2024
Manhours w/o OSHA injuries	907,883	4,243,463	12,807,883	1,652,036	4,911,141
Manhours w/o OSHA registered injuries	32,134,167	12,021,004	25,038,436	36,831,147	48,361,510

- ✓ On September 11, 2024, USSK employees reached 45,000,000 **hours worked without a single registered (OSHA) injury**.



SUPPORTING PEOPLE

CHEMICAL SUBSTANCES

3 GOOD HEALTH
AND WELL-BEING



USSK deals with the application of the European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH); on classification, labelling and packaging of substances and mixtures (CLP); on making available and using biocidal products on the market (BPR).

- ✓ As a manufacturer and importer of chemical substances, in previous periods we registered **16 substances** with the European Chemicals Agency according to the REACH regulation, **for two substances we are the lead registrant**.

- As part of associations and consortia of manufacturers and importers of substances of which we are a member, we maintain the validity of our registrations and prepare their updates. We communicate with the European Chemical Agency, government authorities, as well as with non-government organizations and private companies aimed at fulfilling the requirements of REACH and related chemical legislation.

- ✓ As a product manufacturer, we provide information enabling the **safe use of products** and check that our products do not contain substances of extremely high concern from the List of Candidate Substances. For our customers we prepare **declarations about the content of substances of extremely high concern**.
- ✓ We regularly **review our chemical portfolio** and **look for safer alternatives**. For substances subject to authorization, the presence of which is essential in our production cycle, we participated in the preparation of authorization applications and subsequently monitor compliance with the conditions resulting from the authorization decision that was granted to us in December 2023 for the use of chromium oxide and sodium dichromate in our tinplate production process. **We continue our efforts to identify, evaluate and verify the suitability of substitutes for substances that are subject to authorization**.
- ✓ As a downstream user of chemical substances and mixtures, we identify and apply the appropriate risk management measures listed in the **Safety Data Sheets** and actively communicate with our suppliers. We ensure that Material Safety Data Sheets from our suppliers are easily accessible to all employees in our Company who follow them during the performance of their work activities. We update the safety data sheets for the products we manufacture. We communicate information about chemical substances with our customers, answer their questions and fill in their questionnaires focused on classified chemical substances.
- ✓ We apply the provisions of the REACH regulation on restrictions in the **production, marketing and use of chemical substances** posing a risk to human health and the environment.

Our goal is to ensure an important level of protection of human health and the environment when using chemical substances and mixtures.



SUPPORTING PEOPLE

CRISIS MANAGEMENT



The basic task of the Crisis Management department is to ensure USSK's compliance with applicable laws in the field of **prevention of serious industrial accidents, civil protection, economic mobilization, and protection of critical infrastructure**. Last year, crisis management fulfilled all obligations arising from the current legislation of the Slovak Republic in the aforementioned legislative areas.

- ✓ In the course of the first quarter of 2024, the Crisis Management Department replaced 9,500 combined filters for gas masks, the so-called special means of individual protection distributed throughout the USSK premises.
- ✓ In September, the Crisis Management Department submitted to the Košice District Office - Department of Environmental Care, for comment and approval, the updated USSK

Safety Report prepared pursuant to Act No. 128/2015 Coll. The process of incorporating comments began in November with the suspension of proceedings by the Košice District Office, and it is currently undergoing approval by the relevant state authorities.

- ✓ In the months of June to October, a **coordinated audit was carried out at USSK under the leadership of the Slovak Environmental Inspectorate**, which was aimed at fulfilling the tasks arising from Act No. 128/2015 Coll. on the prevention of serious industrial accidents and on the amendment and supplementation of certain laws with a focus on equipment and activities with the presence of a hazardous substance at the operation of the Basic Oxygen Furnaces and the Gas Cleaning Plant - the converter gas tank of the DP Steel Shop.

As a result of the energy crisis and tense international relations, they gained importance last year and came to the forefront of public interest in the areas of **civil protection, critical infrastructure protection and economic mobilization**. The result of this was a more intensive communication and exchange of information between USSK as an element of critical infrastructure and the subject of economic mobilization with the Ministry of Economy of the Slovak Republic, which is responsible for our company in the mentioned areas. Throughout the year, Crisis Management Department participated in the review process of the Act of the Ministry of Economy of the Slovak Republic No. 367/2024 on critical infrastructure and amending and supplementing some laws, which was issued on 19 December 2024. As part of the legal requirements, communication took place with the District Office Košice - crisis management department for the field of civil protection. The Crisis Management Department ensured this communication and provided all state authorities with full cooperation in accordance with the applicable legislation.

SUPPORTING PEOPLE

COMMUNITY ENGAGEMENT



SUPPORTING THE COMMUNITY AND THE REGION

As far as to the community, we act in accordance with our principles of fostering a culture of belonging where all employees feel they can contribute their best work.

- U. S. Steel Košice has been interested in the needs of the region for a long time and is involved in solving them in accordance with its core values and business principles either directly or through its U. S. Steel Košice Foundation.
- Priority in the area of donation and sponsorship is given to public benefit projects for children, support of healthcare, science and education, culture and sports.
- The Company partners with many non-profit organizations that are active in solving problems and coming up with innovative ideas for community development, social assistance solutions for disabled citizens and seniors.

USSK		USSK Foundation		Total for the year 2024			
1,517,829.07	EUR	+	1,232,956.26	EUR	=	2,750,785.33	EUR

SUPPORTING EDUCATION

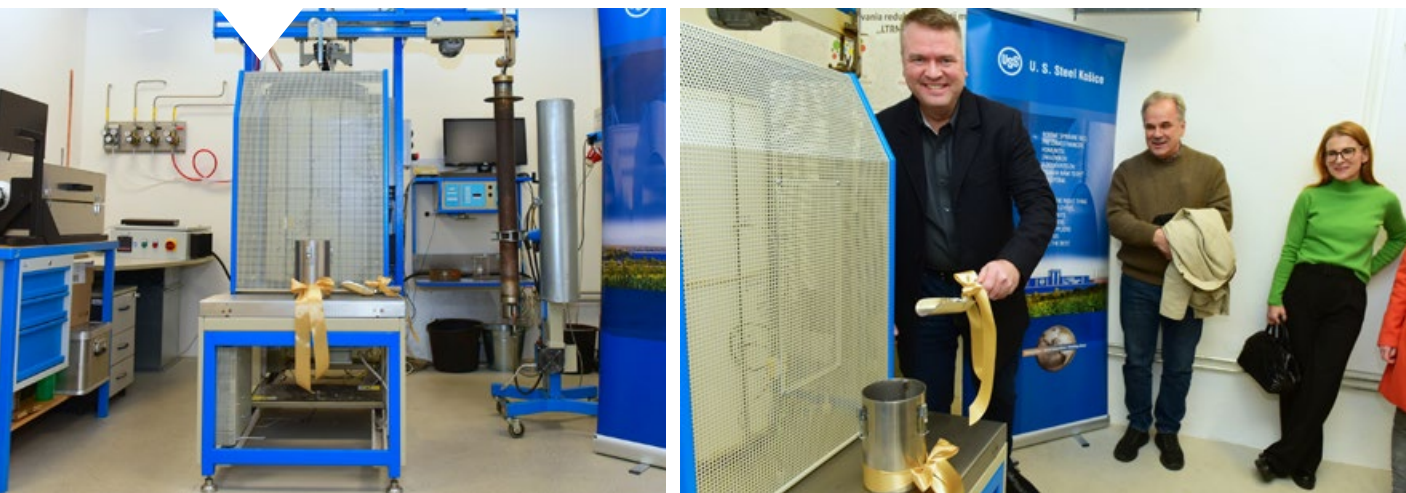
U. S. Steel Košice actively cooperates with selected technical high schools and universities, especially as far as the **targeted recruitment of employees**. For students, cooperation with our Company is an opportunity to get acquainted with the "real world" of the functioning of an industrial enterprise. Those high school students who achieve good academic grades have the opportunity to get a job offer even before graduation. Financial support for university students is aimed at profiling future computer scientists, electrical engineers, environmentalists, engineers, and technologists.

Cooperation with academics was most evident in the field of machine learning to improve processes, streamline steel production with the aim of reducing the environmental burden as much as possible and reducing production costs. We have been developing and implementing solutions using machine learning and other forms of artificial intelligence in the Company for several years. Such solutions help us improve our processes and reduce our carbon footprint. We achieve excellent results by combining experts from production practice and academics from the field of metallurgy. Our Digital Studio Europe Department is dedicated to artificial intelligence and machine learning, where a data-driven insight into steelmaking is key. Machine learning has its limitations (data quality, data size and variability), which can subsequently supplement the expert knowledge of metallurgical experts.

Technical University of Košice, Faculty of Materials, Metallurgy and Recycling

In November 2024, thanks to the support of USSK, a laboratory for research into the reducibility of blast furnace pellets was opened at the Faculty of Materials, Metallurgy and Recycling of the Technical University in Košice.

USSK



Steel Park – the science park

In 2024, we provided funds for the restoration and upgrade of the Steel Park exhibition. The Science Park in Kulturpark in Košice is mainly visited by elementary school students, where they learn about the story of steel and its role in the life around us in a fun and creative way. Thanks to the upgrade, the exposition will have updated content within the theme of renewable resources and primary energies with an emphasis on sustainability.

Foundation

Scholarship program

U. S. Steel Košice supports talented students in their studies at domestic and foreign universities and colleges as part of its Scholarship Program. Among them are not only young, gifted people from socially disadvantaged backgrounds, but also children of Košice steel mill employees.

Students holding a scholarship participate in the Society's volunteer events, including the events "Steelmakers for Košice" and the Christmas charity stand.

Foundation

28 students holding a scholarship were awarded in the academic year 2023/2024 and another 27 scholarships in 2024/2025.

So far, 517 students have been awarded with scholarship.

Dual education

USSK, in cooperation with the Secondary Vocational School of Industrial Technologies in Košice – Šaca and the Secondary Vocational School of Railways in Košice, supports dual education, which is based on the acquisition of practice and professional practical skills, targeted preparation for the future profession and the opportunity to integrate into work processes, while students are motivated by a reward for productive work.

444 students in 2023/2024

HEALTH CARE

U. S. Steel Košice focuses on supporting specialized medical facilities in the region. The Company contributed financially to the Children's Faculty Hospital in Košice and the AGEL Hospital in Košice - Šaca. In 2024, they could start with the reconstruction and modernization of medical facilities.

Children's Faculty Hospital Košice

Thanks to financial assistance, the reconstruction and modernization of the premises of the Clinic for Children and Adolescents and the Department of Pediatric Oncology and Hematology is underway in this health facility with regional scope. Renovated premises will increase the comfort of child patients and their companions.

USSK

The U.S. Steel Košice Foundation contributed to the purchase of several medical devices that are used in the Children's Faculty Hospital in Košice. It is a CUSA Clarity ultrasonic surgical aspirator with accessories, used in the Central Operative Tract; a polysomnographic diagnostic device that helps diagnose sleep disorders and brain diseases in pediatric patients hospitalized in the Department of Pediatric Neurology, as well as a body plethysmograph and an exhaled NO analyser for the Cystic Fibrosis Center.

Foundation

Hospital AGEL Košice - Šaca

The U. S. Steel Košice Foundation contributed to the reconstruction of the premises within the Radiology clinic, which will house top mammography technology.

Foundation

SOCIAL CARE

The aid is mainly aimed at centers for children and families in eastern Slovakia. We focus on supporting two foster homes, a civic association and charitable activities. Our goal is to make life easier and more pleasant for the young generation, our retired former employees and people in need. In addition to USSK and the USSK Foundation, our employees also try to help vulnerable groups, which multiplies positive results and responses.

Supported institutions

Foster homes

Center for Children and Families Košice - Uralská Street, Foster Home of St. Klement Hofbauer in Podolíneč, Center for Children and Families in Medzev

In 2024, the USSK Foundation supported three foster homes by organizing athletic events and funds for children's recreation and cultural activities, as well as the purchase of interior equipment. Children from two homes took part in the event on the occasion of the Day of the City of Košice - Venice of Košice and a sports day at the end of summer. In this competition they won the first and fifth place in the category of non-traditional vessels.

Foundation



Civic Association

Autumn of life

Thanks to the support of U. S. Steel Košice, our retired former employees have a place for meetings and various activities. As volunteers, they are regularly involved in fundraising, which we organize as part of Volunteer Days in cooperation with the Košice Archdiocese Charity, or in the Wishing Tree project. In 2024, they achieved excellent results in senior sports competitions in Košice.

USSK

Charity events

Archdiocese charity in Košice

With the long-term support of the Košice Archdiocese Charity we try to make life easier for people in difficult social situations, especially mothers with children, lonely seniors and homeless people.

USSK

Supported projects

We are with you at the right moment

Among other things, the foundation focuses on helping the families of steelworkers who find themselves in a difficult life situation. Each family will receive a one-time financial support of EUR 2,000. Families are invited to various events throughout the year, where they have the opportunity to exchange experiences and get to know each other better. Since 2013, this long-term project has helped 140 families.

Foundation

12 families of steelworkers were supported in 2024

140 families were supported since 2013

Christmas Charity Stand

The charity stand is aimed to support non-profit organizations, which during the Košice Christmas markets have the opportunity to present their activities and also collect funds for their operation. In 2024, among others, the Archdiocese Charity of Košice, the Union of Mutual Aid of People and Dogs, the civil association "Od srdca" and the non-profit organization ETP Slovakia were represented at the stand, among others, who were also assisted by U. S. Steel Košice scholarship holders.

USSK

Wishing Tree

USSK employees are also regularly volunteer in helping. This year they provided gifts to more than 140 children from two foster homes and eleven families of Košice steelworkers (St. Klement Hofbauer’s Children’s Home in Podolíneć and Center for Children and Families Uralská - Košice).

USSK employees

144 children from two foster homers and 11 families



Donate lunch

Even in 2024, before Easter and before the Christmas holidays, the Company’s employees could participate in the Donate lunch project.

USSK employees

Almost 400 employees donated more than 2,000 lunches for homeless people.

“The lunches will help our clients a lot, people enjoy them, absolutely everyone gets lunch. Tell your colleagues who donated the lunches that we sincerely thank you for everything,” said Monika Pergerová, social worker of the non-profit organization OÁZA - hope for a new life.



Since 2021, we have already opened the Donate Lunch project eight times. Altogether 2,537 steelworkers donated 21,954 lunches.

SUPPORTING THE MARGINALIZED ROMA COMMUNITY

The Company has been supporting marginalized Roma communities for a long time. In addition to assistance for foster homes, where children from Roma families live, USSK develops special projects to open employment opportunities for people from Roma settlements with high unemployment, which we describe in more detail on page 90. We also donated waste firewood to marginalized communities in 2024, which helped them especially in the winter months.

SUPPORTING SPORTS

Our support of sports could be divided into two parts, namely the support of sports events with a long-standing tradition in the Košice region and the support of the development of young athletic talents of Košice steelworkers and young talents from socially disadvantaged backgrounds.

International Peace Marathon in Košice and mini-marathon U. S. Steel Family Run

For many years, U.S. Steel Košice has been the main partner of the International Peace Marathon in Košice, which is the oldest marathon in Europe and is very popular among our employees and business partners. One of the accompanying disciplines is the mini-marathon U.S. Steel Family Run, which is a one tenth of the marathon distance. Volunteers from among our employees also participated in the organization of the Marathon.

USSK



HC Košice Hockey club

USSK is a long-term partner of the hockey club HC Košice, which has won the Slovak extra league several times. It also supports young hockey talents with a financial donation for the organization of the Summer Hockey Camp continuously since 2010. Hundreds of children have already participated.

USSK

Your chance to play program

The USSK Foundation strives to create equal opportunities to play ice hockey, tennis, or soccer for athletically gifted children of steel workers and children from socially disadvantaged families.

Foundation

Six children supported in 2024.

Since 2006, the program has contributed EUR 226,077 to membership club fees and part of the equipment for 594 young athletes.

Summer Sports games

During September 2024, USSK organized the 34th Summer Sports Games for its current and former employees, during which competitions in badminton, bowling, tennis, football, beach volleyball and darts were organized in different athletic grounds.



Winter Sports Games

In 2024, the 27th year of the Winter Sports Games took place, in which employees and former Košice steelworkers compete each year in various disciplines such as ice hockey, cross-country skiing, giant slalom and snowboarding. For employees' children, there are competitions on skis, sleds, bobsleigh, and a snow carnival.



SUPPORTING CULTURE

The Company has been supporting important cultural institutions and events for a long time. It is a traditional partner of the Košice State Philharmonic and the Košice National Theatre. It also supports the Visegrad Days international theatre festival and the Art Film Fest international film festival. U. S. Steel has been supporting the Košice Christmas and the City Day events for a long time. One of the most distinctive landmarks of Košice, the Singing Fountain, was built almost 40 years ago, thanks to the cooperation of the city and steel mill. After decades, the cooperation was renewed for the technical rebuild of the fountain.

The fountain was put into operation again in April 2024, after extensive reconstruction and modernization, for which the U. S. Steel Košice Foundation contributed EUR 1 million.

Partner of the Košice State Philharmonic –
advertising partner of the Košice Music Spring
Festival

USSK

Foundation

Fountain

Foundation

**Support for the “Visegrad
Days” theatre festival**

USSK

**Partner of the National Theatre
Košice**

USSK

Foundation



**Support for the creation of the publication International Sculpture Symposium in Metal
1967–1974**

The publication was compiled by the curator of the East Slovak Gallery in Košice, Miroslav Kleban. The comprehensive encyclopedic guide brings the reader closer to the origin and progress of individual years of sculptural symposia in metal, which were held at the then National Enterprise East-Slovak Ironworks.



VOLUNTEER AND COMMUNITY PROGRAMS

Volunteer days - Steelmakers for Košice

Volunteer programs are integral part of our community support. The largest corporate volunteer event is the **Volunteer days – Steelmakers for Košice**, which took place for the 18th time on 21 - 22 June 2024. The employees of U. S. Steel Košice helped seven organizations with public benefit activities. For two days, they participated in Steelmakers’ Drop of Blood and collection of clothes and other useful things for the Košice Archdiocese Charity, which manages 34 charitable and community facilities in 16 towns of the region. They also worked on the uplift of the Center for Children and Families on Hurbanová Street, helped in the botanical garden and ZOO, the Children’s Historical Railway, and the animal shelter. A total of 339 volunteers took part in this corporate event.

USSK employees

18th year

339 volunteers who worked a total of 1,295 hours.

Steelmakers’ Drop of Blood

Košice steelworkers regularly donate the most precious liquid needed to save human life, blood. **In 2024, we managed to jointly donate more than 35 liters of blood from 80 donors.** Of course, many employees donate blood individually several times a year, even outside of volunteer days.

Collection of clothes and useful things for the Košice Archdiocese Charity

One of the sustainable activities by which we help people, and the planet is recycling clothes and other useful things, which we can find a second home with people who need them.

Uplift of the Center for Children and Families on Hurbanová street

Volunteers from USSK have been helping with the uplift of the Center for Children and Families on Hurbanová Street for almost a decade.

Helping the ZOO and botanical garden

The beautification of the botanical garden and ZOO is one of the so-called constants of volunteer activities of our steelmakers. In 2024, they mainly worked on improving the premises of breeding facilities in the Mini Zoo, which is operated by the Botanical Garden. In the Košice ZOO, volunteers have, as usually, painted the fence in the area.

“We are very much looking forward to the volunteers from U. S. Steel Košice. They are extremely hardworking. It is an excellent team that we consider our family, because almost the same people have been coming regularly for many years. Some of them have already retired in the meantime, but we still meet them at the ZOO, and we are glad that they feel good with us,” said Eva Malešová, head of the marketing and promotion department of the ZOO Košice.

Help on the Children's Historical Railway

The children's railway has become a traditional and popular place to help by our steelmakers. The result of volunteering is the beautified landscape of the Alpinka station and a new fence around the children's playground, which the steelmakers improved last year.

Helping the animal shelter

During the volunteer day, steelmakers helped to contribute to the happy life of abandoned dogs in the **dog shelter in Haniska pri Košiciach**.

Together for the Region 2024 Program

For many years, U. S. Steel Košice has been implementing the **Together for the Region** grant program, which focuses on community projects supporting meaningful leisure activities for children and teenagers, environmental protection, and safety in everyday life. A specific feature of the program is the active involvement of USSK employees in these community activities.

- ✓ Since its inception in 2008, the Together for the Region program has already supported 151 projects in the total amount of more than EUR 380,000.

Thanks to the support of the program, cultural traditions in the village Trstené pri Hornáde were revived, memorabilia in the village Kostolany nad Hornádom will be restored, and the issue of the Hanigov Castle ruin's drying up spring will be solved. A vocational technology classroom was built in Košice with a focus on technical literacy for elementary school students. Sight-seeing rail cars of the Košice Children's Railway are safer for passengers and can be used even in harsh weather. Other projects were focused on meaningful ways of leisure time activities for children and their positive relationship to nature.

USSK

11 grants in 2024, supported by a total amount exceeding EUR 30,000

Leisure Center, Orgovánová 5, Košice

Handy children for the region

Hockey Club Sršne Košice, o.z.

Learn to skate and play hockey with us!

Civic Association BotaniKE

Restoration of the Mini ZOO in the UPJŠ Botanical Garden

Municipality Kostolany nad Hornádom

Restoration, development, and presentation of the sights of Kostolany nad Hornádom

Municipality Hanigovce

Let's turn on the castle water spring

Civic Association Topľanská Lúčka

No pain - no gain!

Municipality Družstevná pri Hornáde

Maloviesky and Tepličanský hiking trail

Municipality Košice – Šaca

Nature is the greatest gift and the best teacher

Municipality Trstené pri Hornáde

Revival of cultural traditions in the village of Trstené pri Hornáde

Slovak Board of Parents' Associations at Cottbuská 1480/34 Kindergarten Košice

Nuts of the Rizzo, the squirrel

Children's Railway Košice

Safe trip: Installation of Protective Tarpaulins for the Historical Rail Cars of the Children's Rail

Although the support of more than one hundred community support projects in 2024 was primarily managed by the Department Director External Affairs, they could not have had such a huge scale and impact without the involvement of Women's Network (WIN), NextGen, Human Resources, Unions, Security, IT and other departments from administration and production. In these activities we involve our scholarship holders, retired colleagues, and partners from other sectors as well. We systematically strive to multiply our community support through synergies.

The support of the region by U.S. Steel Košice was awarded by the Pontis Foundation, which included our steel company among the finalists of Via Bona Slovakia 2024 in the Good Community Partner category.



HELPING IS IN OUR DNA



GOVERNING PRINCIPLES



GOVERNING PRINCIPLES

ETHICS AND GOVERNING PRINCIPLES

Transparency and sound corporate governance are foundational to everything we do.

Since its founding, U. S. Steel has demonstrated an unwavering commitment to doing business ethically, with integrity, and in compliance with applicable laws and regulations. At the beginning of the 20th century, our co-founder and first chairman Judge Elbert Gary developed what is widely considered to be the first ever corporate code of ethics, known as the Gary Principles. The values set forth in those nine simple statements emphasizing integrity, fairness, and accountability underlie the S.T.E.E.L. Principles that we use today to state our long-held core values in a meaningful and memorable way.



Integrity and ethical conduct are fundamental to our core values and vital to our continued success as we maintain an intense focus on the key business drivers that make us a better, more competitive company.

THE CODE OF ETHICAL BUSINESS CONDUCT

U. S. Steel Košice Code of Ethical Business Conduct, as a fundamental internal regulation, constitutes a cornerstone of confidence necessary for the long-term success of our Company. The S.T.E.E.L. Principles are the foundation of our Code of Ethical Business Conduct and ethics and compliance program, and our business must always be conducted within the framework of these long-held core values: Safety First, Trust & Respect, Environmental Stewardship, Excellence and Accountability, and Lawful & Ethical Conduct.

It is also specially aimed at respecting the human rights of employees by prohibiting slavery, child labor and emphasis on the battle against corruption and bribery. The commitment to act in an ethical manner has helped to ensure that USSK confirms its reputation as a company respecting its employees, shareholders, business partners and the communities which it operates in.

Policies

- [Supplier Code of Conduct](#)
- [USSK Code of Ethical Business Conduct](#)
- [Anticorruption policy](#)
- [Conflict of Interest](#)
- [Sexual and Discriminatory Harassment](#)
- [Gifts and Entertainment](#)
- [Anti-corruption guidelines for third parties](#)
- [Safety & Industrial Hygiene Policy](#)

EMPLOYEE TRAININGS AND COMMUNICATION

U. S. Steel Košice, s.r.o. is **one of the leading companies enforcing business ethics and anti-corruption** practices in Slovakia.

- ✓ Employees are regularly informed about news in the ethics & compliance area and other ethics related issues through USSK’s intranet site (Ethics & Compliance section), regular online newsletter named “Ethically Speaking”, and short compliance videos.
- ✓ In 2024 employees could also expand their knowledge through Economic Sanctions and Code of Ethical Business Conduct **online trainings**.
- ✓ As every year, also in 2024 our Company together with other plants within the United States Steel Corporation joined the 14th year of the **Ethics and Compliance week**. Each day of the week from November 4 to November 8 employees received a communication highlighting one of the S.T.E.E.L. Principles, Communication included also short pulse survey, short compliance video focused on Human Rights and Code of Ethical Business Online Training.

- ✓ Also, during the Ethics and Compliance Week, our **Annual Policy Certification** process was kicked off for all employees to review and certify their ongoing compliance with the Code of Ethical Business Conduct and key compliance policies.

ETHICS AND SAFETY LINE

Any form of prohibited or unethical behavior can be reported to a supervisor directly or using the U. S. Steel Ethics and Safety Line (“Ethics Line”), either by telephone, mail or internet. In addition to USSK employees, external persons may also use the Ethics Line to report unethical or unauthorized practices performed within the Company.

In order to promote transparency and the efficacy of the Ethics Line, the number and types of Corporate reports alleging misconduct received, the types of actions taken in response to substantiated allegations, and anonymized summaries of select cases are provided to employees regularly. The U. S. Steel Audit Committee receives additional data about new reports and closed cases quarterly, as well as summaries of significant allegations and investigations, to help facilitate its oversight of the ethics and compliance program.

1. Report Intake

Reporter contacts Ethics Line (phone/online) or raises concern to an internal resource that enters report into case management system

Immediate safety issues and threats escalated to Safety & Security

U. S. Steel Internal Audit has access to all reports

4. Case closure

Cross-functional U. S. Steel Case Closure Committee reviews investigation process, findings, and conclusions

Committee consists of Corporate and USSK representatives from Legal, Human Resources, Safety & Security, Internal Controls, and Internal Audit

Investigation is closed only if there is consensus by U. S. Steel Case Closure Committee

Reporter is advised that investigation is complete and that appropriate action has been taken, if applicable

2. Review and Assignment

Administrator reviews report, acknowledges receipt, and assigns it to appropriate investigator

Significant issues are escalated to U. S. Steel Audit Committee; regular updates provided, as necessary

Investigators include trained personnel in Human Resources and Safety & Security, Internal Audit and Law department

3. Investigation

Investigator conducts appropriate investigation and prepares written report documenting findings and any remedial measures

Investigation may include document review, interviews, and other relevant steps

Confidentiality maintained to the extent possible

5. Reporting Out

Employees receive overview of Ethics Line activity and sample cases

U. S. Steel Audit Committee receives quarterly reports:

- Updates regarding significant reports and investigations
- Data and trends re: new reports (by location, issue, anonymity of reporter)
- Data and trends re: closed cases (remedial actions, substantiation rates)

2024 | **WORLD'S MOST**
ETHICAL
COMPANIESTM
ETHISPHERE
3-TIME HONOREE



FOR THE THIRD YEAR IN A ROW: U.S. STEEL AMONG THE LEADERS IN ETHICAL BUSINESS.

United States Steel Corporation has once again been named one of the "World's Most Ethical Companies®" in 2024 by Ethisphere, a global leader in defining ethical business standards. This is the third consecutive year that U. S. Steel has received this prestigious award, reflecting the excellence of our ethics and compliance programs as well as our continued commitment to our Best for All® strategy.

The World's Most Ethical Companies process, which is based on the Ethisphere Institute's proprietary Ethics Quotient®, includes a comprehensive benchmarking and assessment of the ethics and compliance program, governance, a company's culture of ethics, environmental and social impact, and initiatives that support a strong value chain. The process serves as an operational framework to capture and codify best practices of organizations across industries and around the world.

GOVERNING PRINCIPLES

OUR SUPPLY CHAIN

A resilient and reliable supply chain is essential to our customer-centric approach to delivering steel products that are innovative and energy and cost efficient.

We focus on resilience and continuous supply chain management to ensure the long-term success of our business while minimizing risks and uncovering opportunities.

We look for the most efficient purchasing methods to help achieve economic benefits and increase our company's competitiveness. Increasingly, sustainability issues are at the heart of our communications with suppliers. In addition to the usual supply chain management issues such as quality, cost, availability and delivery times, discussions are increasingly focused on climate protection, energy, resource efficiency and respect for human rights.

We promote a sustainable and responsible approach to purchasing various commodities. Collaboration with all organizational units such as Production, Environment, Research, as well as with suppliers enables us to bring new trends and innovations that often require systemic and long-term solutions.

Our processes have helped us overcome a number of different challenges in the past, ranging from pandemics to supply chain disruption and inflationary pressures.



A SUSTAINABLE SUPPLY CHAIN

We expect not only our employees but also our business partners to share our values and act **in accordance with the S.T.E.E.L. principles. Our Standard Terms and Conditions, Code of Ethical Business Conduct and Third Party Anti-Corruption Policy** detail our expectations. In 2023, we implemented a **Supplier Code of Conduct**. It is published on our website, specifies supplier standards and sets out our minimum requirements for ethical and legal business practices, human rights and working conditions, and last but not least, environmental stewardship throughout the supply chain. Priorities also include fighting corruption, eliminating conflicts of interest, protecting competition and fair trade.

CONFLICT MINERALS

USSK, as a subsidiary of United States Steel Corporation, is **committed to legal and ethical standards in all of its business activities** and also complies with the provisions of applicable U.S. (Dodd-Frank Financial Markets Reform and Consumer Protection Act, HR 4173, Section 1502) and EU (EU Conflict Minerals Regulation No. 2017/821) conflict minerals legislation. The only products manufactured by USSK that contain conflict minerals and are subject to the Dodd-Frank Act and the EU Conflict Minerals Regulation are its packaging products, which have a tin coating.

Based on reasonable due diligence and to the best of its knowledge, during 2024, USSK **did not manufacture any products using conflict minerals sourced from the Democratic Republic of Congo** (DRC), or its neighboring countries, that financed or favored armed groups in that region or other conflict-affected and high-risk areas.

In accordance with legislation and implementing regulations, USSK will continue to monitor its supply chain to determine the origin of conflict minerals used by USSK in the manufacture of its products and provide all required information and updates. USSK will **continue to work proactively with its suppliers and customers to verify the source of conflict minerals in its supply chain**.

ECOVADIS

In 2024, the **EcoVadis platform** was implemented to ensure the most accurate collection of data on our suppliers' ESG policies, rewards, performance and metrics.

The EcoVadis platform integrates ESG criteria into our supply chain strategy through supply chain sustainability assessments. Therefore, we will continue the process we have started to ensure improvements in our supply chain sustainability in the coming period.

ecovadis

ISN

USSK has been paying attention to the protection and respect for compliance with safety requirement and criteria not only for our employees but also for contractors and their employees who work for companies in our supply chain. In addition to our **internal safety regulations and activities**, which we check on an ongoing basis, **we externally require our suppliers to meet the requirements and provide data within the ISN**, which ensures contractor and supplier risk is assessed and monitored.





2025 OUTLOOK

The negative trend in the steel market observed in 2022 and in 2023 has persisted also throughout whole year 2024. The adverse consequences of the conflict in Ukraine, along with other global geopolitical tensions, deteriorating manufacturing outlooks across the EU, and overall economic uncertainty, have persisted.

Steel consumption within the EUR continued to decline also at the end of last year, reinforcing the negative trend noted in previous quarters. After a year-on-year decline of 4.4% in 2023, ongoing adverse factors such as conflicts, fluctuations in energy prices, and inflation, together with a weakened economic outlook, continued to negatively impact steel consumption in 2024. However, recent estimates indicate a less severe year-on-year decline of 2.3% in 2024 compared to 2023.

The downward trend seen in previous years and the current situation in economy and industry is expected to affect the forecast for 2025. Due to poor industrial outlooks and low demand from steel-using sectors, particularly in construction and automotive industries, apparent steel consumption is expected to grow marginally by up to 2.2% year-over-year, remaining substantially below pre-pandemic levels. However, this growth of steel demand remains subject to high uncertainty as the global and local headwinds are not disappearing.

We will do everything to ensure that our Company continues to create long-term value for all stakeholders - our investors, customers, employees, the community in which we live and work, and ultimately, the planet.



SELECTED FINANCIAL INDICATORS

STATEMENT OF FINANCIAL POSITION

Selected items from the Statements of Financial Position for the last two years are:

 U. S. Steel Košice	Statement of Financial Position In EUR (millions)	
	Dec 31, 2024	Dec 31, 2023
Property, plant and equipment, incl. investment property	866	903
Intangible assets	644	694
Long-term receivables	9	6
Inventories	566	658
Short-term receivables	308	438
Cash and cash equivalents	162	279
Other current assets	34	13
Total Assets	2,589	2,991
Equity	1,436	1,613
Long-term trade and other payables	4	8
Other long-term liabilities	102	115
Short-term trade and other payables	536	625
Other short-term liabilities	511	630
Total Equity and Liabilities	2,589	2,991

Compared to the previous accounting period, the carried amount of Company's property, plant and equipment including investment property decreased by EUR 37 million primarily due to increase in the depreciation expense in the current year as a result of the change in estimate of useful lives of certain assets. In 2024, the Company's capital expenditure amounted to EUR 79 million compared to EUR 64 million in 2023.

The carrying amount of Company's intangible assets, mainly represented by CO₂ emission allowances, decreased in 2024 by EUR 50 million compared to 2023 mainly due to price fluctuations of the emission allowances on the market. In 2024, the Company had purchased EUA emission allowances totaling EUR 108.6 million, compared to allowances purchased in 2023 worth EUR 110.7 million. Emission allowances allocated by the Slovak Government in 2024 were measured when received at EUR 355 million compared to EUR 557 million in 2023.

Decreased demand together with lower prices of raw materials contributed to a significant decrease in inventory value in 2024.

In 2024, USSK declared dividends to U. S. Steel Global Holdings VI B.V. totaling EUR 160 million (2023: EUR 250 million). Dividends totalling EUR 200 million and EUR 160 million were paid in December 2024 and October 2023, respectively. The remaining declared but unpaid dividends in the amount of EUR 50 million in 2024 and EUR 90 million in 2023 increase the value of short-term trade and other payables.

The overall decrease in short-term trade and other payables was mainly due to the decrease in the liability for unpaid dividends and a decrease in short-term trade payables. Decrease in provision for CO₂ emissions resulted in the decrease of other short-term liabilities.

On December 27, 2024, the Company ("Borrower") entered into a USD 200 million Revolving Credit Agreement with United States Steel Corporation ("Lender"). Funds are available in either USD or EUR. This agreement will mature on December 27, 2027. As of December 31, 2024, the USD 200 million Revolving Credit Agreement was undrawn and fully available.

On September 28, 2023, the Company decided to reduce the size of the 300 million revolving credit facility ("Credit Agreement"), from EUR 300 million to EUR 150 million. The Credit Agreement with multiple banks has a maturity date of September 29, 2026, and also contains sustainability targets related to carbon reduction, safety performance and facility certification by ResponsibleSteel™. The reduced credit facility size supports USSK's liquidity needs and is consistent with efforts to optimize costs and the global liquidity position. In 2024 and 2023 there were no borrowings against the Credit Agreement.

On March 27, 2023, the Company entered into a Supplemental Amendment No. 10 to the EUR 20 million Bilateral Loan Agreement between the Company and ING Bank N.V that increased the size of the existing credit facility to EUR 30 million. On September 13, 2024, the Company entered into a Supplemental Amendmen No. 12 and changed the final maturity date of the credit facility to September 13, 2027.

On May 17, 2023, the Company ("Lender") entered into a EUR 200 million Revolving Credit Agreement with United States Steel Corporation ("Borrower"). Funds are available in either USD or EUR. This agreement will mature on May 17, 2025. There were no borrowings under this agreement in 2024 and 2023.

Detailed information on long-term loans and borrowings of the Company is disclosed in Note 15 to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Selected items from the Statements of Profit or Loss and Other Comprehensive Income for the last two years are:

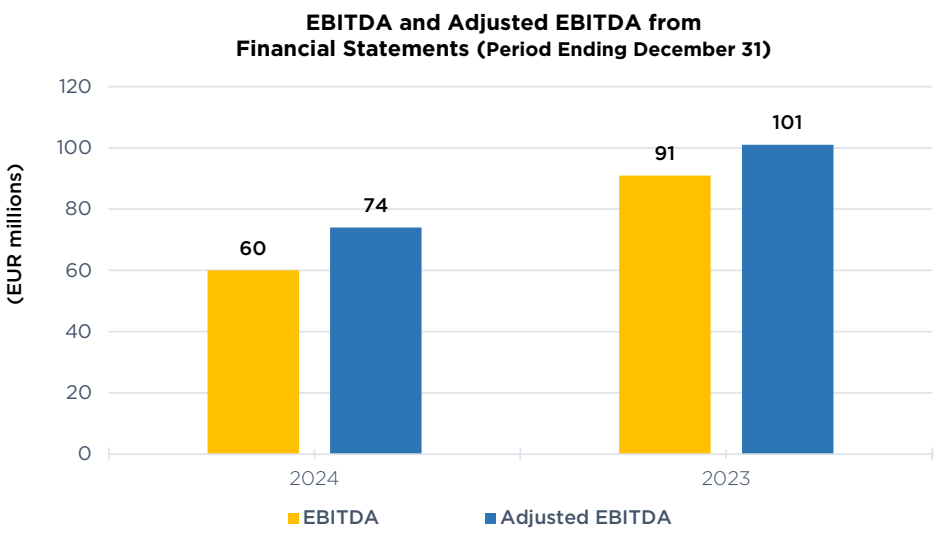
U.S. Steel Košice	Statement of Profit or Loss and Other Comprehensive Income in EUR (millions)	
	2024	2023
Revenues and other income	3,071	3,756
Operating Loss	-130	-50
Net Loss for the Year	-100	-31
Total Comprehensive Loss	-17	-39

The Company incurred a **net loss** of **EUR** 100 million in 2024 compared to a net loss of EUR 31 million in 2023. The 2024 loss resulted mainly from unfavorable business conditions, the lower average realized prices across all products, higher operating costs and lower other sales. These negative impacts were partially offset by decreased raw material costs, lower energy costs, lower other costs and strengthening of the U.S. dollar against euro.

STATEMENT OF FINANCIAL PERFORMANCE

Key financial performance indicators for the last two years are:

U.S. Steel Košice	Key financial performance indicators in EUR (millions)	
	2024	2023
EBITDA (earnings)	60	91
Adjusted EBITDA (earnings)	74	101



The Company's **EBITDA decreased in 2024** compared to 2023 mainly due to the lower average realized prices across all products, higher operating costs and lower other sales partially offset by decreased raw material costs, lower energy costs, lower other costs and strengthening of the U.S. dollar against euro.

Detailed information on key indicators of financial performance of the Company is disclosed in Note 29 to the Financial Statements.

PROPOSAL FOR 2024 LOSS SETTLEMENT

U.S. Steel Košice	in EUR (millions)
Loss for the Year 2024	-100
Usage of / (Contribution to) Legal Reserve Fund	-
Transfer to Retained Losses	-100
Retained Earnings - Undistributed Profit Total	533
Settlement of 2024 Retained Loss with Retained Earnings - Undistributed 2021 Profit	-100
Other 2024 Changes Directly Accounted for in Retained Earnings - Settlement with Retained Earnings - Undistributed 2021	-
Retained Earnings as of December 31, 2024 Total	433

Significant events after the reporting period are disclosed in Note 30 to the Financial Statements.



ANNUAL REPORT

2024



**SUSTAINABLE SOLUTIONS FOR
PEOPLE AND THE PLANET**

U. S. STEEL KOŠICE, S.R.O., VSTUPNÝ AREÁL U. S. STEEL, 044 54 KOŠICE, SLOVAKIA
WWW.USSKE.SK/EN

U. S. Steel Košice, s.r.o.

**Financial statements
for the year ended December 31, 2024**

**prepared in accordance with
IFRS® Accounting Standards as adopted by the
European Union**

This version of the accompanying financial statements is a translation of the original prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, the original language of the financial statements shall take precedence over this translation in all matters of interpretation of information, views or opinions.



Independent Auditor's Report

To the Shareholder and Executives of U. S. Steel Košice, s.r.o.:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of U. S. Steel Košice, s.r.o. (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act No. 423/2015 on Statutory Audit and on the amendments and supplements to the Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to our audit of the financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Act on Statutory Audit.

Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information.

PricewaterhouseCoopers Slovensko, s.r.o., Karadžičova 2, 815 32 Bratislava, Slovak Republic
T: +421 259 350 111, www.pwc.com/sk/en

The firm's ID No.: 35 739 347. The firm is registered in the Commercial Register of Bratislava III City Court, Ref. No.: 16611/B, Section: Sro.
IČO spoločnosti je 35 739 347. Spoločnosť je zapísaná v Obchodnom registri Mestského súdu Bratislava III, pod Vložkou č.: 16611/B, Oddiel: Sro.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, we considered whether it includes the disclosures required by the Act on Accounting No. 431/2002, as amended (hereafter the "Accounting Act").

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

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

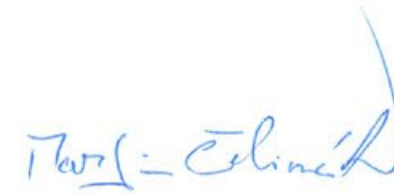


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No. 161


Ing. Martin Čelínák, FCCA
UDVA licence No. 1250



21 March 2025
Bratislava, Slovak Republic

U. S. Steel Košice, s.r.o.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

The financial statements for the year ended December 31, 2024, were prepared in accordance with IFRS Accounting Standards as adopted by the European Union on March 21, 2025, and will be submitted to the General Meeting of U. S. Steel Košice, s.r.o. ("the Company" or "USSK") for approval. Neither the Company's shareholder nor the executives have the power to amend the financial statements after issue.

Košice, March 21, 2025

Michael Lawrence Piekut

Deputy President
(statutory representative)

Ing. Silvia Gaálová, FCCA

Vice President and Chief Financial Officer
(statutory representative)

Ing. Adam Dudič, FCCA

General Manager General Accounting and Taxes
(responsible for accounting)

Ing. Matúš Harakal, PhD.

Director Accounting Services and Financial Reporting
(responsible for financial statements preparation)

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STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	860,041	900,072
Investment property	6	5,868	2,827
Intangible assets	7	643,765	693,537
Unquoted financial instruments	26	111	111
Long-term derivative financial instruments	12	729	-
Long-term receivables	11	8,679	6,395
Other long-term asset		462	562
Total non-current assets		1,519,655	1,603,504
Current Assets			
Inventories	10	565,948	658,346
Trade and other receivables	11	308,202	437,613
Derivative financial instruments	12	23,282	760
Restricted cash		7,741	4,461
Current income tax receivables		-	4,500
Prepaid expense		2,770	2,362
Cash and cash equivalents	13	161,877	279,282
Total current assets		1,069,820	1,387,324
TOTAL ASSETS		2,589,475	2,990,828
EQUITY AND LIABILITIES			
Equity			
Share capital	14	839,357	839,357
Legal reserves	14	84,910	84,910
Other reserves	14	78,614	(3,825)
Retained earnings		433,491	693,228
Total Equity		1,436,372	1,613,670
Liabilities			
Non-Current Liabilities			
Long-term provisions for liabilities and charges	16	11,428	11,138
Long-term deferred income - environmental projects	5	50,008	61,114
Long-term employee benefits payables	17	21,662	21,814
Long-term derivative financial instruments	12	657	-
Deferred income tax liability	9	18,650	19,920
Long-term trade and other payables	18	3,952	8,082
Total non-current liabilities		106,357	122,068
Current Liabilities			
Trade and other payables	18	485,758	535,322
Dividends payable	18	50,000	90,000
Short-term derivative financial instruments	12	960	6,168
Short-term borrowings from related parties	28	-	64
Short term provision for CO ₂ emissions	8, 16	508,476	615,275
Short-term provisions for liabilities	16	159	4,848
Short-term employee benefits payables	17	1,393	3,413
Total current liabilities		1,046,746	1,255,090
TOTAL EQUITY AND LIABILITIES		2,589,475	2,990,828

The accompanying notes on pages F-11 to F-64 are an integral part of these financial statements.

U. S. Steel Košice, s.r.o.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(all amounts are in thousands of EUR if not stated otherwise)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2024	2023
Revenue from contracts with customers	19	2,684,573	3,175,875
Other income	19	386,884	579,636
Materials and energy consumed	20	(1,929,032)	(2,359,471)
Salaries and other employees benefits	21	(317,085)	(325,995)
Depreciation and amortization	5, 6, 7	(120,764)	(87,485)
Repairs and maintenance		(116,096)	(90,926)
Transportation services		(71,020)	(93,840)
Advisory services		(6,240)	(8,096)
Foreign exchange gains		995	640
Loss from changes in fair value of emission allowances	7	-	(90,098)
Charge for provision for CO ₂ emissions	8, 16	(508,476)	(615,275)
Other operating expenses	22	(133,982)	(135,190)
Loss from operations		(130,243)	(50,225)
Dividend income		115	100
Interest income		7,317	5,601
Interest expense		(2,786)	(2,611)
Loss before tax		(125,597)	(47,135)
Income tax benefits	23	25,989	15,730
Loss after tax		(99,608)	(31,405)
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	23	(129)	913
Revaluation of intangible assets	7, 23	63,432	-
Items that may be subsequently reclassified to profit or loss			
Changes in fair value of derivative hedging instruments	23	28,388	(7,340)
Reclassification of fair value of derivative hedging instruments to profit or loss	23	(9,381)	(1,004)
Other Comprehensive Income / (Loss), net of tax		82,310	(7,431)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(17,298)	(38,836)

The accompanying notes on pages F-11 to F-64 are an integral part of these financial statements.

U. S. Steel Košice, s.r.o.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(all amounts are in thousands of EUR if not stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserves	Other reserves	Retained earnings / (accumulated losses)	Total
Balance as of January 1, 2023	839,357	74,804	4,519	1,003,260	1,921,940
Effect of merger	-	975	20,400	(40,809)	(19,434)
Balance as of January 1, 2023 - after the merger	839,357	75,779	24,919	962,451	1,902,506
Loss for 2023	-	-	-	(31,405)	(31,405)
Other comprehensive (loss) / income	-	-	(8,344)	913	(7,431)
Total comprehensive (loss) / income for the year	-	-	(8,344)	(30,492)	(38,836)
Adjustments:					
Release of revaluation reserve - CO ₂ emission allowances	-	-	(20,400)	20,400	-
Total adjustments	-	-	(20,400)	20,400	-
Transactions with owners:					
Dividends	-	-	-	(250,000)	(250,000)
Contribution to legal reserve fund	-	9,131	-	(9,131)	-
Total transactions with owners	-	9,131	-	(259,131)	(250,000)
Balance as of December 31, 2023	839,357	84,910	(3,825)	693,228	1,613,670

	Share capital	Legal reserves	Other reserves	Retained earnings / (accumulated losses)	Total
Balance as of January 1, 2024	839,357	84,910	(3,825)	693,228	1,613,670
Loss for 2024	-	-	-	(99,608)	(99,608)
Other comprehensive income / (loss)	-	-	82,439	(129)	82,310
Total comprehensive (loss) / income for the year	-	-	82,439	(99,737)	(17,298)
Transactions with owners:					
Dividends	-	-	-	(160,000)	(160,000)
Total transactions with owners	-	-	-	(160,000)	(160,000)
Balance as of December 31, 2024	839,357	84,910	78,614	433,491	1,436,372

The accompanying notes on pages F-11 to F-64 are an integral part of these financial statements.

U. S. Steel Košice, s.r.o.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(all amounts are in thousands of EUR if not stated otherwise)

STATEMENT OF CASH FLOWS

	Note	Total	
		2024	2023
Loss before tax		(125,597)	(47,135)
Non-cash adjustments for			
Depreciation of property, plant and equipment and investment property	5, 6	109,830	76,992
Depreciation of right-of-use assets	5	8,437	8,123
Amortization of intangible assets	7	2,507	2,360
Amortization of deferred income - CO ₂ emission allowances	8, 19, 29	(354,732)	(556,881)
Amortization of deferred income - environmental projects	5, 19	(11,106)	(4,657)
Change in provision for CO ₂ emissions	8, 16	508,476	615,275
Impairment of investments		99	137
Gains on disposal of property, plant and equipment, intangible assets and investment property	19	(5)	(21)
Gains from changes in fair value of derivative financial instruments	12	(9,477)	(1,065)
Loss from changes in fair value of CO ₂ emission allowances	8	-	90,098
Dividend income and distribution of profit		(115)	(100)
Interest income		(7,317)	(5,601)
Interest expense		2,786	2,611
Change in landfill receivable	11	(2,284)	(2,169)
Changes in working capital			
Decrease in inventories	10	92,398	105,352
Decrease / (Increase) in trade and other receivables and other current assets	11	130,682	(35,186)
(Decrease) / Increase in trade and other payables and other current liabilities	18	(69,279)	70,697
Cash generated from operating activities		275,303	318,830
Interest paid		(731)	(755)
Income taxes paid		(1,147)	(47,135)
Income taxes received		4,500	-
Lease payments not included in the measurement of the lease liabilities	5, 22	(1,240)	(1,292)
Net receipts from derivative financial instruments	12	9,477	1,065
Net cash generated from operating activities		286,162	270,713
Cash flows (used in) / generated from investing activities			
Short-term loans provided to related parties	28	(877)	(1,434)
Short-term loans repaid by related parties	28	877	1,434
Purchases of property, plant and equipment	5	(73,839)	(67,667)
Proceeds from sale of property, plant and equipment		18	23
Purchases of intangible assets	7	(124,630)	(133,999)
Change in restricted cash, net		(3,280)	(4,008)
Interest received		7,317	5,699
Dividends received and distribution of profit		-	100
Net cash used in investing activities		(194,414)	(199,852)
Cash flows (used in) / generated from financing activities			
Proceeds from borrowings	15, 25, 28	2,092	2,028
Repayment of borrowings	15, 25, 28	(2,156)	(2,081)
Payments for the principal portion of the lease liabilities	5, 15	(9,089)	(8,741)
Dividends paid	14, 28	(200,000)	(160,000)
Net cash used in financing activities		(209,153)	(168,794)
Net decrease in cash and cash equivalents		(117,405)	(97,933)
Cash and cash equivalents at beginning of year	13, 26	279,282	377,215
Cash and cash equivalents at end of year	13, 26	161,877	279,282

The accompanying notes on pages F-11 to F-64 are an integral part of these financial statements.

U. S. Steel Košice, s.r.o.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in thousands of EUR if not stated otherwise)

Note 1 General Information

The Company U. S. Steel Košice, s.r.o. was established as a limited liability company on June 7, 2000 and entered in the Commercial Register of the Municipal Court Košice, Section Sro, Insert no. 11711/V on June 20, 2000.

The Company's registered office is:

Vstupný areál U. S. Steel
Košice
044 54
Slovak Republic
Identification No.: 36 199 222

Business activities of the Company

The principal activity of the Company is production and sale of steel products (Note 19).

Liability in other business entities

The Company does not have unlimited liability in other business entities.

Average number of staff

The average number of the Company's employees is presented in Note 21.

The Company's management

Statutory representatives as of December 31, 2024 were as follows:

James Edward Bruno	President
Michael Lawrence Piekut	Deputy President
Ing. Silvia Gaálová, FCCA	Vice President and Chief Financial Officer
Ing. Marcel Novosad	Vice President Operations
JUDr. Elena Petrášková, LL.M	Vice President Energy and General Counsel
RNDr. Miroslav Kiraľvarga, MBA	Vice President External Affairs, Administration and Business Development
David Earle Hathaway	Vice President Engineering and Innovation
Karl George Kocsis	Vice President Human Resources and Transformation

Emoluments of statutory representatives are disclosed in Note 28.

Supervisory Board

Members of the Supervisory Board, which also acts as an audit committee in compliance with Act No. 423/2015 Coll. on the statutory audit, as amended, were as of December 31, 2024:

Duane Douglas Holloway	Chairman
Manpreet Singh Grewal	Member
Mgr. Eva Durzóová	Member

Shareholder of the Company

As of December 31, 2024 and 2023, the only shareholder of the Company was U. S. Steel Global Holdings VI B.V., Basisweg 10, 1043 AP, Amsterdam, Netherlands. The shareholder owns a 100 percent share of the share capital, representing 100 percent of the voting rights.

On April 8, 2024, the General Meeting approved the Company's financial statements prepared in accordance with the IFRS Accounting Standards ("IFRS") as adopted by the European Union ("EU") for the previous accounting period.

Merger agreement with Nippon Steel Corporation

Nippon Steel Corporation ("NSC") and United States Steel Corporation ("U. S. Steel") entered into an Agreement and Plan of Merger in December 2023 under which NSC will acquire U. S. Steel. On January 3, 2025, the President of the United States issued an order prohibiting the Merger and requiring the parties to abandon the Merger Agreement within thirty days. On January 10, 2025, the Committee on Foreign Investment in the United States ("CFIUS") granted an extension of that deadline to June 18, 2025.

Consolidated Group

According to the Law No. 431/2002 Coll. on Accounting the parent company is not obliged to prepare consolidated financial statements if the preparation solely of separate financial statements of the parent accounting entity has no substantial impact on the view of the financial situation, costs, revenues and profit/loss for the consolidated group. Management considers that the conditions of the exemption under Law No. 431/2002 Coll. on Accounting are met and therefore the subsidiaries have not been consolidated but are carried at cost less impairment in these financial statements of U. S. Steel Košice, s.r.o. for the year ended December 31, 2024.

The Company publishes and deposits financial statements, annual reports and reports of the auditor in accordance with Law No. 431/2002 Coll. on Accounting, as amended. The Company also publishes financial statements on its web page www.usske.sk.

The Company is included in the consolidated financial statements of its ultimate controlling party – United States Steel Corporation, 600 Grant Street, Pittsburgh, Pennsylvania, USA. The consolidated financial statements of the consolidated group are prepared by United States Steel Corporation in accordance with Generally Accepted Accounting Principles in the United States of America (“US GAAP”) and are available at the registered address and internet website www.ussteel.com.

Note 2 Material Accounting Policy Information

This note provides a list of potentially material accounting policies applied in the preparation of these financial statements (hereinafter “the financial statements”) to the extent they have not already been disclosed in the other notes.

2.1 Statement of Compliance

These financial statements have been prepared in compliance with IFRS Accounting Standards as adopted by the EU, issued as of December 31, 2024 and effective for annual periods then ended.

2.2 Basis of Preparation

The Slovak Accounting Law requires the Company to prepare financial statements for the year ended December 31, 2024 in compliance with IFRS Accounting Standards as adopted by the EU.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of intangible assets representing the carbon dioxide emission allowances and by the revaluation of financial assets and financial liabilities at fair value through profit or loss or designated as hedging instruments.

These financial statements have been prepared on the going concern basis.

The preparation of financial statements in compliance with IFRS Accounting Standards as adopted by the EU requires management to make judgments, estimates and assumptions in the process of applying the Company’s accounting policies that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of reporting period and the reported amounts of revenues and expenses during the year. The actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 3.

2.3 Changes in Accounting Policies

The accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.4 Foreign Currency Translations

Functional and presentation currency

Items included in these financial statements are measured in euro (“EUR”) which was determined to be the currency of the primary economic environment in which the Company operates (“the functional currency”). These financial statements are presented in EUR, rounded to thousands, if not stated otherwise.

Transactions and balances

The accounting books and records are kept in the functional currency EUR. Transactions in currencies other than the EUR are translated into the EUR using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions in currencies

other than the EUR, and from the translation of monetary assets and liabilities denominated in currencies other than the EUR at year-end exchange rates are recognized in profit or loss for the current period.

2.5 Property, Plant and Equipment

According to the *IAS 16 Property, Plant and Equipment*, the Company has chosen to apply cost model for measurement of all its property, plant and equipment.

The conditions for a tangible asset item (other than major parts and land) to be recognized in property, plant and equipment category are minimum value of EUR 1,700 per individual item and utilization more than one year.

Major spare parts qualify as property, plant and equipment when the Company expects to use them during more than one year or if the spare parts can be used only in connection with a specific item of property, plant and equipment. The value limit for capitalization of major spare parts is EUR 40,000.

Land and construction in progress are not depreciated. Other property, plant and equipment items are depreciated on a straight-line basis over their estimated useful lives, as follows:

Buildings	35 years
Machinery, equipment and motor vehicles	6 – 15 years

The depreciation period and method are reviewed at the end of each reporting period. The weighted average of useful lives including technical evaluation of the Company’s machinery, equipment and motor vehicles is 10 years. Useful lives of landfills are determined based on their capacity.

2.6 Investment Properties

According to the *IAS 40 Investment property*, the Company has chosen to apply cost model for measurement of all its investment properties.

Investment properties (excluding land) are depreciated on a straight-line basis over their estimated useful lives (35 years). The depreciation period and method are reviewed at the end of each reporting period. Where the Company uses only an insignificant part of a property it owns, the whole property is classified as investment property.

Fair values are obtained from discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of existing lease contracts and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The valuation falls within Level 3 of the fair value hierarchy (Note 6, 2.23).

2.7 Intangible Assets

According to the *IAS 38 Intangible assets*, the Company has chosen to apply cost model for measurement of all its intangible assets other than emission allowances.

Intangible assets are amortized on a straight-line basis over their estimated useful lives (2 - 15 years). The amortization period and method are reviewed at the end of each reporting period. The conditions for an intangible asset item (other than emission allowances and intangible assets not yet available for use) to be recognized in intangible asset category are minimum value of EUR 2,400 per individual item and utilization more than one year.

Software

Software is amortized on a straight-line basis over its estimated useful life (2 – 5 years). Expenditures to enhance or extend the software performance beyond its original specification are capitalized and added to the original cost of the software if they exceed the value of EUR 1,700 per asset item in total for the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(All amounts are in thousands of EUR if not stated otherwise)

Costs associated with maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, which will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized using the straight-line method over their estimated useful lives (2 – 5 years).

The average useful life of the Company's software is 5 years.

Emission allowances

Purchases and sales of emission allowances are recognized on the trade-date. Purchased emission allowances are recognized as intangible assets at cost at initial recognition. When emission allowances are sold, the intangible asset is derecognized, and the gain or loss is recognized in profit or loss for the current period.

Carbon dioxide emission allowances which are allocated to emitting facilities annually by the Slovak Government, are recognized as an intangible asset as of the date the emission allowances are credited to the National Registry of Emission Rights (hereinafter "NRER"). The emission allowances are initially measured at fair value. The fair value of emission allowances issued represents their market price on European Climate Exchange as of the date they are credited to the NRER. Emission allowances that are not yet received from the government, but for which there is reasonable assurance that the emission allowances will be received, and that the Company will comply with the conditions attaching to the allowances, are recognized as emission allowances receivable at fair value when the above-mentioned conditions are met. The entire fair value is recognized in compliance with *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance* as deferred income on the acquisition date and subsequently recognized as income in the period for which the emission allowances have been allocated. If the total amount of allocated and purchased allowances exceeds the amount of allowances to be delivered to the Slovak Government, the allocated allowances are considered to be delivered first, and accordingly the related deferred income is recognized in the profit or loss for the current accounting period in full.

As emissions are produced, a provision is recognized in the profit or loss for the current accounting period for the obligation to deliver the emission allowances equal to emissions that have been produced. The provision is disclosed under short-term provisions for liabilities. The provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, which represents the market price of the number of emission allowances required to cover emissions produced by the end of the reporting period. When the emission allowances are delivered to the Slovak Government in settlement of the liability for emissions, both the provision and the intangible asset are reduced in equal amounts. Purchased and allocated emission allowances are treated as a single asset in settlement of the emission liability.

At the end of reporting period the intangible asset representing the emission allowances either granted or purchased is carried at fair value with any revaluation surplus recorded in other comprehensive income. Revaluation decreases are recorded as an impairment loss in the profit or loss to the extent they exceed the revaluation surplus previously recorded in other comprehensive income and accumulated in equity. Revaluations are based on market prices published by European Climate Exchange. The above-mentioned fair value valuation falls within Level 1 of the fair value hierarchy (Notes 2.23 and 7). This revaluation reserve is transferred to retained earnings as the surplus is realized. Realization of the entire surplus may occur when the emission allowances are returned or sold.

Following the local tax regulation, the tax treatment of granted and purchased emission allowances differ. Revaluation surplus/deficit of purchased allowances represents the taxable income/expense of respective period, whereas no revaluation is recognized for local tax purposes in relation to granted allowances, therefore the recognized revaluation surplus related to granted allowances is a part of deferred tax calculation through equity and revaluation deficit related to granted allowances is a part of deferred tax calculation through profit or loss. When emission allowances are delivered, the reversing of the temporary differences leads to a reduction in tax expense.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(All amounts are in thousands of EUR if not stated otherwise)

2.8 Impairment of Non-Financial Assets

The assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or there are indicators which will enable to reverse recognized impairment loss. Intangible assets not yet available for use are not subject to amortization but are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Accounting for Leases

Initial recognition and measurement

In applying *IFRS 16 Leases*, the Company has used the following practical expedients permitted by the standard:

- the Company has elected not to separate non-lease components and account for lease and non-lease components as a single lease component,
- the Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. EUR 10,000 was set as low-value threshold by the Company. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term in profit or loss,
- the Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and interpretation *IFRIC 4 Determining whether an Arrangement contains a Lease*.

According to the IFRS 16 the Company recognizes a right-of-use asset and a lease liability at the lease commencement date for all new lease contracts with exception of short-term and low-value leases.

Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to 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.

The lease liability of the Company is discounted using the incremental borrowing rate. The incremental borrowing rate of the Company is calculated for groups of lease agreements depending on their maturity. Incremental borrowing rate calculation is based on the evaluation of the risk of bank loans provided to the Company by bank partners and outlook of EURIBOR trend for respective maturity.

Some vehicle leases contain variable payment terms that are linked to mileage. Variable lease payments are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Lease terms, extension and termination options

Lease terms in the contracts are negotiated on an individual basis and may contain different terms and conditions. When determining the lease term, the Company (lessee) considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. The option is reassessed if a significant event or a significant change in circumstances occurs that are within the control of the lessee.

As the exercise of an extension option in the existing contracts depend on the mutual lessee and lessor approval, the Company did not include extension option in the lease term calculation. Also, the extension option was not included in the lease term calculation based on the fact that neither of the parties have legally enforceable right to prolong the contracts and the Company does not have economic incentive, which would lead to application of extension option.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in thousands of EUR if not stated otherwise)

Lease contracts in the Company are typically made for periods of 1 to 5 years. The Company has set the internal rule for contracts with undefined lease term. Based on the Strategic plan periodicity the Company decided to use 5 years as the lease term for these contracts.

Subsequent measurement

The lease liability is measured in subsequent periods using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has chosen to present the right-of-use assets as part of property, plant and equipment and the lease liabilities as other liabilities in the statement of financial position. The related detailed information is provided in the Note 5.

2.10 Financial Assets

Recognition and initial measurement

Financial assets are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Classification and subsequent measurement

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's financial assets measured at amortized cost include trade and other receivables, loans provided to related parties, cash, cash equivalents and restricted cash.

Trade receivables that are subject of factoring arrangements without recourse are measured at fair value through other comprehensive income as they are held within a business model with the objective to both sell financial assets or collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In a non-recourse factoring arrangement, the transferor does not provide any guarantee about the receivables' performance. In other words, the transferor assumes no obligations whatsoever to repay any sums received from the factor regardless of the timing or the level of collections from the underlying debts. In that situation, the Company has transferred substantially all the risks and rewards of ownership of the receivables and de-recognizes the receivables in their entirety.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Any change in fair value and dividends are recognized in other income/expenses in the statement of profit or loss as applicable.

For accounting policy related to derivative financial instruments refer to Note 2.22.

Impairment

The Company estimates expected credit losses for financial assets measured at amortized cost. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is represented by the assets' gross carrying amount at the reporting date.

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FOR THE YEAR ENDED DECEMBER 31, 2024**

(All amounts are in thousands of EUR if not stated otherwise)

For trade receivables, an individual loss allowance is established when debtor entered bankruptcy or financial restructuring or in case of significant financial difficulties of the debtor. Financial situation of debtor with payments outstanding for more than 180 days after agreed due date is examined and when internal and external information indicates that the Company is unlikely to collect all amounts due according to the originally agreed terms, an individual loss allowance is also recognized.

For the rest of trade receivables, the Company applies a simplified approach based on lifetime expected credit loss at each reporting date. The expected credit loss is estimated using a receivables risk ratio matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets, the Company recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month expected credit loss. To assess whether there was a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition considering available reasonable and supportive forward-looking information, that is available without undue cost or effort. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. The carrying amount of the asset is reduced using a loss allowance account, and the amount of the individual impairment loss and expected credit loss is recognized in profit or loss. When the loans or receivables are uncollectible, they are written off against the related loss allowance account.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.11 Inventories

The cost of raw material inventories is determined by using the first-in, first-out (FIFO) cost method. Work in progress, semi-finished production and finished products are valued at standard cost and revalued to actual costs throughout the accounting period.

2.12 Cash and Cash Equivalents

Cash and cash equivalents are financial assets that include cash on hand, money deposited with financial institutions that can be repayable on demand and other short-term highly liquid investments that are not subject to significant risk of changes in value and have maturity less than three months from the date of acquisition. Cash and cash equivalents are measured at amortized cost.

2.13 Equity and Reserves

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement at initial recognition.

Interests, dividends, gains and losses related to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. When the rights and obligations regarding the manner of settlement of financial instruments depend on the occurrence or non-occurrence of uncertain future events, or on the outcome of uncertain circumstances that are beyond the control of both the issuer and the holder, financial instruments are classified as a liability unless the possibility of the issuer being required to settle in cash or another financial asset is not genuine at the time of issuance or settlement is required only in case of the issuer's liquidation, in which case the instrument is classified as equity.

Reserve funds

a) Legal Reserve Fund

The legal reserve fund is formed in accordance with the Act No. 513/1991 Coll., the Commercial Code, as amended. Contributions to the legal reserve fund of the Company are made in a minimum amount of 5 percent from profit after tax, for a total reserve fund balance of up to 10 percent of the share capital. A legal reserve fund may be used only to cover losses of the Company, should the special law not stipulate otherwise.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in thousands of EUR if not stated otherwise)

b) Other Reserve Funds

Other reserve funds include the cumulative net change in fair value of derivative instruments, which meet criteria for application of hedge accounting and the cumulative net change in fair value of intangible assets carried at revalued amounts. Upon disposal of the financial derivative instruments (Note 2.22), the cumulative revaluation reserves are released through profit or loss of the current period. Upon disposal of the intangible assets, the cumulative revaluation reserves are transferred to retained earnings. The transfer is not made through profit or loss of the current period.

2.14 Financial Liabilities

Recognition and initial measurement

Financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Classification and subsequent measurement

Loans and borrowings, trade and other payables and accruals are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognized in profit or loss.

For accounting policy related to derivative financial instruments refer to Note 2.22.

Derecognition of financial liabilities

Financial liabilities are derecognized when relating contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

2.15 Dividends and Profit Distribution

Dividends and profit distribution are recognized in the Company's accounts in the period in which they are approved by general meeting. Dividend or profit distribution liability is initially measured at fair value and subsequently at amortized cost.

2.16 Government Grants

In general, to the extent that the Company received government grants or assistance, such grants or assistance are recognized only if there is a reasonable assurance that they will be received, and the Company will comply with the attached conditions. Non-monetary assistance is recognized at the fair value of the asset received. A deferred income is recognized for government grants or assistance received and released on a systematic basis into income over the period necessary to match them with the related costs that they are intended to compensate. If government grant or assistance is received to compensate costs of acquisition of fixed assets which were impaired, relating deferred income is released into income to match corresponding amount of impairment. If impairment is reversed subsequently, the grant or assistance is again recognized in deferred income to match the reversed amount. Income related to government grants or assistance is recognized in Other income of Statement of profit or loss.

2.17 Provisions for liabilities

The Company recognizes provisions for liabilities according to the *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. When discounting is used, the increase in the provision related to the passage of time is recognized in interest expense.

When some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The expense related to any provision is presented in profit or loss net of any reimbursement.

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(All amounts are in thousands of EUR if not stated otherwise)

2.18 Current and Deferred Income Tax

Income tax expense comprises current and deferred tax expense. Current and deferred tax expenses are recognized in profit or loss, except when related to items recognized in other comprehensive income, or directly in equity, in which case the tax is also recognized in other comprehensive income, or directly in equity.

The current income tax charge is calculated based on taxable income for the year. Taxable income differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in different years, and items that are never taxable or deductible. The current income tax liability is calculated using tax rates (and tax laws) that have been enacted, or substantively enacted, at the end of the reporting period, and any adjustment to taxes payable with respect to previous years. The management of the Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, management establishes provisions based on the amounts expected to be paid to the tax authorities.

In the statement of financial position, deferred income tax is calculated by using the liability method based on temporary differences between the tax basis of assets and liabilities and their carrying amounts in these financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and other temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except for the cases where timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 Employee Benefits

Defined contribution pension plan

The Company makes contributions to the mandatory government and private defined contribution plans at the statutory rates in force during the year based on gross salary payments. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

For employees of the Company who have signed participation supplementary pension savings agreement, the Company makes monthly contributions to the supplementary pension savings scheme in amounts determined in the Collective Labor Agreement.

Employee retirement obligation

According to the Slovak legislation and the Collective Labor Agreement the Company is committed to make payments to the employees upon retirement, upon the termination of labor contract and subsequent granting of an old-age retirement, disability retirement, if the employee's long-term health condition results in a reduced ability to perform earning activity by more than 40 percent compared to healthy individuals, or an early old-age pension in accordance with the specified conditions.

In addition, according to the Collective Labor Agreement, the Company also pays retirement benefit, one-time wage and termination benefit upon fulfillment of agreed conditions.

Payment at first voluntary termination of labor contract before and in the month of entitlement to an old age pension

Upon the first voluntary termination of labor contract by mutual agreement at latest in the month of entitlement to an old age pension, the Company will pay the severance payment in the amount of average monthly wage and retirement benefit, in the maximum amount of five times of average monthly wage, which depends on the number of months till reaching the month of entitlement to an old age pension, whereby the maximum number of month till reaching the month of entitlement to an old age pension is 36.

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(All amounts are in thousands of EUR if not stated otherwise)

Payment at first voluntary termination of labor contract after reaching the entitlement to disability retirement

Upon the first termination of labor contract by mutual agreement after reaching the entitlement to disability retirement, if the employee's long-term health condition results in a reduced ability to perform earning activity by more than 40 percent compared to healthy individuals, the Company will pay the severance payment in the amount of average monthly wage and the retirement benefit, in the maximum amount of five times of average monthly wage, which depends on the number of months till reaching the month of entitlement to an old age pension, whereby the maximum number of month till reaching the old age pension is not stated.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds in the European market which have terms to maturity approximating the terms of the related liability and subsequently attributing such present value to employees' years of service.

Work and life jubilee benefits

The Company also pays certain work and life jubilee benefits. Employees of the Company are entitled to work and life jubilee benefits upon reaching a specific age and/or reaching a specific period of employment in accordance with the Collective Labor Agreement.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds in the European market which have terms to maturity approximating the terms of the related liability and subsequently attributing such present value to employees' years of service.

Termination benefits

Termination benefits are payable upon termination of employment by the Company or by agreement as a result of specific organizational reasons or employee health reasons, in accordance with legislation and the Collective Labor Agreement.

One-time wage for long-term work performance

One-time wage for long-term work performance is paid whenever an employee accepts voluntary redundancy under the conditions under which this benefit is provided. The Company recognizes these benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing benefit in connection with the employee's voluntary decision to terminate the employment relationship. The measurement of this benefit is determined based on the number of employees who are expected to accept these conditions. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognized in line item Liability to employees and social security. Liabilities for profit sharing and bonus plans are measured at the amounts expected to be paid when they are settled.

2.20 Revenue Recognition

Revenue is income arising in the course of the Company's ordinary activities and is recognized at transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognized net of discounts, rebates, returns and value added taxes.

The Company evaluates its revenue arrangements whether it acts as a principal or an agent. If the Company is a principal, it recognizes revenue at transaction price for the goods or services net of taxes, discounts, rebates and returns and records corresponding direct costs of satisfying the contract. If the Company is an agent, relating revenue is recognized in the amount of the net consideration that the Company retains after paying a principal of the given service. Revenue from services performed as an agent is recognized in the period in which such services are rendered.

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Revenue from the sales of own production and goods is recognized at the point in time when the Company transfers control of the own production and goods to a buyer and retains no managerial involvement nor effective control over the own production and goods sold. The Company recognizes revenue from rendering of its service over time, in the period in which the services are rendered. Revenue is measured based on the following or combination of the following: units delivered, labor hours spent, actual costs incurred, machine hours used, time elapsed, or quantities of materials used.

Performance obligations identified in a contract with a customer may not be limited to the goods or services that are explicitly stated in the contract. The Company considers whether there are other promises in the contracts with customers that meets criteria for separate performance obligation and shall be accounted for separately (Notes 3 and 19). Total transaction price is allocated to performance obligation on a relative standalone selling price basis.

The key element of variable consideration is represented by retrospective volume rebates provided to certain customers according to rebate agreements. The rebates are provided once all conditions stated in rebate agreements are met (the quantity of products purchased during a certain period exceeds specified thresholds, all invoices are paid, etc.). The Company adjusts its revenue for volume rebates based on the most likely amount of the volume rebates to be given to its customers. The estimate is based on the amount of tonnage shipped and is calculated on a customer by customer basis, or an order by order basis. As the rebate agreements are the short-term agreements (annual or shorter), there are no uncertainties at the year-end around the amount of annual revenue to be recognized. There are also some instances where the Company provides for certain seasonal discounts within its customer contracts. The Company does not grant any discounts for prompt payments. Contract liability arising from the discounts and rebates is classified within trade and other payables (Note 18).

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (advance payments received) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company fulfills its contract obligations.

Interest income

Interest income is recognized using the effective interest method. Interest income is included in interest income in Statement of profit or loss for the current period.

2.21 Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in these financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements unless they are virtually certain. They are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

2.22 Accounting for Derivative Financial Instruments

Derivative financial instruments are initially recognized in the statement of financial position at fair value (excluding transaction costs) and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives held for trading are included in profit or loss for the current period.

Foreign exchange forward contracts embedded in the host raw material purchase contracts denominated in U.S. dollars are considered to be closely related to the host contracts because raw material prices are routinely denominated in U.S. dollars in commercial transactions in the economic environment in which the Company operates, and therefore are not separately accounted for.

Hedge accounting

The Company utilizes derivative financial instruments to hedge its foreign currency and commodity price risk exposures.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or

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cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the hedge effectiveness requirements.

Hedging derivatives are recognized initially at fair value, the attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, hedging derivatives are measured at fair value, and changes in fair value are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in other comprehensive income and accumulated in equity in a separate cash flow hedge reserve to the extent that the hedge is effective, following the conditions set in IFRS 9.

As of December 31, 2024 and December 31, 2023, the Company classified all its hedging relationships as cash flow hedges.

The main causes of hedge ineffectiveness include the basis difference (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change), timing difference (i.e. the hedged item and the hedging instrument occur or are settled at different dates), quantity or notional amount differences, credit or other risks that have an impact on the fair value of a hedged item or a hedging instrument.

Discontinuing of the hedge accounting

The Company discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The cumulative gains or losses previously recognized in equity are reclassified to profit and loss in the same period(s) when the hedged item affects the profit or loss. A hedging relationship that still meets the risk management objective and continues to meet all other qualifying criteria, after taking into account any rebalancing, cannot be discontinued.

Current versus non-current classification

Derivative instruments are classified as current or non-current or separated into a current and non-current portion as follows:

- When the Company holds a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.
- Derivative financial instruments which are held primarily for the purpose of trading are classified as current.

2.23 Fair Value Estimation

The classification of financial and non-financial instruments into the three fair value categories within the fair value hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period in which they occur.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate being used by the Company for similar financial instruments.

The Company measures or discloses following items at fair value:

- emission allowances (Notes 2.7, 7 and 8),
- derivative financial instruments (Notes 2.22, 12 and 26),

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- receivables subject to factoring arrangements (Notes 2.10, 11 and 26),
- fair value disclosures for investment properties measured using the cost model (Notes 2.6 and 6),
- fair value disclosures for financial instruments measured at amortized cost (Note 26),
- impairment of property, plant and equipment, intangible assets and investment properties (Notes 2.5, 2.6, 2.7, 2.8, 5, 6 and 7).

More detailed information in relation to the fair value measurement is disclosed in the applicable notes.

2.24 Events After the Reporting Period

Events after the reporting period that provide evidence of the condition that existed at the end of the reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

Note 3 Significant Accounting Estimates and Judgments

The preparation of the financial statements includes an assessment of certain accounting matters which require the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the year. Assumptions made by the Company are regularly evaluated using all available information including consideration of forecasted financial information in context with other information reasonably available under the circumstances. They are based on historical experience and assessment of other relevant factors. The resulting accounting estimates will, by definition, rarely equal the related actual results. All such adjustments are of a normal recurring nature unless disclosed otherwise.

The significant estimates and assumptions as well as certain significant judgments made by the Company in applying its accounting policies are outlined below.

Estimated useful life of property, plant and equipment

The Company's strategic outlook includes activities aimed to decarbonize its operations. For this reason, it conducted a review of the useful lives of selected property, plant, and equipment. As a result, the useful lives of these assets were revised. The change in estimate has been accounted for prospectively from January 1, 2024. The effect of this change has increased the depreciation expense by EUR 32.3 million for the current year. The weighted average useful life of depreciated property, plant and equipment whose useful lives were revised is approximately 4 years as of December 31, 2024 (2023: 18 years).

The weighted average useful life of all depreciable property, plant and equipment as of December 31, 2024, is approximately 12 years (as of December 31, 2023: 15 years). If estimated average useful life of these assets would increase by 1 year, the annual depreciation charge would have been lower by EUR 14.1 million (2023: EUR 8.6 million). If estimated average useful life of these assets would decrease by 1 year, the annual depreciation charge would have been higher by EUR 16.7 million (2023: EUR 9.8 million).

Impairment of property, plant and equipment, intangible assets and investment properties

As noted in Note 2.8, the Company evaluates impairment of its property, plant and equipment, intangible assets, and investment properties whenever circumstances indicate that the carrying value may not be recoverable at the cash-generating unit level. The Company has evaluated various Company-specific factors and macro-economic factors, giving consideration to both positive and adverse factors and weighting them relative to importance. The most significant matters considered by the Company in its assessment of impairment indicators included the cyclical nature of the steel industry, recent financial results, expected raw materials, energy, and CO₂ prices, capital expenditures required to contribute to the U. S. Steel Corporation net-zero emissions goal by 2050 as well as EU carbon border adjustment regulations. Management also considered whether implementing the new production technology would indicate the obsolescence of the existing blast furnaces and related assets. After carefully considering all relevant factors, management concluded that there were no triggering events that required an impairment evaluation of the Company's long-lived asset groups at the end of the reporting period.

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Income taxes

Certain areas of the Slovak tax law have not been sufficiently tested in practice. As a result, there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. The uncertainty will be reduced only if legal precedents or official interpretations become available. The Company's management is not aware of any circumstances that may give rise to a future material expense in this respect.

Employee benefits

The present value of employee benefit obligations depends on several factors that are determined on an actuarial basis using some assumptions. The assumptions used for employee benefits include the discount rate, annual wage and salary increases and staff turnover. The appropriate assumptions are determined by U. S. Steel at the end of each year. Any changes in these assumptions will impact the carrying amount of employee benefits obligations (Notes 2.19 and 17).

As of December 31, 2024, if the discount rate developed on high quality European corporate bonds had been 1 percent higher / lower with all other variables held constant, it would have resulted to EUR 1,324 thousand lower / EUR 1,523 thousand higher net present value of estimated future employee benefits obligations. As of December 31, 2023, if the stated discount rate had been 1 percent higher / lower with all other variables held constant, it would have resulted to EUR 1,485 thousand lower / EUR 1,726 thousand higher net present value of estimated future employee benefits obligations.

Landfill provision

A provision for landfill restoration is measured at the net present value of the estimated future expenditure required to settle the Company's restoration and aftercare obligations. Restoration and aftercare expenditures are determined by an external professional company (Note 16) and updated by the Company if necessary.

As of December 31, 2024, if the average interest rate on borrowings drawn against revolving credit facilities had been 1 percent higher / lower, with all other variables held constant, it would have resulted to EUR 503 thousand lower / EUR 577 thousand higher net present value of the estimated future landfill restoration expenditures. As of December 31, 2023, if the average interest rate on borrowings drawn against revolving credit facilities had been 1 percent higher / lower, with all other variables held constant, it would have resulted to EUR 464 thousand lower / EUR 540 thousand higher net present value of the estimated future landfill restoration expenditures.

Leases

At inception of a contract, the Company applied judgement when assessing whether a contract is or conveys a lease (Note 5).

Lease terms in the contracts are negotiated on an individual basis and may contain different terms and conditions. Management of the Company uses its own judgment when determining the lease term. The lease term is reassessed if a significant event or a significant change in circumstances occurs that are within the control of the Company (lessee).

Revenue from contracts with customers

The Company evaluates when the customer obtains control of the goods. It determined that the point in time to transfer the control to the customer depends primarily on delivery terms stated in the customer contracts, including consignment agreements, or in the individual purchase orders, as follows:

- "C" delivery terms – upon shipment,
- "D" delivery terms – upon delivery to a destination stated in a purchase order,
- EXW delivery term – upon taking over in the warehouse,
- Third party consignment warehouse – upon consignment warehouse or by expiration of the agreed free storage time, whichever occurs earlier,
- Customer consignment warehouse - upon delivery to the consignment warehouse.

The Company applied judgement when assessing the indicators to determine it is a principal or an agent. It determined that it is a principal in majority of its revenue arrangements covering sales of own production and rendering of service, because it controls goods or services before transferring them to a customer. The judgment was also applied for arranging of transportation service as a separate performance obligation related to sales of own production. The Company concluded that it acts as a principal, except for the sales with the "C" delivery terms, where it acts as an agent because the Company negotiates the transportation arrangements on behalf of a customer, has no discretion of establishing transportation prices for the transportation service and all risks related to the transportation service (quality, delivery, damages, lost)

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are borne by the transportation provider. Therefore, the Company merely arranges the transportation service on behalf of its customers and does not control the transportation service.

Allowance for expected credit losses of trade receivables

The Company's procedure for the calculation of expected credit loss for trade receivables (Note 11) is based on receivables risk classification according to internal risk rating (Note 25). The resultant matrix reflects assessment of the security status of receivables and trend in receivables aging taking into consideration its historical values. It represents the correlation between risk level, predicted financial ratios and expected credit losses. The amount of expected credit losses is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Note 4 New Accounting Pronouncements

4.1 Standards, amendments and interpretations to published standards effective for the first time for periods on or after January 1, 2024

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income taxes (issued on May 23, 2023, effective immediately). In May 2023, the IASB issued amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organization for Economic Co-operation and Development's (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. In accordance with IASB effective date, the companies may apply the exception immediately. Large multinational enterprises within the scope of the Pillar Two Model Rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate for each jurisdiction and the 15 percent minimum rate. If the GloBE effective tax rate domestically is 15 percent or more, no GloBE top-up tax will be payable. Pillar Two applies if a jurisdiction in which the group operates has passed the rules into national legislation. The Law on minimum Slovak top-up tax for multinational enterprise groups and large-scale domestic groups was approved by the parliament on December 8, 2023 with effective date as of December 31, 2023, i.e. for all accounting periods starting after this date. On the basis of Act 507/2023 Coll. about the additional tax, the taxpayer is obliged to submit a tax return to the tax administrator within 15 months after the end of the relevant tax period. The Company made an assessment for the year ended December 31, 2024. Based on this assessment the Company decided to use the exception outlined in the Section 32, paragraph 3, letter c) of Act No. 507/2023 Coll. about the additional tax.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (issued on September 22, 2022 and effective for annual reporting periods beginning on or after January 1, 2024). Amendments to requirements for sale and leaseback transactions in IFRS 16 explain how an entity accounts for a sale and leaseback after the date of the transaction. The Company did not perform any sale and leaseback transaction during the reporting period.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (issued on October 31, 2022 and effective for annual reporting periods beginning on or after January 1, 2024) Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current. The Company has EUR 150 million Credit Agreement that contains financial covenants measured on a rolling twelve month basis on June 30th and December 31st of each year. In the case of drawing a loan from Credit Agreement compliance with covenants may affect whether the right to defer settlement of a liability arising from a loan exists at the end of the reporting period and classification of the debt as current or non-current. As of December 31, 2024 the Credit Agreement was undrawn and fully available and no classification of liability arising from a loan was required (Note 15).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on May 25, 2023 and effective for annual reporting periods beginning on or after January 1, 2024). These amendments require disclosures of qualitative and quantitative information about supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The Company did not utilize supplier payable financing program in 2024 and 2023 (Note 18).

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4.2 Standards, amendments and interpretations of standards issued but not effective until the financial year beginning January 1, 2025 or later and not early adopted by the Company

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on December 18, 2024 and effective from January 1, 2026, not yet endorsed by the EU). These amendments were issued to help companies to improve reporting of the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs) and to allow companies to better reflect these contracts in the financial statements. The Company is currently assessing the impact of the amendments on its financial statements.

Standard IFRS 19 - Subsidiaries without Public Accountability: Disclosures 2 (issued on May 9, 2024 and effective for annual reporting periods beginning on or after January 1, 2027). This standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. IFRS 19 specifies conditions when an entity may elect to apply this Standard in its consolidated or individual financial statements. The Company can not apply IFRS 19, as the consolidated financial statements of the parent company U.S. Steel are not available for public use in accordance with IFRS accounting standards that is a condition for the application of the IFRS 19 standard.

Standard IFRS 18 - Presentation and Disclosure in Financial Statements (issued on April 9, 2024 and effective for annual reporting periods beginning on or after January 1, 2027, not yet endorsed by the EU). Standard IFRS 18 that will replace standard IAS 1 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The Company is currently assessing the impact of the standard on its financial statements.

Annual Improvements Volume 11' (issued on July 18, 2024 and effective for annual reporting periods beginning on or after January 1, 2026, not yet endorsed by the EU). Volume 11 contains amendments to five standards as result of the IASB's annual improvements project:

- **IFRS 1** - Hedge accounting by a first-time adopter,
- **IFRS 7** - Gain or loss on derecognition,
- **IFRS 7** - Disclosure of deferred difference between fair value and transaction price,
- **IFRS 7** - Introduction and credit risk disclosures,
- **IFRS 9** - Lessee derecognition of lease liabilities,
- **IFRS 9** - Transaction price,
- **IFRS 10** - Determination of a 'de facto agent',
- **IAS 7** - Cost method.

The Company is currently assessing the impact of the above amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on May 30, 2024 and effective for annual reporting periods beginning on or after January 1, 2026, not yet endorsed by the EU). These amendments amend requirements related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also modify disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and supplement disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The Company is currently assessing the impact of the amendments on its financial statements.

Lack of Exchangeability - Amendments to IAS 21 (issued on August 15, 2023 and effective for annual reporting periods beginning on or after January 1, 2025). Amendments to IAS 21 were issued to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. The Company is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements.

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Note 5 Property, Plant and Equipment

Movements in property, plant and equipment during 2024 are as follows:

	Land and buildings	Machinery, equipment and motor vehicles	Other tangible assets	Construction in progress	Right-of-use assets	Total
Cost						
January 1, 2024	546,375	1,572,052	24,741	84,335	32,842	2,260,345
Additions	-	-	-	78,725	3,058	81,783
Disposals	(159)	(8,383)	(664)	(118)	(8,253)	(17,577)
Transfer (to) / from investment property	(4,771)	-	-	-	-	(4,771)
Transfers to base	2,130	79,534	-	(81,664)	-	-
December 31, 2024	543,575	1,643,203	24,077	81,278	27,647	2,319,780
Accumulated Depreciation						
January 1, 2024	(245,390)	(1,078,072)	(19,269)	-	(17,542)	(1,360,273)
Depreciation for the year	(26,344)	(82,069)	(1,053)	-	(8,437)	(117,903)
Disposals	157	8,383	428	-	8,103	17,071
Transfer to / (from) investment property	1,366	-	-	-	-	1,366
December 31, 2024	(270,211)	(1,151,758)	(19,894)	-	(17,876)	(1,459,739)
Carrying amount	273,364	491,445	4,183	81,278	9,771	860,041

Movements in property, plant and equipment during 2023 are as follows:

	Land and buildings	Machinery, equipment and motor vehicles	Other tangible assets	Construction in progress	Right-of-use assets	Total
Cost						
January 1, 2023	506,965	1,388,648	19,477	64,177	35,891	2,015,158
Additions - effect of merger	32,322	163,417	-	3,343	20	199,102
Additions	-	-	5,266	64,016	10,285	79,567
Disposals	(109)	(20,985)	(2)	(4)	(13,354)	(34,454)
Transfer from / (to) investment property	972	-	-	-	-	972
Transfers to base	6,225	40,972	-	(47,197)	-	-
December 31, 2023	546,375	1,572,052	24,741	84,335	32,842	2,260,345
Accumulated Depreciation						
January 1, 2023	(218,483)	(954,336)	(16,726)	-	(22,750)	(1,212,295)
Depreciation - effect of merger	(12,102)	(85,116)	-	-	-	(97,218)
Depreciation for the year	(14,757)	(59,605)	(2,543)	-	(8,123)	(85,028)
Disposals	99	20,985	-	-	13,331	34,415
Transfer (from) / to investment property	(147)	-	-	-	-	(147)
December 31, 2023	(245,390)	(1,078,072)	(19,269)	-	(17,542)	(1,360,273)
Carrying amount	300,985	493,980	5,472	84,335	15,300	900,072

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Movements in right-of-use assets during 2024 are as follows:

	Land and buildings	Machinery, equipment and motor vehicles	Other right-of-use assets	Total
Cost				
January 1, 2024	414	28,343	4,085	32,842
Additions	205	1,781	1,072	3,058
Disposals	(214)	(6,820)	(1,219)	(8,253)
December 31, 2024	405	23,304	3,938	27,647
Accumulated Depreciation				
January 1, 2024	(273)	(14,436)	(2,833)	(17,542)
Depreciation for the year	(94)	(7,646)	(697)	(8,437)
Disposals	121	6,763	1,219	8,103
December 31, 2024	(246)	(15,319)	(2,311)	(17,876)
Carrying amount	159	7,985	1,627	9,771

Movements in right-of-use assets during 2023 are as follows:

	Land and buildings	Machinery, equipment and motor vehicles	Other right-of-use assets	Total
Cost				
January 1, 2023	364	31,451	4,076	35,891
Additions	50	10,246	9	10,305
Disposals	-	(13,354)	-	(13,354)
December 31, 2023	414	28,343	4,085	32,842
Accumulated Depreciation				
January 1, 2023	(171)	(20,928)	(1,651)	(22,750)
Depreciation for the year	(102)	(6,839)	(1,182)	(8,123)
Disposals	-	13,331	-	13,331
December 31, 2023	(273)	(14,436)	(2,833)	(17,542)
Carrying amount	141	13,907	1,252	15,300

In 2024 and 2023 no borrowing costs were capitalized.

No property, plant and equipment of the Company were pledged in favor of a creditor or restricted in its use as of December 31, 2024 or December 31, 2023.

Purchases of property, plant and equipment in the Statement of Cash Flows excludes an acquisition of assets directly related to leasing totaling EUR 3 million (for the year ended December 31, 2023: EUR 10.3 million) and unpaid capital expenditures in the amount of EUR 25.6 million for the year ended December 31, 2024 (for the year ended December 31, 2023: EUR 24 million).

On November 23, 2022 General meeting of U. S. Steel Košice, s.r.o. approved merger of the Company with its subsidiaries Ferroenergy s.r.o. and U. S. Steel Košice – Labortest, s.r.o. At the same time General meetings of Ferroenergy s.r.o. and U. S. Steel Košice – Labortest, s.r.o. approved cease of these companies without liquidation by merger with parent company U. S. Steel Košice, s.r.o. as of January 1, 2023. USSK became universal legal successor of the companies Ferroenergy s.r.o. and U. S. Steel Košice - Labortest, s.r.o. and continues with all the business activities of Ferroenergy s.r.o. and U. S. Steel Košice - Labortest, s.r.o. after the merger. The merger transaction was treated prospectively as a transaction of the year 2023. For better understanding, the effect of merger of the listed subsidiaries remained on separate lines in the comparative period 2023.

Impairment of property, plant and equipment

The Company evaluates impairment of non-financial assets for IFRS Accounting Standards purposes whenever changes in circumstances indicate that the carrying amounts of the assets exceed their recoverable amount. Further details are disclosed in Note 3.

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Insurance

Property, plant and equipment are insured by KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group. The insurance covers damage caused by theft, disaster and other causes of machinery and equipment failure while maximum insurance compensation for one insurance claim is USD 150 million, i.e. EUR 144 million (2023: USD 150 million, i.e. EUR 136 million) using the exchange rate at the end of the reporting period. Compensation sublimits for individual risks are specified in the insurance contract. Self-insurance is USD 75 million, i.e. EUR 72 million (2023: USD 75 million, i.e. EUR 68 million) using the exchange rate at the end of the reporting period, per claim. All Risk Property Damage Insurance and Business Interruption Insurance including Machinery Breakdown exceeding USD 150 million, i.e. EUR 144 million (2023: USD 150 million, i.e. EUR 136 million) is covered by the insurance policy of Grant Assurance Corporation held by United States Steel Corporation, where the limit of coverage is USD 300 million, i.e. EUR 289 million (2023: USD 300 million, i.e. EUR 271 million), i.e. the maximum Policy limit of liability is USD 450 million, i.e. EUR 433 million (2023: USD 450 million, i.e. EUR 407 million).

Environmental Projects

In 2016 through 2017, the Ministry of Environment of the Slovak Republic approved the Company's applications to participate in Operational Program Environment Quality for fifteen projects, which included Dedusting of Ladle Metallurgy of Steel Shop No. 1 and Steel Shop No. 2, Emission Control for Ore Bridges of Blast Furnaces No. 1, 2 and 3, Sinter Strand No. 1, 2, 3 and 4 Exit Emission Control, Dedusting of Sinter Strand No. 1 – 2 and 3 – 4, Steel Shop No. 2 Dedusting – Hot Metal Desulphurization, Coal Preparation Emission Control and Coke Handling Dedusting at Coke Batteries No. 1 and 3. Capital expenditures will remain mitigated if the Company complies with certain financial covenants, which are assessed annually (Note 11). USSK complied with these covenants as of December 31, 2024, and December 31, 2023 and no additional collateral will be required by the end of June 30, 2025. By this next assessment date, the Company expects that nine projects of the total fifteen will pass the sustainability monitoring and will be excluded from further assessment to provide additional collateral if the covenants are not met. The last assessment of financial covenants will be performed as of June 30, 2026.

All environmental projects were completed. The average period over which the assets from these projects are depreciated is 4 years.

The deferred income amortized to Other income in 2024 totaled EUR 11,106 thousand (2023: EUR 4,657 thousand). The increase of amortization to Other income in 2024 is a result of the change in the estimate of useful lives of assets from environmental projects (Note 3). The Company believes that it complied with all relevant conditions. The Company did not recognize any additional deferred income in 2024 and 2023 (Notes 11 and 27).

Movements in deferred income relating to Environmental projects during 2024 and 2023 are as follows:

	2024	2023
Opening balance as of January 1	61,114	65,771
Amortization to Other income	(11,106)	(4,657)
Closing balance as of December 31	50,008	61,114

Lease

The statement of financial position shows the following amounts relating to leases:

	December 31, 2024	December 31, 2023
Right-of-use assets *		
Land and buildings	159	141
Machinery, equipment and motor vehicles	7,985	13,907
Other right-of-use assets	1,627	1,252
Total right-of-use assets	9,771	15,300
Lease liabilities **		
Current	8,615	9,907
Non-current	3,717	7,833
Total lease liabilities	12,332	17,740

* Included in the line item 'Property, plant and equipment' in the statement of financial position.

** Included in the line item 'Trade and other payables' in the statement of financial position.

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The Company leases various warehouses, motor vehicles, railroad cars and equipment. Information about lease measurement is disclosed in Note 2.9.

None of the existing Company’s lease contract comprises variable lease payments that are based on an index or a rate.

The Statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024	2023
Depreciation charge of right-of-use assets ***		
Land and buildings	94	102
Machinery, equipment and motor vehicles	7,646	6,839
Other right-of-use assets	697	1,182
Total depreciation charge of right-of-use assets	8,437	8,123
Interest expense ****	(807)	(665)
Expense relating to short-term leases (included in other operating expenses in Note 22)	(386)	(455)
Expense relating to leases of low-value assets that are not short-term leases (included in other operating expenses in Note 22)	(8)	(15)
Expense relating to variable lease payments not included in lease liabilities (included in other operating expenses in Note 22)	(846)	(822)

*** Included in the line item ‘Depreciation and amortization’ in the statement of profit or loss and other comprehensive income.

**** Included in the line item ‘Interest expense’ in the statement of profit or loss and other comprehensive income.

The total cash outflow for leases in 2024 was EUR 10,329 thousand (2023: EUR 10,033 thousand).

Lease liability maturities are as follows:

	December 31, 2024	December 31, 2023
Not later than 1 year	8,615	9,907
Later than 1 year and not later than 5 years	3,710	7,824
Later than 5 years	7	9
Present value of lease liability **	12,332	17,740

** Included in the line item ‘Trade and other payables’ in the statement of financial position.

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Note 6 Investment Properties

Movements in investment properties during 2024 and 2023 are as follows:

	2024	2023
Cost		
Opening balance as of January 1	4,717	5,689
Transfers to property, plant and equipment	(34)	(1,073)
Transfers from property, plant and equipment	4,805	101
Closing balance as of December 31	9,488	4,717
Accumulated Depreciation and Impairment Losses		
Opening balance as of January 1	(1,890)	(1,950)
Depreciation for the year	(364)	(87)
Transfers to property, plant and equipment	7	148
Transfers from property, plant and equipment	(1,373)	(1)
Closing balance as of December 31	(3,620)	(1,890)
Carrying amount	5,868	2,827

Direct operating expenses (including repair and maintenance) arising from investment properties that generated rental income and direct operating expenses (including repair and maintenance) arising from investment properties that did not generate rental income were immaterial.

Investment properties of the Company are carried at historical cost less accumulated depreciation and accumulated impairment losses.

The fair value of the investment properties totaled EUR 8,405 thousand as of December 31, 2024 (December 31, 2023: EUR 8,109 thousand).

The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and lack of comparable data nor has been evaluated by an accredited external independent valuer. Instead, the fair values are determined by the Company’s management using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of existing lease contracts and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The valuation falls within Level 3 of the fair value hierarchy.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

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Note 7 Intangible Assets

Movements in intangible assets during 2024 are as follows:

	Software	CO ₂ emission allowances (Note 8)	Other intangible assets	Intangible assets not yet available for use	Total
Cost					
January 1, 2024	46,903	663,505	369	22,030	732,807
Additions	-	463,379	-	21,542	484,921
Disposals	(172)	(615,275)	(78)	(9)	(615,534)
Change in fair value of CO ₂ emission allowances	-	83,098	-	-	83,098
Transfers to base	4,177	-	-	(4,177)	-
December 31, 2024	50,908	594,707	291	39,386	685,292
Accumulated Amortization					
January 1, 2024	(38,977)	-	(293)	-	(39,270)
Amortization for the year	(2,492)	-	(15)	-	(2,507)
Disposals	172	-	78	-	250
December 31, 2024	(41,297)	-	(230)	-	(41,527)

Carrying amount	9,611	594,707	61	39,386	643,765
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Movements in intangible assets during 2023 are as follows:

	Software	CO ₂ emission allowances (Note 8)	Other intangible assets	Intangible assets not yet available for use	Total
Cost					
January 1, 2023	43,395	511,220	358	1,764	556,737
Additions - effect of merger	507	165,885	-	-	166,392
Additions	-	667,546	-	23,335	690,881
Disposals	(57)	(591,048)	-	-	(591,105)
Change in fair value of CO ₂ emission allowances	-	(90,098)	-	-	(90,098)
Transfers to base	3,058	-	11	(3,069)	-
December 31, 2023	46,903	663,505	369	22,030	732,807
Accumulated Amortization					
January 1, 2023	(36,436)	-	(278)	-	(36,714)
Amortization - effect of merger	(253)	-	-	-	(253)
Amortization for the year	(2,345)	-	(15)	-	(2,360)
Disposals	57	-	-	-	57
December 31, 2023	(38,977)	-	(293)	-	(39,270)

Carrying amount	7,926	663,505	76	22,030	693,537
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In 2024 and 2023 no borrowing costs were capitalized.

No intangible assets of the Company were pledged in favor of a creditor or restricted in their use as of December 31, 2024 or December 31, 2023.

Insurance

Intangible assets are not insured.

Impairment of Intangible Assets

The Company evaluates impairment of non-financial assets for IFRS Accounting Standards purposes whenever changes in circumstances indicate that the carrying amounts of the assets exceed their recoverable amount. No impairment of intangible assets was identified. Further details are disclosed in Note 3.

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Fair value of intangible assets

The following table provides an analysis of intangible assets that are measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
CO ₂ emission allowances	594,707	-	-	594,707
Total	594,707	-	-	594,707

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
CO ₂ emission allowances	663,505	-	-	663,505
Total	663,505	-	-	663,505

During 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 of fair value measurements.

Note 8 CO₂ emission allowances

The table below shows movements in CO₂ emission allowances recognized in intangible asset during 2024:

	Quantity (thousands of tons)	Cost	Revaluation - previous period	Revaluation - current period	Fair value
2022 allocated emission allowances	566	46,956	(3,285)	-	43,671
2023 allocated emission allowances	6,222	556,881	(76,221)	-	480,660
2022 purchased emission allowances	500	36,459	2,166	-	38,625
2023 purchased emission allowances	1,302	110,665	(10,116)	-	100,549
Emission allowances balance as of January 1, 2024	8,590	750,961	(87,456)	-	663,505
2022 allocated emission allowances - surrendered	(566)	(46,956)	3,285	-	(43,671)
2023 allocated emission allowances - surrendered	(6,222)	(556,881)	76,221	-	(480,660)
2022 purchased emission allowances - surrendered	(500)	(36,459)	(2,166)	-	(38,625)
2023 purchased emission allowances - surrendered	(677)	(58,569)	6,250	-	(52,319)
Emission allowances surrendered in 2024	(7,965)	(698,865)	83,590	-	(615,275)
Emission allowances balance after surrendering	625	52,096	(3,866)	-	48,230
2023 purchased emission allowances	625	52,096	(3,866)	(3,933)	44,297
2024 purchased emission allowances	1,595	108,647	-	4,511	113,158
2024 allocated emission allowances	6,163	354,732	-	82,520	437,252
Emission allowances balance as of December 31, 2024 - total	8,383	515,475	(3,866)	83,098	594,707

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The table below shows movements in CO₂ emission allowances recognized in intangible asset during 2023:

	Quantity (thousands of tons)	Cost	Revaluation - previous period	Revaluation - current period	Fair value
2022 allocated emission allowances	5,829	478,454	(7,624)	-	470,830
2022 purchased emission allowances	500	36,459	3,931	-	40,390
Emission allowances balance as of January 1, 2023	6,329	514,913	(3,693)	-	511,220
2022 allocated emission allowances - merger addition	8	681	(19)	-	662
2022 purchased emission allowances - merger addition	2,045	144,807	20,416	-	165,223
Merger addition	2,053	145,488	20,397	-	165,885
2022 allocated emission allowances - surrendered	(5,271)	(432,179)	6,354	-	(425,825)
2022 purchased emission allowances - surrendered	(2,045)	(144,807)	(20,416)	-	(165,223)
Emission allowances surrendered in 2023	(7,316)	(576,986)	(14,062)	-	(591,048)
Emission allowances balance after surrendering	1,066	83,415	2,642	-	86,057
2022 purchased emission allowances	500	36,459	3,931	(1,765)	38,625
2022 allocated emission allowances	566	46,956	(1,289)	(1,996)	43,671
2023 purchased emission allowances	1,302	110,665	-	(10,116)	100,549
2023 allocated emission allowances	6,222	556,881	-	(76,221)	480,660
Emission allowances balance as of December 31, 2023 - total	8,590	750,961	2,642	(90,098)	663,505

In 2024, the Slovak Ministry of Environment allocated to the Company emission allowances free of charge in the volume 6.2 million tons of European Union Emission Allowances (EUA). The emission allowances were initially measured at fair value as of the allocation date totaling EUR 354.7 million (2023: EUR 556.9 million) at EUR 57.56 per ton (2023: EUR 89.50 per ton). Received emission allowances were recognized in deferred income on the acquisition date and subsequently recognized as income in the period for which the emission allowances have been allocated.

The Company purchased 1.6 million tons of EUAs totaling EUR 108.6 million in 2024 based on the projected future production levels (2023: 1.3 million tons EUAs totaling EUR 110.7 million).

Emission allowances are revalued to fair value at the end of each reporting period. The European Climate Exchange is used to obtain the fair value of the emission allowances. The liability for the obligation to deliver the emission allowances is settled within a few months after the end of the reporting period in accordance with applicable legislation.

The price of CO₂ emission allowances was 70.95 euro per metric ton as of December 31, 2024 (December 31, 2023: 77.25 euro per metric ton).

If a cost model had been used, the carrying amount of emissions allowances net of impairment would have totaled EUR 515.5 million as of December 31, 2024 (December 31, 2023: EUR 751 million).

The following tables shows movements in the provision for CO₂ emission allowances:

	Quantity (thousands of tons)	CO ₂ emission allowances (Note 16)
Balance as of January 1, 2024	7,965	615,275
Provision made	7,167	508,476
Provision used / reversed	(7,965)	(615,275)
Balance as of December 31, 2024	7,167	508,476
	Quantity (thousands of tons)	CO ₂ emission allowances (Note 16)
Balance as of January 1, 2023	4,893	395,232
Provisions - effect of merger	2,424	195,816
Provision made	7,965	615,275
Provision used / reversed	(7,317)	(591,048)
Balance as of December 31, 2023	7,965	615,275

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Deferred income tax recognized from CO₂ emission allowances transactions is as follows:

December 31, 2024	Tax base	Fair value	Temporary difference	Deferred tax assets / (liabilities) through profit or loss (Note 9)	Deferred tax assets / (liabilities) through Equity (Note 9)
Allocated emission allowances - asset	354,732	437,252	82,520	-	(19,805)
Purchased emission allowances - asset	157,454	157,454	-	-	-
Emission allowances provision - liability	(425,943)	(508,476)	(82,533)	19,808	-
Total	86,243	86,230	(13)	19,808	(19,805)
December 31, 2023	Tax base	Fair value	Temporary difference	Deferred tax assets / (liabilities) through profit or loss (Note 9)	Deferred tax assets / (liabilities) through Equity (Note 9)
Allocated emission allowances - asset	603,837	524,331	(79,506)	16,696	-
Purchased emission allowances - asset	139,173	139,173	-	-	-
Emission allowances provision - liability	(694,319)	(615,275)	79,044	(16,599)	-
Total	48,691	48,229	(462)	97	-

The tax base for emission allowances recorded as assets includes the value of the allocated emission allowances at the time of acquisition and the fair value of the purchased emission allowances as of December 31, 2024. The tax base for the emission allowances provision is the portion of the emission allowances provision calculated in accordance with the local tax regulations.

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Note 9 Deferred Income Tax

Differences between IFRS Accounting Standards as adopted by the EU and Slovak tax laws give rise to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is recorded at the rate of 24 percent as of December 31, 2024 (December 31, 2023: 21 percent).

The tax effect of the movements in the temporary differences during 2024 is as follows:

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024
Property, plant and equipment	(50,328)	(8,218)	-	(58,546)
Leases - asset	(3,213)	868	-	(2,345)
Leases - liability	3,957	(686)	-	3,271
Inventories	12,301	(6,000)	-	6,301
Employee benefits	4,863	1,011	(393)	5,481
Tax loss	2,425	5,992	-	8,417
Research and development	2,240	1,142	-	3,382
CO ₂ Emission allowances transactions - asset (Note 8)	16,696	(16,696)	(19,805)	(19,805)
CO ₂ Emission allowances transactions - liabilities (Note 8)	(16,599)	36,407	-	19,808
Derivative financial instruments	1,026	(651)	(5,750)	(5,375)
Landfill - assets	(1,134)	147	-	(987)
Landfill - liability	598	717	-	1,315
Provisions - other	10,457	5,326	-	15,783
Other temporary differences	(3,209)	7,859	-	4,650
Total	(19,920)	27,218	(25,948)	(18,650)
Deferred tax liability	(19,920)			(18,650)

The tax effect of the movements in the temporary differences during 2023 is as follows:

	January 1, 2023	Deferred income tax - effect of merger (Note 8)	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Property, plant and equipment	(49,290)	770	(1,808)	-	(50,328)
Leases - asset	(2,759)	-	(454)	-	(3,213)
Leases - liability	3,447	-	510	-	3,957
Inventories	13,694	-	(1,393)	-	12,301
Employee benefits	4,681	146	279	(243)	4,863
Tax loss	1,071	2,425	(1,071)	-	2,425
Research and development	-	-	2,240	-	2,240
CO ₂ Emission allowances transactions - asset (Note 8)	1,601	-	15,095	-	16,696
CO ₂ Emission allowances transactions - liabilities (Note 8)	(17,477)	-	878	-	(16,599)
Derivative financial instruments	(1,187)	-	(3)	2,216	1,026
Landfill - assets	(562)	-	(572)	-	(1,134)
Landfill - liability	(169)	-	767	-	598
Provisions - other	6,179	-	4,278	-	10,457
Other temporary differences	(1,494)	-	(1,715)	-	(3,209)
Total	(42,265)	3,341	17,031	1,973	(19,920)
Deferred tax liability	(42,265)				(19,920)

The Company has unrecognized potential deferred tax asset of EUR 785 thousand related to subsidiaries as of December 31, 2024 (December 31, 2023: deferred tax asset of EUR 666 thousand).

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Tax loss carry forward

By the end of the 2024, the Company recognized a deferred tax asset for the tax losses in accordance with IAS 12 Income taxes. The cumulative tax loss amounted to EUR 35 million in 2024 (2023: EUR 11.5 million). The Company plans to utilize the deferred tax asset for the tax losses in line with tax regulation in the period when the Company will recognize sufficient taxable profit against which the unused loss can be utilized.

Note 10 Inventories

	December 31, 2024	December 31, 2023
Raw materials	274,265	307,407
Work-in-progress	59,248	80,010
Semi-finished production	129,288	106,429
Finished goods	120,095	173,613
Inventory allowance	(16,948)	(9,113)
Total	565,948	658,346

No inventories were pledged in favor of a creditor or restricted in their use as of December 31, 2024 and 2023.

Inventory as of December 31, 2024 is shown net of write-down allowances resulting from lower net realizable values totaling EUR 16,948 thousand (December 31, 2023: EUR 9,113 thousand). Gross value of inventories written down were EUR 137 million as of December 31, 2024 (December 31, 2023: EUR 31 million).

Movements of write-down allowances for inventories were as follows:

	Raw materials	Work in progress	Semi-finished production	Finished products	Total
January 1, 2024	1,837	1,425	3,409	2,442	9,113
Allowance made	5,248	4,426	5,080	2,755	17,509
Allowance used	(933)	(211)	(745)	-	(1,889)
Allowance reversed	(1,463)	(1,215)	(2,665)	(2,442)	(7,785)
December 31, 2024	4,689	4,425	5,079	2,755	16,948
	Raw materials	Work in progress	Semi-finished production	Finished products	Total
January 1, 2023	13,941	9,977	10,570	5,401	39,889
Allowance made	1,840	1,425	3,409	2,442	9,116
Allowance used	(551)	(5,401)	(5,135)	(293)	(11,380)
Allowance reversed	(13,393)	(4,576)	(5,435)	(5,108)	(28,512)
December 31, 2023	1,837	1,425	3,409	2,442	9,113

Usage of write-down allowances is recognized when inventory is removed from the accounting books (e.g., sale, disposal, donation, damage, consumption) or reversal is recognized when the indication that the inventories impairment loss recognized in prior periods no longer exists or may have decreased.

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Note 11 Trade and Other Receivables

	December 31, 2024	December 31, 2023
Trade receivables	231,448	323,444
Trade receivables that are subject of factoring arrangements	4,687	23,450
Related party trade receivable (Note 28)	12,129	12,756
Total trade receivables	248,264	359,650
Other receivables - funds for landfill restoration	8,749	10,827
Other receivables from related parties (Note 28)	2	-
Other receivables	9,087	7,387
Trade and other receivables - financial (gross)	266,102	377,864
Loss allowance for trade receivables	(2,914)	(13,780)
Loss allowance for other receivables	(7)	(10)
Trade and other receivables - financial (net)	263,181	364,074
VAT receivable	43,197	49,187
Advance payments made - related party (Note 28)	-	14,852
Advance payments made	10,503	15,895
Other receivables - non-financial	53,700	79,934
Trade and other receivables (net)	316,881	444,008
Long-term receivables (financial)	8,679	6,395
Short-term receivables (financial and non-financial)	308,202	437,613

No receivables of the Company were pledged in favor of a bank or other entities as of December 31, 2024 and 2023. The Company carries out non-recourse sales of receivables without any credit risk involved. Company can sell trade receivables in the value of EUR 4,687 thousand that meet the conditions of factoring contracts.

Information about collateral or other credit enhancements and the overall credit risk of the Company is disclosed in Note 25. The valuation falls within Level 2 of the fair value hierarchy. There was no movement between fair value measurement categories during 2024. Additional information about measurement of the trade receivables is disclosed in Note 26.

Trade receivables and other receivables

The structure of trade receivables, including related party accounts receivable, is as follows:

	December 31, 2024	December 31, 2023
Counterparties with no or low risk of trade receivables collection	228,082	197,954
Counterparties with increased risk of trade receivables collection	15,495	138,246
Trade receivables at amortized costs	243,577	336,200
Counterparties with no or low risk of trade receivables collection	3,999	11,696
Counterparties with increased risk of trade receivables collection	688	11,754
Trade receivables at FV through other comprehensive income	4,687	23,450
Total	248,264	359,650

Counterparties with no or low risk of trade receivables collection are customers with prompt payment discipline supported by requested credit enhancement endorsement. Counterparties with increased risk of trade receivables collection are customers in higher risk locations, with inconsistent payment discipline and limited credit enhancement endorsement.

The Company recognized an allowance for expected credit losses to trade receivables and other receivables in amount of EUR 2,921 thousand as of December 31, 2024 (December 31, 2023: EUR 13,790 thousand).

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The movements of loss allowances were as follows:

	Trade receivables	Other receivables	Total
January 1, 2024	13,780	10	13,790
Increase in loss allowance	1,410	4	1,414
Receivables written-off	(12,109)	-	(12,109)
Unused amount reversed	(167)	(7)	(174)
December 31, 2024	2,914	7	2,921

	Trade receivables	Other receivables	Total
January 1, 2023	13,530	2	13,532
Increase in loss allowance	306	8	314
Receivables written-off	(21)	-	(21)
Unused amount reversed	(35)	-	(35)
December 31, 2023	13,780	10	13,790

A part of recognized loss allowance in amount of EUR 2,708 thousand (December 31, 2023: EUR 13,431 thousand) relates to individually impaired receivables. For the rest of the trade receivables and the other receivables, which almost all are falling within due (or few days overdue) category, the Company estimated general expected credit losses allowance using a credit enhancement matrix. The general expected credit loss allowance calculated by the Company is EUR 214 thousand as of December 31, 2024 (December 31, 2023: EUR 359 thousand).

The matrix specifies loss rates depending on shared credit risk characteristics represented by internal rating of customers and the days past due. Oscillation of portion receivables after due date was significantly improved compared to the last ten years. Ten years median of past due trade receivables to total trade receivables ratio is 2.25 percent (2023: 2.5 percent), median for the year 2024 is 1.5 percent (2023: 1.1 percent). The expected credit loss rate was determined based on risk analysis of assessed trade receivables currently after due date.

Trade receivables assessed for expected credit losses and their structure were as follows:

December 31, 2024					
Category	% of expected credit loss	Gross book value	Gross book value - overdue over 30 days	Expected credit loss	Net book value
No or remote risk customers	-	93,995	28	-	93,967
Insured / Partially insured customers	0.17%	127,381	(58)	214	127,225
Related parties	-	226	-	-	226
Other	-	5,038	658	-	4,380
Non-active customers	-	3,179	3,154	-	25
December 31, 2024		229,819	3,782	214	225,823

December 31, 2023					
Category	% of expected credit loss	Gross book value	Gross book value - overdue over 30 days	Expected credit loss	Net book value
No or remote risk customers	-	140,268	-	-	140,268
Insured / Partially insured customers	0.21%	170,589	(65)	359	170,295
Related parties	-	167	-	-	167
Other	-	11,719	452	-	11,267
Non-active customers	-	13,309	13,309	-	-
December 31, 2023		336,052	13,696	359	321,997

The Company performed regular review of customers' internal rating and considered historical, current, and forward-looking information on its and the industry development. Had the Company created an expected credit losses for accounts receivable where the deemed percentage of the expected credit loss is zero would be considered immaterial from the point of expected credit losses. The Company also mitigates credit risk by utilizing a credit insurance with credible insurance institutions (rating not lower than A3 according to Moody's). Credit insurance is an integral part of credit enhancement matrix because it occurs from the initial recognition of trade receivable. No or remote risk customers for whom 0 percent of ECL is calculated are represented by State owned companies and First class companies, which according

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to the internal rating are included in a no risk category and the Company does not expect credit losses related to these customers.

Other Receivables – Funds for Landfill Restoration

As required by the legislation, the Company deposited funds to cover closing, reclamation and post-closure monitoring costs at the end of a landfill site’s useful life into the State Treasury account. The Company will receive funds based on request once approved landfill expenditures occur. Funds for landfill restoration are receivables due from Slovak Republic with the credit rating A3 with stable outlook according to Moody’s, that represents low credit risk. The Company therefore considers expected credit loss to be immaterial as of December 31, 2024 (December 31, 2023: immaterial).

Note 12 Derivative Financial Instruments

The Company has entered into forward foreign exchange contracts (FX forwards) which are not traded and are agreed with the banks on specific contractual terms and conditions. The Company is also exposed to a fluctuation of raw materials purchase prices. In order to eliminate the Company's exposure to iron ore prices fluctuation, the Company entered into iron ore swaps to protect its profit margin. These derivative instruments have potentially favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in market foreign exchange rates or market commodity indexes.

Unrealized gains and losses on forward foreign exchange contracts and iron ore swap contracts are recognized in other comprehensive income and accumulated in revaluation reserves in equity as of December 31, 2024 (Note 14).

On initial recognition of a hedged item (inventory), gains or losses accumulated in equity are removed from the separate component of equity and included in the initial cost of inventory. The accumulated gains or losses are reclassified from inventory to the profit or loss in the period(s) during which the hedged forecast transaction affects the profit or loss. In 2024 it was generally within 1 month for foreign exchange forwards and 2 months for iron ore swaps after the contract maturity date (2023: 2 months for foreign exchange forwards, 3 months for tin swaps and 4 months for iron ore swaps after the contract maturity date). In 2024 the Company concluded contracts for iron ore for a period exceeding one year.

The table below shows the actual amount recognized in profit or loss from operations during 2024:

	FX forwards	Tin swaps	Iron ore swaps	Total
Derivative contracts commenced in prior years and recognized in fair value within revaluation reserve or inventory as of December 31, 2023	5,921	(191)	1,387	7,117
Derivative contracts commenced in 2024	656	-	1,704	2,360
Balance recognized in profit or loss *	6,577	(191)	3,091	9,477

* Included in the line item 'Materials and energy consumed' in the statement of profit or loss and other comprehensive income.

The table below shows the actual amount recognized in profit or loss from operations during 2023:

	FX forwards	Tin swaps	Iron ore swaps	Total
Derivative contracts commenced in prior years and recognized in fair value within revaluation reserve or inventory as of December 31, 2022	(854)	(3,225)	3,392	(687)
Derivative contracts commenced in 2023	1,566	186	-	1,752
Balance recognized in profit or loss *	712	(3,039)	3,392	1,065

* Included in the line item 'Materials and energy consumed' in the statement of profit or loss and other comprehensive income.

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The table below contains an overview of commenced contracts at the end of the reporting period:

	Contract maturity	Recognized in profit or loss
Contract commenced in 2024		
FX forwards	2024 - 2025	2024 - 2025
Irons ore swaps	2024 - 2026	2024 - 2026
Contract commenced in 2023		
FX forwards	2023	2023 - 2024
Tin swaps	2023	2023 - 2024

The aggregated fair values of derivative financial instruments can fluctuate significantly from time to time. Fair value of hedging derivatives is determined using valuation techniques that utilize observable market data. The fair value of these forward foreign exchange contracts is determined using market forward exchange rates at the end of reporting period calculated from data obtained from Bloomberg and European Central Bank.

The table below sets out fair values of the Company’s financial derivatives at the end of the reporting period:

	December 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
FX forwards - cash flow hedges	18,884	44	760	6,168
Short-term commodity swaps - cash flow hedges	4,398	916	-	-
Long-term commodity swaps - cash flow hedges	729	657	-	-
Total	24,011	1,617	760	6,168

Balances as of December 31, 2024 and December 31, 2023 were not past due. The risk of concentration of counterparty credit risk is mitigated by purchasing forward foreign exchange contracts from several counterparties. The Company has entered into forward foreign exchange contracts with ING Bank N.V., Citibank Europe plc, Goldman Sachs Bank USA, Komerční banka, a.s. and Fifth Third Bank as of December 31, 2024 and December 31, 2023. As of December 31, 2024, the financial derivatives with ING Bank N.V. and Komerční banka, a.s. represent more than 54 percent of value of total financial derivatives. The ratings of the banks are A- and better (according to Standard & Poor’s) as of December 31, 2024 (December 31, 2023: A- and better). Information about the fair value hierarchy as of December 31, 2024 is disclosed in Note 26.

The table below reflects gross positions before the netting of any counterparty positions towards counterparties and covers the forward foreign exchange contracts with settlement dates after the respective end of the reporting period. The contracts are short term in nature:

	December 31, 2024	December 31, 2023
Payables on gross settlement of FX forwards in EUR thousand	(368,425)	(451,711)
Receivables on gross settlement of FX forwards in EUR thousand *	389,884	449,140

* Receivables nominated in USD, converted to EUR in 2024 at the rate of USD/EUR 1.039 (2023: USD/EUR 1.105).

The table below reflects gross positions before the netting of any counterparty positions towards counterparties and covers the commodity swap contracts with settlement dates after the respective end of the reporting period.

	December 31, 2024	December 31, 2023
Payables on gross settlement of swap contracts in EUR thousand *	(1,573)	-
Receivables on gross settlement of swaps contracts in EUR thousand *	5,127	-

* Payables and receivables nominated in USD, converted to EUR in 2024 at the rate of USD/EUR 1.039.

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Note 13 Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash at bank	161,877	279,282
Total (Note 26)	161,877	279,282

Interest rates on bank accounts were approximately 2.08 percent per annum for EUR deposits, 1.75 percent per annum for USD deposits and 0.19 percent per annum for CZK deposits as of December 31, 2024 (December 31, 2023: 2.68 percent per annum for EUR deposits, 1.75 percent per annum for USD deposits and 0.30 percent per annum for CZK deposits). Interest rates at bank accounts denominated in other currencies are not disclosed as the balances in these accounts are not material. Based on the 2024 and 2023 business conditions the Company considered impact of the expected credit losses on cash and cash equivalents to be immaterial. Further information on the credit risk of cash and cash equivalents is disclosed in Note 25.

Note 14 Equity

Share capital

The Company's registered and fully paid in capital is EUR 839,357 thousand. The Company does not have unregistered increased share capital as of December 31, 2024.

Under Slovak Law 513/1991 as amended, the Company has an obligation to pay a proportional share in net assets to any of its owner that declared bankruptcy and in certain other similar circumstances. The Company considers this possibility to be genuine, but of a remote likelihood, and therefore does not have any objectives, policies and processes for managing this obligation. The potential cash outflows in case such a circumstance arises amount to the whole of net assets as reported in these financial statements. The Company's net assets are presented as equity in these financial statements and not as a liability because the subscribed capital is the most subordinated instrument and the Company meets the exception from presenting these puttable net assets as a liability. While the law requires redemption only in case there is more than one owner, the Company cannot prevent its owner to sell or transfer a portion of its share to another entity. Therefore, an unavoidable obligation might arise even if the Company currently has only one immediate parent shareholder.

Legal reserve fund and Other reserves

The movements in reserve funds are as follows:

	Legal reserve fund	Other capital funds	Derivative hedging instruments	CO ₂ emission allowances (Note 8)	Total
January 1, 2024	84,910	44	(3,869)	-	81,085
Changes in fair value of derivative hedging instruments	-	-	28,388	-	28,388
Changes in fair value of CO ₂ emission allowances	-	-	-	63,432	63,432
Release of fair value of derivative hedging instruments	-	-	(9,381)	-	(9,381)
December 31, 2024	84,910	44	15,138	63,432	163,524

	Legal reserve fund	Other capital funds	Derivative hedging instruments	CO ₂ emission allowances (Note 8)	Total
January 1, 2023	74,804	44	4,475	-	79,323
Equity - effect of merger	975	-	-	20,400	21,375
Changes in fair value of derivative hedging instruments	-	-	(7,340)	-	(7,340)
Realization of CO ₂ emission allowances revaluation	-	-	-	(20,400)	(20,400)
Release of fair value of derivative hedging instruments	-	-	(1,004)	-	(1,004)
Contribution to legal reserve fund	9,131	-	-	-	9,131
December 31, 2023	84,910	44	(3,869)	-	81,085

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The change in the fair value of emission allowances is recognized after taking into account the deferred tax liability in the amount of EUR 19,805 thousand (2023: EUR 0) and the change in the fair value of derivative financial instruments is recognized after taking into account the deferred tax liability in the amount of EUR 5,750 thousand (2023: asset EUR 2,216 thousand) (Note 9).

Dividends

In 2024, USSK declared dividends to U. S. Steel Global Holdings VI B.V. totaling EUR 160 million (2023: EUR 250 million). Dividends totaling EUR 200 million and EUR 160 million were paid in December 2024 and October 2023, respectively. The amount of declared but unpaid dividends was EUR 50 million as of December 31, 2024 (December 31, 2023: EUR 90 million).

Note 15 Loans and Borrowings

The movement in liabilities from financing activities is as follows:

	Related parties (Note 28)	Lease liabilities (Note 5, 18)	Total
January 1, 2024	64	17,740	17,804
Proceeds	2,092	-	2,092
Repayments	(2,156)	-	(2,156)
Lease additions	-	3,681	3,681
Lease payments	-	(9,089)	(9,089)
December 31, 2024	-	12,332	12,332
Long-term	-	3,717	3,717
Short-term	-	8,615	8,615
December 31, 2024	-	12,332	12,332

	Related parties (Note 28)	Lease liabilities (Note 5, 18)	Total
January 1, 2023	33,695	15,307	49,002
Loans and borrowings - effect of merger	(33,578)	20	(33,558)
Proceeds	2,028	-	2,028
Repayments	(2,081)	-	(2,081)
Lease additions	-	11,154	11,154
Lease payments	-	(8,741)	(8,741)
December 31, 2023	64	17,740	17,804
Long-term	-	7,833	7,833
Short-term	64	9,907	9,971
December 31, 2023	64	17,740	17,804

Credit facilities available to the Company:

Lender	Agreed amount	Currency	Interest rate	Date of maturity	Unpaid principal as of December 31, 2024	Unpaid principal as of December 31, 2023
United States Steel Corporation	200,000	USD	SOFR + 2.50 percent p.a.	December 27, 2027	-	-
		EUR	EURIBOR + 4.00 percent p.a.			-
Group of Banks *	150,000	EUR	IBOR + 2.00 or 2.35 percent p.a.	September 29, 2026	-	-
ING Bank N.V.	30,000	EUR	EURIBOR + 1.70 percent p.a.	September 13, 2027	-	-
		USD	LIBOR + 1.70 percent p.a.		-	-
		CZK	PRIBOR + 1.70 percent p.a.		-	-

* ING Bank N.V, Slovenská sporiteľňa a.s., Komerční banka, a.s, UniCredit Bank Czech Republic and Slovakia a.s., Československá obchodná banka, a.s. and Citibank Europe plc.

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On December 27, 2024, the Company (Borrower) entered into a USD 200 million Revolving Credit Agreement (“Agreement”) with United States Steel Corporation (Lender). Funds are available available in either USD or EUR. As of December 31, 2024, the USD 200 million Revolving Credit Agreement was undrawn and fully available.

On September 28, 2023 the Company decided to reduce the size of the EUR 300 million revolving credit facility (“the Credit Agreement”) with ING Bank N.V., Slovenská sporiteľňa a.s., Komerční banka, a.s., UniCredit Bank Czech Republic and Slovakia a.s., Československá obchodná banka, a.s. and Citibank Europe plc, to EUR 150 million. The reduced credit facility size supports USSK’s liquidity needs and is consistent with efforts to optimize costs and the global liquidity position.

On May 3, 2024 the Company entered into a Supplemental Amendment No. 2 to the Credit Agreement that amended the change of control provisions related to pending Nippon Steel Corporation’s acquisition of U. S. Steel.

The Credit Agreement contains sustainability targets related to greenhouse gas emissions intensity reduction, safety performance and facility certification by ResponsibleSteel™ and certain financial covenants calculated from consolidated financial statements prepared in accordance with US GAAP. The Credit Agreement requires Company to maintain a net debt to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization, hereinafter as "EBITDA") ratio of less than 3.50 : 1.00, as measured on a rolling twelve month basis on June 30th and December 31st of each year. The Credit Agreement also requires that the aggregate amount of Subordinated Intercompany Indebtedness and its Total Stockholders’ Equity is not lower than 40 per cent of its Total Assets. As of December 31, 2024 USSK was in compliance with both covenants. As of December 31, 2024 USSK was in compliance with both covenants. The Credit Agreement was undrawn and fully available as of December 31, 2024 (December 31, 2023: Company complied with financial covenants specified in the Credit Agreement and the credit facility has not been used).

On March 27, 2023, the Company entered into a Supplemental Amendment No. 10 to the EUR 20 million Bilateral Loan Agreement between the Company and ING Bank N.V that increased the size of the existing credit facility to EUR 30 million.

On May 3, 2024 the Company entered into a Supplemental Amendment No. 11 to the Bilateral Loan Agreement that amended the change of control provisions related to Nippon Steel Corporation’s acquisition of U. S. Steel and on September 13, 2024 the Company entered into a Supplemental Amendment No. 12 and changed the final maturity date of the credit facility to September 13, 2027.

This credit facility may be used for working capital financing, drawing bank overdraft, and issuing of bank guarantees and letters of credit. As of December 31, 2024, the credit facility has been used in the amount of EUR 15,285 thousand for bank guarantees (December 31, 2023: the credit facility has been used in the amount of EUR 16,297 thousand for bank guarantees).

Within available credit facilities, the Company can draw loans with terms of not more than six months with interest fixed for each particular loan. Each of these facilities bear interest at the applicable inter-bank offer rate plus a margin. The Company is the sole obligor on each of these credit facilities, and in the event of non-drawal of the credit facility, is obliged to pay a fee for tying up resources from the undrawn portion of the facility. The Company complied with all covenants specified in the loan agreements as of December 31, 2024 and 2023.

Management of capital is disclosed in Note 24 and information about credit facilities available to the Company and interest rate risk exposure is disclosed in Note 25. Loans and Borrowings within the Group’s cash pooling strategy are disclosed in Note 28.

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Note 16 Provisions for Liabilities

Movements in provisions for liabilities were as follows:

	Landfill	Litigation	CO ₂ emissions (Note 8)	Other	Total
January 1, 2024	15,248	253	615,275	485	631,261
Provision made	284	10	508,476	297	509,067
Provision used / reversed	(3,901)	(1)	(615,275)	(658)	(619,835)
Provision - change of estimate	(430)	-	-	-	(430)
December 31, 2024	11,201	262	508,476	124	520,063
Long-term provisions	11,166	262	-	-	11,428
Short-term provisions	35	-	508,476	124	508,635

	Landfill	Litigation	CO ₂ emissions (Note 8)	Other	Total
January 1, 2023	9,630	574	395,232	355	405,791
Provisions - effect of merger (Note 8)	-	-	195,816	-	195,816
Provision made	5,654	46	615,275	426	621,401
Provision used / reversed	(36)	(367)	(591,048)	(296)	(591,747)
December 31, 2023	15,248	253	615,275	485	631,261
Long-term provisions	10,885	253	-	-	11,138
Short-term provisions	4,363	-	615,275	485	620,123

The movement of provisions caused by the passage of time (i.e, accretion expense) in 2024 and 2023 was immaterial.

Provision reversals for the year 2024 and 2023 were immaterial.

Landfill

The provision for closing, reclamation and after-close monitoring of landfills is recognized based on the Law No. 79/2015 Coll. on Waste, as amended. In 2024, the Company had four landfills: two for non-hazardous waste and two for hazardous waste. Reclamation of one hazardous and one non-hazardous landfill was completed, and those landfills were closed in 2011 and 2013 and continue to be monitored in accordance with the approved project documentation. During 2023, the loading of waste at the 3rd stage of second non-hazardous landfill was completed and during the 2024, this stage of the landfill was reclaimed. The cost related to the reclamation are charged against the created provision. The short-term portion of the provision represents expenditures that are expected to be settled within 12 months.

Litigation

The Company uses external legal counsel to act in some legal proceedings and internal legal counsel in other proceedings. These proceedings are at different stages and some may proceed for undeterminable periods of time. The Company’s management has made its best estimate of the probabilities and the contingent loss amounts associated with all legal proceedings in both Slovak and foreign jurisdictions and has recorded provisions accordingly. The provisions are considered immaterial to the Company’s financial statements. Based on the facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

Emission allowances

A provision was recognized for CO₂ emissions emitted in 2024 in order to settle obligation by allocated CO₂ emission allowances totaling EUR 437,252 thousand (2023: EUR 524,331 thousand) and by purchased CO₂ emission allowances totaling EUR 71,224 thousand (2023: EUR 90,944 thousand). The provision was calculated as a multiple of the final volume of CO₂ emitted for the calendar year and the fair value of CO₂ emission allowances on the European Climate Exchange as of the date of the financial statements. The provision was charged to Operating expenses. Amortization of related deferred income from allocated CO₂ emission allowances is recognized in Other income (Note 19).

Other

Other provisions include provisions for warranty.

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Note 17 Employee Benefits Liabilities

Employee retirement liability

The Company is committed to make payments to employees upon retirement in accordance with the Labor Code and Collective Labor Agreement. The defined benefit liability is calculated annually using the projected unit credit method.

Work and life jubilee benefits

The Company also pays certain work and life jubilee benefits. The liability is calculated consistently with the employee retirement liability except that actuarial gains and losses and past services costs are recognized immediately in profit or loss for the current period.

The movement in the accrued liability over the years is as follows:

	2024	2023
Employee benefits payable - pension		
Opening balance as of January 1	15,434	15,109
Employee benefits liabilities - effect of merger	-	521
Total expense charged in profit or loss - pension	1,373	1,498
Actuarial (gains) / losses - pension	(264)	(1,156)
Benefits paid	(827)	(538)
Closing balance as of December 31	15,716	15,434
Employee benefits payable - other		
Opening balance as of January 1	9,793	11,021
Employee benefits liabilities - effect of merger	-	520
Total expense charged in profit or loss - jubilee	522	537
Total expense charged in profit or loss - termination	657	9,005
Actuarial (gains) / losses - jubilee	(250)	444
Benefits paid	(3,383)	(11,734)
Closing balance as of December 31	7,339	9,793
Long-term employee benefits payable - pension	15,005	14,805
Long-term employee benefits payable - other	6,657	7,009
Short-term employee benefits payable	1,393	3,413

The amounts recognized in the statement of financial position are as follows:

	December 31, 2024	December 31, 2023
Present value of the liability - pension	26,999	26,453
Present value of the liability - jubilee	7,312	7,729
Present value of the liability - termination	26	2,063
Actuarial (gains) / losses	(11,282)	(11,018)
Total liability in the statement of financial position	23,055	25,227

The amounts recognized in the comprehensive income are as follows:

	2024	2023
Current service costs - pension	872	954
Current service costs - jubilee	293	277
Current service costs - termination	657	9,005
Interest costs	730	804
Actuarial (gains) / losses - pension	(264)	(1,156)
Actuarial (gains) / losses - jubilee	(250)	444
Total	2,038	10,328

Current service cost and net actuarial losses are presented in salaries and other employee benefits (Note 21) and interest costs are reflected in interest expense line of the statement of profit or loss and other comprehensive income.

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An addendum No. 7 to the valid Collective Labor Agreement for 2020–2024 (the CLA Addendum No. 7) became effective on September 6, 2023 and enabled employees to receive one-time wage for long-standing work performance if the length of his/her uninterrupted labor contract with the Company calculated until December 31, 2023 is at least 5 years. In case the CLA Addendum No. 7 was used, an employee terminated his/her labor contract no later than on September 30, 2023 (in exceptional cases no later than December 31, 2023). Costs related to one-time wage for long-standing work are considered as restructuring costs (Note 29).

Principal actuarial assumptions used to determine employee benefits liabilities as of December 31, were as follows:

	2024	2023
Discount rate - pension	3.50%	3.20%
Discount rate - jubilee	3.30%	3.10%
Annual wage and salary increases	5.00%	5.00%
Staff turnover *	5.00%	5.00%

* Staff turnover is replaced by termination table that varies by employee's age and years of service but does not exceed 5 percent annually.

For calculating the discount rate for euro-denominated pension and postretirement liabilities in accordance with *IAS 19 Employee benefits*, the Company used suitable Euro yield curve which benchmark highly rate corporate bonds. The yield curve selected was derived based on data published by European Central Bank and underlying data provided by EuroMTS Ltd. Discount rates were applied based on the duration of the pension and jubilee liability.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognized in liability to employees and social security institutions (Note 18). Liabilities for profit sharing and bonus plans are measured at the amounts expected to be paid when they are settled.

The amount of profit sharing and bonus plans is presented in Note 21.

Defined contribution pension plan

Throughout the year, the Company made contributions to the mandatory government and private defined contribution plans representing 25.5 percent (2023: 24.4 percent) of total salaries and other employee benefits up to a monthly salary limit of EUR 9,128 (2023: EUR 8,477).

The amount of contributions for social security is presented in Note 21.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company made contributions to the supplementary scheme amounting to 1.5 percent of the monthly accounted wage in 2024 (2023: 1.5 percent).

Information for pension plans with an accumulated employee benefits liabilities:

	December 31, 2024	December 31, 2023
Accumulated employee benefits liabilities	15,143	16,382
Effects of future compensation	7,886	6,782
Projected employee benefits liabilities	23,029	23,164
Termination	26	2,063
Total liability in the statement of financial position	23,055	25,227

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Note 18 Trade and Other Payables

	December 31, 2024	December 31, 2023
Trade payables	240,987	256,967
Related party accounts payables (Note 28)	11,563	27,270
Assigned trade payables ⁽¹⁾	117,086	108,537
Accrued discounts and rebates	16,475	18,815
Uninvoiced deliveries and other accrued expenses	43,834	62,127
Trade payables and accruals (Note 25)	429,945	473,716
Lease liabilities	12,332	17,740
Dividend liabilities (Note 14)	50,000	90,000
Other payables	2,234	4,243
Financial liabilities	64,566	111,983
Liability to employees and social security institutions	35,565	36,896
Advance payments received (Contract liability)	5,291	5,478
VAT and other taxes and fees	4,343	5,331
Non-financial liabilities	45,199	47,705
Total	539,710	633,404

(1) Assigned trade payables are trade payables which are not going to be paid to original supplier because the receivables against the Company were assigned, at the supplier’s request, to another creditor, and the transfer was approved by the Company. The terms with the suppliers remain unchanged, and the Company has no legal relationship with such creditors.

The Company provided or will provide discounts and rebates to the customers which fulfilled all contractual requirements as of December 31, 2024.

	December 31, 2024	December 31, 2023
Short-term trade, dividend payables and other payables	535,758	625,322
Long-term trade and other payables	3,952	8,082
Total	539,710	633,404

Long-term trade and other payables represent lease liabilities (as of December 31, 2024: EUR 3,717 thousand and as of December 31, 2023: EUR 7,833 thousand) and the retention portion of capital expenditures for which due dates longer than 12 months were agreed upon in contracts.

The aging structure of trade and other payables is presented in the table below:

	December 31, 2024	December 31, 2023
Trade and other payables not yet due	534,340	617,732
Trade and other payables past due	5,370	15,672
Total	539,710	633,404

The carrying amount of trade payables and accruals is denominated in the following currencies:

	December 31, 2024	December 31, 2023
EUR	300,920	347,599
USD	124,154	118,879
Other	4,871	7,238
Total	429,945	473,716

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Contributions to and withdrawals from the social fund during the period are in the following table:

	December 31, 2024	December 31, 2023
Opening balance as of January 1	835	1,035
Company contribution (Company costs)	1,704	1,645
Withdrawals	(1,836)	(1,845)
Closing balance as of December 31	703	835

The social fund is used for social, medical, relaxing and similar needs of the Company’s employees in accordance with Social Fund Law. The balances are included in the liability to employees and social security institutions caption of the table above.

Note 19 Revenue from Contracts with Customers and Other Income

The main activities of the Company are the production and sale of steel products, which include slabs, sheet, strip mill plate, tin mill products and spiral welded pipes. In addition, the Company distributes electricity, heat and gas. The Company also produces coke which is primarily used in the steel making process. The Company also provides certain functional support services to its subsidiaries and ultimate parent company.

For most of its revenue arrangements, the Company acts as a principal, however, the Company also acts as an agent arranging for the transportation service related to the sales of own production with the “C” delivery terms (Note 3) and records as revenue the net consideration it retains after paying the suppliers.

Revenue from contracts with customers consists of the following:

	2024	2023
Sales of own production	2,653,338	3,149,486
Sales of merchandise	967	1,742
Rendering of services	30,268	24,647
Total	2,684,573	3,175,875

In 2024 and 2023 sales of merchandise represented net sales of natural gas and electricity to the external parties.

In 2024 and 2023 rendering of services comprised of distribution of media (natural gas, electricity, water) and arranging transportation services to customers.

Timing of revenue recognition

	2024	2023
Performance obligation satisfied at a point in time	2,654,305	3,151,228
Performance obligation satisfied over time	30,268	24,647
Total	2,684,573	3,175,875

Disaggregation of the revenue from contracts with customers – sales of own production

Segments and Products	2024	2023
Hot-rolled products	1,332,686	1,492,842
Cold-rolled products	208,148	245,339
Coated sheets	704,817	765,774
Tin mill products	250,017	400,031
Standard and line pipe	46,071	47,273
Slabs	71,023	153,387
Tar - nonsteel products	19,635	26,701
Gasses	-	16
By products and other	20,941	18,123
Total	2,653,338	3,149,486

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Market	2024	2023
Steel service centers	568,269	583,159
Transportation (including automotive)	477,741	615,126
Further conversion - trade customers	158,990	206,535
Containers	248,531	393,560
Construction and construction products	870,400	982,421
Appliances and electrical equipment	153,811	173,492
Oil, gas and petrochemicals	1,369	-
Mechanical machinery	19,094	26,514
Metal goods	77,087	91,033
Utilities	-	16
Other markets	78,046	77,630
Total	2,653,338	3,149,486

Other income

Other income consists of the following:

	2024	2023
Amortization of deferred income - CO ₂ emission allowances (Note 8)	354,732	556,881
Amortization of deferred income - environmental projects (Note 5)	11,106	4,657
Gain on disposal of property, plant and equipment, investment property and intangible assets	5	21
Gain on derivative financial instruments (Note 12)	-	372
Rental income	1,657	1,578
Income from contractual penalties	252	353
Compensation for indirect emissions from the Environmental Fund and other compensation	4,882	1,773
Trade mark and Intellectual property license	11,173	12,708
Other	3,077	1,293
Total	386,884	579,636

Note 20 Materials and Energy Consumed

Materials and energy consumed is comprised of the following:

	2024	2023
Materials consumed	(1,700,276)	(2,140,352)
Energy consumed	(171,396)	(251,097)
Costs of merchandise sold	-	(13)
Changes in internally produced inventory	(47,636)	12,595
(Impairment) / reversal of impairment of inventory allowance (Note 10)	(9,724)	19,396
Total	(1,929,032)	(2,359,471)

Note 21 Salaries and Other Employee Benefits

Salaries and other employee benefits are comprised of the following:

	2024	2023
Wages and salaries	(221,195)	(222,239)
Termination benefits (Note 17)	(657)	(9,005)
Mandatory social and health insurance to insurance funds - defined contribution plans	(44,027)	(42,882)
Mandatory retirement insurance to insurance funds - defined contribution plans	(36,864)	(36,744)
Other social expenses - defined contribution plans	(13,427)	(13,450)
Pension expenses— retirement and work and life jubilees - defined benefit plans (Note 17)	(915)	(1,675)
Total	(317,085)	(325,995)

The number of active employees of the Company as of December 31, 2024 was 7,554 (December 31, 2023: 7,712). The average number of the Company's employees for 2024 was 7,632 (2023: 7,966).

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Note 22 Other Operating Expenses

Other operating expenses during 2024 and 2023 are as follows:

	2024	2023
External processing	(20,370)	(22,740)
Licences, trade marks, licence support	(15,899)	(12,942)
Real estate tax and other taxes	(12,245)	(7,767)
Service activities	(11,783)	(10,665)
Cleaning and waste disposal ⁽³⁾	(11,353)	(9,953)
Insurance costs	(6,338)	(6,236)
Crane operation	(5,533)	(4,458)
Costs of processing of steel slag, sludge and dust	(5,098)	(5,960)
Packaging	(4,829)	(5,574)
Warehousing and handling of finished products	(4,624)	(5,252)
Telephone, fax, telex, postage, data processing	(3,644)	(3,451)
Waste storage charges	(3,217)	(4,001)
Scarfing of conti-slabs	(2,817)	(2,792)
Security services - premises	(2,671)	(2,806)
Advertising and promotion	(1,786)	(1,810)
Commitment fee, bank fee	(1,688)	(3,005)
Environmental fees ⁽³⁾	(1,571)	(4,032)
Costs of employee intracompany transportation	(1,524)	(1,388)
Services of heavy machines	(1,499)	(1,238)
Chromium plating of rolls	(1,347)	(1,149)
Chemical treatment of water circuits	(1,238)	(961)
Impairment of receivables release (Note 11) ⁽²⁾	(1,205)	(271)
Reimbursements for damages caused by the Company	(1,130)	(850)
Intermediary fees	(1,112)	(1,620)
Laboratory and heat tests	(973)	(920)
Loss on sale/disposal of material ⁽²⁾	(943)	(504)
Training ⁽²⁾	(910)	(371)
Variable lease payments (Note 5)	(846)	(822)
Other operating costs - related parties	(644)	(914)
Audit of the financial statements	(579)	(256)
Traveling Costs	(576)	(737)
Short-term leases (Note 5)	(386)	(455)
Low value leases (Note 5)	(8)	(15)
Energy advisory services	-	(2,705)
Shortages and damages - inventories	-	(1,188)
Other operating expenses ^{(1), (3)}	(3,596)	(5,382)
Total	(133,982)	(135,190)

⁽¹⁾ Other operating expenses include various types of services not exceeding EUR 1 million individually.

⁽²⁾ For better understanding 2023 values were separated from Other operating expenses to separate lines.

⁽³⁾ Value includes portion of environmental expenses disclosed in Note 27.

Note 23 Income Tax

The income tax (expense) / credit consists of following:

	2024	2023
Current tax	(1,229)	(1,301)
Deferred tax (Note 9)	27,218	17,031
Total current year tax	25,989	15,730
Total	25,989	15,730

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The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the Company as follows:

	2024	2023
Loss before tax	(125,597)	(47,135)
Tax calculated at 21 percent tax rate	26,375	9,898
Permanent differences:		
Research & Development deduction	1,142	2,240
Other	(1,528)	3,592
Tax credit	25,989	15,730

The effective tax rate was 22 percent in 2024 (2023: 33 percent).

The tax (charge) / credit relating to components of other comprehensive income is as follows:

	2024			2023		
	Before tax	Tax (charge) / credit	After tax	Before tax	Tax credit / (charge)	After tax
Changes in fair value of derivative hedging instruments	24,814	(5,807)	19,007	(10,560)	2,216	(8,344)
Changes in actuarial gains and losses	264	(393)	(129)	1,156	(243)	913
Revaluation of intangible assets (Note 7)	83,098	(19,666)	63,432	-	-	-
Other comprehensive income / (loss)	108,176	(25,866)	82,310	(9,404)	1,973	(7,431)

The change in the fair value of emission allowances is recognized after taking into account the deferred tax liability in the amount of EUR 19,805 thousand (2023: 0 EUR) (Note 9) and current tax asset related to items recognized in other comprehensive income in the amount of EUR 139 thousand (2023: EUR 0). The change in the fair value of derivative financial instruments is recognized after taking into account the deferred tax liability in the amount of EUR 5,750 thousand (2023: asset EUR 2,216 thousand) (Note 9) and current tax liability related to items recognized in other comprehensive income in the amount of EUR 57 thousand (2023: EUR 0).

Note 24 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and to pay obligations as they come due. The Company's overall strategy did not change compared to 2023.

The capital structure of the Company consists of debt (Note 15) totaling EUR 12,332 thousand as of December 31, 2024 (December 31, 2023: EUR 17,804 thousand) and equity (Note 14) totaling EUR 1,436,372 thousand as of December 31, 2024 (December 31, 2023: EUR 1,613,670 thousand) that includes share capital, reserve funds and retained earnings.

The externally imposed capital requirements for a limited liability company established in the Slovak Republic include a minimum level of share capital totaling EUR 5 thousand. The Company complied with the regulatory capital requirements as of December 31, 2024 and December 31, 2023.

Note 25 Financial Risk Management

Financial risk is managed in compliance with policies and procedures established by U. S. Steel. The use of risk management instruments is controlled by U. S. Steel management which authorizes the use of futures, forwards, swaps and options to manage exposure to price fluctuations of certain commodities and foreign currency transactions. The derivative instruments, if used, could materially affect the Company's results of operations in particular accounting periods; however, management believes that the use of these instruments will not have a material adverse effect on the financial position or liquidity of the Company.

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign exchange rate risk and other price risk). The overall financial risk management process focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Company's financial performance.

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Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is essentially exposed to credit risk from its operating activities (primarily trade receivables). Remaining credit risk relates mainly to receivables resulting from Environmental projects (Note 11), deposits with banks (Note 13) and derivative financial instruments (Note 12).

Credit risk related to receivables is managed by the Credit & Collection Department. All customers of the Company are assigned an internal risk rating in accordance with approved internal policies and procedures. A customer's credit rating is determined by considering its financial situation, payment behavior, past experience and other factors. Individual credit limits are established based on internal ratings and the amounts and utilization of the limits are periodically re-evaluated and monitored. Company management carefully monitors the impact of the current economic situation on the customers and adjusts the ratings and related credit limits accordingly. Trade receivables are monitored daily for individual customers and groups of customers under common control. Overdue receivables are handled in accordance with established collection management practices such as reminders, phone contact, suspension of orders and shipments, etc.

The Company mitigates credit risk for approximately 86 percent (2023: 83 percent) of revenue from contracts with customers by requiring credit insurance, letters of credit, bank guarantees, prepayments or other collateral. The acceptable ratings of the banks are BBB- and better (according to Standard & Poor's or equivalent of it per other rating agencies). The ratings of banks are monitored monthly or if circumstances change. Information about collateral or other credit enhancements is as follows:

	2024	2023
Credit insurance	78%	69%
Letters of credit and documentary collection	0%	1%
Bank guarantees	2%	2%
Other credit enhancements	6%	11%
Credit enhanced sales	86%	83%
Unsecured sales	14%	17%
Total	100%	100%

The majority of the Company's customers are located in Central and Western Europe. No single customer accounts for more than 5 percent of gross annual revenues in either of the years presented.

Expected credit losses related to trade and other receivables are estimated at the end of each reporting period using a credit enhancements matrix. Significant accounting estimates and judgements are applied in the estimation (Note 3).

The cash has been deposited to banks with the rating Prime-2 and better according to Moody's, that represents high ability to repay short-term debt. The Company therefore considers expected credit loss to be immaterial.

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The Company is exposed to overall credit risk arising from financial assets as summarized below:

December 31, 2024			
	Derivative financial instruments measured at FV through profit or loss	Financial assets measured at amortized cost	Financial assets measured at FV through other comprehensive income
Trade and other receivables (Note 11)			
Trade receivables (net)	-	228,534	4,687
Related party accounts receivables (net)	-	12,131	-
Other receivables (net)	-	17,829	-
Derivative financial instruments (Note 12)			
FX forwards	18,884	-	-
Commodity swaps - iron ore	5,127	-	-
Cash and cash equivalents and restricted cash (Note 13)			
Cash and cash equivalents and restricted cash	-	169,618	-
Total	24,011	428,112	4,687
December 31, 2024			
	Cash and cash equivalents and restricted cash at amortized cost		
ING Bank N.V.			32,945
COMMERZBANK Aktiengesellschaft			2,266
Citibank Europe plc			40,498
Slovenská sporiteľňa, a.s.			40,001
Komerční Banka, a.s.			14,799
Československá obchodná banka, a.s.			22,272
Všeobecná úverová banka, a.s.			4,677
UniCredit Bank Czech Republic and Slovakia, a.s.			4,419
Cash and cash equivalents (Note 13)			161,877
Slovenská sporiteľňa, a.s.			5
Všeobecná úverová banka, a.s.			2,782
Citibank Europe plc			4,541
Bank Handlowy w Warszawie SA			413
Cash restricted in its use			7,741
Total			169,618
December 31, 2023			
	Derivative financial instruments measured at FV through profit or loss	Financial assets measured at amortized cost	Financial assets measured at FV through other comprehensive income
Trade and other receivables (Note 11)			
Trade receivables (net)	-	309,664	23,450
Related party accounts receivables (net)	-	12,756	-
Other receivables (net)	-	18,204	-
Derivative financial instruments (Note 12)			
FX forwards	760	-	-
Cash and cash equivalents and restricted cash (Note 13)			
Cash and cash equivalents and restricted cash	-	283,743	-
Total	760	624,367	23,450

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December 31, 2023	
	Cash and cash equivalents and restricted cash at amortized cost
ING Bank N.V.	40,218
COMMERZBANK Aktiengesellschaft	26,828
Citibank Europe plc	78,814
Slovenská sporiteľňa, a.s.	47,510
Komerční Banka, a.s.	17,696
Československá obchodná banka, a.s.	57,356
Všeobecná úverová banka, a.s.	7,834
UniCredit Bank Czech Republic and Slovakia, a.s.	3,026
Cash and cash equivalents (Note 13)	279,282
Slovenská sporiteľňa, a.s.	14
Všeobecná úverová banka, a.s.	10
Citibank Europe plc	4,180
Bank Handlowy w Warszawie SA	257
Cash restricted in its use	4,461
Total	283,743

The maximum exposure to credit risk at the reporting date is the carrying value of the above mentioned financial assets before consideration of collateral and other credit enhancements.

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of credit facilities to cover the liquidity risk in accordance with its financing strategy. Company management monitors expected and actual cash flows and the cash position of the Company on a daily basis in accordance with approved internal policies and procedures. The exposure by country is also closely monitored.

During 2024, the Company drew short-term borrowings as a part of the Group's cash pooling strategy of EUR 2,092 thousand and repaid EUR 2,156 thousand and provided to its subsidiary U.S. Steel Košice - SBS, s.r.o. the amount of EUR 877 thousand and received EUR 877 thousand. During 2023, the Company drew short-term borrowings as a part of the Group's cash pooling strategy of EUR 2,028 thousand and repaid EUR 2,081 thousand and provided to its subsidiaries the amount of EUR 1,434 thousand and received EUR 1,434 thousand.

Borrowing contract with U.S. Steel Košice - SBS, s.r.o. (Lender) ended with the signing of Supplemental Amendment No. 25 by the repayment of the outstanding amount by the Company on December 18, 2024. Borrowings drawn within the U.S. Steel Košice - SBS, s.r.o. cash pooling strategy bear interest rate spread over 1-month EURIBOR plus margin 1.7 percent per annum (Note 28).

On December 17, 2024, the Company (Lender) entered into a Supplemental Amendment No. 21 with U.S. Steel Košice – SBS, s.r.o. (Borrower) in the amount of EUR 300 thousand. for a fixed period of time, until 31 December 2025. The interest rate for granting the loan is EURIBOR plus an annual margin of 1.7 percent.

Other borrowings are disclosed in Note 15.

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The table below summarizes the expected undiscounted cash flows in relation to agreed maturities of financial assets and financial liabilities:

December 31, 2024	0 – 1 year	1 – 5 years	over 5 years	Total
Assets				
Cash and cash equivalents	161,877	-	-	161,877
Restricted cash	7,741	-	-	7,741
Trade receivables (net)	245,350	-	-	245,350
Other receivables (net)	17,831	-	-	17,831
Gross settled FX forwards (Note 12)	389,884	-	-	389,884
Net settled commodity swaps (Note 12)	4,400	728	-	5,128
Total	827,083	728	-	827,811
Liabilities				
Trade payables and accruals	425,993	3,952	-	429,945
Other financial liabilities	2,234	-	-	2,234
Gross settled FX forwards (Note 12)	368,425	-	-	368,425
Net settled commodity swaps (Note 12)	918	655	-	1,573
Lease liability	7,704	5,152	7	12,863
Loans and borrowings (Note15)	-	-	-	-
Total	805,274	9,759	7	815,040
December 31, 2023				
	0 – 1 year	1 – 5 years	over 5 years	Total
Assets				
Cash and cash equivalents	279,282	-	-	279,282
Restricted cash	4,461	-	-	4,461
Trade receivables (net)	345,870	-	-	345,870
Other receivables (net)	18,204	-	-	18,204
Gross settled FX forwards (Note 12)	449,140	-	-	449,140
Net settled commodity swaps (Note 12)	-	-	-	-
Total	1,096,957	-	-	1,096,957
Liabilities				
Trade payables and accruals	465,634	8,082	-	473,716
Other financial liabilities	4,243	-	-	4,243
Gross settled FX forwards (Note 12)	451,711	-	-	451,711
Net settled commodity swaps (Note 12)	-	-	-	-
Lease liability	8,849	10,147	10	19,006
Loans and borrowings (Note15)	64	-	-	64
Total	930,501	18,229	10	948,740

Market risk

a) Interest rate risk

The Company was not subjected to the effects of interest rate fluctuations on borrowings drawn against revolving credit facilities (Note 15) as of December 31, 2024, since no borrowings have been drawn as of December 31, 2024 and December 31, 2023.

The Company’s income is substantially independent of changes in market interest rates. The Company had accrued interest income from intercompany loan (Note 28) and had other minor interest income from short term bank deposits and cash at bank accounts as of December 31, 2024 and December 31, 2023.

b) Currency risk

The Company is exposed to the risk of price fluctuations due to the effects of foreign exchange rates on revenues and operating costs, capital expenditures and existing assets or liabilities denominated in currencies other than the EUR, particularly the U.S. dollar. The fluctuation of exchange rates represents significant risk as the majority of sales are denominated in EUR, while purchases of strategic raw materials are mainly in USD.

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The structure of cash and cash equivalents and cash restricted in its use by currency is as follows:

December 31, 2024	Cash and cash equivalents	Cash restricted in its use
EUR	130,896	2,791
USD	24,541	4,537
CZK	5,711	-
other	729	413
Total	161,877	7,741
December 31, 2023		
	Cash and cash equivalents	Cash restricted in its use
EUR	213,950	24
USD	57,094	4,180
CZK	7,518	-
other	720	257
Total	279,282	4,461

The Company manages its exposure to certain currency price fluctuations in cooperation with U. S. Steel's Corporate Finance, using a limited number of forward foreign exchange contracts. Derivative hedging instruments are carried out in compliance with an approved hedging strategy and internal policy to hedge highly probable forecasted purchases of strategic raw materials denominated in USD. Financial instruments are used exclusively for hedging of financial risk exposure which is determined by the analysis of income and expenses structured by foreign currency. Trading for speculative purposes is prohibited. These cash flows are planned of the annual operating plan for the next 12 months and updated in line with quarterly short-range forecasts or whenever new business circumstances occur. Management monitors the open positions monthly.

As of December 31, 2024, the Company had open USD forward purchase contracts for Euros in total notional value of approximately EUR 368 million (December 31, 2023: EUR 452 million).

As of December 31, 2024, if the EUR had weakened / strengthened by 7 percent against the U.S. dollar with all other variables held constant, this movement would have resulted in a EUR 9,187 thousand charge / EUR 7,985 thousand credit to Profit, mainly as a result of gains/losses from the fair value change of forward foreign exchange contracts.

As of December 31, 2024, if the EUR had weakened / strengthened by 7 percent against the U.S. dollar with all other variables held constant, this movement would have resulted in a EUR 661 thousand credit / EUR 1,896 thousand charge to Equity, mainly as a result of gains/losses from the fair value change of forward foreign exchange contracts.

As of December 31, 2023, if the EUR had weakened / strengthened by 7 percent against the U.S. dollar with all other variables held constant, this movement would have resulted in a EUR 4,111 thousand charge / EUR 3,573 thousand credit to Profit, mainly as a result of gains/losses from the fair value change of forward foreign exchange contracts.

As of December 31, 2023, if the EUR had weakened / strengthened by 7 percent against the U.S. dollar with all other variables held constant, this movement would have resulted in a EUR 354 thousand charge / EUR 407 thousand credit to Equity, mainly as a result of gains/losses from the fair value change of forward foreign exchange contracts.

On May 17, 2023, the Company (Lender) entered into a EUR 200 million Revolving Credit Agreement (“Agreement”) with United States Steel Corporation (Borrower). Funds are available in either USD or EUR. As of December 31, 2024, full amount of loan was available to lend under this Agreement.

c) Other price risk

In the normal course of its business, the Company is exposed to price fluctuations related to the production and sale of steel products. The Company is also exposed to price risk related to the sale, production or purchase of coal, coke, natural gas, steel scrap, iron ore and pellets, zinc, tin and other nonferrous metals used as raw materials.

The Company is exposed to commodity price risk on both the purchasing and sales sides and manages the risk primarily through natural hedges. The Company’s market risk strategy is in compliance with U. S. Steel’s strategy that has generally been to obtain competitive prices for our products and services and allow operating results to reflect the market price movements dictated by supply and demand in the profit or loss.

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The Company is exposed to a fluctuation of raw materials prices. An increase in the prices of these commodities would have an adverse impact on the Company's profitability. In order to mitigate the Company's exposure to iron ore price fluctuation, the Company entered into commodity swaps and fixed the price for the portion of the Company's iron ore requirements, which helped the Company's profitability objectives. All commodity swaps for tin commenced in 2023 matured in 2023. There have not been any swaps for tin executed in 2024.

In 2024 and 2023, the Company did not carry out any other material derivative transaction mitigating commodity price risk and only had open commodity derivatives for iron ore as of December 31, 2024.

Based on sensitivity analysis performed by the Company iron ore price fluctuation would not have significant impact on the financial statements.

Note 26 Financial Instruments by Category

The following table provides a reconciliation of classes of financial assets and liabilities with the measurement categories as determined by *IFRS 9 Financial Instruments* and *IFRS 16 Leases*:

December 31, 2024				
	Amortized cost	FV through profit or loss	FV through other comprehensive income	Total
Assets				
Unquoted financial instruments	-	111	-	111
Trade receivables (net)	228,534	-	4,687	233,221
Related party accounts receivables (net)	12,131	-	-	12,131
Other receivables (net)	17,829	-	-	17,829
Cash and cash equivalents	161,877	-	-	161,877
Restricted cash	7,741	-	-	7,741
Derivative financial instruments (Note 12)	-	24,011	-	24,011
Total	428,112	24,122	4,687	456,921
	Amortized cost	FV through profit or loss	Total	
Liabilities				
Trade payables and accruals		429,945	-	429,945
Other financial liabilities (Note 18)		2,234	-	2,234
Dividends (Note 14, 18)		50,000	-	50,000
Derivative financial instruments (Note 12)		1,617	-	1,617
Short-term borrowings				
Related parties (Note 28)		-	-	-
Leases (Note 5, 18)		8,615	-	8,615
Long-term borrowings				
Leases (Note 5, 18)		3,717	-	3,717
Total		496,128	-	496,128
December 31, 2023				
	Amortized cost	FV through profit or loss	FV through other comprehensive income	Total
Assets				
Unquoted financial instruments	-	111	-	111
Trade receivables (net)	309,664	-	23,450	333,114
Related party accounts receivables (net)	12,756	-	-	12,756
Other receivables (net)	18,204	-	-	18,204
Cash and cash equivalents	279,282	-	-	279,282
Restricted cash	4,461	-	-	4,461
Derivative financial instruments (Note 12)	-	760	-	760
Total	624,367	871	23,450	648,688

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	Amortized cost	FV through profit or loss	Total
Liabilities			
Trade payables and accruals	473,716	-	473,716
Other financial liabilities (Note 18)	4,243	-	4,243
Dividends (Note 14, 18)	90,000	-	90,000
Derivative financial instruments (Note 12)	-	6,168	6,168
Short-term borrowings			
Related parties (Note 28)	(39)	-	(39)
Leases (Note 5, 18)	9,907	-	9,907
Long-term borrowings			
Leases (Note 5, 18)	7,833	-	7,833
Total	585,660	6,168	591,828

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets				
Trade receivables that are subject of factoring arrangements (Note 11)	-	4,687	-	4,687
Unquoted financial instruments	-	111	-	111
Hedging derivatives	-	24,011	-	24,011
Total	-	28,809	-	28,809
Liabilities				
Hedging derivatives	-	1,617	-	1,617
Total	-	1,617	-	1,617
December 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
Trade receivables that are subject of factoring arrangements (Note 11) *	-	23,450	-	23,450
Unquoted financial instruments	-	111	-	111
Hedging derivatives	-	760	-	760
Total	-	24,321	-	24,321
Liabilities				
Hedging derivatives	-	6,168	-	6,168
Total	-	6,168	-	6,168

* The Company has adjusted presentation of Trade receivables that are subject of factoring arrangements from Level 3 to Level 2 for the amount presented in year 2023.

During 2024 and 2023, there were no transfers between Level 1 and Level 2 of fair value measurements and no transfers into and out of Level 3 of fair value measurements.

All other financial instruments, with the exception of hedging derivatives and trade receivables that are subject of factoring arrangements, are measured at amortized cost as of December 31, 2024 and December 31, 2023. Fair values of these instruments as of December 31, 2024 and December 31, 2023 approximate their carrying amounts.

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Note 27 Contingent Liabilities and Contingent Assets

Capital Commitments

Capital expenditures of EUR 18 million had been committed under contractual arrangements as of December 31, 2024 (December 31, 2023: EUR 44 million).

Environmental Commitments

The Company is in compliance with environmental legislation. In 2024, the environmental expenses represented mainly by air, water pollution and solid waste handling fees totaled approximately EUR 7.2 million (2023: EUR 9.8 million). There are no material legal proceedings pending against the Company involving environmental matters.

The Company is subject to the laws of Slovakia and the European Union (EU). An EU Regulation commonly known as Registration, Evaluation, Authorization and Restriction of Chemicals, Regulation 1907/2006 (REACH) requires the registration of certain substances produced in or imported into the EU, and for selected substances, the application for authorization to continue use where replacement of certain substances is not possible or feasible. In some cases, replacements for substances currently used in our operations were implemented. European Commission approved Authorization for the Company to use sodium dichromate and chromium trioxide for packaging steel until December 31, 2027. The Company can still use hexavalent chromium substances in the selected processes until the suitable alternative is qualified for use.

Efforts are ongoing to identify, test and prove the feasibility of replacement substances. Membership contributions to consortiums for update of registration and authorization documentation were EUR 4 thousand in 2024 (2023: EUR 22 thousand). The Company cannot reliably estimate the potential additional registration costs of produced and purchased substances.

Effective from January 1, 2020, the Company transferred, within the framework of fulfilling the obligations of a packaging manufacturer, from the collective system to the individual system of fulfillment of obligations, resulting in reduction of the total costs relating to the subsequent collection, sorting and recovery of the packaging waste. Due to the impact of the change as well as the optimization of record keeping procedure for the packaging placed on the Slovak market, the 2024 costs were EUR 141 thousand (2023: EUR 124 thousand).

Carbon Dioxide (CO₂) Emissions

The European Union has established CO₂ reduction targets of 40 percent by 2030, against a 1990 baseline and full carbon neutrality by 2050. As part of the European Green Deal the Commission proposed in September 2020 to raise the 2030 reduction target to at least 55 percent compared to 1990. The new target has been endorsed by the European Parliament.

In order to achieve the EU goal of carbon emissions neutrality by 2050, on July 14, 2021, the European Commission released a package of legislative proposal called Fit for 55. The proposals contain significant changes to current EU ETS functions and requirements, including: a new carbon border adjustment mechanism (CBAM) to impose carbon fees on EU imports, further reduction of free CO₂ allowance allocation to heavy industry and measures to strengthen allocation of emission allowances. The initial phase started on October 1, 2023 with only reporting obligation without financial impact. The full scale of CBAM will commence on January 1, 2026 and will have an impact on Company's free allocation starting in 2026 where initial reduction to 97.5 percent starts until 2035 with no free allocation. Another implication of CBAM is the customs duty that will require the Company to cover all its imports from third parties with CBAM Certificates representing embedded emissions in goods imported. The legislative process is being impacted by the ongoing Russia-Ukraine conflict. The proposals are subject to the EU legislative process, and we cannot predict their future impact.

An emission trading system (ETS) was established to encourage compliance with set emissions reduction targets and starting in 2013, the ETS discontinued allocation based on national allocation plans (NAP) and began to employ centralized allocation which is more stringent than the previous requirements.

Phase IV of the EU Emissions Trading System (EU ETS) commenced on January 1, 2021 and will finish on December 31, 2030. The Phase IV is divided into two sub periods (2021-2025 and 2026-2030). The European Commission issued final approval of the updated 2021-2025 Slovak National Allocation table in February 2022. The Slovak Ministry of Environment allocated free allowances totaling 6.2 million tons of EUA to the Company in March 2024. As of December 31, 2024, the Company pre-purchased via spot purchases or settled forwards approximately 1 million tons EUAs totaling EUR 84 million to cover the 2024

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shortfall of emission allowances and 1.22 million tons EUAs totaling EUR 77 million to cover portion of the expected subsequent years shortfall (Note 8).

During the third quarter of 2024, USSK submitted a request for free allocation for the second sub period 2026-2030 to the European Commission via the Slovak Ministry of Environment. The decision on volume of free allocation is expected at the end of 2025.

In 2019, the U. S. Steel Corporation announced its commitment to reduce greenhouse gas emissions intensity across its global footprint by 20 percent, as measured by the rate of CO₂ equivalents emitted per ton of finished steel shipped, by 2030 based on 2018 baseline levels. In 2021, the U. S. Steel Corporation announced its goal to achieve net-zero emissions by 2050 as measured by the rate of CO₂ equivalents emitted per ton of finished steel shipped. These targets will apply to U. S. Steel's global operations.

The carbon reduction targets reflect Company's continued commitment to improvement in production efficiency and the manufacture of products that are environmentally friendly. The transition to Electric Arc Furnace (EAF) technology as well as incremental gains in energy reduction, use of renewable energy, hydrogen-based steelmaking and continued asset and process improvements are expected to reduce the greenhouse gas footprint of the Company. However, the development of breakthrough technologies is likely required to continue the path of low to no carbon footprint in the steel industry. Implementation of new technologies will most likely require significant amounts of capital and an abundant source of low-cost hydrogen and/or green power, most likely leading to an increase in the cost of future steelmaking. In addition, the cost of emission allowances is forecast to increase, along with the number of allowances decreasing in the next several years.

Best Available Techniques (BAT's)

The EU's Industrial Emissions Directive requires implementation of EU determined BAT's for Iron and Steel production to reduce environmental impacts as well as compliance with BAT associated emission levels. Total capital expenditures for projects to go beyond the BAT requirements were EUR 138 million. These costs were partially offset by the EU funding received and may be mitigated over the next measurement periods if the Company complies with certain financial covenants, which are assessed annually. If the Company is unable to meet these covenants in the future, the Company might be required to provide additional collateral (e.g., bank guarantee) to secure 50 percent of the EU funding received. The Company complied with these covenants as of December 31, 2024 and December 31, 2023, and no additional collateral will be required by the end of June 30, 2025. By this next assessment date, the Company expects that nine projects of the total fifteen will pass the sustainability monitoring and will be excluded from further assessment to provide additional collateral. The last assessment of financial covenants will be performed as of June 30, 2026.

War in Ukraine

In February 2022, Russia invaded Ukraine and active conflict continues in the country. The war in Ukraine has caused disruption and instability in Russia, Ukraine, as well as in the markets in which the Company operates. The Company is constantly monitoring the situation for impacts and risks to the Company.

As a result of the invasion, the European Union (EU) has enacted sanctions against Russia and Russian interests. The Company is complying with all applicable sanctions that impact its business.

Since the onset of the war, and before, the Company has been procuring iron ore and coal through alternate sources. With the EU prohibiting purchases of coal from suppliers in Russia, new purchases of coal originating from Russia have stopped. The Company has built up alternate supply chains to meet current customer demand.

Russian supply of natural gas to Europe has decreased significantly in response to enacted sanctions. However, Slovakia has natural gas storage and access to additional supply from countries including Norway, the United States and Africa. Together, these sources are enough to support the country's expected natural gas consumption through the 2025, which includes demand for Company's operations.

Company's management considered the potential impact of this situation on its activities and business and concluded that they did not have a significant impact on its 2024 financial statements or going concern assumption in 2025 and further. However, if current situation turns into negative development, it might have a material adverse effect on the Company, its business, financial condition, results, cash flows and prospects in general.

The Company does not expect an impact on its ability to continue to operate as a going concern.

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Note 28 Related Party Transactions

Transactions with related parties

The following table provides amounts of transactions with related parties recognized in the profit or loss of the relevant financial year and outstanding balances resulting from transactions with related parties included in the statement of financial position as of December 31 of the relevant financial year:

Transaction	Related party	2024	2023
Rendering of services	United States Steel Corporation, Ultimate parent company	11,803	13,999
	Big River Steel, Company under common control of U.S. Steel	24	102
	Subsidiaries under control of the Company	71	75
Sales of materials and own production	Subsidiaries under control of the Company	14	19
Sales of merchandise	Subsidiaries under control of the Company	1	2
Other income	Subsidiaries under control of the Company	143	129
Revenues total		12,056	14,326
Services received	United States Steel Corporation, Ultimate parent company	13,567	11,016
	USS International Services, LLC, Company under common control of U. S. Steel	1,300	2,810
	U. S. Steel International Inc, Company under common control of U. S. Steel	-	14
	Subsidiaries under control of the Company	23	75
Purchase of raw material	United States Steel Corporation, Ultimate parent company	114,719	205,035
Purchase of slabs	USS International, Inc., Company under common control of U. S. Steel	-	7,123
Purchase of other materials, products and goods	Subsidiaries under control of the Company	3	9
Purchase of energies	Subsidiaries under control of the Company	4	16
Cost of sales of material and own products	United States Steel Corporation, Ultimate parent company	387	4,052
Other expenses	Subsidiaries under control of the Company	9	1
Expenses total		130,012	230,151
Transaction	Related party	2024	2023
Receivables	United States Steel Corporation, Ultimate parent company - trade receivables	12,072	12,706
	United States Steel Corporation, Ultimate parent company - advanced payment	-	14,852
	USS International Services, LLC, Company under common control of U. S. Steel	48	41
	Subsidiaries under control of the Company	11	9
Receivables total		12,131	27,608
Payables	United States Steel Corporation, Ultimate parent company	10,935	26,032
	USS International Services, LLC, Company under common control of U. S. Steel	262	879
	Subsidiaries under control of the Company	366	359
Payables total		11,563	27,270
Borrowings received including interest (Note 15)	Subsidiaries under control of the Company	-	64
Borrowings received including interest total		-	64

In 2024, USSK declared dividends to U. S. Steel Global Holdings VI B.V. totaling EUR 160 million (2023: EUR 250 million). Dividends totaling EUR 200 million and EUR 160 million were paid in December 2024 and October 2023, respectively. The amount of declared but unpaid dividends was EUR 50 million as of December 31, 2024 (December 31, 2023: EUR 90 million) (Note 14).

All related party transactions were realized on arm’s length basis.

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On December 27, 2024, the Company (Borrower) entered into a USD 200 million Revolving Credit Agreement (“Agreement”) with United States Steel Corporation (Lender). Funds are available available in either USD or EUR. This Agreement will mature on December 27, 2027. Amounts outstanding under the Agreement shall bear interest at a rate equal to SOFR plus margin 2.50 percent per annum for loans denominated in USD or at a rate equal to EURIBOR plus 4.00 percent per annum for loans denominated in EUR. As of December 31, 2024, the USD 200 million Revolving Credit Agreement was undrawn and fully available.

On May 17, 2023, the Company (Lender) entered into a EUR 200 million Revolving Credit Agreement (“Agreement”) with United States Steel Corporation (Borrower). Funds are available available in either USD or EUR. This agreement will mature on May 17, 2025. Amounts outstanding under the Agreement shall bear interest at a rate equal to SOFR plus margin 1.80 percent per annum for loans denominated in USD or at a rate equal to 3M EURIBOR plus 2.35 percent per annum for loans denominated in EUR. As of December 31, 2024, full amount of loan was available to lend under this Agreement.

On December 17, 2024, the Company (Lender) entered into a Supplemental Amendment No. 21 with U.S. Steel Košice – SBS, s.r.o. (Borrower) in the amount of EUR 300 thousand. for a fixed period of time, until 31 December 2025. The interest rate for granting the loan is EURIBOR plus an annual margin of 1.7 percent per annum. In 2024 and 2023 the Company drew and provided short-term borrowings as a part of the Group’s cash pooling strategy.

Short-term loans borrowed by the Company (Note 15):

Lender	Agreed amount	Currency	Interest rate	Date of Maturity	Transaction	2024	2023
U.S. Steel Košice - SBS, s.r.o.	2,700	EUR	1M EURIBOR + 1.7% p.a.	December 18, 2024	Drawings	2,092	2,028
					Repayments	2,156	2,081

Short-term loans provided by the Company:

Borrower	Agreed amount	Currency	Interest rate	Date of Maturity	Transaction	2024	2023
U.S. Steel Košice - SBS, s.r.o.	500	EUR	1M EURIBOR + 1.7% p.a.	December 18, 2024	Drawings	877	1,434
					Repayments	877	1,434
U.S. Steel Košice - SBS, s.r.o.	300	EUR	1M EURIBOR + 1.7% p.a.	December 31, 2025	Drawings	-	-
					Repayments	-	-

Employments of the statutory representatives and key management employees

a) Slovak and foreign statutory representatives of the Company did not receive any cash or non-cash benefits from the Company in 2024 and 2023 that arise from their positions as statutory representatives. In 2024 and 2023 foreign statutory representatives of the Company were employed and paid based on their employment contracts with USS International Services, LLC and their compensation was included in charges for managerial services provided to the Company.

Salaries and other employee benefits of the Company’s key management employees shown in the following table comprise also a compensation of Slovak statutory representatives:

	2024	2023
Wages and salaries	14,064	13,345
Mandatory social and health insurance to all insurance funds	4,494	4,336
Total	18,558	17,681

b) Shares of U. S. Steel granted to the Company’s executives do not represent a material amount in these financial statements.

c) No loans or advance payments were provided to statutory representatives by the Company.

Note 29 Financial Performance Indicators

USSK management believes that EBITDA considered along with the net earnings (loss), Earnings Before Interest and Taxes (EBIT) and Earnings Before Taxes (EBT) are relevant indicators of trends relating to Company’s financial performance and cash generating activity. These performance indicators provide

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management and investors with additional information for comparison of our operating results to the operating results of other companies. These measures are not intended to evaluate the Company's liquidity position.

EBITDA is determined from net earnings (loss) as adjusted for income taxes, net interest income (loss), dividend income and significant non-cash items which do not affect cash generating activity. Adjustments include depreciation, amortization, asset impairment charge or reversal and non-cash charges recorded in line with emission allowances accounting policy. Earnings Before Interest and Taxes (EBIT) is a measure of a Company's profitability determined from EBITDA adding back depreciation, amortization and asset impairment charge or reversal. Earnings Before Tax (EBT) is further adjusted adding back net financial income (expense) and dividend income.

The reconciliation of EBITDA, EBIT and EBT is as follows:

	2024	2023
Net loss	(99,608)	(31,405)
Income tax	(25,989)	(15,730)
Interest expense and other financial costs	2,786	2,611
Interest income	(7,317)	(5,601)
Dividend income	(115)	(100)
Depreciation and amortization	120,764	87,485
Non cash portion of CO ₂ emission allowances transactions	424,393	610,345
Amortization of deferred income - CO ₂ emission allowances (Note 19)	(354,732)	(556,881)
EBITDA	60,182	90,724
Depreciation & Amortization	(120,764)	(87,485)
EBIT	(60,582)	3,239
Interest expense and other financial costs	(2,786)	(2,611)
Interest income	7,317	5,601
Dividend income	115	100
EBT	(55,936)	6,329

Adjusted EBITDA provides additional information by excluding the effects of non-recurring adjusting items or one-off events that can obscure underlying trends, e.g. restructuring and other charges, or income/gains or expenses/losses from any items unusual because of their nature, size or incidence or other nonrecurring items.

The reconciliation of adjusted EBITDA is as follows:

	2024	2023
EBITDA	60,182	90,724
Restructuring and other charges (Note 17)	-	9,804
Costs of eliminating an undesirable event, unscheduled repair *	14,169	-
Adjusted EBITDA	74,351	100,528

* The elimination of the consequences of the undesirable event was fully completed in 2024 and the Company does not expect any further related costs in 2025.

EBITDA and Adjusted EBITDA amounts are derived from net loss shown on page F-8. The decrease in EBITDA and Adjusted EBITDA in 2024 from the prior year primarily resulted from the decreased shipments, lower average realized prices across all products, higher operating costs and lower other sales partially offset by decreased raw material costs, lower energy costs, strengthening of the U.S. dollar against euro and lower other costs.

Note 30 Events after the Reporting Period

After December 31, 2024, no other significant events have occurred that would require recognition or disclosure in the 2024 financial statements.