

OS AA01

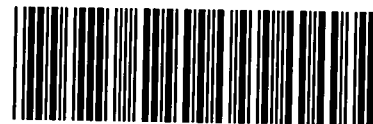
Statement of details of parent law and other  
information for an overseas company

101243/20

**What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law.

**What this form is NOT for**  
You cannot use this form to  
an alteration of manner of  
with accounting requirements

FRIDAY



\*ACGIRBQJ\*

A28

17/11/2023

#142

COMPANIES HOUSE

**Part 1 Corporate company name**

Corporate name of  
overseas company

AK Steel International B. V.

UK establishment  
number

B R 0 2 3 6 7 1

Filling in this form  
Please complete in typescript or in  
bold black capitals.

All fields are mandatory unless  
specified or indicated by \*

**Part 2 Statement of details of parent law and other  
information for an overseas company**

A1

**Legislation**

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited.

Legislation

Title 9, Book 2 of the Dutch Civil Code

A2

**Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box.

☐ No. Go to **Section A3**.

☒ Yes. Please enter the name of the organisation or other  
body which issued those principles below, and then go to **Section A3**.

Name of organisation  
or body

Dutch Accounting Standards Board

A3

**Accounts**

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to **Section A5**.

☒ Yes. Go to **Section A4**.

# OS AA01

Statement of details of parent law and other information for an overseas company

**A4**

## Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

- ☐ No. Go to **Part 3 'Signature'**.
- ☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.

Name of organisation or body

NBA Netherlands

**A5**

## Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

- ☐ No.
- ☐ Yes.

## Part 3

## Signature

Signature

I am signing this form on behalf of the overseas company.

Signature



J.L. Geraeds  
Managing Director

This form may be signed by:  
Director, Secretary, Permanent representative.

# OS AA01

Statement of details of parent law and other information for an overseas company

## Where to send

**You may return this form to any Companies House address:**

**England and Wales:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

**Scotland:**

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post).

**Northern Ireland:**

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG.  
DX 481 N.R. Belfast 1.

To the Management and Shareholders of  
AK Steel International B.V.  
BREDA

ANNUAL REPORT 2022

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To the Management and Shareholders of  
AK Steel International B.V.  
Rat Verleghstraat 2 A  
4815 NZ Breda

Capelle aan den IJssel, 13 June 2023

Dear Sirs,

### **1.1 SCOPE OF ENGAGEMENT**

In accordance with your instructions we have audited the 2022 financial statements of AK Steel International B.V. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

The Independent Auditor's Report has been included in the financial statements among the Other information.

### **1.2 GENERAL**

#### **Adoption of the annual accounts**

The Annual General Meeting of Shareholders have adopted the 2021 annual report on 29 September 2022. The net result after taxation for the year 2021 was € 1.848.785. In accordance with the board of directors' proposal the net result was transferred to the other reserves.

#### **Appropriation of the result**

In accordance with the proposal for appropriation of the board of directors, the result 2022 of € 6.828.527 is transferred to the other reserves.

### 1.3 RESULTS

#### Analysis of the result

	2022		2021		Movement	
	€	%	€	%	€	%
<b>Net turnover</b>	41.187.911	100,0	32.781.306	100,0	8.406.605	25,6
<b>Cost of sales</b>	<u>-29.021.624</u>	<u>-70,5</u>	<u>-25.173.563</u>	<u>-76,8</u>	<u>-3.848.061</u>	<u>-15,3</u>
<b>Gross margin</b>	12.166.287	29,5	7.607.743	23,2	4.558.544	59,9
<b>Other operating income</b>	<u>6.527</u>	<u>-</u>	<u>2.718</u>	<u>-</u>	<u>3.809</u>	<u>140,1</u>
<b>Total operating income</b>	<u>12.172.814</u>	<u>29,5</u>	<u>7.610.461</u>	<u>23,2</u>	<u>4.562.353</u>	<u>59,9</u>
<b>Expenses of employee benefits</b>	4.344.581	10,5	4.368.061	13,3	-23.480	-0,5
<b>Depreciation of property, plant and equipment</b>	67.115	0,2	85.542	0,3	-18.427	-21,5
<b>Other operating expenses</b>	<u>774.837</u>	<u>1,8</u>	<u>872.662</u>	<u>2,7</u>	<u>-97.825</u>	<u>-11,2</u>
<b>Total of sum of expenses</b>	<u>5.186.533</u>	<u>12,5</u>	<u>5.326.265</u>	<u>16,3</u>	<u>-139.732</u>	<u>-2,6</u>
<b>Total of operating result</b>	6.986.281	17,0	2.284.196	6,9	4.702.085	205,9
<b>Financial income and expense</b>	<u>-203.024</u>	<u>-0,5</u>	<u>-34.967</u>	<u>-0,1</u>	<u>-168.057</u>	<u>-480,6</u>
<b>Total of result before tax</b>	6.783.257	16,5	2.249.229	6,8	4.534.028	201,6
<b>Income tax expense</b>	<u>-1.747.822</u>	<u>-4,2</u>	<u>-600.924</u>	<u>-1,8</u>	<u>-1.146.898</u>	<u>-190,9</u>
	5.035.435	12,3	1.648.305	5,0	3.387.130	205,5
<b>Share in result of participations</b>	<u>1.793.092</u>	<u>4,4</u>	<u>200.480</u>	<u>0,6</u>	<u>1.592.612</u>	<u>794,4</u>
<b>Total of result after tax</b>	<u>6.828.527</u>	<u>16,7</u>	<u>1.848.785</u>	<u>5,6</u>	<u>4.979.742</u>	<u>269,4</u>

**1.4 FINANCIAL POSITION**

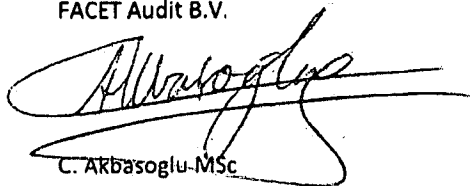
To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report. Hereafter we provide you with the balance sheet as at 31 December 2022 in an abridged form.

**Analysis of the financial position**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
<b>Available on short term</b>		
Receivables	3.756.063	3.761.060
Cash and cash equivalents	<u>2.878.072</u>	<u>5.568.178</u>
	6.634.135	9.329.238
Current liabilities	<u>-5.846.662</u>	<u>-4.206.671</u>
	787.473	5.122.567
<b>Liquidity surplus</b>		
Inventories and work in progress	<u>11.438.781</u>	<u>13.018.210</u>
	<u>12.226.254</u>	<u>18.140.777</u>
<b>Working capital</b>		
<b>Established for the long term</b>		
Property, plant and equipment	86.328	153.452
Financial assets	<u>6.179.677</u>	<u>4.530.008</u>
	<u>6.266.005</u>	<u>4.683.460</u>
Financed with on the long term available assets	<u>18.492.259</u>	<u>22.824.237</u>
<b>Financing</b>		
Equity	16.859.375	21.030.848
Provisions	<u>1.632.884</u>	<u>1.793.389</u>
	<u>18.492.259</u>	<u>22.824.237</u>

Yours sincerely,

FACET Audit B.V.



C. Akbasoglu-MSc  
Registeraccountant



## **MANAGEMENT REPORT 2022**

In accordance with the legal and statutory requirements we hereby present our report in relation to the statutory accounts as per 31 December 2022.

### **1. General information.**

#### **1.1 Objective**

The activities of the company are related to: purchase, sales, stockholding, distribution and transport of steel products.

#### **1.2 Core business**

The main part is related to purchase, warehousing, distribution and sales of steel and metal products produced by third parties. In addition marketing, sales and distribution of steel products produced by Cleveland-Cliffs in the USA.

#### **1.3 Legal structure.**

The company is registered in The Netherlands as a company with limited liability.

AK Steel International B.V. is fully owned by CCI Holdings Lux S.à.r.l. which is fully owned by Cleveland Cliffs International Holding Company.

The company is the sole shareholder of AK Steel Srl., Italy and has branch offices in Germany, France, Spain and UK.

Cleveland-Cliffs has been traditionally recognized as the largest and oldest independent iron ore mining company in the United States. In 2020, Cleveland-Cliffs conducted a transformation that will keep the company thriving for the next century with the acquisition of two prominent steel companies in the United States. Today, we are now the largest flat-rolled steel company and the largest iron ore pellet producer in North America. The Company is vertically integrated, from mined raw materials, direct reduced iron, and ferrous scrap to primary steelmaking and downstream finishing, stamping, tooling, and tubing and downstream with hot and cold stamping of steel parts and components. We have the unique advantage of being self-sufficient with production of the raw materials for our steelmaking operations. With ongoing initiatives to reduce waste, improve water conservation, and reduce carbon emissions by 25% by 2030, we promise to become North America's leader in steelmaking and mining sustainability.

#### **1.4 Key elements of policies conducted**

AK Steel International B.V. is EN 9120:2017 and ISO-9001:2015 certified and has a quality system, which serves as the basis for the QS-90000 certification.

The administration is fully automated in Microsoft Business Solutions Nav2009.

#### **1.5 Events after balance sheet date.**

There have been no notifiable events after 31 December 2022 which would have had a material impact on the reported figures.

### **2. Financial information.**

#### **2.1 The developments throughout the year**

The equity value has decreased by € 4.171.473. During the year the dividend approved in the annual meeting of 23 May 2022 was paid for an amount of € 4.000.000. In addition an interim dividend of € 7.000.000 was approved and paid in December 2022.

There were no investments in 2022. Investment plans for 2023 are for continued maintenance of computer hardware and software. In April 2023 a new high performance cutting machine has been installed in the warehouse in The Netherlands.

## 2.2 The achieved results

Sales in 2022 were € 41.187.911. This was substantially higher than 2021. Also it was substantially better than the budget. The market conditions in 2022 were quite unusual which had a positive impact on our sales. Demand was exceptionally high due to a general shortage of materials. Moreover the energy cost went up dramatically in 2022. We have been able to increase our selling prices in line with the increased purchase prices.

The result of the financial year 2022 shows a net income from direct sales activities of € 5.035.435. The result from the subsidiaries is € 1.793.092. The total profit for the year 2022 is € 6.828.527.

The total operating income amounts to	Euro 12.172.814 (profit)
---------------------------------------	--------------------------

Expenses:	personnel cost	Euro 4.344.581
	depreciations	Euro 67.115
	other operating expenses	Euro 774.837

Financial income and expenses	Euro 203.024 (loss)
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The net income amounts to	Euro 6.828.527 (profit)
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The Board of directors propose to add the profit of the financial year to the reserves.

For 2023 we expect a healthy sales volume. The general market conditions are expected to stabilize and profit levels are expected to come down to the levels we have seen in previous years.

## 2.3 Balance sheet.

Inventories	Euro 11.438.781
-------------	-----------------

Current assets as per 31 December 2021:

- Trade receivables	Euro 3.246.645
- Others	Euro 391.352

Cash and cash equivalents	Euro 2.878.072
---------------------------	----------------

Current liabilities as per 31 December 2021:

- Trade creditors	Euro 2.219.021
- Group companies	Euro 495.180
- Taxes and social security	Euro 1.391.402
- Others	Euro 1.741.059

Due to the strong solvency and liquidity shown in the balance sheet the business can be continued without a need for financing.

## 2.4 Risks and uncertainties.

The budget for 2023 was prepared with an expected growth of sales and good profits. Market conditions in the first period of 2023 have remained extremely positive and we expect a further growth for 2023 above the levels set in the budget.

The further development of our sales and profits will be subject to:

- The production capacity of the steel mills worldwide is fully loaded and has a reverse impact on lead times.
- Alloy surcharges have been historically high having a negative impact on the cost of stock replenishment. In the past period alloy surcharges have come down.
- Inflation rates continue to be high impacting all cost items.

### **3. Covid-19 safety measures**

AK Steel International has implemented and followed all required measures to work safely under the government guidance. If and where possible people have worked from home, all staff has been provided the necessary equipment and security measures.

### **4. Ukraine/Russia.**

No direct impact on our business has been noticed.

### **5. Financial Instruments.**

Due to positive results and a strong cash and balance sheet position AK Steel International B.V. does not need any financial instruments to finance the business.

AK Steel International B.V. has a limited foreign currency position. Therefore no currency hedging is required. There are no derivative financial instruments.

### **6. Code of Conduct.**

The Cleveland Cliffs Code of conduct is published on the corporate website and does also apply to AK Steel International B.V.

The document can be retrieved via the following link:

<https://www.clevelandcliffs.com/investors/corporate-governance/governance-documents>

### **7. Fraud management**

AK Steel International B.V. has several processes and procedures in place to minimize the risks of fraud. Key in the fraud management is awareness amongst all employees. If and where suspicious event are discovered all employees will be alerted. All business partners both customers and suppliers are regularly screened through specialized software checks. We have proper internal control procedures installed to avoid any suspicious payments.

### **8. GDPR.**

AK Steel International B.V. undertakes all necessary efforts to secure adherence to the GDPR regulations. In 2022 an independent audit was performed to confirm all necessary processes and procedures are in place. The result of the audit was positive.

### **9. Organization**

No changes in the key management took place during 2022.

During the financial year 2022 the organization has been stable at a level of 40 FTE. For 2023 a modest increase of the number of employees is expected.

### **10. Going concern**

The shareholder is positive about the achieved results and about the future potential. AK Steel International B.V. continues to develop the product portfolio and the sectors in which the business is performed. Together with the strong relationship with customers and suppliers, the positive market outlook, the strong financial position and the expected positive future cashflows, the management is very confident for the short and longer term existence of the company. Therefore, the financial statements have been prepared on a going concern basis.

Breda, 13 June 2023



Hans Geraeds  
Managing Director

AK Steel International B.V., Breda

**3.1 BALANCE SHEET AS AT 31 DECEMBER 2022**  
(After proposal distribution of result)

**ASSETS**

		<u>31-12-2022</u>		<u>31-12-2021</u>	
		€	€	€	€
<b>FIXED ASSETS</b>					
Property, plant and equipment	1		86.328		153.452
Financial assets	2		6.179.677		4.530.008
<b>CURRENT ASSETS</b>					
Inventories and work in progress					
Finished goods for resale	3		11.438.781		13.018.210
<b>Receivables</b>					
Trade receivables	4	3.534.868		3.603.604	
Receivables from group companies	5	43.815		-	
Other receivables, prepayments and accrued income	6				
		<u>177.380</u>		<u>157.456</u>	
			3.756.063		3.761.060
Cash and cash equivalents	7		2.878.072		5.568.178
Total assets			<u><u>24.338.921</u></u>		<u><u>27.030.908</u></u>

AK Steel International B.V., Breda

**EQUITY AND LIABILITIES**

		31-12-2022	31-12-2021
		€	€
<b>EQUITY</b>	<b>8</b>		
Share capital paid called up	9	100	100
Share premium	10	10.030.747	15.657.208
Other reserve	11	6.828.528	5.373.540
		16.859.375	21.030.848
<b>PROVISIONS</b>			
Provisions for pension obligations	12	1.610.605	1.793.389
Deferred tax liabilities	13	22.279	-
		1.632.884	1.793.389
<b>CURRENT LIABILITIES</b>			
Trade payables		2.219.021	866.015
Current payables to group companies	14	495.180	1.224.260
Payables relating to taxes and social security contributions	15	1.391.402	185.161
Current other payables, liabilities and accrued expenses	16	1.741.059	1.931.235
		5.846.662	4.206.671
<b>Total equity and liabilities</b>		<b>24.338.921</b>	<b>27.030.908</b>

AK Steel International B.V., Breda

**3.2 PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022**

		2022		2021	
		€	€	€	€
<b>Net turnover</b>	17	41.187.911		32.781.306	
<b>Cost of sales</b>		<u>-29.021.624</u>		<u>-25.173.563</u>	
<b>Gross margin</b>		12.166.287		7.607.743	
<b>Other operating income</b>		<u>6.527</u>		<u>2.718</u>	
<b>Total operating income</b>			12.172.814		7.610.461
<b>Expenses of employee benefits</b>	18	4.344.581		4.368.061	
<b>Depreciation of property, plant and equipment</b>	19	67.115		85.542	
<b>Other operating expenses</b>	20	<u>774.837</u>		<u>872.662</u>	
<b>Total of sum of expenses</b>			<u>5.186.533</u>		<u>5.326.265</u>
<b>Total of operating result</b>			6.986.281		2.284.196
<b>Financial income and expense</b>	21		<u>-203.024</u>		<u>-34.967</u>
<b>Total of result before tax</b>			6.783.257		2.249.229
<b>Income tax expense</b>	22		<u>-1.747.822</u>		<u>-600.924</u>
			5.035.435		1.648.305
<b>Share in result of participations</b>	23		<u>1.793.092</u>		<u>200.480</u>
<b>Total of result after tax</b>			<u>6.828.527</u>		<u>1.848.785</u>

### 3.3 NOTES TO THE FINANCIAL STATEMENTS

#### Entity information

##### Registered address and registration number trade register

The registered and actual address of AK Steel International B.V. is Rat Verleghstraat 2 A, 4815 NZ in Breda, Nederland. AK Steel International B.V. is registered at the Chamber of Commerce under number 20082595.

##### General notes

##### General notes

##### The most important activities of the entity

The activities of AK Steel International B.V. consist mainly of purchasing, selling, stockholding, distribution and transport of steel products. The company has branch offices in Germany, Great Britain, France and Spain.

##### Group structure

##### Disclosure of group structure

AK Steel International B.V. is part of the group with Cleveland-Cliffs Inc. (Ohio, U.S.A.) as head. The financial data of the company is to be included in the consolidated annual accounts of the head of the group.

AK Steel International B.V. has the following 100% subsidiaries:

- AK Steel S.r.l. (Genova, Italy)

##### Estimates

##### Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of AK Steel International B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

##### Consolidation

##### The exemption of consolidation in connection with the application of Section 2:408

AK Steel International B.V. forms a group together with Cleveland-Cliffs Inc., Ohio, U.S.A. Because the information of AK Steel International B.V. is part of the consolidation of Cleveland-Cliffs Inc., Ohio, U.S.A, consolidation has been exempt pursuant to section 408, sub 1, under b of Book 2 of the Dutch Civil Code. Accordingly, the company is exempt from presenting a cash flow statement. The consolidated financial statements of Cleveland-Cliffs Inc., Ohio, U.S.A. have been filed with the U.S. Securities and Exchange Commission and are available at <https://www.sec.gov/edgar>.

## General accounting principles

### **General accounting principles**

#### The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

### **Changes in accounting policies**

#### Disclosure of changes in accounting policies

Compared with previous year, there have been changes in the accounting policies applied to foreign pension plans which are not comparable in design and functioning to the Dutch pension system. In previous year, these pension plans were accounted for in accordance with US GAAP which states that actuarial gains and losses in the Projected Benefit Obligation (PBO) and the fair value of the assets related to these pension plans are recorded in the Other comprehensive income. From financial year 2022 onwards, all changes in the Projected Benefit Obligation (PBO) and the fair value of the assets related to these pension plans, including the actuarial gains and losses, are recorded in the Profit and Loss Account. The underlying reason for the change is to improve the insight the financial statements provide to stakeholders and to increase comparability of the financial statements with the financial statements of peers.

The change in accounting policy will be accounted for retrospectively. The change in accounting policy has the following effect on the Balance Sheet and Profit and Loss account for 2021:

	Before change:	After change:
Equity:	€ 21.030.847	€ 21.030.847
Pension costs:	€ 446.402	€ 524.793
Result:	€ 1.848.785	€ 1.770.394

As the change in accounting policy has no impact on the equity as per 31 December 2021, no correction has been recorded in the opening balance of 2022.



**Foreign currency translation**

**Conversion of amounts denominated in foreign currency**

The financial statements are presented in euros, which is the functional and presentation currency of AK Steel International B.V.

**Basis of conversion and processing of exchange rate differences relating to foreign currency transactions for the balance sheet**

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date.

The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

**Leases**

**Operating leases**

The corporation has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

## **Accounting principles**

### **Accounting principles applied to the valuation of assets and liabilities**

#### **Property, plant and equipment**

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

#### **Financial assets**

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as AK Steel International B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the profit and loss account.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

### Inventories

Inventories (stocks) are valued at cost price or lower net realizable value.

The cost price is based on the weighted average prices and consists of the historical cost and costs incurred in order to bring the stocks to their current location and current condition.

The lower net realizable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

### Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

### Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

### Provisions for pension obligations

AK Steel International B.V. has a number of pension schemes for employees. The most important characteristics of these schemes are included below.

For the Dutch employees the company has a pension scheme to which the provisions of the Dutch Pension Act ('Pensioenwet') are applicable. The company pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. Premiums are recognized as pension costs when they are due. Prepaid contributions are recognized as other receivables if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

For foreign pension plans similar to the way in which the Dutch pension system is designed and operates, recognition and measurement of liabilities arising from these pension schemes are accounted for in accordance with the Dutch pension schemes.

For foreign pension schemes which are not similar to the way in which the Dutch pension system is designed and operates, a best estimate is made of the obligation (Projected Benefit Obligation) as at the balance sheet date. The Projected Benefit Obligation is determined using the Projected Unit Credit method. Changes in the Projected Benefit Obligation and the fair value of the assets related to these pension schemes, including the actuarial gains and losses, are recorded in the Profit and Loss Account.

The provisions are mostly long-term.

### Deferred tax liabilities

Deferred tax liabilities are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other. The calculation of the deferred tax liability is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

The provision for deferred tax liabilities is valued at nominal value.

**Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

**Accounting principles for the determination of the result**

**Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

**Revenue recognition**

Net turnover is mainly generated from the supply of steel products and related services such as transport after deduction of discounts and such like taxes levied on the turnover.

Revenues from the supply of these steel products and services are recognized when all significant risks and rewards have been transferred to the buyer, which depends on the agreed upon delivery terms (incoterms) but is typically at the delivery of the goods.

**Cost of sales**

The cost of sales consists of the costs of goods sold and other attributable costs such as customs clearance, transport and packaging costs, possibly taking into account bonuses, quantity discounts, charged costs, etc.

**Wages**

The benefits payable to personnel are recorded in the profit and loss account on the basis of the employment conditions.

**Depreciation of property, plant and equipment**

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

**Other operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Financial income and expenses**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

AK Steel International B.V., Breda

**Income tax expense**

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

AK Steel International B.V., Breda

### 3.4 NOTES TO THE BALANCE SHEET

#### ASSETS

##### Fixed assets

##### 1 Property, plant and equipment

Other tangible assets

31-12-2022	31-12-2021
€	€
86.328	153.452

##### Property, plant and equipment

	Other tangible assets €
Balance as at 1 January 2022	
Cost or manufacturing price	638.790
Accumulated depreciation	-485.338
Book value as at 1 January 2022	153.452
Movements	
Depreciation	-67.115
Disposals	-4.753
Depreciation on disposals	4.744
Balance movements	-67.124
Balance as at 31 December 2022	
Cost or manufacturing price	634.037
Accumulated depreciation	-547.709
Book value as at 31 December 2022	86.328

The 'Other tangible assets' are depreciated at a rate of 10% to 20% per annum.

AK Steel International B.V., Breda

	31-12-2022	31-12-2021
	€	€
<b>2 Financial assets</b>		
Participations in group companies	5.866.239	4.073.146
Other investments	117.258	195.172
Deferred tax assets	196.180	261.690
	<u>6.179.677</u>	<u>4.530.008</u>

**Financial assets**

	Participations in group companies	Other invest- ments	Deferred tax assets	Total
	€	€	€	€
Balance as at 1 January 2022	4.073.146	195.172	261.690	4.530.008
Result	1.793.093	-	-	1.793.093
Revaluations	-	-77.914	-	-77.914
Decrease	-	-	-65.510	-65.510
Balance as at 31 December 2022	<u>5.866.239</u>	<u>117.258</u>	<u>196.180</u>	<u>6.179.677</u>

The 'Participation in group companies' relates to the 100% participation in AK Steel S.r.l., located in Genova, Italy. As per the adopted financial statements 2022 of AK Steel S.r.l. the result for the year was € 1.793.093 and the equity as per 31 December 2022 amounted to € 5.866.239.

The 'Other investments' consists of the surplus related to the pension scheme for personnel that worked in the United Kingdom and receive retirement benefits. The pension obligation is based on the Project Unit Credit method (PUC). The main assumptions underlying the valuation are the following:

- Discount rate: 4,8% (2021: 1,8%); and
- Mortality table: S3PMA/S3PFA, CMI 2019 (2021: idem).

The 'Deferred tax assets' relate to temporary differences between the carrying amount of the German pension scheme and its tax base.

AK Steel International B.V., Breda

**Current assets**

**Inventories and work in progress**

**3 Finished goods for resale**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Goods for resale	11.543.281	13.250.210
Provision for obsolete goods for resale	-104.500	-232.000
	<u>11.438.781</u>	<u>13.018.210</u>

**Receivables**

**4 Trade receivables**

Trade receivables	3.581.707	3.658.888
Provision for doubtful debts	-46.839	-55.284
	<u>3.534.868</u>	<u>3.603.604</u>

**5 Receivables from group companies**

Receivable from AK Steel S.r.l.	<u>43.815</u>	<u>-</u>
---------------------------------	---------------	----------

**6 Other receivables, prepayments and accrued income**

Taxes and social security charges	17.883	2
Other amounts receivable	35.643	64.857
Accruals and prepaid expenses	123.854	92.597
	<u>177.380</u>	<u>157.456</u>

**7 Cash and cash equivalents**

An amount of € 60.100 is not at the free disposal of the company.



AK Steel International B.V., Breda

## EQUITY AND LIABILITIES

### 8 Equity

	Share capital paid called up	Share pre- mium	Other reserve	Total
	€	€	€	€
Balance as at 1 January 2022	100	15.657.208	5.373.540	21.030.848
Appropriation of result	-	-	6.828.527	6.828.527
Dividend distributions	-	-	-5.373.539	-5.373.539
Repayment	-	-5.626.461	-	-5.626.461
Balance as at 31 December 2022	100	10.030.747	6.828.528	16.859.375

### 9 Share capital paid called up

	Issued share capital
	€
Balance as at 1 January 2022	100
Movements	-
Balance as at 31 December 2022	100

The issued share capital consist of 1 ordinary share with a nominal value of € 1.

	2022	2021
	€	€
<b>10 Share premium</b>		
Balance as at 1 January	15.657.208	15.657.208
Repayment	-5.626.461	-
Balance as at 31 December	10.030.747	15.657.208

€ 8.727.208 of the share premium is contaminated. The transfer of this share premium is subject to legal restrictions.

AK Steel International B.V., Breda

	2022	2021
	€	€
<b>11 Other reserve</b>		
Balance as at 1 January	5.373.540	6.371.103
Appropriation of result	6.828.527	1.848.785
Dividend distribution	-5.373.539	-4.000.000
Other comprehensive income pension provisions	-	-78.391
Own shares acquired	-	1.152.100
Mutation reserve for exchange differences	-	79.943
Balance as at 31 December	<u>6.828.528</u>	<u>5.373.540</u>

AK Steel International B.V., Breda

**Provisions**

**12 Provisions for pension obligations**

Provision for pension obligations Germany

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
	<u>1.610.605</u>	<u>1.793.389</u>
	<u>2022</u>	<u>2021</u>
	€	€
Balance as at 1 January	1.793.389	1.681.423
Allocation	109.433	394.644
Payment	-292.217	-282.678
Balance as at 31 December	<u>1.610.605</u>	<u>1.793.389</u>

**Provision for pension obligations Germany**

Balance as at 1 January

Allocation

Payment

Balance as at 31 December

The pension obligation relates to the pension scheme for personnel that worked in Germany and receive retirement benefits. The pension obligation is based on the Project Unit Credit method (PUC). The main assumptions underlying the valuation are the following:

- Interest rate: 3,88% (2021: 0,68%); and
- Mortality and disability table: Heubeck-Richttafeln 2018 G (2021: idem).

**13 Deferred tax liabilities**

Balance as at 1 January

Increase

Balance as at 31 December

	<u>2022</u>	<u>2021</u>
	€	€
Balance as at 1 January	-	-
Increase	22.279	-
Balance as at 31 December	<u>22.279</u>	<u>-</u>

The deferred tax liability relates to temporary differences between the carrying amount of the pension scheme for retirees in the UK and its tax base.

AK Steel International B.V., Breda

**Current liabilities**

**14 Current payables to group companies**

Current payables to Cleveland-Cliffs Steel Corporation

<u>31-12-2022</u>	<u>31-12-2021</u>
€	€
<u>495.180</u>	<u>1.224.260</u>

**15 Payables relating to taxes and social security contributions**

Corporate income tax

Other taxes

Wage tax

Social security charges

Pension premiums

Value added tax

1.151.848	78.542
126.434	-
88.675	69.153
18.973	19.149
5.472	4.020
-	14.297
<u>1.391.402</u>	<u>185.161</u>

**16 Current other payables, liabilities and accrued expenses**

Incentives

Other payables

Instalment invoiced in advance

Holiday allowance

683.232	701.009
385.349	363.714
589.046	781.511
83.432	85.001
<u>1.741.059</u>	<u>1.931.235</u>

AK Steel International B.V., Breda

**Contingent assets and liabilities**

**Textual disclosure**

**Disclosure of off-balance sheet commitments**

As of 31 December 2022, AK Steel International B.V. has rental obligations for a total of € 2.789.730. The rental obligation for 2023 amounts to € 1.014.101. There are no rental obligations with a term of 5 years or longer.

**Off-balance sheet commitments relating to guarantees**

As of 31 December 2022, the guarantees granted to third parties amount to € 60.000.

**Disclosure of operating leases**

As per 31 December 2022, AK Steel International B.V. has operational lease obligations for company cars for a total amount of € 241.365. The obligation for 2023 is € 100.895 and there are no obligations with a term of 5 years or longer.

AK Steel International B.V., Breda

### 3.5 NOTES TO THE PROFIT AND LOSS ACCOUNT

#### 17 Net turnover

Turnover

2022	2021
€	€
41.187.911	32.781.306

The net turnover has increased by 25,6% compared to year 2021.

#### 18 Expenses of employee benefits

Wages and salaries

Social security charges and pensions cost

Other expenses of employee benefits

3.299.012	3.455.028
877.034	773.903
168.535	139.130
4.344.581	4.368.061

#### 19 Depreciation of property, plant and equipment

Other fixed assets

Book profit other fixed assets

67.115	91.362
-	-5.820
67.115	85.542

#### 20 Other operating expenses

Housing expenses

Selling expenses

Car expenses

Office expenses

General expenses

347.399	365.049
73.183	57.065
137.157	111.849
224.860	246.647
-7.762	92.052
774.837	872.662

#### 21 Financial income and expense

Interest and similar income

Interest and similar expenses

Currency translation differences

684	65
-43.052	-32.645
-160.656	-2.387
-203.024	-34.967

AK Steel International B.V., Breda

**22 Income tax expense**

**Breakdown**

	<u>2022</u>	<u>2021</u>
	€	€
Deferred income tax expense	-87.789	-40.290
Income tax expense from previous financial years	87.446	-131.168
Income tax expense from current financial year	-1.747.479	-429.466
Total of income tax expense	<u>-1.747.822</u>	<u>-600.924</u>
Effective tax rate	25,77	26,72
Applicable tax rate	26,26	26,73

The difference between the effective and the applicable tax rate is mainly caused by deferred taxes and compensation of taxable profits in 2022 with tax lossess carried forward from previous years.

	<u>2022</u>	<u>2021</u>
	€	€

**23 Share in result of participations**

Result from participation in AK Steel S.r.l.	<u>1.793.092</u>	<u>200.480</u>
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### 3.6 OTHER NOTES

#### Average number of employees

##### Breakdown

	2022	2021
Average number of employees over the period working in the Netherlands	21,00	20,00
Average number of employees over the period working outside the Netherlands	19,00	19,00
Total of average number of employees over the period	40,00	39,00

##### Average number of employee per division

Directors	2	2
Sales	22	21
Finance / IT	7	7
Supply Chain	9	9
Total	40	39


#### Remuneration of board of directors

The remuneration of the board of directors amounted to € 585.721 in 2022 (2021: € 476.989).

Breda, 13 June 2023

  
J.L. Geraeds  
Managing Director

  
K.A. Koci  
Director

  
P.C. de Pater  
Director



AK Steel International B.V., Breda

#### **4. OTHER INFORMATION**

##### **4.1 Provisions of the Articles of Association relating to profit appropriation**

In accordance with article 37 of the Articles of Association the result is at the disposal of the General Meeting of Shareholders to the extent that the equity exceeds the legal and statutory reserves.

To the Management and Shareholders of  
AK Steel International B.V.  
Rat Verleghstraat 2 A  
4815 NZ Breda

## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the audit of the financial statements 2022 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2022 of AK Steel International B.V. based in Breda.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AK Steel International B.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2022;
2. the profit and loss account for 2022; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of AK Steel International B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

#### **Information in support of our opinion**

We have designed our audit procedures in the context of the audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

**Audit approach fraud risks.**

During our audit we obtained an understanding of the company and its environment and of the components of the system of internal control. Based on this, we identified the following risks of material misstatements in the financial statements due to fraud:

- The risk of management override of controls;
- The risk of fraudulent financial reporting due to overstating net turnover and results;
- The risk of misappropriation of assets by employees due to misuse of assigned authorizations in the ERP-system; and
- The risk of transfer pricing.

*The risk of management override of controls*

The management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Therefore, we paid significant attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of management. This includes the risk of management bias when setting assumptions.

We evaluated the design and implementation of internal controls for the processes of generating and processing journal entries and accounting for estimates, assuming a risk of management override of controls in these processes. We assessed the process of financial reporting, in particular the design and implementation of internal controls for the items in the financial statements that include estimates such as the valuation of inventories (provision for obsolete goods for resale), the valuation of trade receivables (provision for doubtful debts) and the provisions for pension liabilities.

We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We selected journal entries based on risk criteria and performed substantive audit procedures for these entries. In addition, we conducted specific audit procedures for unusual transactions that are not directly related to the company's ordinary business operations and transactions with related parties. We also performed specific audit procedures related to important estimates of management.

Our audit procedures did not lead to specific indications of fraud or suspicion of fraud regarding the management overriding the internal controls.

*The risk of fraudulent financial reporting due to overstating net turnover and results*

This risk addresses the possibility that net turnover and thus results are overstated in the financial statements. For instance, by shifting sales transactions from a later reporting period to the current reporting period. Management may have an interest in doing so in order to present better results to the shareholders. In addition, management receives bonuses which partially depend on realized results. Therefore, we paid significant attention to this risk.

We evaluated the design and implementation of the internal controls in the processes related to sales and financial reporting.

In addition, order to sufficiently mitigate this risk, we performed the following substantive audit procedures:

- We performed margin analyses and other analytical procedures in which we have further investigated unexpected and extreme fluctuations;
- We reconciled the reported sales and cost of sales with the registrations in the ERP-system.

- For a sample of sales transactions during the current reporting period, we reconciled the reported sales with underlying documentation such as sales invoices, sales orders and delivery notes in order to determine that the sales is recorded correctly.
- For a sample of sales transactions at the end of current reporting period and the beginning of next reporting period, we reconciled the reported sales with underlying documentation such as sales invoices, sales orders and delivery notes in order to determine that the sales is recorded in the correct period.
- We reconciled prices and quantities as per the purchase invoices with the registration of the receipt of goods.
- We prepared the cash and goods movement using various registrations in the ERP-system, which were extracted directly from the database, and determined that the sales, cost of sales and inventories as per the cash and goods movement reconcile with the reported sales, cost of sales and inventories.

Our audit procedures did not lead to specific indications of fraud or suspicion of fraud regarding fraudulent financial reporting due to overstating net turnover and thus results.

*The risk of misappropriation of assets by employees due to misuse of assigned authorizations in the ERP-system*

Several employees of the commercial department have broad authorization rights in the ERP-system with regard to sales and purchase transactions. As a result, segregation of duties in sales and purchase transactions is not safeguarded. This provides these employees with the opportunity to misappropriate assets from the company, for instance by engaging in uncompetitive transactions. Thus, we paid significant attention to this risk.

We evaluated the design and implementation of the internal controls in the processes related to sales, purchases and monitoring by management.

Additionally, we have analyzed the realized margins per employee on sales in the current reporting period. For sales with a low margin compared to the target and average margins or sales that seem otherwise uncompetitive, we have performed further investigations.

Our audit procedures did not lead to specific indications of fraud or suspicion of fraud regarding the risk of misappropriation of assets by employees due to misuse of assigned authorizations in the ERP-system.

*The risk of transfer pricing*

The company has permanent establishments in several European countries and thus is subject to local taxation laws and regulations for the activities in these countries. Due to the varying income tax rates, management may have an incentive to shift results from countries with a higher income tax rate to countries with a lower income tax rate, for instance by engaging in inter- and intracompany transactions which are not 'at-arm's-length'. Therefore, we paid significant attention to this risk.

We evaluated the design and implementation of the internal controls in the processes related to inter- and intracompany sales and purchases and charging of expenses, including the authorization of inter- and intracompany service and distribution agreements and the periodic preparation of transfer pricing analyses.

Further, we determined that management has engaged external specialists to prepare transfer pricing analyses to investigate whether the company complies with relevant laws and regulations. To safeguard that inter- and intracompany transactions are 'at-arm's-length' and comply with relevant taxation laws and regulations, the company has put in place service and distribution agreements.

We assessed these agreements and the transfer pricing analyses and believe they sufficiently provide the intended safeguards. In addition, we determined that inter- and intracompany transactions within current reporting period are in accordance with the service and distribution agreements. Finally, have assessed these transactions and have not identified any indications to consider these transactions not to be 'at-arm's-length'. Our audit procedures did not lead to specific indications of fraud or suspicion of fraud regarding the risk of transfer pricing.

**Audit approach going concern**

As disclosed in section "10. Going concern" of the management report, management performed their assessment of the company's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our procedures to evaluate management's going concern assessment included, amongst other:

- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit;
- inquiring with management regarding the most important assumptions underlying their going concern assessment and evaluating whether these assumptions are reasonable;
- considering whether management identified events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- inquiring with management as to their knowledge of going concern risks beyond the period of management's assessment;
- assessment of non-audited interim-figures and the budget for 2023 to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- reading the minutes of shareholders' meetings and evaluating expenses related to legal advice to identify any going concern risks.

Our audit procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going concern assumption.

**B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

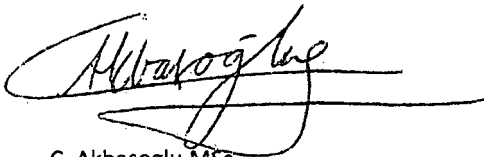
- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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;

- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating 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 findings in internal control that we identify during our audit.

Capelle aan den IJssel, 13 June 2023

FACET Audit B.V.



C. Akbasoglu MSc  
Registeraccountant