METINVEST

UNITED ON ALL FRONTS

ANNUAL REPORT 2022

Metinvest's 2022 combined annual report provides a window into a year that, while deeply challenging, was also marked by unwavering unity. The title, "United on All Fronts," embodies the commitment of the Group, its stakeholders and the entire free world to stand alongside Ukraine and its people, no matter the circumstances.

Consistent with this message, the narrative is structured around 'fronts', reminiscent of distinct areas of engagement in a defence effort. Each front reflects a facet of Metinvest's performance in 2022, blending the essence and impact of the Group's actions under the shadow of the full-scale war started in February 2022.

On the Strategic Front, Metinvest displayed its resilience, remaining a pillar of the national economy, sustaining tax contributions and economic activity. It was further buoyed by the support of non-Ukrainian assets, continued debt servicing and the reorganisation of logistics flows.

Metinvest has also made unprecedented contributions to the Social Front, focusing its efforts on the support of defenders, humanitarian initiatives, employee assistance and healthcare aid. This reflects the Group's dedication to the welfare of its people and communities.

Metinvest's commitment to strong corporate governance practices was showcased on the Governance Front, where it diligently advocated for the rule of law. This was epitomised by the lawsuits that the Group filed with the European Court of Human Rights against Russia for damages caused by its illegal invasion.

On the Information Front, Metinvest prioritised the utmost accuracy in information dissemination, ensuring transparency for its stakeholders.

The story of 2022 is further enhanced by visual storytelling. Metinvest partnered with talented Ukrainian illustrators to bring to life the fortitude of the nation. Their works provide a unique glimpse into the Group's journey throughout the events of 2022 as an international holding deeply rooted in Ukraine. The design also incorporates an abstracted digital camouflage pixel as a symbol of protection of Ukraine honouring the country's defenders. For more details, see page 96.

Progress made on each front serves as testament to Metinvest's dedication to Ukraine's victory, freedom and independence. This report showcases the essence of these endeavours and their impacts, both directly and indirectly.

1 More information about the illustration on the cover page is on page 96.

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ABOUT THE REPORT

GENERAL APPROACH

GRI 2-3

Metinvest continued to deliver its annual and sustainability reporting in a combined format in 2022. This reporting presentation integrates data about the Group's activities and enhances the efficiency and transparency of communication with stakeholders.

Covering the period from 1 January 2022 to 31 December 2022, the report reflects Metinvest's financial and operational results, as well as its environmental, social and governance (ESG) performance and metrics. In addition, it discloses information about material events occurring after the reporting period to 1 July 2023.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The Sustainability Accounting Standards Board (SASB) guidelines have also been considered. In addition, the Group has provided information about its contribution to achieving the UN Sustainable Development Goals (SDGs).

GRI 2-5

Metinvest's IFRS consolidated financial statements for the 12 months ended 31 December 2022, which are part of the report, have been audited by PwC, an appointed independent auditor. For a better understanding of the Group's financial position and the results of operations, this document and summary financial statements should be read in conjunction with Metinvest's audited financial statements for the year ended 31 December 2022. They include all disclosures required by International Financial Reporting Standards, as adopted by the European Union, and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

GRI 2-14

The Supervisory Board reviewed and approved the report's contents, including the Group's material topics.

The full-scale war had a material impact on the core business operations and assets of Metinvest. It has also impacted the Group's ability to collect and process information across its business units. As a result, some ESG data excludes information from assets affected by the hostilities.

To ensure the quality of the information covered in the report, Metinvest works to improve its internal system for non-financial reporting. The internal audit function reviewed numerical data provided by the business units in charge of sustainable development for accuracy prior to its inclusion in the report.

Because of rounding, numbers presented in this report may not add up precisely to the totals provided and percentages may not exactly reflect absolute figures.

REPORT BOUNDARIES

GRI 2-2

The report provides information on the performance of Metinvest's assets included in the consolidated financial statements. The principal subsidiaries of the Group's parent entity Metinvest B.V. are presented on page 104. In 2022, the boundaries of the report changed compared with the 2021 reporting. After Russia's full-scale invasion of Ukraine on 24 February 2022, the Group deconsolidated Metinvest Eurasia and Metinvest Distribution, its trading companies in Russia and Belarus. This was followed by the preparatory procedures to begin the liquidation of its subsidiaries located in both countries.

Zaporizhstal and Southern GOK are classified as joint ventures and not subsidiaries of Metinvest. The results of their financial, operational and other activities are not consolidated in the Group's overall performance, unless stated otherwise. In addition, they are disclosed selectively and on a standalone basis.

STAKEHOLDER ENGAGEMENT

GRI 2-29

Metinvest acknowledges the fundamental importance of stakeholder engagement for the development of its business.

The Group's key stakeholders are local communities, employees, customers, suppliers and contractors, equity and debt providers, government authorities and the media. In 2022, the engagement strategy was influenced by the war. In particular:

Local communities: In 2022, the Group prioritised the protection and humanitarian support of Ukrainian communities. Engagement efforts involved collaboration with partners to help communities during wartime.

Employees: Employees remain the bedrock of Metinvest's operations. Amid the prevailing circumstances, engagement with those suffered by war took the form of providing humanitarian aid, housing and adaptation assistance, as well as psychological support.

Customers: The Group's global network of sales offices ensured proactive engagement with customers despite disruptions to production and logistics in Ukraine.

Suppliers and contractors: Metinvest engaged with suppliers and contractors in a diligent manner, adjusting to a changing environment.

Equity and debt providers: The Group continued to maintain efficient engagement with equity and debt providers to address their concerns while offering timely updates on the evolving situation.

Government authorities: Metinvest engaged with government authorities through different platforms and associations, meeting the stringent requirements of the various jurisdictions in which it operates.

Media: Recognising the importance of maintaining an open dialogue with the media, the Group ensured timely communication on key developments at Metinvest though press releases, media interviews and through social media.

MATERIALITY ASSESSMENT

GRI 3-1

Each year, Metinvest determines material topics for its business and stakeholders that shape its sustainability approach and the reporting content. In 2022, the Group followed the revised guidance to materiality assessment of the Global Reporting Initiative (GRI 3: Material Topics 2021) to consider the actual and potential impacts of its business on the economy, environment and people.

Metinvest's approach to the materiality assessment consisted of the following steps:

Step 1 – understanding the Group's context

This step included an overview of Metinvest's core priorities, values, strategies and activities, business relationships and the sustainability context in which these occur, as well as its key stakeholders.

In addition, the Group analysed industry trends and applicable regulatory and various sustainability reporting frameworks (GRI, SASB and UN SDGs) that outline requirements and standards in the jurisdictions in which it operates.

Step 2 – identifying actual and potential impacts

To identify its actual and potential impacts on the economy, environment and people, Metinvest considered ongoing communication with internal and external stakeholder groups, as well as the results of ESG ratings demonstrating the Group's exposure to ESG risks and its ability to manage them. In addition, Metinvest analysed opinions expressed during internal discussions with the executive team and engagements with internal experts from the functional units responsible for sustainability matters.

Also, the Group examined the issues related to the full-scale war in Ukraine, as it has had immediate effects on the business.

Step 3 – prioritising material topics for reporting

Metinvest prioritised its impacts on sustainability matters based on their significance, compiled a list of material topics and grouped them into relevant categories for better presentation in the report.

As noted above, the war had widespread effects on the material topics in 2022, although the ones identified remain broadly consistent with those from 2021.

LIST OF MATERIAL TOPICS

GRI 3-2

War in Ukraine

Economic impacts and performance

Emissions
Climate change
Water management
Waste generation
Biodiversity

Human rights
Workplace health and safety
Employment practices
Local communities
Diversity and equal opportunity

Corporate governance
Anti-corruption
Business ethics and compliance
Quality of products
Supply chain

Economic
Environment
Social
Governance

STRATEGIC FRONT

As a core member of a strategic industry in Ukraine, Metinvest made substantial contributions to the country's economy and defence efforts in 2022.

Although production volumes were, understandably, below pre-war levels, the Group delivered resilient financial results. This performance was underpinned by an endurance reserve built up in previous years.

While Metinvest faced disruptions to logistics across the supply chain, its flexible business model and experienced team helped to redirect commercial flows and transition its subsidiaries outside Ukraine to standalone operations.

Metinvest has also taken a consistently prudent approach to debt focused on deleveraging and smoothing the maturity profile. In 2022, the Group remained current on its debt, understanding the importance of preserving relationships of trust and credibility with the global investment community and other stakeholders. This will be crucial to help fund the post-war reconstruction of Ukraine.

2 More information about the illustration is on page 96.

WAR IMPACT ON METINVEST

The full-scale war has materially-impacted all aspects of Metinvest's operations. In response, in 2022, the Group prioritised safety and maintaining production and supply chains to meet wartime reality, while also taking steps to prepare for Ukraine's post-war reconstruction.

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine (here and further "the Russian Aggression"). While the initial stage saw Russian forces occupy northern regions of Ukraine, reaching the outskirts of Kyiv, they were later repelled. Active fighting has since mainly been concentrated in the southern and eastern areas of the country. Between September and November 2022, Ukrainian forces executed an effective counteroffensive in the Kharkiv and Kherson regions, marking a shift in strategic initiative in favour of Ukraine. Nonetheless, Russia's attacks on Ukrainian territory and critical civilian infrastructure continue to cause both civilian and military casualties.

The war has materially impacted the performance of the Group, including operational, financial and sustainability results.

Throughout this challenging time, the flexibility and diversification of Metinvest's business model, as well as its experienced team, have enabled adjustments to the supply chain and product portfolio, as well as the reorganisation of logistics flows.

Despite the war, the Group's values remained the foundation of its corporate culture and continued to define its strategy for navigating 2022.

The key values of Metinvest are as follows:

Life, health and environment. Human life as a priority in seeking to achieve business goals.

Professionalism. Professionalism in every endeavour.

Customer focus. Ensure best value for customers through cooperation by offering the best ways of meeting their needs.

Leadership. Demonstrate leadership regardless of position and occupation.

Teamwork. Work as one team, sharing common goals and acting for the benefit of the Group.

The Group's strategic priorities will need to be reviewed comprehensively once the active conflict is over and the impact of the war is assessed in full. Metinvest strives to play a central role in Ukraine's reconstruction.

OUTPUT

Crude steel	2,918 kt	69% ▼
Merchant pig iron and steel products	3,799 kt	64% ▼
Iron ore concentrate	10,712 kt	66% ▼
Merchant iron ore products	7,903 kt	55% ▼
Coking coal concentrate	4,959 kt	11% ▼
Coke	1,653 kt	64% ▼

FINANCES

Revenues	US$8,288 mn	54% ▼
CAPEX	US$354 mn	72% ▼
EBITDA	US$1,873 mn	73% ▼
EBITDA margin	23%	16pp ▼
Total debt	US$2,077 mn	7% ▼
Net debt to EBITDA	0.9x	0.7x ▲

SUSTAINABILITY

Employee headcount	74,416	14% ▼
Taxes paid globally	US$750 mn	53% ▼
Aid to Ukraine	US$92 mn	
People received support under Saving Lives	350,000	
LTIFR	0.977	23% ▲
CO_2 emissions (Scope 1)	6.7 mt	73% ▼

CHAIRPERSON'S STATEMENT

UNITED WE STAND

Metinvest stands as one with Ukraine and is determined to help the country emerge victorious and stronger. Amid trying times, the Group continues to uphold the core principles of corporate governance and sustainability.

HONOURING OUR HEROES

At the time of writing this report, nearly a year and a half has passed since Russia launched its unprovoked full-scale war against Ukraine. The Supervisory Board and I support the commitment of the Group's shareholders to make the maximum possible contribution to Ukraine's victory.

The cost that Ukraine is paying is staggering. The country has suffered the loss of thousands of defenders and innocent civilians, including members of the Metinvest family. Their courage and sacrifice will forever be etched in our hearts. In this moment of reflection upon 2022, my thoughts go first to the people of Ukraine and the nation's stalwart defenders. Their resilience and tenacity have inspired the world, and I am no exception.

AIDING UKRAINE

We stand strong with all Ukrainians and continue to work towards a brighter future for generations to come. The Group, its joint ventures and associated companies had allocated over US$113 million by July 2023 to assist Ukraine, helping to organise a massive humanitarian effort and becoming the largest donors to the defence forces among private businesses in the country. We have also made a meaningful contribution through tax payments to the Ukrainian budget.

In collaboration with the Rinat Akhmetov Foundation, Metinvest launched the Saving Lives initiative, a vital humanitarian project aimed at providing much-needed support to society. Alongside this, the Group established the Do It Together fund as a platform for receiving donations from partners, customers and employees across the globe, extending the combined efforts in aid under Saving Lives. We are profoundly grateful to everyone who has contributed.

We are also unwavering in our determination to support our people. Metinvest has directed its resources to safeguard the employees and their families who have suffered from the full-scale war by providing critical humanitarian assistance, shelter, job opportunities, medical care and psychological support.

MAINTAINING STRONG GOVERNANCE

Despite the full-scale invasion, Metinvest maintained robust governance institutions and continued to follow international best practices. Throughout a challenging year, the Group's Supervisory Board provided expert and principled guidance to the business. To ensure an ongoing focus on effective governance, in 2022 there were changes in the composition of the Supervisory Board, including the appointments of Margaryta Povazhna and Sergii Zuzak. Their contributions enhance the Board's expertise.

In addition, Metinvest has stayed firm to its adherence to the rule of law and all applicable regulations. The Group is fighting theft by the aggressor state through lawsuits that its companies have filed with the European Court of Human Rights against Russia for damage caused to their property and possessions in Ukraine. This is a testament to our resolve to seek retribution for the wrongs done to our country.

UPHOLDING SUSTAINABILITY PRINCIPLES

Metinvest remains committed to its sustainability agenda. The Ten Principles of the UN Global Compact, which span human rights, labour, environment and anti-corruption, remained an integral part of our governance system and corporate culture.

A positive milestone was the launch of online studies at Metinvest Polytechnic in September 2022, though it did not happen physically in Mariupol as envisaged. We believe in the fundamental role of this university in the future reconstruction of both the Group and the broader Ukrainian steel industry.

STANDING UNITED WITH PARTNERS

Whatever Metinvest has done in this year, it has been in collaboration with and thanks to the engagement of our partners. We are immensely grateful for your support and ongoing commitment at this pivotal moment in Ukraine's history.

Metinvest will continue to contribute to Ukraine's future. In the coming years, the Group will be there to forge a revitalised green steel industry that can provide the materials and know-how for the buildings and infrastructure, amid much more, for a dynamic and prosperous Ukraine in Europe.

Oleg Popov
Chairperson of the Supervisory Board

CEO'S STATEMENT

UNITED ON ALL FRONTS

The journey of 2022 saw Metinvest respond resolutely to the full-scale invasion of Ukraine on a number of fronts, including strategic, social and governance. The Group demonstrated its agility, striving to support each of these core areas.

A TEST OF CHARACTER

While the events of 2022 held unimaginable challenges, they also galvanised our resolve to support Ukraine. The year was a test of character and determination, underscoring the essential role of unity in confronting adversity.

Our people – and their steadfast dedication and bravery – have stood in a unified Social Front as an embodiment of strength.

We take immense pride in the employees who have stood up for our nation in the defence forces of Ukraine.

Equally, we recognise the individuals labouring in our plants, who bolster Ukraine's economic resilience and play a vital role in our path to victory.

ENDURANCE RESERVE

The years preceding the full-scale invasion were marked by the Group's strategic acquisitions, investments in technology and relentless pursuit of efficiency.

These efforts established a robust foundation for our strategic front, endowing the flexibility to weather the storm.

The full-scale war has impacted our vertical integration, as some key assets ended up on the temporarily occupied territory. Our export logistics and supply chains have been materially disrupted and had to be readjusted, which affected operational results.

Nevertheless, the Group delivered a resilient financial performance in 2022. We remained committed to servicing our loans and borrowings, including scheduled payments on bonds, throughout 2022 and beyond.

Also, I would like to emphasise the importance of the international facet of Metinvest, including its presence in, among other countries, Bulgaria, Italy, Poland, Switzerland, the UK and US, and embodied by its assets and employees. They were a vital support pillar in 2022, reinforcing our business and standing in solidarity with Ukraine.

ADAPTATION

The full-scale war in Ukraine has necessitated managerial and functional changes within the Group.

We appointed Oleksandr Myronenko as the new Chief Operations Officer in 2022 and Tetiana Petruk as Chief Sustainability Officer in 2023. In addition, we have rearranged our logistics, procurement, health, safety and environmental functions.

At the entity level, Metinvest has also appointed several new directors. Such strategic repositioning is crucial in retaining our operational flexibility and adapting our Governance Front to the new reality.

THINKING AHEAD

Looking to the future, the Group intends to work with the Ukrainian government and businesses on post-war reconstruction. In May 2023, we presented the Steel Dream concept, which aims to help affected communities.

Also, in June 2023, Metinvest joined the government's platform for the green recovery of Ukraine's steel sector. This initiative aims to revive the Ukrainian industry through an environmentally friendly transformation of domestic iron ore and steel production.

I would like to express my heartfelt gratitude to our stakeholders, both in Ukraine and around the world, whose support has proven vital. Our united efforts allowed us to contribute across each of the fronts in 2022 and to begin planning for the rebuilding of Ukraine when victory is achieved.

Yuriy Ryzhenkov
Chief Executive Officer

MARKET REVIEW: GLOBAL

A TUMULTUOUS YEAR

In 2022, global steel and iron ore prices reflected the instability of the global economic and geopolitical environment, weakening year-on-year on average. While coking coal prices were also volatile during 2022, they increased year-on-year amid occasional additional demand from the energy sector, as well as supply constraints.

GLOBAL STEEL MARKET

In 2022, global crude steel production fell by 3.9% year-on-year to 1,885 million tonnes and global apparent consumption of finished steel products dropped by 4.0% year-on-year to 1,768 million tonnes. These declines reflected a complex year for the global steel industry.

The macroeconomic environment led to weaker overall demand for steel products, as persistently high inflation across global markets resulted in increased interest rates in major economies and reduced spending. While the pandemic continued to disrupt the markets, Russia's launch of a full-scale war in a European country added to global volatility.

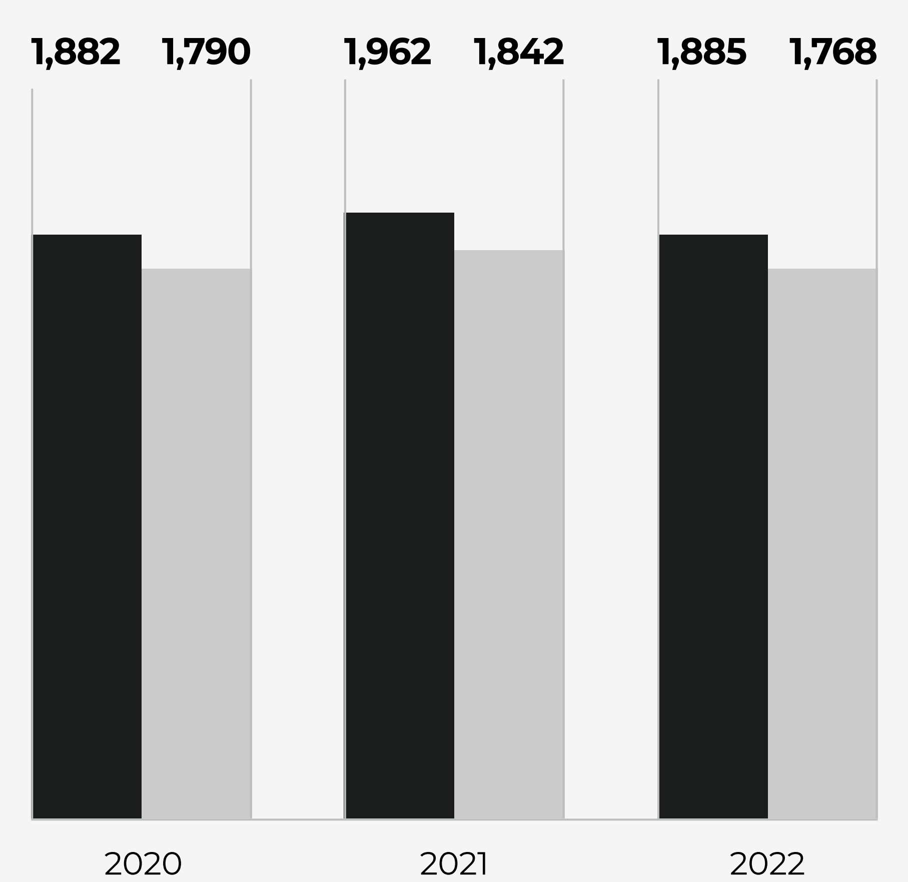
The Russian Aggression drove changes in supply and demand for steel and raw materials beyond the countries involved, while also disrupting global energy markets. As a response to the invasion, several countries, including EU members, imposed individual, trade, transport and financial sanctions that affected iron ore, coking coal and steel supplies from Russia. Still, the EU sanctions packages enacted during 2022 retained quotas for certain semi-finished steel products, with slab imports permitted at near their previous levels.

In the meantime, China, which produces and consumes more steel than the rest of the world combined, saw a decrease in both production and consumption for the second year in a row. Notably, there was a sharp reduction in steel demand during the second half of 2022 amid intermittent COVID-19 lockdowns. A slowdown in the property market, one of China's main steel consuming sectors, also continued. Overall, China's crude steel production was 1,018 million tonnes in 2022, down 1.7%, while its apparent consumption of finished steel products totalled 921 million tonnes, a 3.5% decline year-on-year.

Combined with the impact of the Chinese retrenching, volatile markets and increased energy costs led steelmakers to cut output substantially to rebalance supplies with weakening customer demand. These factors, together with a decrease of output in Ukraine, drove crude steel production in the rest of the world down 6.4% to 867 million tonnes and apparent consumption of finished steel products 4.6% lower year-on-year to 847 million tonnes.

Global steel prices reflected these evolving factors during 2022. They surged in Europe and the US in the first quarter of 2022. A declining trend emerged in the second quarter that lasted until a slight price recovery in the fourth quarter. Still, the year-on-year pricing trend was downward. The 2022 average hot-rolled coil (HRC) CFR Italy benchmark fell by 18.4% year-on-year to US$846 per tonne. The monthly average peaked at US$1,241 per tonne in March 2022 and closed out 2022 at US$644 per tonne in December.

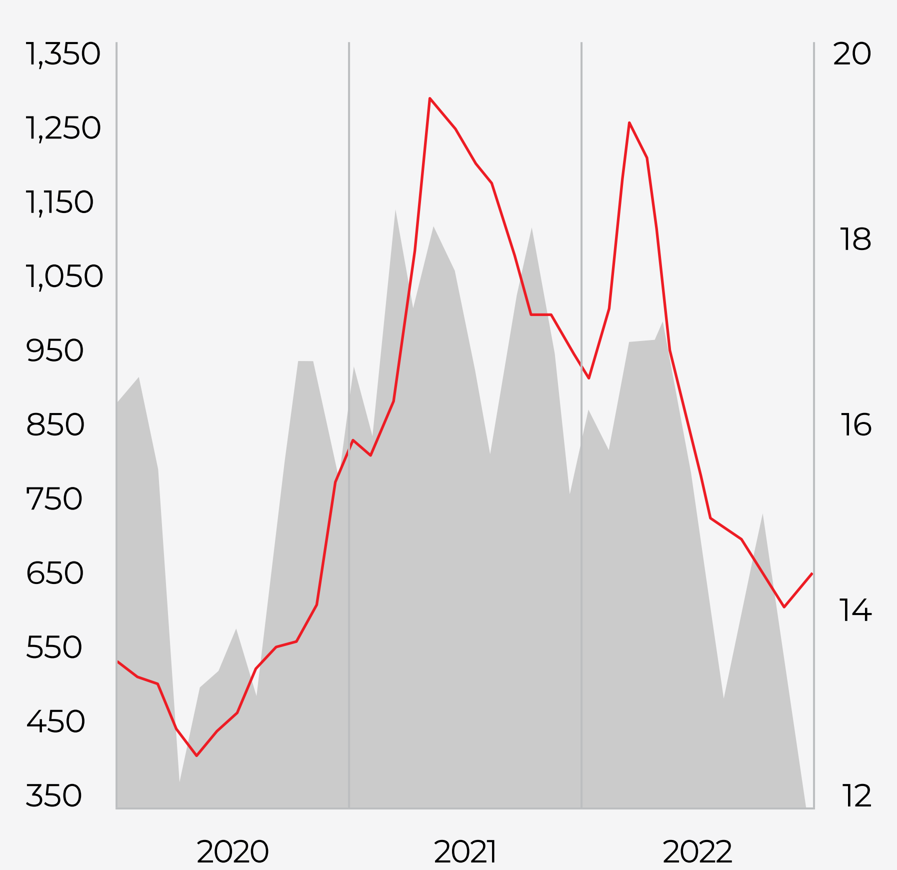
Global steel industry



Crude steel production, mt
Finished steel consumption, mt[1]

Source: World Steel Association

Steel price and production in Europe



Crude steel production in Europe, mt (RHS)[2]
HRC, CFR Italy, US$/tonne (LHS)

Source: Bloomberg, World Steel Association, Metal Expert

GLOBAL RAW MATERIALS MARKET

Amid the year-on-year fall of global steel benchmarks, global iron ore and coking coal prices diverged during 2022. Iron ore prices fell year-on-year, while coking coal prices actually rose, reflecting different supply and demand pressures on those raw materials.

Iron ore prices felt the impact of China's slowing steel market, with the country's iron ore imports down 1.6% to 1,108 million tonnes, accounting for 69.8% of global imports according to World Steel Association (WSA) figures. Exports from Australia and Brazil, accounting for 77.8% of global exports, remained almost flat. At the same time, exports from other countries were substantially less, caused by the war in Ukraine among several other factors.

Global iron ore benchmark prices were relatively strong early in the year but fell off

[1] Apparent consumption of finished steel products.
[2] On a monthly basis. Europe includes the current EU-27 members and the UK, Bosnia and Herzegovina, North Macedonia, Norway, Serbia and Türkiye.

sharply as demand eased amid events in China. The 62% Fe iron ore fines CFR China benchmark fell from a peak of US$152 per dry metric tonne (dmt) in March 2022 to a low of US$93 per dmt in October and November 2022, before ending the year at US$112 per dmt. Overall, the 62% Fe iron ore fines CFR China benchmark price averaged US$121 per dmt, down 25.0% year-on-year.

Pellet premiums showed diverging regional trends in 2022. Premiums in China fell, while they rose in Europe.

On the international coking coal market, the main factors were supply constraints and changes in demand patterns, both of which supported international benchmarks. Supply from Australia was limited by weather disruptions and COVID-19 restrictions. At the same time, production in China stagnated due to the decision to prioritise thermal coal over metallurgical grades and other domestic factors, including pandemic-related shutdowns and mine incidents. On the demand side, the restructuring of the energy market in the EU and fears of shortfalls caused by the war in Ukraine led to the greater use of some coking coal grades in energy production. Seaborne trade was also impacted by the EU embargo on Russian coal beginning in August 2022. The resulting increase in demand for non-Russian coal was mostly satisfied by supplies from Australia and the US.

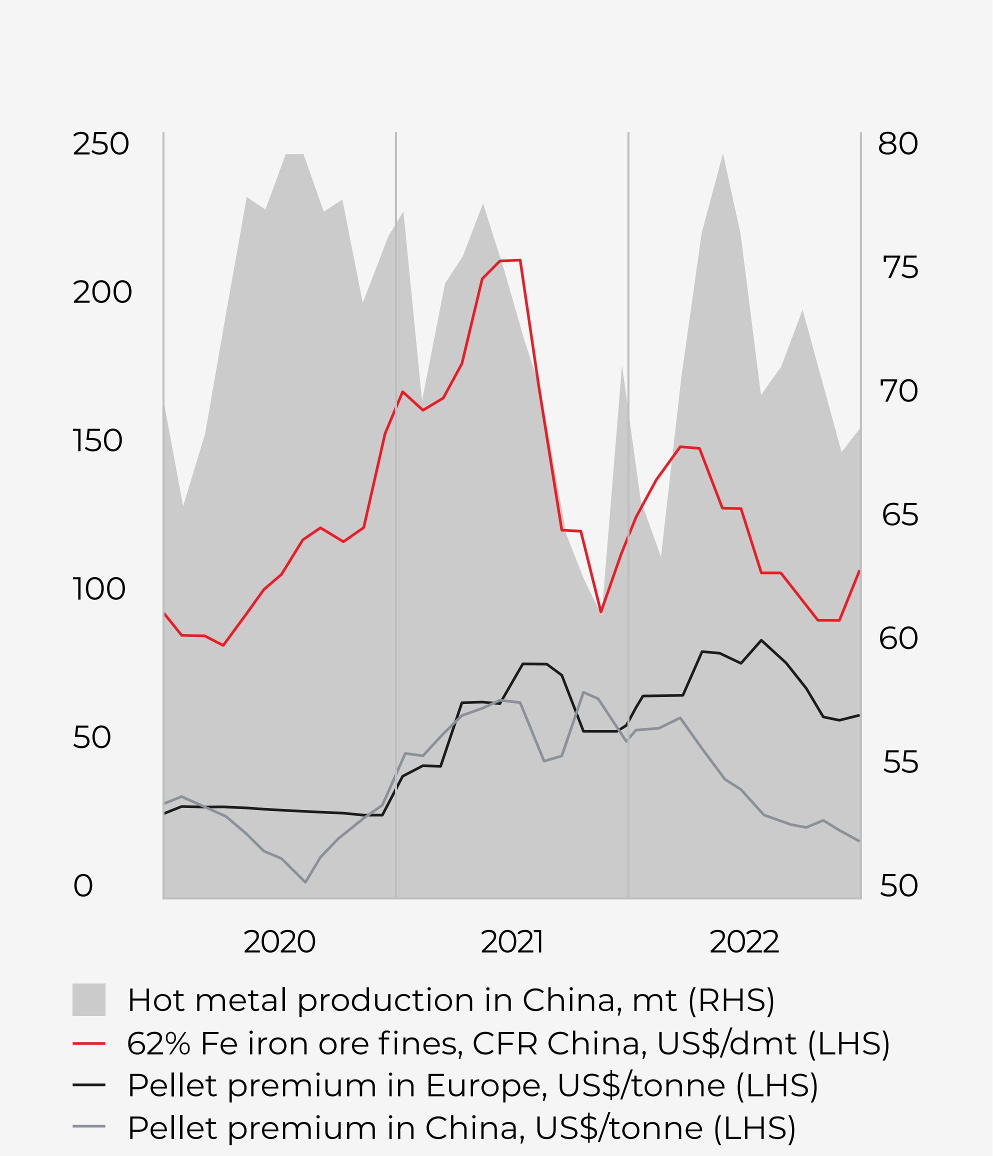
As a result, the average annual hard coking coal spot price index (premium LV, FOB Australia) jumped by 62.4% year-on-year to US$365 per tonne, with the maximum monthly price of US$594 per tonne reached in March 2022 and the minimum of US$240 per tonne in July 2022. The HCC LV FOB USEC benchmark price climbed by 39.2% year-on-year to US$344 per tonne in 2022, with a monthly peak of US$509 in March 2022 and the lowest level of US$246 in August 2022.

DEVELOPMENTS AFTER THE REPORTING PERIOD

Entering 2023, global steel and raw material prices appeared set for a degree of volatility as many of 2022's external market factors remained in place. In the first quarter of 2023, global steel and raw material prices increased amid optimism about a rebound in China after the country moved to stabilise its property market at the end of 2022. However, uncertainty regarding the actual path of demand in China, as well as concerns about global economic growth and financial stability, resulted in a price correction in the second quarter of 2023.

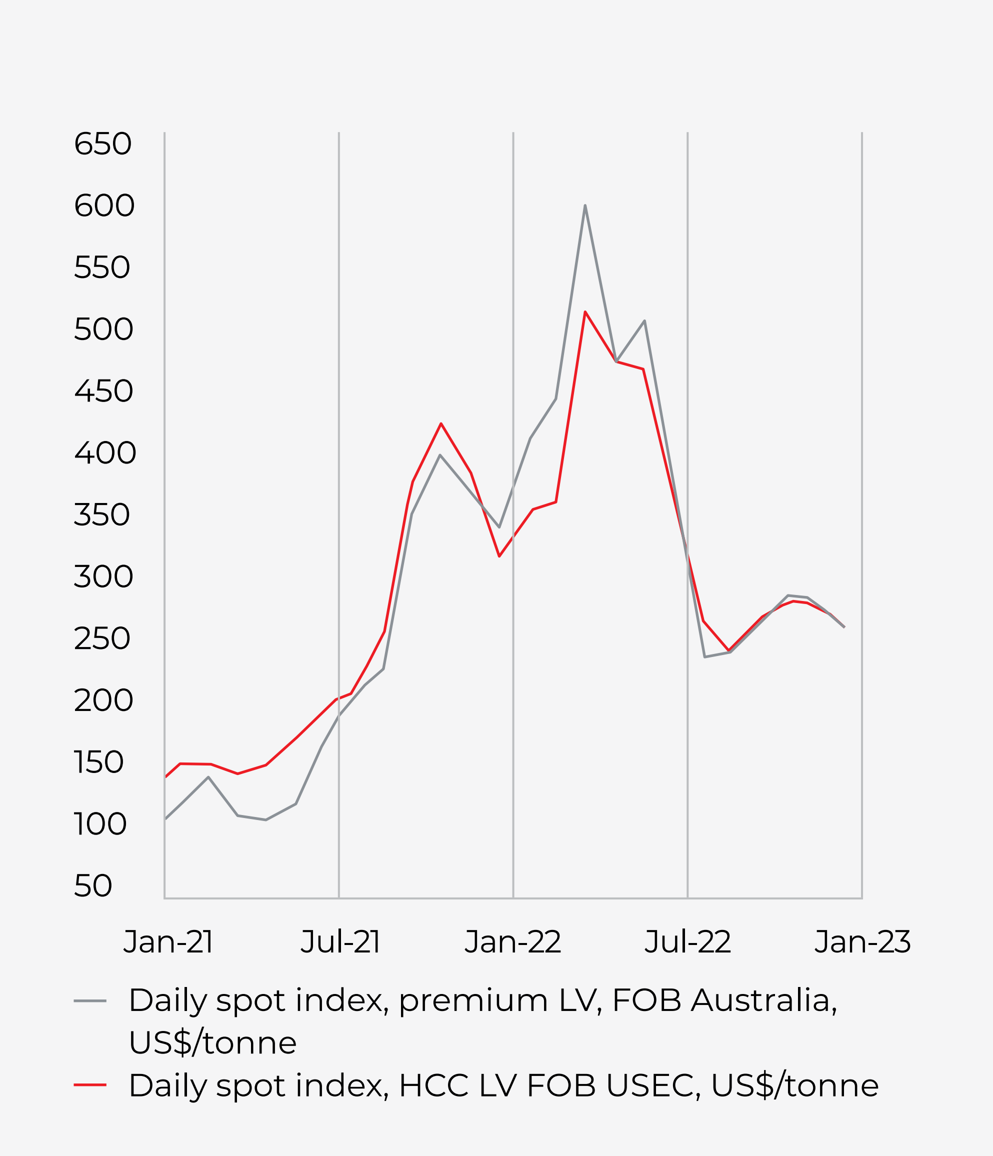
The level of volatility is expected to be sustained across the entire value chain. The ongoing war in Ukraine, high interest rates and the tight monetary policy, elevated inflation, weak consumer spending and elevated energy prices in key global economies are expected to impact the markets going forward.

Iron ore price and premiums



Source: Bloomberg, Platts, World Steel Association

Hard coking coal price



Source: Platts

MARKET REVIEW: UKRAINE

DEFENCE ECONOMICS

In 2022, the Ukrainian economy shifted to a war footing, while also drawing on the support of international partners, as the nation fought to defend itself.

A PROFOUND IMPACT

On 24 February 2022, Ukraine transitioned overnight to a nation enveloped in full-scale war, defending itself and its people. The economy fell to a low point early in the war as activity stopped amid the emergency. A gradual rebound in economic activity began in the spring of 2022, although systematic attacks on the country's power infrastructure caused additional disruption, especially in the second half of the year.

A large-scale migration ensued, with migration abroad[1] rising to 7.8 million by the year's end and the number of internally displaced people[2] peaking at 8.0 million in early May and receding to 5.9 million by the end of 2022.

The military blockade of the country's seaports, excluding shipments of grain products from Black Sea ports starting from July 2022, led to a substantial fall in output of export-oriented sectors and consequently export revenues. The loss of agricultural crops from territories temporarily occupied by Russia added to the economic strain.

Overall, the Russian Aggression had a massive negative impact on the country's economy. In particular, real GDP fell by 29.1% year-on-year in 2022 after having expanded by 3.4% in 2021.

[1] The UN High Commissioner for Refugees.
[2] The UN International Organisation for Migration.
[3] State Statistics Service of Ukraine.
[4] For CPI, the year-on-year change is for the individual monthly periods.

Meanwhile, nominal GDP fell to US$161 billion[3], down from the historic high of US$200 billion[3] in 2021.

Except for government consumption, the expenditure components of GDP decreased year-on-year, according to State Statistics Service of Ukraine. In particular, exports dropped by 42.4%, gross fixed investments by 34.3%, household consumption by 26.7%, and imports by 18.5%.

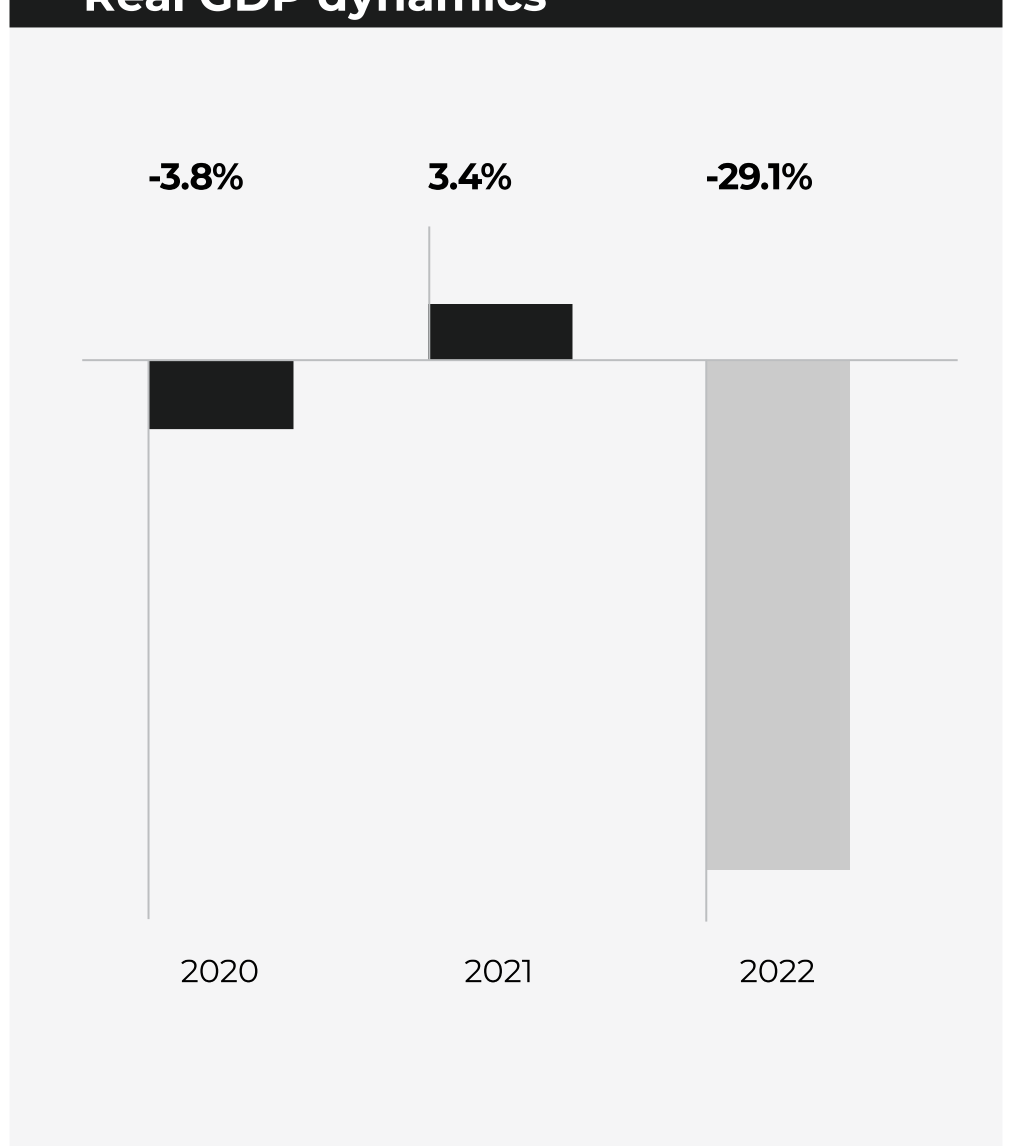
At the same time, general government consumption expanded by 18.0% due to increased spending on defence and security.

Most of the production components of Ukraine's GDP also decreased, including construction – by 67.6%[3], transportation and storage – by 44.3%[3], manufacturing – by 43.1%[3], the mining sector – by 32.2%[3], wholesale and the retail trade – by 30.9%[3], agriculture – by 28.4%[3]. However, public administration jumped by 35.4%[3] to the country's war efforts.

The domestic steel and iron ore sector was hit harder than the country's industrial output on average, which contracted by 36.7%[3] in year-on-year terms. Declines in iron, steel and ferroalloys production of 69.2%[3], coke production and oil refining of 66.6%[3] and mining of metal ores of 61.7%[3] were some of the largest among the industry groups. In contrast, extraction of oil and natural gas decreased by only 8.2%[3] year-on-year and coal extraction slid by 7.7%[3] year-on-year.

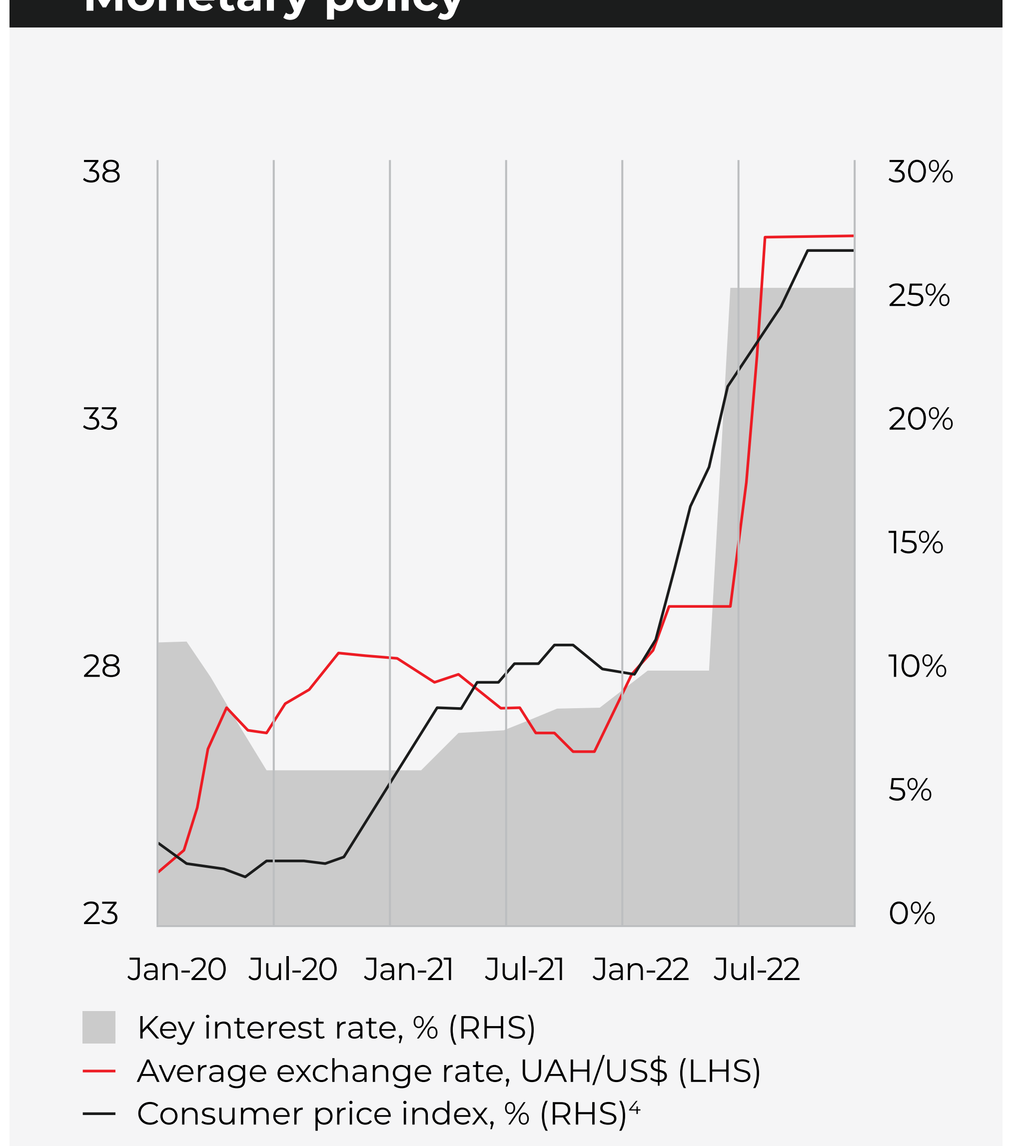
The invasion also exacerbated inflation, driving the annual CPI up from 9.4% in 2021 to 20.2% in 2022. That resulted in a decrease in real incomes and contributed to the decision by the National Bank of Ukraine (NBU) to increase the discount rate. Since June 2022, it has stood at 25%, a nearly seven-year high. Also, the NBU suspended its inflation targeting regime.

Real GDP dynamics



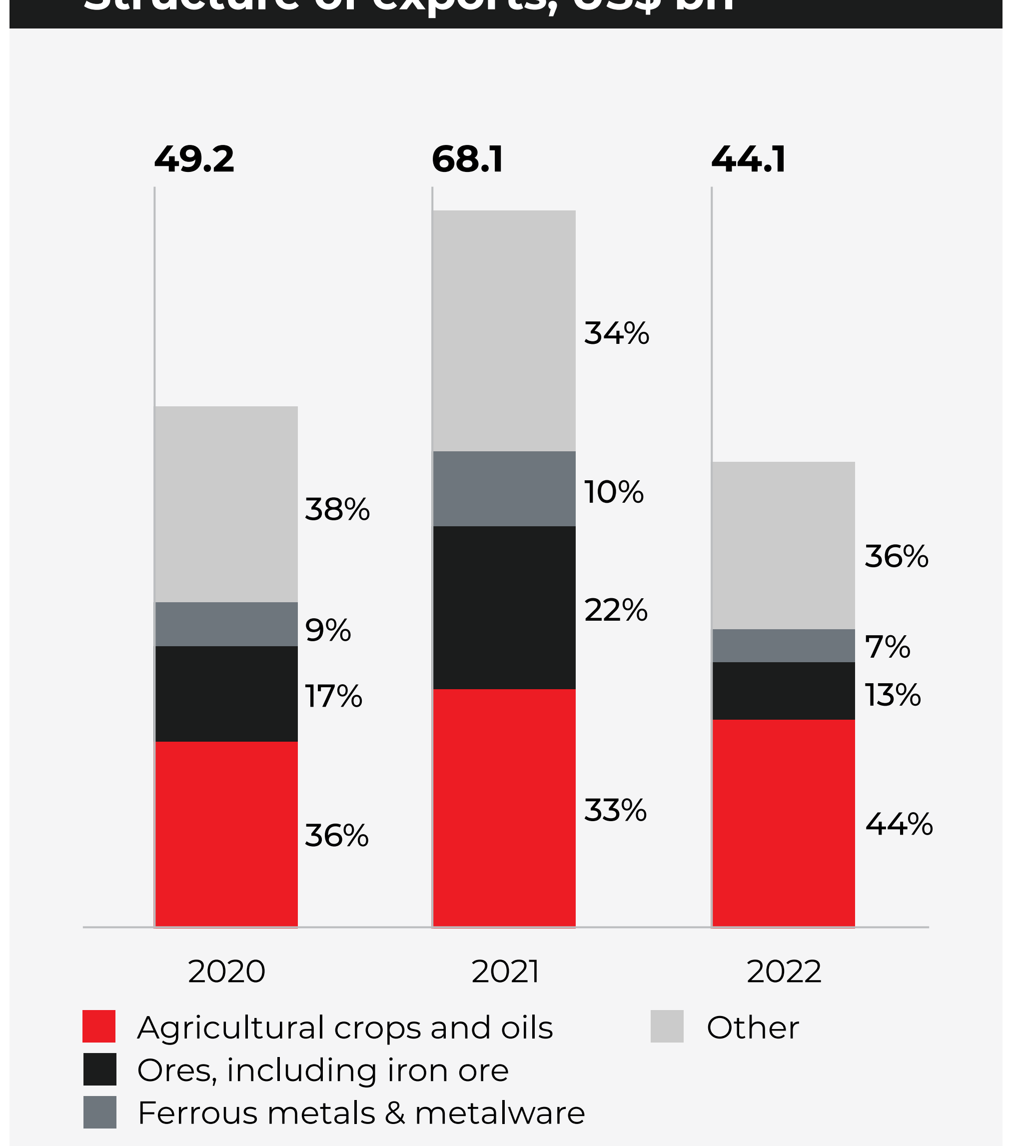
Source: State Statistics Service of Ukraine

Monetary policy



Source: NBU, State Statistics Service of Ukraine

Structure of exports, US$ bn



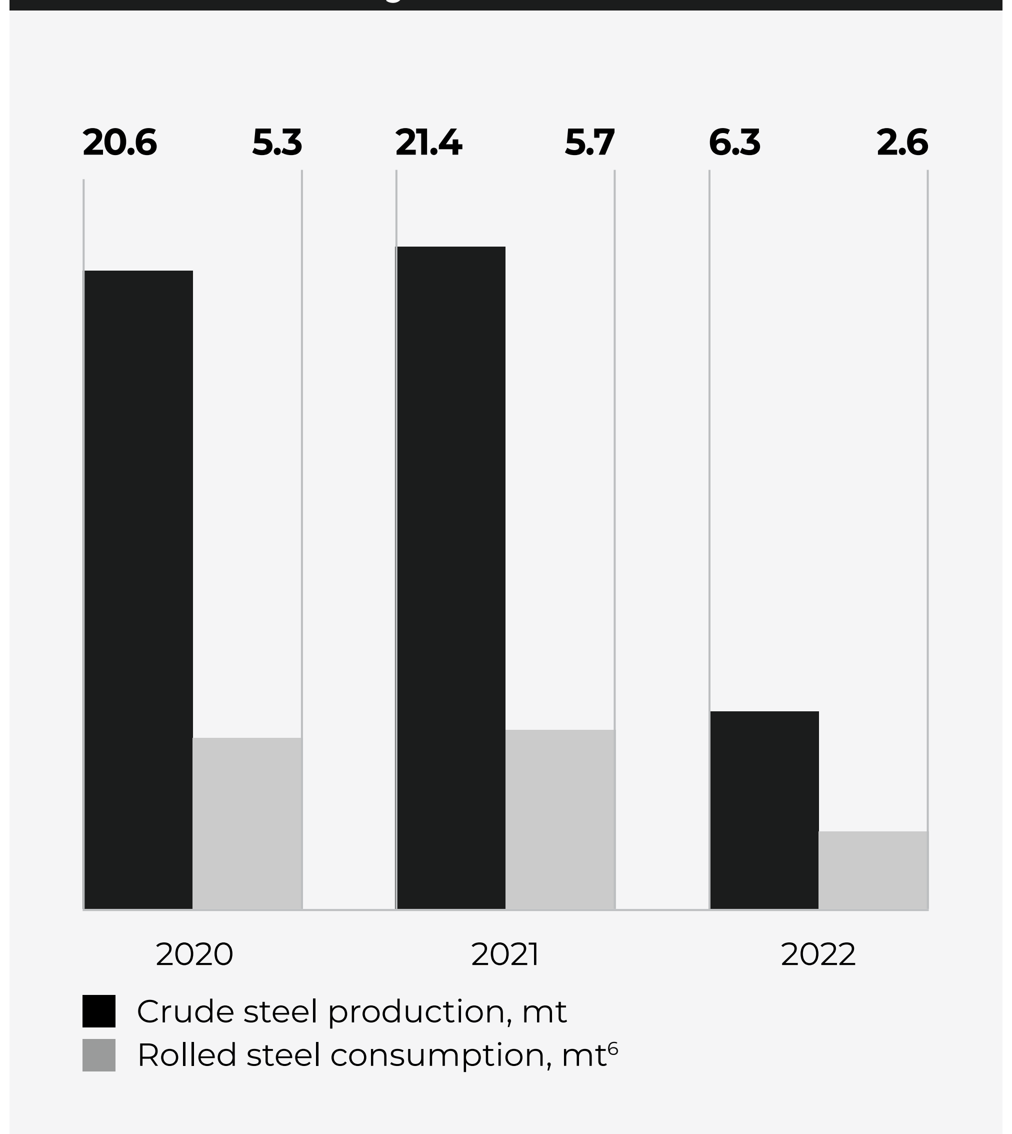
Source: State Statistics Service of Ukraine

At the same time there were various regulatory changes necessitated by the defence efforts, including tax amendments, restrictions on certain imports and currency exchange controls.

Amid this complex economic landscape, the exchange rate policies of the NBU also underwent significant adjustments. The NBU initially fixed the official exchange rate of the Ukrainian hryvnia against the US dollar at 29.25. Then, in July 2022, it revised this currency peg to 36.57.

Currently, defence and security account for over 50% of total budget expenditures. As a result, the full-scale war has created the largest budget deficit in Ukraine's history at US$28.3 billion[5] in 2022, compared with US$7.3 billion[5] in 2021. Ukraine's international partners have provided substantial monetary support since the beginning of the Russian Aggression, which has helped to cover budget funding needs and the cost of defending the country's sovereignty. The deficit was mostly covered by concessional financing totalling US$32.1 billion[5] from international donors in 2022. This included grants of US$12.0 billion[5] from the US, loans and grants of US$10.7 billion[5] from the EU, as well as loans of US$2.7 billion[5] from the IMF, among other support. They offset the negative effect of a worsening trade balance caused by falling exports amid the naval blockade of the seaports.

Steel industry



Source: WSA, Metal Expert

Against the background of this international support, Ukraine's public debt stood at US$111 billion[5] at the end of 2022 compared with US$98 billion[5] at the end of 2021. The foreign aid also allowed the NBU's international reserves to be US$28.5 billion at the end of 2022, down 7.9% year-on-year and nearly the same as the pre-war level. The substantial decrease in nominal GDP in US dollar terms and the weaker hryvnia brought the ratio of public debt to GDP to 78%[5], compared with 49%[5] in 2021.

All three international rating agencies downgraded their sovereign credit ratings for Ukraine following the Russian invasion. As of 31 December 2022, S&P's rating was 'CCC+', with a 'stable' outlook; Moody's assessment was 'Caa3', with a 'negative' outlook; and Fitch's rating stood at 'CC'.

AN INDUSTRY AT WAR

In 2022, the war deprived Ukraine of the output of two major steelmaking plants that accounted for nearly 40% of pre-war crude steel production. Importantly, the country lost the capacity to make certain goods previously manufactured in Mariupol, including cast slabs, hot-rolled plates and some types of railway and tubular products. Moreover, the national steel industry, traditionally focused on seaborne exports, also had to reorient much of its sales to the neighbouring markets given the limitations of overland routes.

In addition, indiscriminate attacks on civilian infrastructure in the fourth quarter of 2022 led to electricity shortages that hit steelmakers hard, causing average daily output of hot metal, crude steel and rolled steel products to fall by nearly two-thirds after the invasion. As a result, the crude steel production of domestic steelmakers fell by 70.7% to 6.3 million tonnes according to the WSA. This includes Metinvest, which lowered its crude steel output by 69.4% year-on-year to 2.9 million tonnes. Meanwhile, the country's apparent steel consumption (excluding pipes) dropped by 54.9% year-on-year to 2.6 million tonnes, the lowest level for all the years of Ukraine's independence.

In 2022, there were also significant changes in iron ore production amid logistical constraints, reduced local demand and increased production costs. This led to a decline in merchant iron ore product output of 62.1% year-on-year to 29.9 million tonnes, according to the Group's estimates based on Ukrainian Industry Expertise (UEX) data. This includes Metinvest, which decreased its total iron ore concentrate output by 65.8% year-on-year to 10.7 million tonnes.

During the reporting period, Ukrainian mining companies reduced their iron ore exports by 52.2% year-on-year to 21.1 million tonnes. Notably, EU countries have become the main importers of iron ore from Ukraine, displacing China from the top position.

DEVELOPMENTS AFTER THE REPORTING PERIOD

Since the start of 2023, Ukraine has eliminated the power deficit caused by Russia's attacks on energy infrastructure by allowing electricity imports from the EU. This has relieved some of the constraints on Ukraine's industrial sector. Mercifully warm weather also contributed to this effect, relieving one of the bottlenecks holding back Ukraine's economy.

The restoration of adequate power supply has fuelled a rebound in Ukraine's economic activity, driving recovery in steel production, iron ore mining and other key sectors.

Although the impact of Russian missile attacks has waned since early 2023 because of increased air defence support from international partners, they remain a threat and could continue to cause localised power disruptions and infrastructural damage, as well as additional deaths and injuries among innocent Ukrainians. Notably, in March 2023, the IMF Board approved a US$15.6 billion, four-year Extended Fund Facility programme for Ukraine as part of a broader US$115 billion support package, followed by disbursement of the first tranche of US$2.7 billion. This programme has helped Ukraine to secure US$43 billion of external budget financing for 2023 and will serve as an anchor for economic policies and institution building, especially in the fiscal sphere. Importantly, it also helps to offset the financial impact of the national defence effort.

Current expectations regarding Ukraine's economy are cautiously improving based on positive data in some areas. In late May 2023, the IMF upgraded its outlook for Ukraine's 2023 real GDP to growth of 1% to 3%[5] from the previous range of -3% to +1%. Also, as of 1 July 2023, Ukraine's international reserves reached US$39.0 billion, the highest level on record since Ukraine's independence.

Given the circumstances, Ukraine continues to show resilience. The country's vision of victory includes the full liberation of Russian-occupied territories, backed by a strong national tenacity. The continued international support is a vital aspect of Ukraine's ability to repel the Russian invasion and will be crucial for the eventual reconstruction efforts.

[5] Ministry of Finance of Ukraine.
[6] Consumption in Ukraine includes flat, long and certain semi-finished products, but excludes pipes.

OPERATIONAL REVIEW

A COMPREHENSIVE RESPONSE

In 2022, Metinvest navigated the significant challenges brought on by Russia's full-scale invasion of Ukraine. To the extent possible, the Group adapted its logistics and operations both in Ukraine and abroad, demonstrating its fundamental resilience amid a rapidly shifting business environment.

A NEW REALITY

The onset of the Russian Aggression led to material changes in Metinvest's operational environment. The Group responded with a series of strategic shifts in its business processes.

In late February 2022, Metinvest placed Azovstal and Ilyich Steel in hot conservation mode, leading to a halt in their activities. Subsequently, the Group lost operational control over these and other assets in Mariupol as the city has been temporarily occupied. Avdiivka Coke suspended production in late February 2022. Zaporizhia Coke and Zaporizhia Refractories restarted in spring 2022 after a pause resulting from the military invasion.

In mid-October 2022, Russia launched a campaign of illegal aerial bombardment targeting Ukraine's power generation, transmission and distribution facilities. In late November, Metinvest's facilities in Ukraine suffered an emergency stoppage due to the lack of power supply. While most affected facilities were able to resume operations within days of the interruption, Kamet Steel took longer to recover, stabilising gradually throughout December 2022.

The Group's plants in Ukraine, apart from those in Mariupol and Avdiivka, continue to operate at different capacity utilisation levels subject to security, electricity, logistics and economic factors.

All these changes have had a considerable impact on Metinvest's operational performance. The disruption to the business model means that the Group became a vertically integrated long producer only, as it has lost the ability to produce slabs and flat products at the Mariupol steelmakers as internal feedstock for its other assets.

To better reflect this new reality, Metinvest has recalibrated the presentation of this section. Previously, the Group presented its performance based on the production flow. The uneven impact of the Russian Aggression on various production locations has made a geographical representation more logical.

ADAPTING THE LOGISTICS MODEL

For Metinvest, 2022 saw the imposition of material logistical challenges as Russia instituted a naval blockade of key Ukrainian seaports. Since July 2022, seaborne export for agricultural products was reinstated.

To the extent possible, the Group has changed its Ukrainian logistical routes and supply chains to overland connection by rail or via ports on the Danube River, for further seaborne export through Polish or Romanian ports as needed.

This poses a challenge because Ukraine's western railway border crossings lack the throughput volumes of seaborne logistics.

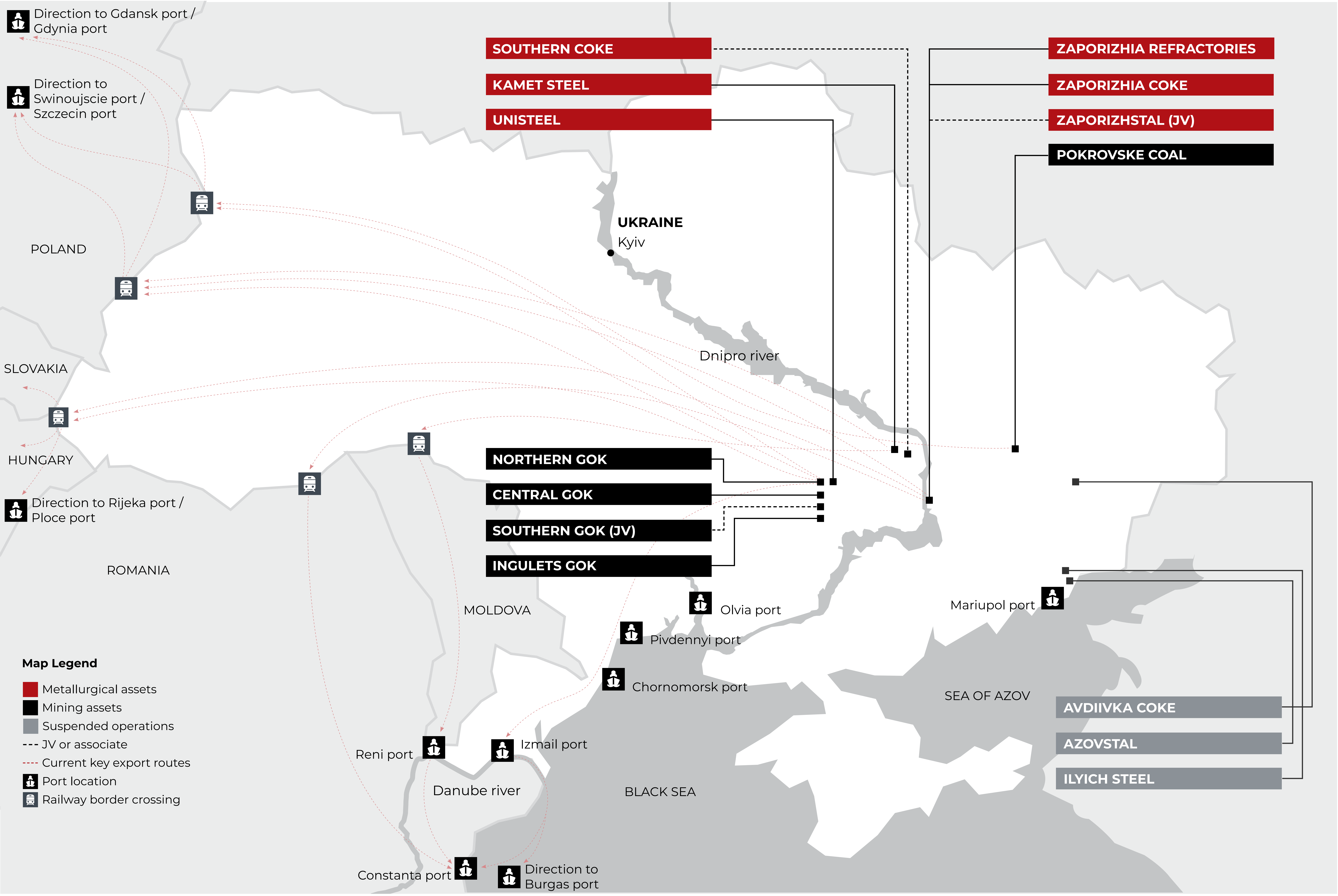
First, railcars designed for the wide-gauge railway in Ukraine are incompatible with the narrow gauge used by countries west of the Ukrainian border, limiting the capacity for such routes.

Second, there is a lack of infrastructure for the increased transshipment of railcars.

These factors made the cost of some of Metinvest's traditional export routes prior to the war prohibitively high.

The sales geography has been impacted as well as Central and Eastern Europe have become primary export markets for Ukrainian goods.

UKRAINIAN OPERATIONS



For a map of the Group's operations outside Ukraine, see page 18.

UKRAINIAN OPERATIONS

GRI 2-6

Mining segment

Iron ore

Metinvest's iron ore extraction and processing assets are Northern GOK, Central GOK and Ingulets GOK. They produce concentrate with an Fe content that ranges from 64.5% to 70.5%. The Group's iron ore assets are all located in the city of Kryvyi Rih.

As of 1 July 2021, the reporting date of the Group's most recent assessment of iron ore resources and reserves in accordance with the JORC Code, it had total Ore Reserves of 2,142 million tonnes grading 33.5% Fe_T (total iron) and 25.0% Fe_M (magnetic iron) and total Mineral Resources of 10,576 million tonnes grading 35.1% Fe_T and 26.0% Fe_M. Both are reported on an aggregated and not attributable basis. For more details, please refer to the respective announcement at Euronext Dublin.

Northern GOK and Central GOK operate pelletising plants that had a combined annual production capacity of 8.6 million tonnes of pellets in 2022. Their pellets' Fe content range from 63.1% to 67.6%; the higher ones are suitable for use in DRI technology.

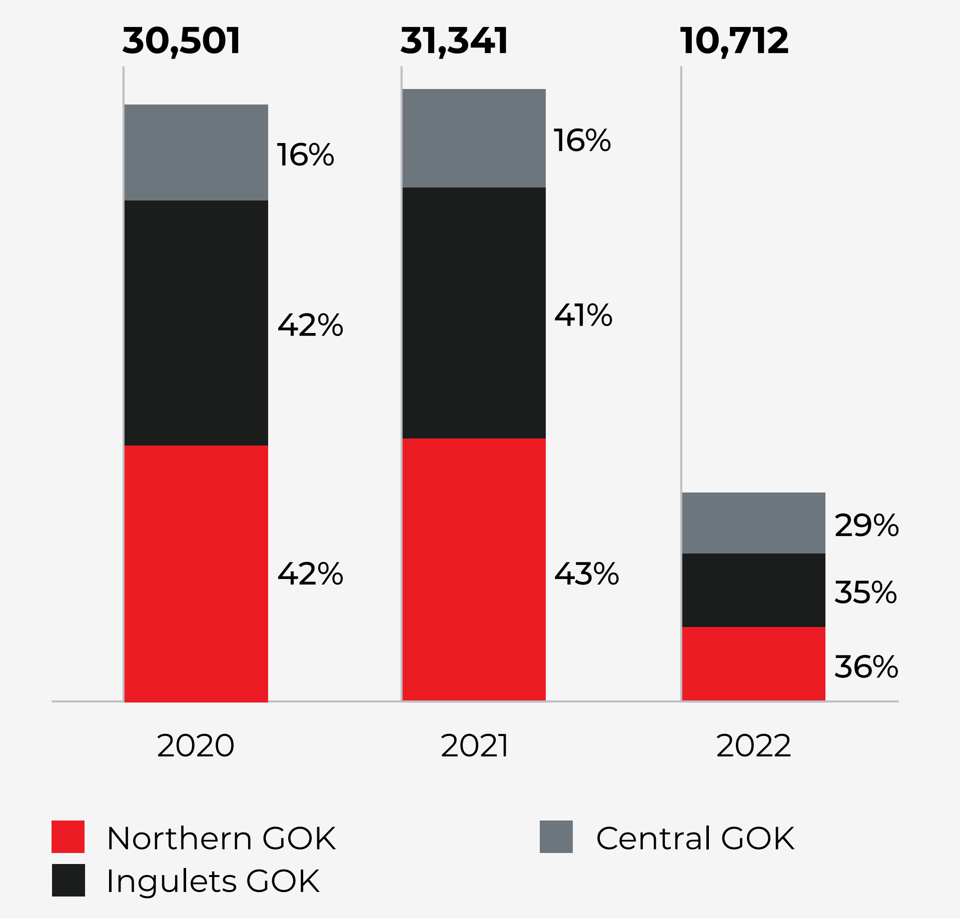
In addition, the Group has a 45.9% interest in Southern GOK, which is classified as a joint venture. It produces concentrate with an Fe content from 65.0% to 68.5%. Its products used to be either consumed locally or exported to third parties, primarily through the Group's trading companies[1]. Currently, Southern GOK has redirected most of its volumes to the domestic market.

In 2022, the output of the Group's iron ore assets was affected by constraints on export logistics amid the blockade of Ukraine's Black Sea ports. The full-scale hostilities in Ukraine also caused a material decrease in intragroup consumption following the idling of the Mariupol steelmakers and a substantial drop in local demand.

As a result, in 2022 the Group's iron ore extraction dropped by 63% year-on-year to 26,883 thousand tonnes. Meanwhile, total output of iron ore concentrate decreased by 66% to 10,712 thousand tonnes. Output of merchant iron ore products declined by 55% to 7,903 thousand tonnes[2]. The latter figure comprises output of merchant iron ore concentrate, down 60% to 4,718 thousand tonnes, and of merchant pellets, down 45% to 3,185 thousand tonnes.

Iron ore concentrate production

10,712 kt | **66% ▼**



[1] Under such resale transactions, Metinvest is acting as an agent and not as principal. Income and costs related to them are presented net within revenues.

[2] Merchant iron ore product output figures exclude intragroup sales and consumption.

Coking coal

In Ukraine, Metinvest produces high-quality coking coal at Pokrovske Coal, whose assets are located on the border of the Dnipropetrovsk and Donetsk regions. Pokrovske Coal comprises several entities, the most significant of which are Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory.

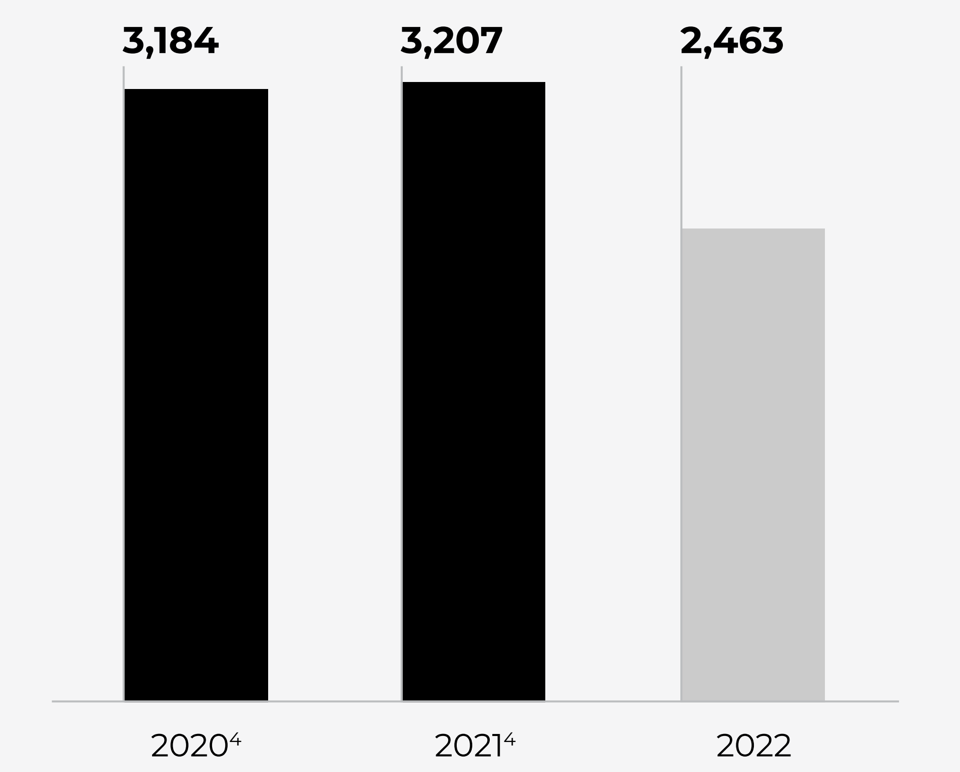
As of 1 July 2021, the reporting date of the Group's most recent assessment of metallurgical coal resources and reserves in accordance with the JORC Code, it had total Coal Reserves of 181 million tonnes and total Coal Resources of 187 million tonnes. Both are reported on an aggregated and not attributable basis. For more details, please refer to the respective announcement at Euronext Dublin.

In 2022, the Group's output of coking coal concentrate in Ukraine decreased by 7% year-on-year to 2,463 thousand tonnes[3]. This was mainly due to a reduction of headcount at Pokrovske Coal as some employees preferred relocation to areas away from the front lines of the war. Comparing the asset's full-year production of 3,207 thousand tonnes in 2021, which covers some of the period before its consolidation within the Group, the year-on-year reduction in production was 23%.

The acquisition of Pokrovske Coal and its consolidation in March 2021 provided a strong internal source of stability amid the challenges of 2022, when the asset accounted for roughly 50% of the Group's coking coal concentrate production.

Coking coal output in Ukraine

2,463 kt | **23% ▼**



[3] Coal concentrate (total) production figures show coal production converted to coal concentrate and exclude the processing of coal purchased from third parties.

[4] Full year production, covering periods prior to consolidation.

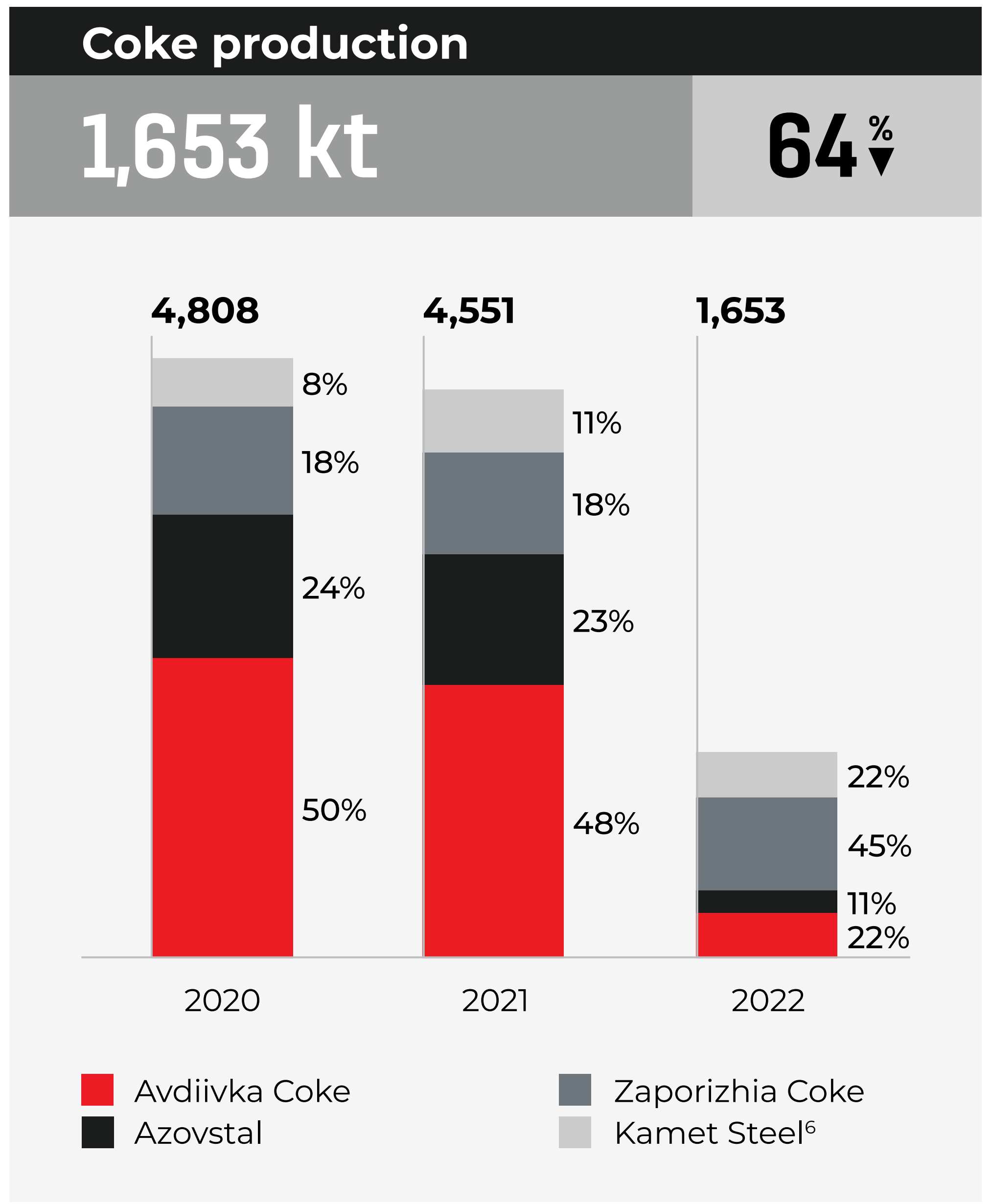
Metallurgical segment

Coke

The Group's coke output[5] decreased by 64% year-on-year to 1,653 thousand tonnes as the hostilities in Ukraine affected the operations of its coke-making assets. Following the start of the Russian Aggression, metallurgical coke production continued at Zaporizhia Coke and the coke facilities of Kamet Steel, while Azovstal and Avdiivka Coke stopped operations.

The Group also has a 23.71% stake in Ukrainian metallurgical coke producer Southern Coke (classified as an associated company). In 2022, its annual dry blast furnace coke production was 573 thousand tonnes, down 6% year-on-year.

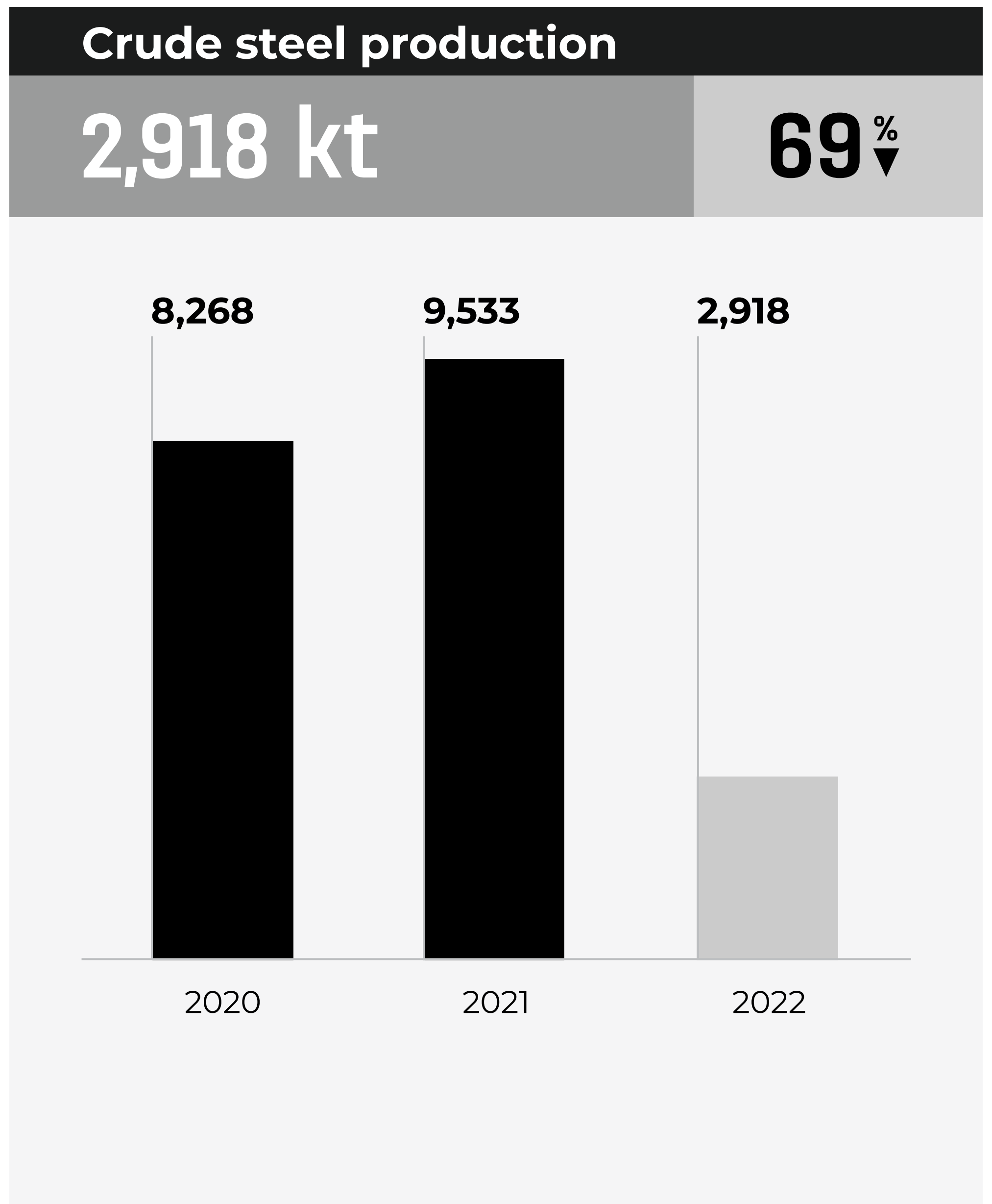
[5] Dry blast furnace coke output.
[6] Kamet Steel's coke production data for 2020 covers the period starting from Dnipro Coke's consolidation in April 2020.



Steel

Following the outbreak of the full-scale war, the lack of production from the Mariupol plants was partly compensated by output at Kamet Steel, which acquired steelmaking facilities in Kamianske in August 2021. The timely acquisition of these assets enabled Metinvest to manufacture billets (for both external sales and feedstock for the Bulgarian re-rolling operations) and diversify long product output mix, as well as ensure additional consumption of the Group's materials.

In 2022, the Group's hot metal and crude steel output were 2,743 thousand tonnes and 2,918 thousand tonnes, respectively, down 72% and 69% year-on-year. Throughout the year, Kamet Steel had to gradually reduce its blast furnace operations: it switched from three blast furnaces at the beginning of the year to one or two blast furnaces, subject to demand, operational requirements and logistical constraints. Details about its operations in the fourth quarter of 2022 are presented at the beginning of this section, under the heading "A new reality".



In addition, Metinvest holds a 49.997% interest in Zaporizhstal, an integrated steelmaker located in Zaporizhzhia, which is classified as a joint venture. It is one of the Group's largest purchasers of iron ore and coke and has a product mix that diversifies Metinvest's sales portfolio. In the reporting period, Zaporizhstal produced 1,491 thousand tonnes of crude steel, down 62% year-on-year. The plant's operations were also impacted by the full-scale war. On 2 March 2022, Zaporizhstal put its blast furnaces in hot conservation mode. In early April 2022, the plant started blowing in two of its four blast furnaces and partly restarted the sinter plant. By the year-end, the plant was operating two blast furnaces.

Also located in Zaporizhzhia, Ukraine, is Zaporizhia Refractories, which produces refractory products and materials for the Group. In 2022, it manufactured 64 thousand tonnes of those products (down 46% year-on-year), excluding unmoulded refractories. Product totals were 29 thousand tonnes of chamotte (down 45% year-on-year), 20 thousand tonnes of magnesia products (down 53% year-on-year), and 15 thousand tonnes of high-alumina products (down 35% year-on-year).

In addition, Metinvest has a subsidiary called Unisteel that operates a galvanising line. Located in Kryvyi Rih, it can produce up to 100 thousand tonnes of galvanised coils a year. While the plant operated at 100% of its pre-war capacity throughout most of the year, it suspended operations in December 2022 due to electricity supply constraints.

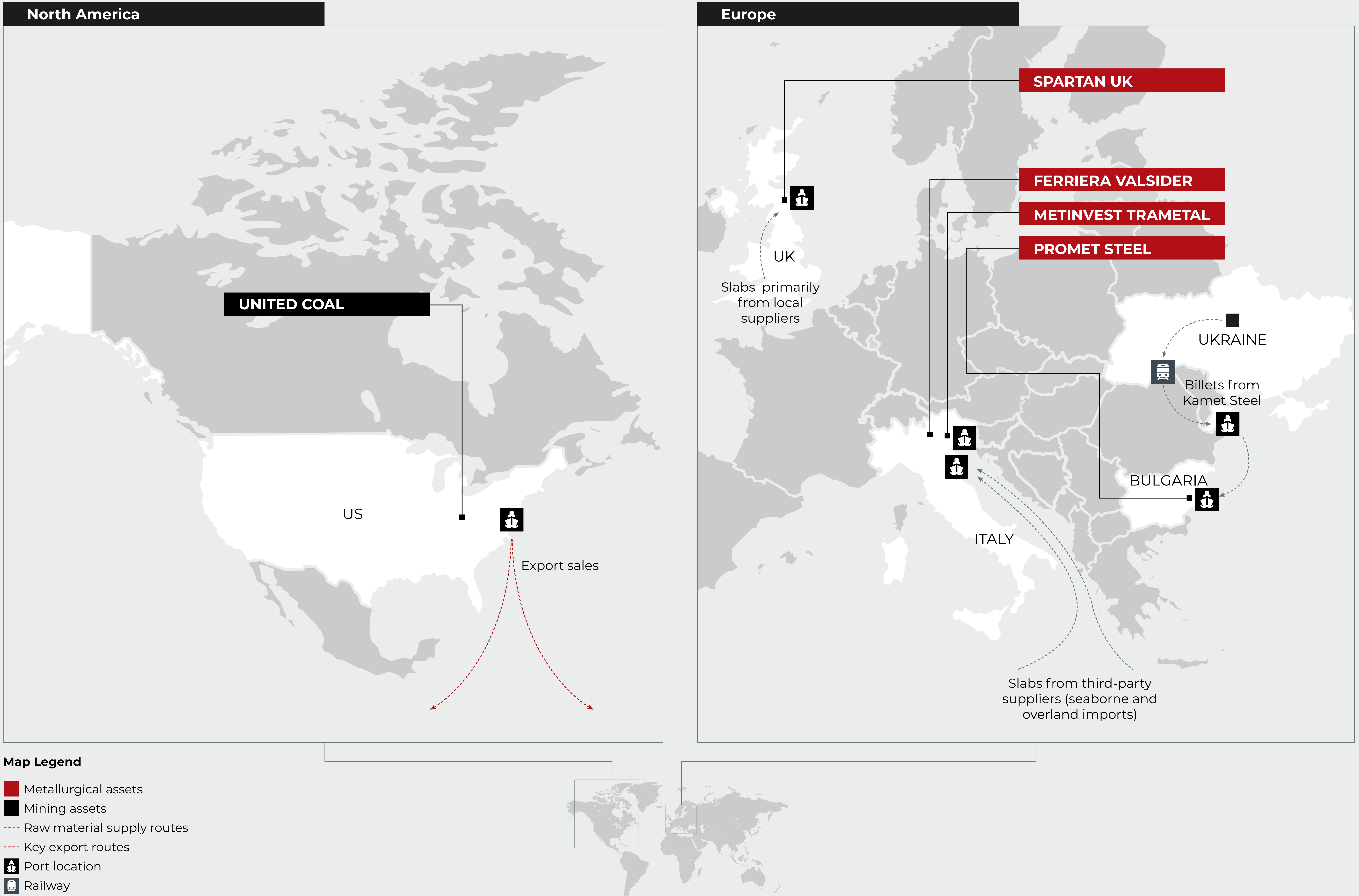
NEW PRODUCTS

The Russian Aggression fundamentally changed Metinvest's plans and priorities for expanding its product line. In 2022, the Group identified the following key priorities for the development of its steel product mix: rolled steel products and goods for Ukraine's defence needs; products to rebuild Ukraine's infrastructure; and semi-finished products for its assets in the EU and UK, as well as for the Ukrainian re-rolling business.

One of the most research-intensive initiatives involved determining the correct chemical composition, steelmaking process and rolling technology to make steel for hard armour elements. The rapid production launch made it possible to supply bulletproof vests for the defence forces quickly. Metinvest also started to produce special mobile shelters to protect defenders on sectors of the front line where the fiercest battles are taking place.

Overall, Metinvest launched 16 new steel products during the year: six semi-finished products, eight sections and two heavy plates.

OPERATIONS IN THE EU, UK AND US



Map Legend

- Metallurgical assets
- Mining assets
- Raw material supply routes
- Key export routes
- Port location
- Railway

For a map of the Group's operations in Ukraine, see page 15.

OPERATIONS OUTSIDE UKRAINE

GRI 2-6

Since February 2022, Metinvest's non-Ukrainian assets have adjusted their business models to function on a standalone basis, while the Group has continued to support them with operational, financial and transactional expertise.

Mining segment

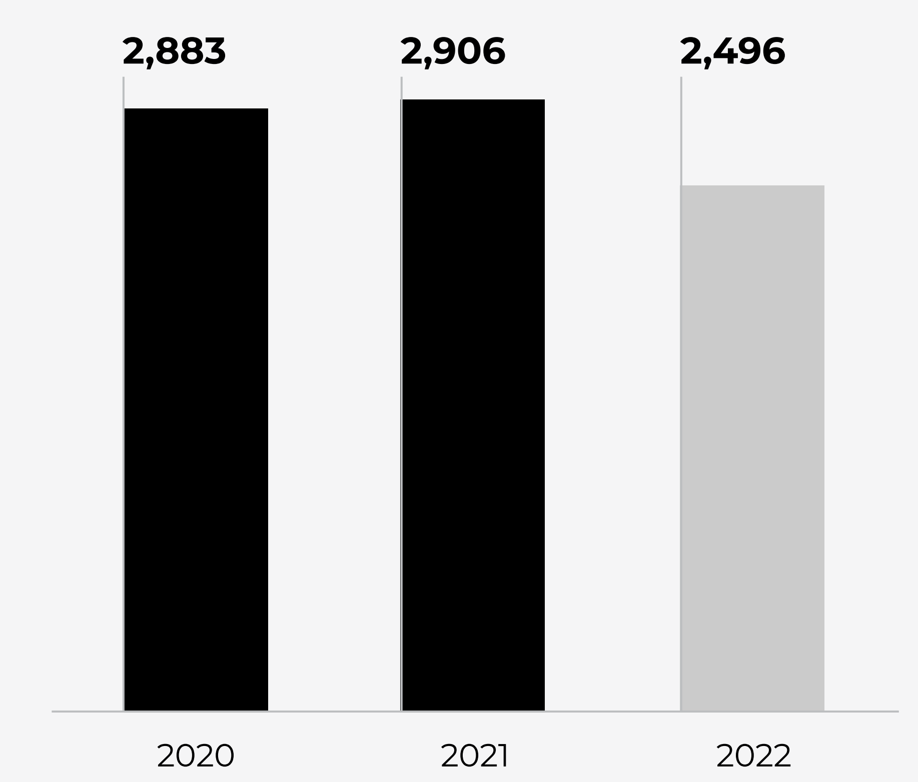
Coking coal

Metinvest produces coking coal at United Coal, in the central Appalachian region of the US.

United Coal is a metallurgical coal producer supplying its products to a diversified customer base across North America and seaborne markets. Its operating complexes include Carter Roag (three mines; operations suspended since June 2023), Affinity (three mines), Wellmore (ten mines) and three preparation plants. United Coal's large and contiguous coal seams ensure production over the long lifespan of its permitted reserve base.

Coking coal output in the US

2,496 kt | **14%** ▼



As of 1 July 2021, the reporting date of the Group's most recent assessment of metallurgical coal resources and reserves in accordance with the JORC Code, it had total Coal Reserves of 126 million tonnes and total Coal Resources of 224 million tonnes. Both are reported on an aggregated and not attributable basis. For more details, please refer to the respective announcement at Euronext Dublin.

In 2022, Metinvest's output of coking coal concentrate in the US decreased by 14% year-on-year to 2,496 thousand tonnes, mainly because of a lack of skilled personnel and adverse geological conditions at the mines.

United Coal has redirected the coal volumes that it used to supply to the Group's Ukrainian coke facilities prior to February 2022 to third-party export customers and the US market.

The favourable price environment in the reporting period supported the expansion of United Coal's shipments in 2022.

Metallurgical segment

Re-rolling

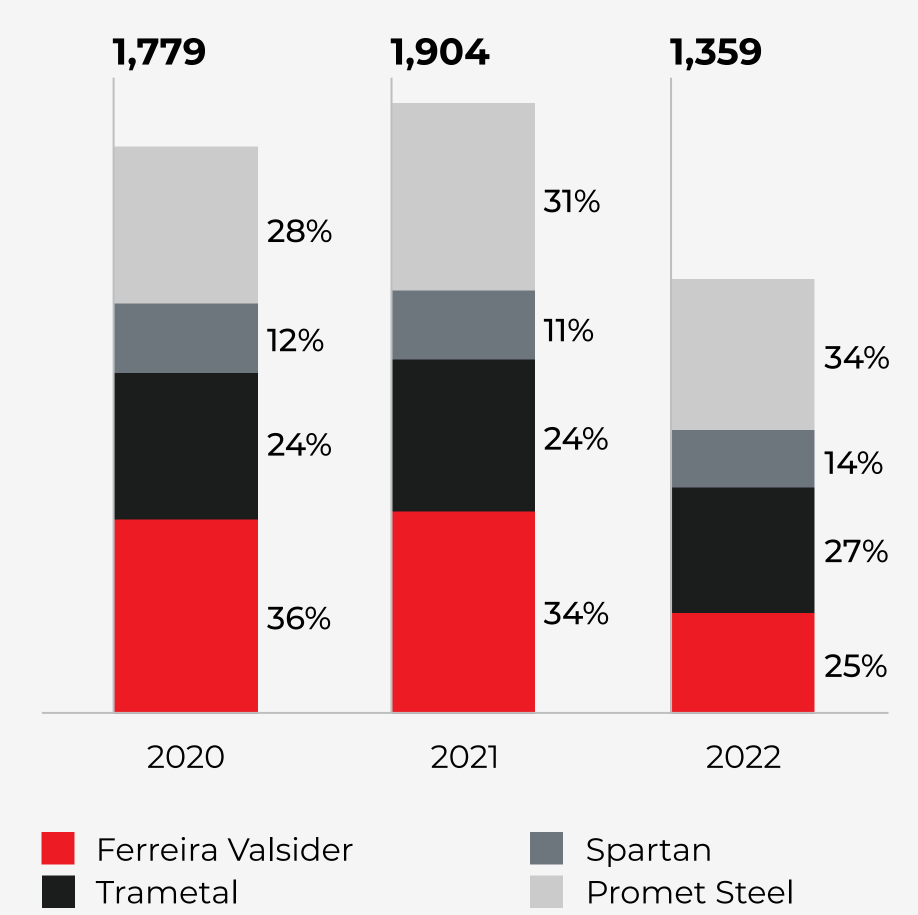
Outside Ukraine, Metinvest has four rolling mills in other European countries, which are Ferriera Valsider and Metinvest Trametal in Italy, Promet Steel in Bulgaria, and Spartan in the UK.

The Group's total re-rolling capacity in these countries is around 2.1 million tonnes a year.

Metinvest Trametal and Ferriera Valsider have a combined annual capacity of 1.2 million tonnes of flat products. They used to source slabs from the Group's steelmakers in Ukraine. Since 2022, these plants have arranged feedstock from EU and seaborne suppliers.

Re-rollers output in the UK and EU

1,359 kt | **29%** ▼



Spartan UK is a plate manufacturer in the UK with an annual capacity of 0.2 million tonnes. It used to source slabs from the Mariupol steelmakers prior to the full-scale war. Since 2022, the plant has continued production using feedstock from third-party suppliers.

Promet Steel is a long product manufacturer with an annual capacity of 0.7 million tonnes. It has continued production using feedstock from Kamet Steel and third-party supplies after the outbreak of the Russian Aggression.

In 2022, the cumulative output of key products at Metinvest's re-rolling plants outside Ukraine was 1,359 thousand tonnes (down 20% year-on-year). In particular, the production of flat products was 371 thousand tonnes at Trametal (down 19% year-on-year), 334 thousand tonnes at Ferreira Valsider (down 48% year-on-year) and 187 thousand tonnes at Spartan (down 13% year-on-year). The output of long products was 467 thousand tonnes at Promet Steel (down 20% year-on-year).

OVERALL OUTPUT OF SEMI-FINISHED AND FINISHED PRODUCTS

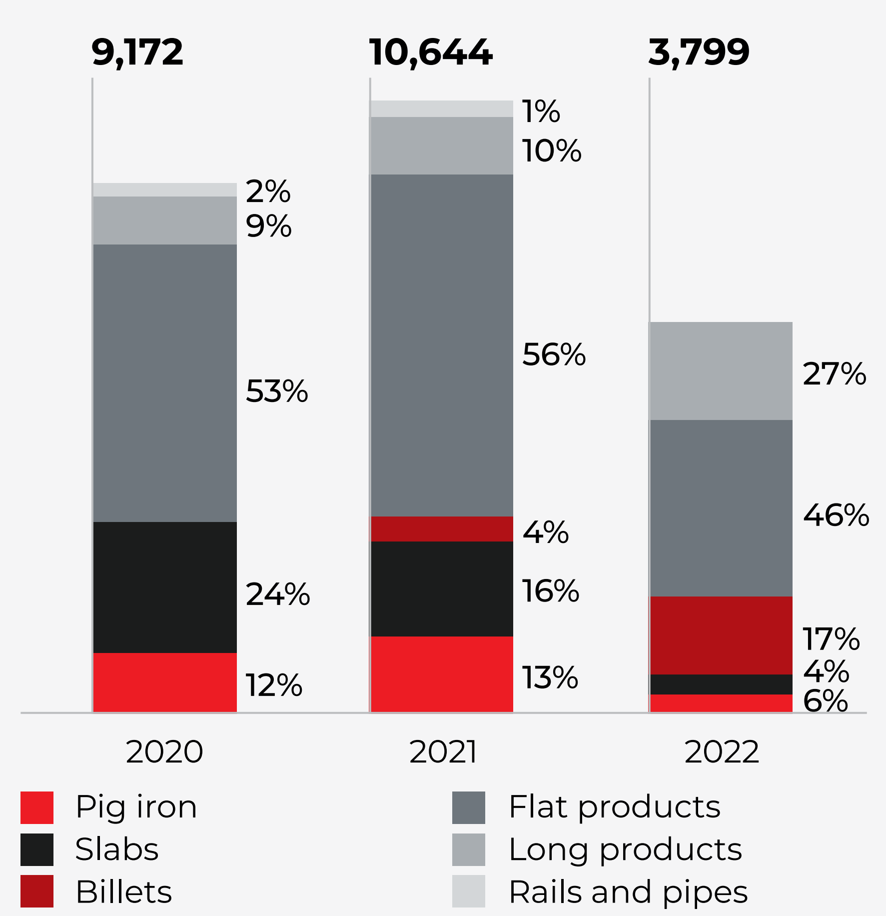
In 2022, the total output of merchant semi-finished products at Metinvest's production facilities fell by 70% year-on-year to 1,022 thousand tonnes because of the slump in hot metal output.

The production suspension at the Mariupol steelmakers led to decreases in overall pig iron and slab output of 84% and 90% year-on-year, respectively. This was partly compensated by the consolidation of merchant billet production at Kamet Steel, the effect of which was an increase of 234 thousand tonnes in 2022.

The Group's output of finished products decreased by 62% year-on-year to 2,777 thousand tonnes.

Pig iron and steel product output[5]

3,799 kt | **64% ▼**



[5] Merchant

Output of flat products declined by 4,247 thousand tonnes to 1,731 thousand tonnes as a result of the absence of production from the Mariupol steelmakers, as well as the unstable supply of slabs for the Italian re-rolling plants in the first half of the reporting year.

Long product output decreased by 71 thousand tonnes to 1,018 thousand tonnes. The reduction in output was partly compensated by the consolidation of production volumes at Kamet Steel's facilities.

Output of rail and tubular products respectively decreased by 38 thousand tonnes and 100 thousand tonnes to 10 thousand tonnes and 18 thousand tonnes as they used to be produced at the Mariupol plants.

The total output of merchant pig iron and steel products was 3,799 thousand tonnes, compared with 10,644 thousand tonnes a year ago.

DEVELOPMENTS AFTER THE REPORTING PERIOD

In early 2023, the Ukrainian government allowed imports of electricity from the EU to be exempted from power rationing restrictions to ease local shortages. The Group decided to use this opportunity to arrange imported electricity purchases for its own production needs, which enables power supply quotas to be increased (in the absence of emergency shutdowns).

This decision relieved a bottleneck impacting Metinvest's performance since the fourth quarter of 2022. In particular, the iron ore assets managed to increase output to around a third of pre-war levels and keep the focus mainly on pellet production.

It has also enabled more stable operations and product mix flexibility at Kamet Steel and Zaporizhstal. As at July 2023, two blast furnaces were operating at Kamet Steel and three at Zaporizhstal.

As of the cut-off date for this report's preparation, Pokrovske Coal was operating at approximately its pre-war capacity.

In early June 2023, Russia destroyed the Kakhovka hydroelectric power plant and its dam in the Kherson region. Although this event will impose severe environmental issues in Ukraine, it did not have a direct material effect on the operation of the Group's iron ore assets.

The full extent of the impact of the Russian Aggression on Metinvest's business generally remains unknown. It will be largely dependent on the duration and extent of the war, as well as its impact on key production assets.

[6] Central GOK, Ferriera Valsider, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Metinvest Trametal, Northern GOK, Promet Steel, Spartan UK, Unisteel, Zaporizhia Coke and Zaporizhia Refractories.

PRODUCT QUALITY MANAGEMENT

GRI 3-3; 416-1; 417-1

Metinvest strives to meet international quality standards and applies strict requirements to the entire production process and final products. The Regulation on Product Quality Management is the core corporate standard defining the internal processes and procedures that the Group's enterprises follow.

In addition, Metinvest has introduced the ISO 9001 standard at its facilities to help improve its quality management system. At the end of 2022, 12 production sites in operation[6] had ISO 9001 certification. The Group's Technology and Quality Directorate and subordinate units at each production facility oversee product quality management. Production sites also have separate regulations in place. During the year, new asset-level regulations were put in place at Zaporizhzhia Coke, Northern GOK, Ingulets GOK and Kamet Steel covering a variety of matters.

Metinvest conducts regular and periodic training for relevant staff on its quality management system. In 2022, a total of 2,717 specialists underwent this training, compared with 3,499 in 2021.

Throughout the year, the Group's steel assets employed equipment that automatically monitors radiation levels of vehicles as they enter and exit its facilities, as required by internal procedures. Metinvest does not permit railcars or other vehicles containing materials with elevated radiation levels to enter or depart its facilities. The procedure in place for vehicles with increased radiation levels is to isolate them, halt the shipment, and inform regulators and relevant local public authorities. In 2022, no cases of contaminated scrap were detected.

AZOVSTAL – THE STEEL HEART OF UKRAINE

BEFORE FEBRUARY 2022

Located in Mariupol, Azovstal was founded in 1933. Occupying around ten square kilometres along the port city's waterfront, it played a dominant role in the local economy, serving as an engine of industry. With around 11,000 employees as of the start of 2022, it was a significant source of employment for local residents.

Prior to the war, the plant produced more than four million tonnes of crude steel annually, providing livelihoods to tens of thousands of people. It also served as the primary supplier of slabs for Metinvest's re-rollers in the EU and the UK. Notably, the plant was the sole producer of rails in Ukraine.

In recent decades, the Group has supplied Azovstal's steel products to be used in various landmark projects worldwide. For example, in Kyiv, around 5,500 tonnes of the plant's products were used to construct the Darnytsia Bridge. The tallest building in the UK, the iconic Shard designed by renowned Italian architect Renzo Piano, was built using steel produced at Azovstal. In addition, its steel was used to construct the New Safe Confinement over the Chornobyl nuclear power plant. Steel from the plant was also used to build a glass pedestrian and bicycle bridge in Kyiv. In Genova, Italy, the San Giorgio Bridge was built using steel from Azovstal, replacing the collapsed Morandi Bridge.

3 More information about the illustration is on page 96.

SYMBOL OF RESISTANCE

Azovstal's identity underwent a profound transformation with the onset of the full-scale Russian invasion. It metamorphosed from a prominent industrial powerhouse into an emblem of national resistance: the "Steel Heart of Ukraine". Once a beacon of Mariupol's economy, this plant that transformed into a fortress became the city's last stronghold for the Ukrainian defence forces.

Throughout the early stages of the war, Azovstal stood defiantly against the enemy. For 80 gruelling days, the besieged mill was at the heart of the struggle for Mariupol, its endurance epitomising the tenacity of Ukraine's independent spirit and inherent resilience.

Within Azovstal's labyrinth of underground rooms and passages, thousands of Ukrainian soldiers found refuge. These sprawling, hidden spaces provided a tactical advantage, allowing the defenders to hold out against the protracted siege. Simultaneously, the mill also served as a critical sanctuary for hundreds of civilians caught in the crossfire.

Azovstal's relentless stand became a testament to the nation's indomitable spirit, marking it as a unique symbol of Ukraine's unyielding resolve in the face of overwhelming odds.

FINANCIAL REVIEW

A RESILIENT PERFORMANCE

Over previous years, Metinvest developed an endurance reserve that proved its worth in 2022. Despite the challenges faced since the start of the full-scale invasion, the Group was able to deliver a resilient financial performance.

ENDURANCE RESERVE

Since the start of Russia's hybrid aggression against Ukraine in 2014, Metinvest was able not only to recover from disruption and the loss of control over certain assets, but also to deliver a consistently positive performance in the following years.

During this time, the Group strengthened its business model, deepened vertical integration and diversified its asset base. It has undertaken strategic acquisitions, including Pokrovske Coal and Kamet Steel, enhancing the raw material base and product range. It has also invested consistently in value-accretive CAPEX.

At the same time, Metinvest has pursued a prudent approach towards deleveraging, smoothing the maturity profile and supporting a healthy balance sheet. A focus on operational improvements saw significant efficiencies achieved in recent years, while also strengthening the business throughout the value chain.

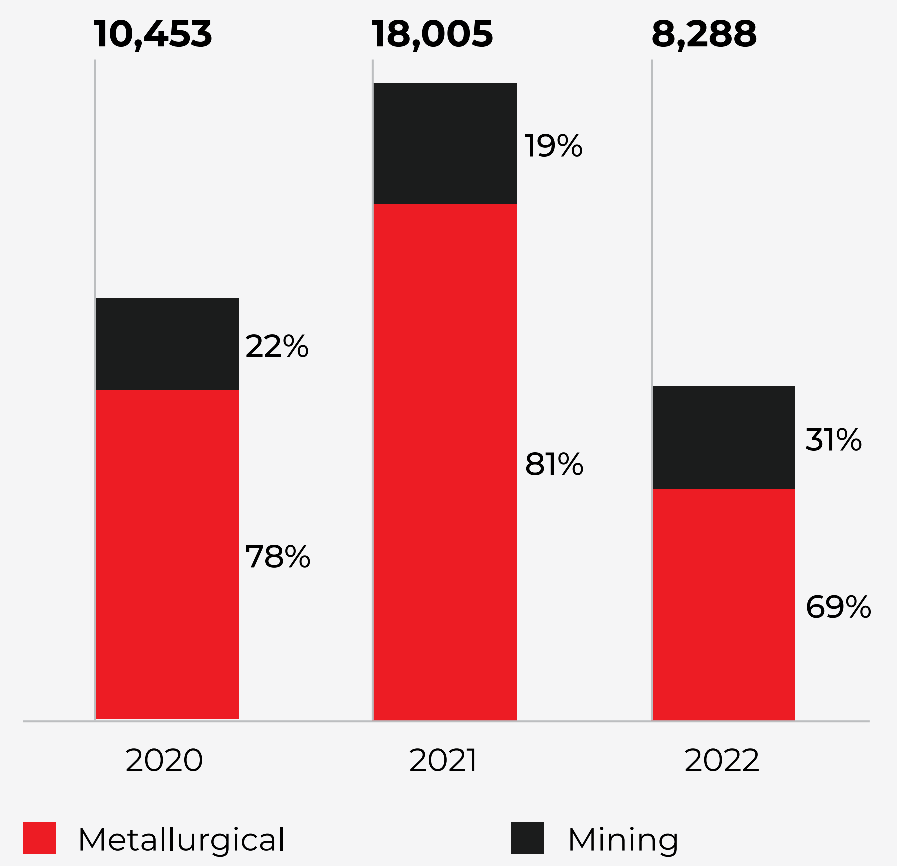
Importantly, the Group retained an experienced team and built out the global sales network.

All these factors contributed to the endurance reserve that has not only allowed Metinvest wherever possible to withstand operational and logistical disruptions, but also to adapt its Ukrainian and international operations to overcome major challenges and pursue new opportunities.

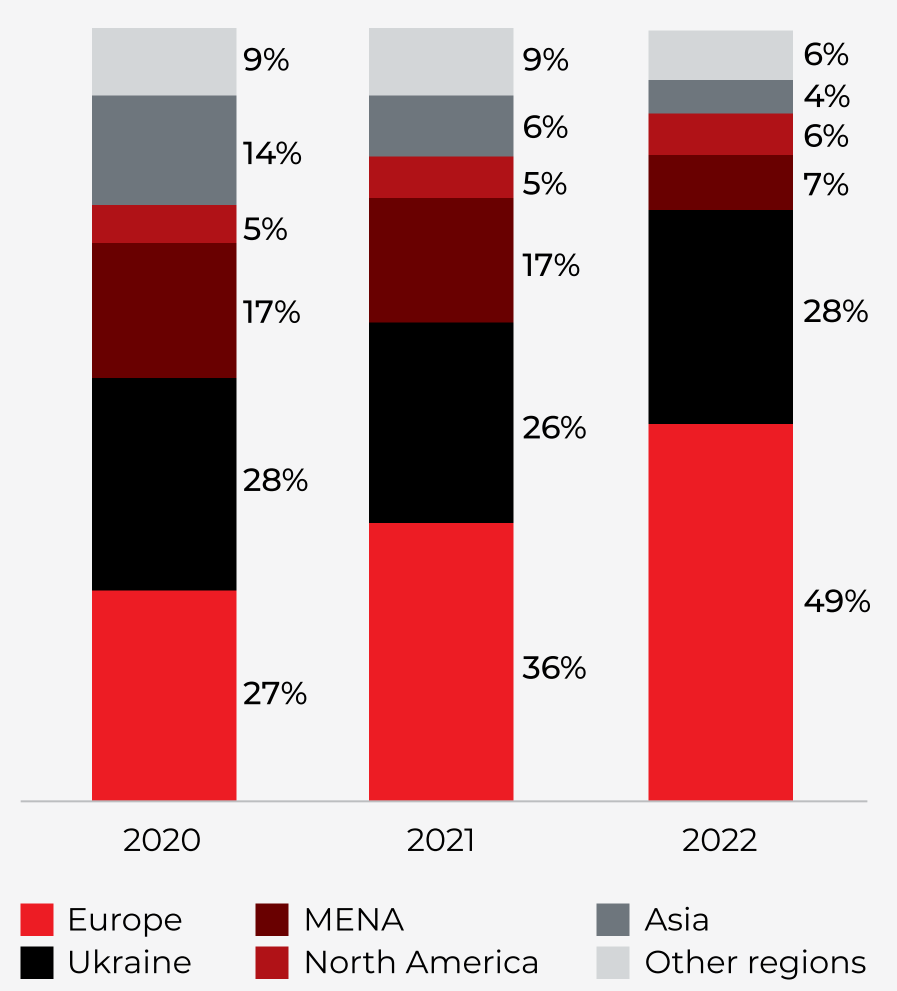
	Unit	2018	2019	2020	2021	2022
FINANCIAL RESULTS						
Revenues	US$ mn	**11,880**	**10,757**	**10,453**	**18,005**	**8,288**
Metallurgical segment	US$ mn	10,064	8,688	8,200	14,518	5,716
Mining segment	US$ mn	1,816	2,069	2,253	3,487	2,572
Adjusted EBITDA	US$ mn	**2,513**	**1,213**	**2,204**	**7,044**	**1,873**
Metallurgical segment	US$ mn	1,291	-107	890	3,257	267
Mining segment	US$ mn	1,268	1,343	1,448	4,214	1,547
EBITDA margin	%	**21%**	**11%**	**21%**	**39%**	**23%**
Metallurgical segment	%	13%	-1%	11%	22%	5%
Mining segment	%	41%	40%	46%	67%	45%
CAPEX	US$ mn	**898**	**1,055**	**663**	**1,280**	**354**
Metallurgical segment	US$ mn	513	519	332	689	99
Mining segment	US$ mn	366	510	313	530	244
Total debt	US$ mn	**2,743**	**3,032**	**2,937**	**2,242**	**2,077**
Net debt	US$ mn	**2,463**	**2,758**	**2,111**	**1,076**	**1,728**
OPERATIONAL RESULTS						
Crude steel	kt	**7,323**	**7,578**	**8,268**	**9,533**	**2,918**
Iron ore concentrate	kt	**27,353**	**29,028**	**30,501**	**31,341**	**10,712**
Coking coal concentrate	kt	**2,683**	**2,961**	**2,883**	**5,542**	**4,959**

Revenues by segment

US$8,288 mn 54% ▼



Revenues by market, %



REVENUES

GRI 2-6; 3-3

Metinvest generates revenues primarily through the sale of its own steel, iron ore, coal and coke products. It also resells goods produced by joint ventures and other third parties. Unless otherwise stated, revenues are reported net of value-added tax and discounts, and after eliminating sales within the Group.

In 2022, Metinvest's consolidated revenues amounted to US$8,288 million, down 54% year-on-year. This was driven by a slump in sales volumes due to the Russian Aggression: deliveries of semi-finished, finished steel and iron ore products dropped by 70%, 61% and 53%, respectively.

Moreover, iron ore selling prices declined, in line with the global benchmark. That was slightly compensated by higher selling prices of steel products, coking coal and coke, which followed their benchmarks, as well as a 2.1 times increase in shipments of coking coal concentrate to external customers. The latter resulted from a redirection of volumes from United Coal and Pokrovske Coal to third-party sales amid lower intragroup consumption.

During the reporting period, Metinvest sold 5,684 thousand tonnes of pig iron and steel products, of which 3,800 thousand tonnes were manufactured in-house and 1,884 thousand tonnes were purchased from third parties. This compared with a total of 15,808 thousand tonnes of pig iron and steel product sales in 2021, of which 10,641 thousand tonnes were made in-house and 5,347 thousand tonnes came from third parties.

Overall, revenues from resales totalled US$1,787 million in 2022, down 63% year-on-year. They accounted for 22% of the top line, down five percentage points year-on-year.

REVENUES BY MARKET

Product availability, logistical disruptions in Ukraine and regional demand have impacted the Group's sales geography.

In 2022, sales in Ukraine decreased by 51% year-on-year to US$2,301 million, while the country's share in consolidated revenues increased by two percentage points to 28%.

Sales to other markets fell by 55% year-on-year to US$5,987 million in the reporting period, accounting for 72% of overall revenues. In particular, sales to Europe[1] fell by 37% year-on-year, primarily because of a decline in sales volumes of flat products by 55%, slabs by 88% and pig iron by 71%. At the same time, the region's share in overall revenues increased by 13 percentage points to 49%.

Revenues from the Middle East and North Africa (MENA) decreased by 79% year-on-year, mainly amid declines in shipments of flat products by 80%, slabs by 90%, pig iron by 79%, billets by 66% and iron ore products by 80%. This reduced the region's share in overall revenues by ten percentage points to 7%.

Sales to North America fell by 47% year-on-year, mainly because of a 64% decrease in sales volumes of pig iron. At the same time, the region's share in consolidated revenues increased by one percentage point to 6%.

Revenues from Asia[1] fell by 72% year-on-year, mainly amid a 45% drop in shipments of iron ore concentrate and zero pellet sales. This reduced the region's share in consolidated revenues by two percentage points to 4%.

Sales to the CIS decreased by 81% year-on-year, mainly because the Group stopped trading with Russia and Belarus.

Revenues from other regions fell by 53% year-on-year, while their share in total revenues was unchanged at 3%.

[1] Europe excludes Ukraine, European CIS countries and Türkiye. Asia excludes the Middle East and Central Asia.

REVENUES BY PRODUCT

Metallurgical segment

US$5,716 mn 61% ▼

In the reporting period, the segment accounted for 69% of the overall top line, down 12 percentage points year-on-year.

Pig iron
In 2022, sales of pig iron declined by 67% year-on-year to US$464 million. This was primarily due to a decrease in shipments to 812 thousand tonnes, as deliveries of in-house goods fell by 1,164 thousand tonnes, mainly amid lower production and reduced resales. Shipments to all markets fell, the most significant decreases being of 906 thousand tonnes to North America, 472 thousand tonnes to Europe and 229 thousand tonnes to MENA. As a result, these regions respectively accounted for 63%, 23% and 7% of overall shipments in 2022, compared with 58%, 27% and 12% a year earlier. The share of resales in total sales volumes rose by 31 percentage points year-on-year to 75%.

Slabs
Sales of slabs fell by 90% year-on-year to US$126 million in the reporting period, driven by a comparable decrease in sales volumes to 170 thousand tonnes amid zero production and practically no sales starting from late February 2022.

Billets
In 2022, sales of billets fell by 43% year-on-year to US$423 million, driven by lower deliveries, which dropped by 49% to 581 thousand tonnes. Due to logistical constraints, available volumes were sold primarily to nearby markets. Shipments to Europe increased by 240 thousand tonnes year-on-year, accounting for 56% of overall shipments in 2022 and 7% in 2021, thanks to its geographical proximity and the availability of direct rail routes. Meanwhile, deliveries to MENA fell by 287 thousand tonnes year-on-year, making up 26% of shipments in 2022 compared with 39% in 2021, amid the ongoing inaccessibility of Ukrainian Black Sea ports. For the same reason, sales to other regions fell by 381 thousand tonnes. The average selling price increased year-on-year, following the dynamics of the benchmark.

Flat products
In 2022, sales of flat products decreased by 63% year-on-year to US$3,017 million, mainly driven by lower shipments. Overall sales volumes fell by 65% to 3,023 thousand tonnes year-on-year. The latter was primarily because of fewer shipments of in-house goods, which fell by 3,996 thousand tonnes, and a decrease in resales of 1,718 thousand tonnes. The share of resales in total volumes rose by six percentage points year-on-year to 39%. Sales to Europe fell by 2,093 thousand tonnes year-on-year. The region's share in overall sales volumes totalled 56%, compared with 43% in 2021. Shipments to MENA fell by 1,926 thousand tonnes, decreasing their share in total shipments to 16%, compared with 27% in 2021. Deliveries inside Ukraine declined by 766 thousand tonnes, as local demand plummeted. The region's share in overall sales volumes totalled 22%, compared with 18% in 2021.

Long products
Sales of long products fell by 30% year-on-year to US$915 million in 2022. This was a result of lower shipments, which declined by 36% to 1,073 thousand tonnes, mainly because of lower output at the Bulgarian re-roller amid logistical constraints in Ukraine, and the lack of production at Azovstal. Shipments to Ukraine and Europe respectively fell by 488 thousand tonnes and 10 thousand tonnes, accounting for 38% and 58% of total sales volumes, compared with 54% and 38% in 2021. This was partly compensated by higher selling prices, which followed the benchmark.

Tubular products
In 2022, sales of tubular products fell by 79% year-on-year to US$26 million, caused by lower sales volumes due to the lack of production from Ilyich Steel.

Coke
Sales of coke declined by 46% year-on-year to US$402 million in 2022. This was driven by a 53% decrease in sales volumes amid lower output, which was partly compensated by higher selling prices.

Mining segment

US$2,572 mn 26% ▼

The segment accounted for 31% of the overall top line, up 12 percentage points year-on-year.

Iron ore concentrate
Sales of merchant iron ore concentrate decreased by 61% year-on-year to US$684 million in 2022 as a result of a decline in sales volumes and lower selling prices, which followed the benchmark. Sales volumes fell by 57% to 4,894 thousand tonnes, driven by the Russian Aggression, which resulted in lower output, weak local demand and logistical constraints for exports. The available volumes were distributed predominantly to Ukraine, Central and Eastern Europe.

Pellets
In 2022, sales of pellets fell by 57% year-on-year to US$536 million, driven by a comparable decrease in sales volumes to 3,122 thousand tonnes amid lower output and the blockade of Black Sea ports. The majority of available volumes were distributed to Ukraine and other parts of Central and Eastern Europe. The average selling price decreased year-on-year, because of a lower benchmark, which was partly compensated by decent pellet premiums.

Coking coal concentrate
Sales of coking coal concentrate soared by 3.9 times year-on-year to US$1,187 million, driven by greater sales volumes and higher selling prices in 2022. Overall deliveries surged by 2.1 times to 3,374 thousand tonnes because of the redirection of volumes from United Coal and Pokrovske Coal to third-party sales amid lower intragroup consumption. In 2022, United Coal distributed its products mainly to Europe, Latin and North America, accounting for 51%, 23% and 21% of total sales volumes, respectively. At the same time, Pokrovske Coal's shipments were to Ukraine and Europe, which accounted for 68% and 32%, respectively. The average selling price rose by 87% year-on-year to US$352 per tonne, largely in line with the benchmark, which rose by 62% in the reporting period.

NET OPERATING COSTS

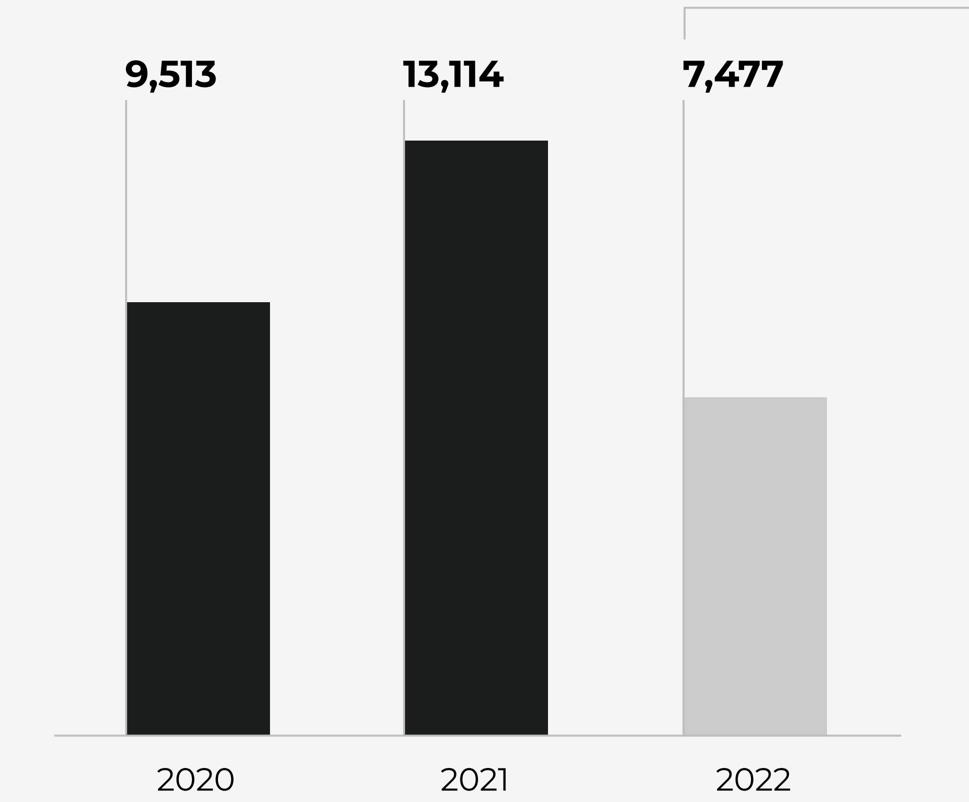
In 2022, net operating costs (excluding items shown separately)[2] decreased by 43% year-on-year to US$7,477 million, due to a number of factors.

In particular, the cost of goods and services for resale fell by US$2,907 million on lower purchase volumes amid the Russian Aggression. Raw materials spending decreased by US$968 million, primarily due to reduced consumption by the Mariupol steelmakers following the suspension of their production operations, which was partly offset by increased third-party coal purchase prices, as well as procurement of third-party slabs for re-rollers in Italy and the UK. The hryvnia's depreciation against the US dollar had a positive effect on the reduction of costs by US$532 million. Energy materials' costs decreased by US$542 million, mainly as a result of lower consumption, which was partly compensated by growth in prices for natural gas 2.4 times year-on-year, electricity by 31% year-on-year and PCI coal by 89% year-on-year. There was lower overall spending on transportation of goods by US$325 million, primarily on reduced sales volumes, which was partly offset by higher railway tariffs in the US and Ukraine, as well as longer delivery routes in European countries. There was also a reduction in depreciation and amortisation expenses of US$247 million. In addition, other expenditures (mainly fixed costs) decreased by US$379 million.

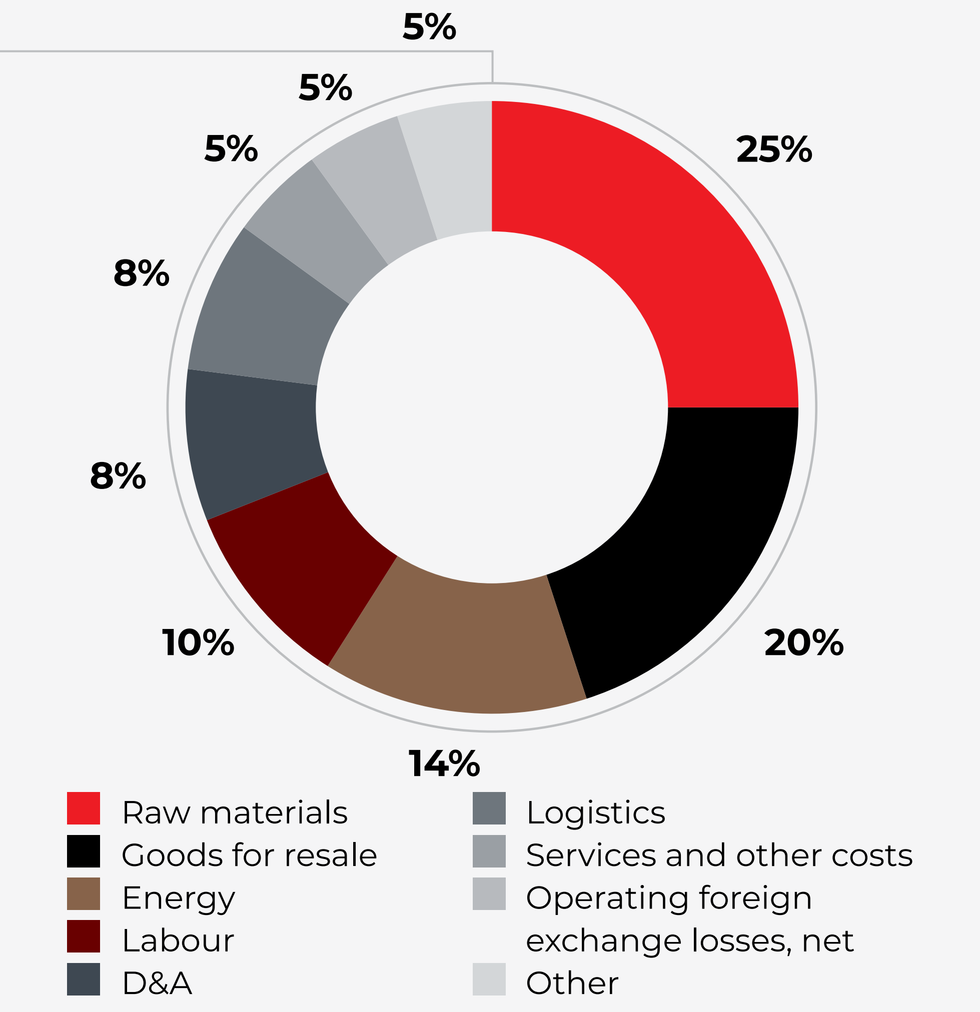
As a percentage of consolidated revenues, net operating costs increased by 17 percentage points year-on-year to 90% in 2022.

Net operating costs

US$7,477 mn | **43%** ▼



Net operating costs by category



IMPAIRMENT OF FINANCIAL ASSETS

In 2022, the impairment of financial assets was US$13 million, compared with a reversal of impairment of financial assets of US$42 million in 2021.

ALLOWANCE FOR IMPAIRMENT OF ASSETS

As a result of the Russian Aggression, for the purposes of preparing the consolidated financial statements, Metinvest determined that it is not able to continue in the short-term perspective normal production operations by the entities whose assets are located on the temporarily occupied territory, including assets of Azovstal and Ilyich Steel. As a result, the Group fully impaired these assets. In addition, Metinvest charged an allowance for impairment on tangible assets of its subsidiaries located on territory under Ukrainian control and that were heavily affected by the hostilities, including those that suffered physical damage. Also, the Group deconsolidated Metinvest Eurasia and Metinvest Distribution, its trading companies in Russia and Belarus, and ceased operations in these countries. These events resulted in the recognition of allowance for impairment of assets amounting to US$2,224 million through profit and loss, accounting for 27% of consolidated revenues in 2022.

FINANCE INCOME

In 2022, Metinvest's finance income decreased by 80% year-on-year to US$43 million as a result of several factors. First, the net foreign-exchange gain from financing activities was nil in the reporting period, compared with US$97 million in 2021. Second, other finance income decreased to US$14 million, compared with US$79 million in 2021, primarily represented by income from the extinguishment of guarantees related to the acquisition of a controlling interest in Pokrovske Coal recognised in 2021.

As a percentage of consolidated revenues, finance income was flat year-on-year at 1%.

FINANCE COSTS

In the reporting period, finance costs increased 2.4 times to US$661 million, primarily due to foreign-exchange losses from financing activities of US$437 million coming mainly from intragroup borrowings. This was partly compensated by an 11% decrease in interest expenses amid deleveraging in 2021 and 2022.

As a percentage of consolidated revenues, finance costs grew by six percentage points to 8%.

SHARE OF RESULT OF ASSOCIATES AND JOINT VENTURE

In 2022, Metinvest's share in the net result of its associates and joint ventures was negative US$6 million, compared with a gain of US$799 million in 2021.

INCOME TAX EXPENSE

In 2022, the income tax expense fell by 84% year-on-year to US$143 million, due to the Group's lower profitability.

NET LOSS

In 2022, the net loss was US$2,193 million, compared with a net profit of US$4,765 million in 2021. This was primarily driven by lower revenues and an allowance for impairment of assets.

The net loss margin was 26% in the reporting period, compared with a net profit margin of 26% in 2021.

[2] In the factor analysis, all costs are presented net of the impact of exchange rate fluctuations between the hryvnia and the presentation currency, which is calculated separately and included in other costs.

EBITDA

In 2022, Metinvest's adjusted EBITDA[3] was US$1,873 million, down 73% year-on-year. The Mining segment's EBITDA amounted to US$1,547 million, down 63% year-on-year, and the Metallurgical segment's EBITDA was US$267 million, down 92% year-on-year. While corporate overheads decreased by 55% year-on-year, eliminations totalled a positive US$162 million, compared with a negative US$201 million in 2021.

As a result, in 2022, the Mining segment's contribution to the Group's EBITDA (before adjusting for corporate overheads and eliminations) increased to 85%, compared with 56% in 2021, while the Metallurgical segment's contribution was 15%, down from 44% in 2021.

The decrease in the Group's EBITDA was primarily driven by the Russian Aggression, which negatively affected own sales of in-house semi-finished, finished steel and iron ore products; earnings from resales; and the contribution from both JVs.

These factors were partly offset by:

- lower spending on raw materials
- reduced expenses on energy materials
- increased steel product, coking coal and coke selling prices
- the positive effect of the hryvnia's depreciation against the US dollar on costs
- lower overall spending on transportation of goods
- reduced other expenditures (mainly fixed costs).

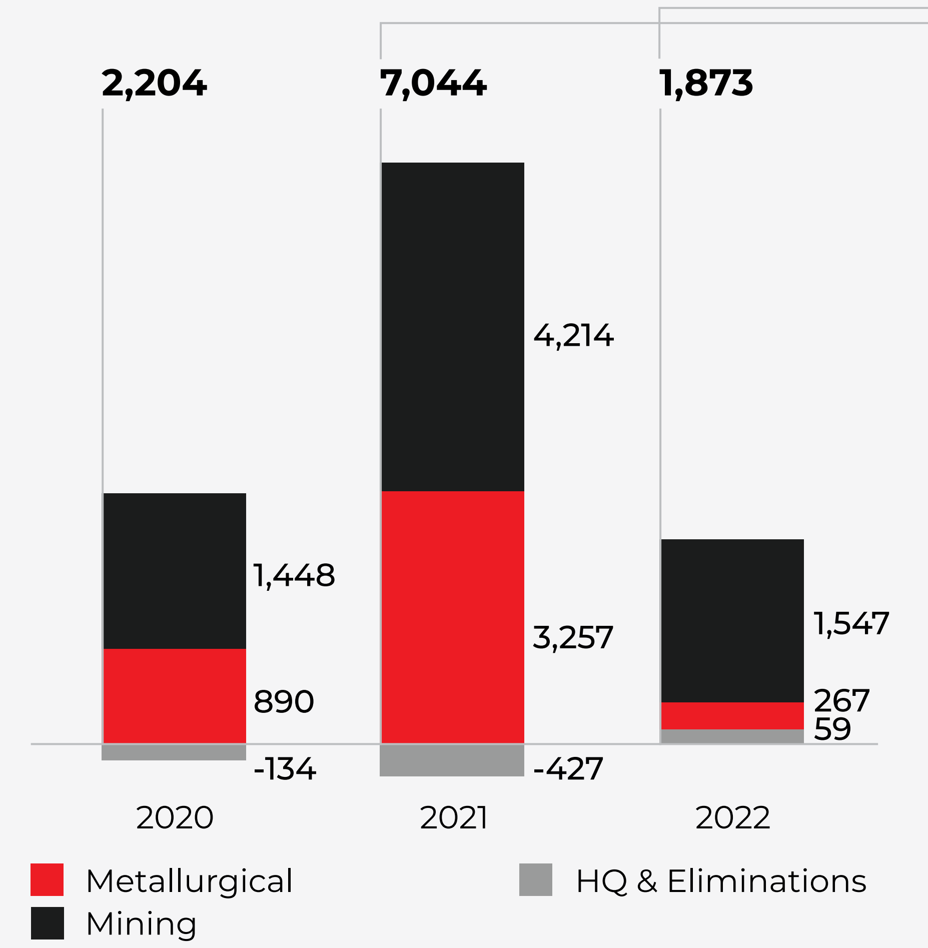
In 2022, the Group generated a positive EBITDA margin of 23%, down 16 percentage points year-on-year.

In particular, the Mining segment's EBITDA margin was at a healthy level of 45%, down 22 percentage points year-on-year, backed by strong coking coal selling prices and volumes. At the same time, the Metallurgical segment's EBITDA margin was 5%, a reduction of 17 percentage points year-on-year.

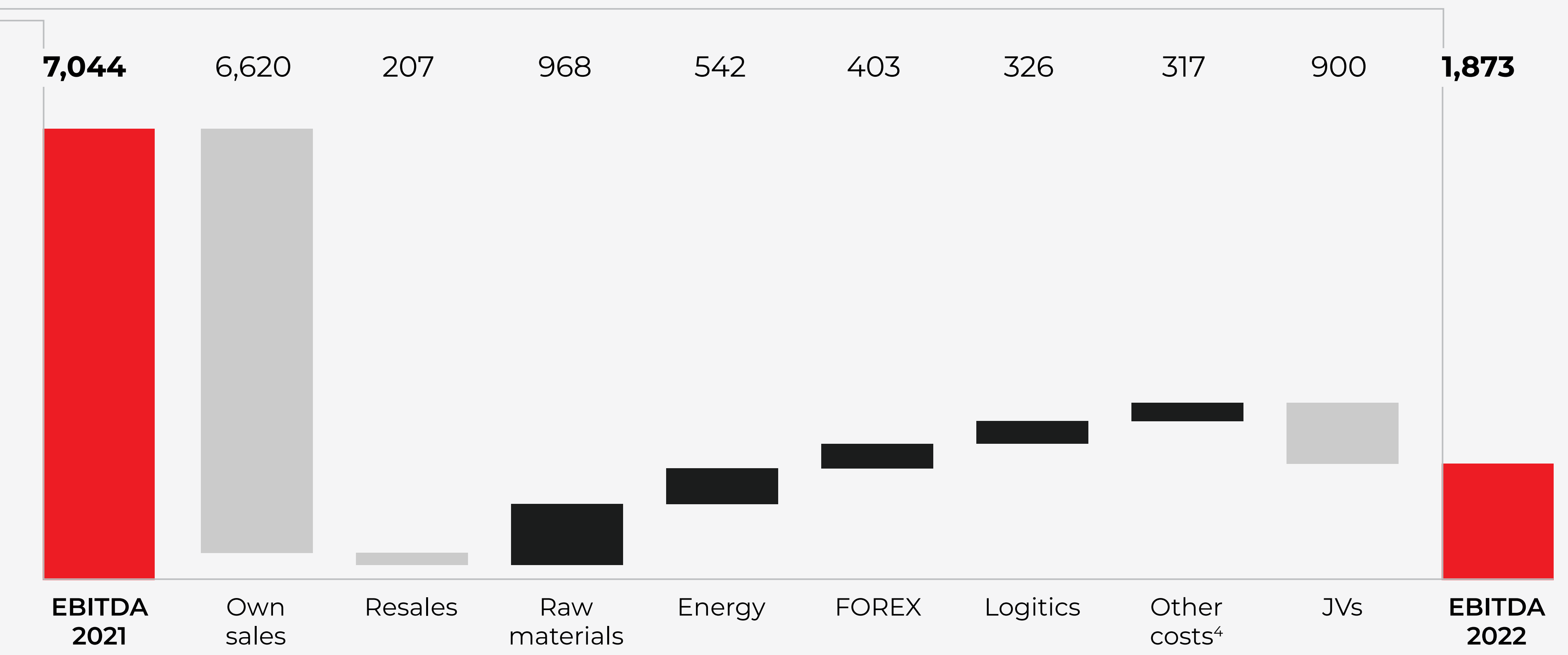
[3] Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment of property, plant and equipment, foreign-exchange gains and losses, the share of results of associates and other expenses that the management considers extraordinary, plus the share of EBITDA of joint ventures. Adjusted EBITDA will be referred to as EBITDA in this report.
[4] Other costs include labour, other fixed costs and other expenses, net of resales.

EBITDA by segment

US$1,873 mn 73% ▼



EBITDA drivers, US$ mn



APPROACH TO TAX

GRI 3-3; 207-1; 207-2

Transparent tax compliance constitutes a critical aspect of responsible business. Consequently, the Group's tax approach is governed by the relevant policies of SCM and Metinvest.

The Group's Tax Policy is guided by the following principles:

- declaration and payment of taxes in line with business jurisdiction rules
- use of tax deductions and benefits as set out by legislation
- mandatory identification and management of tax risks
- inclusion of the tax function into the business decision-making process
- arm's length principle

Metinvest supervises compliance with key tax policy issues at several levels. Specifically, it establishes two or three tiers of decision-making controls based on the type of operations and their materiality; incorporates key issues of policy implementation into the personnel appraisal and motivation system; and undergoes external audits by auditing firms and fiscal authorities.

The Group identifies, handles and oversees tax risks as detailed in its Regulation on Tax Risk Management.

Metinvest continues to provide unwavering economic support to countries where it operates through tax contributions to state and local budgets. In 2022, the Group paid a combined total of more than US$750 million in taxes worldwide, of which US$491 million was paid in Ukraine.

LIQUIDITY AND CAPITAL RESOURCES

Net cash from operating activities

In the reporting period, Metinvest's net cash flow from operating activities decreased by 75% year-on-year to US$1,403 million, mainly due to a comparable year-on-year reduction in operating cash flow before working capital changes. Income tax paid declined by 68% to US$282 million amid lower profitability, while interest paid fell by 15% year-on-year to US$161 million following deleveraging in 2021 and 2022.

Working capital outflow totalled US$68 million, compared with an inflow of US$577 million in 2021, primarily due to inventory growth of US$337 million following logistical constraints, procurement of third-party feedstock for the European re-rollers and higher costs. This was partly compensated by a decrease in trade and other accounts receivable of US$165 million and a rise in trade and other accounts payable of US$104 million.

Net cash used in investing activities

In 2022, net cash used in investing activities totalled US$302 million, down 77% year-on-year. Total cash used to purchase property, plant and equipment and intangible assets fell by 63% to US$381 million.

Proceeds from repayments of loans issued amounted to US$67 million, up from US$37 million in 2021, while interest received was US$16 million, down from US$31 million in 2021. Payments for other purposes totalled US$5 million, compared with US$4 million in 2021.

The Group received no dividends from JVs in 2022, compared with US$446 million of dividends from the Southern GOK JV a year ago. In 2021, principal payments under the guarantee issued in exchange for the option to purchase the remaining 75.22% of Pokrovske Coal totalled US$455 million. In addition, in 2021 the Group paid US$341 million for assets relating to the integral property complex of DMK[5]. Of this, the property, plant and equipment (PPE) and intangible assets (IA) costs were US$121 million, inventories were US$123 million, and trade and other receivables were US$97 million.

Net cash used in financing activities

In 2022, net cash used in financing activities totalled US$1,877 million, compared with US$3,841 million in 2021. This includes distributions paid to the shareholders of Metinvest, as well as net repayments of loans, borrowings and trade finance facilities in the amount of US$108 million, down from US$1,266 million in 2021.

[5] In August 2021, Metinvest (through Dnipro Coke) acquired assets relating to the integral property complex of PJSC Dneprovsky Iron & Steel Works (DMK) in Kamianske, Ukraine. In February 2022, Dnipro Coke was renamed Kamet Steel.

A RATIONAL DECISION

From the onset of the full-scale war, Metinvest's approach to CAPEX pivoted from a focus on development to more immediate operational priorities. These included ensuring production safety; undertaking essential maintenance to sustain current production levels; opting for equipment repairs over new acquisitions wherever possible to minimise costs; as well as preserving existing technology. Consequently, the Group decided to suspend practically all ongoing strategic projects and conduct crucial maintenance only.

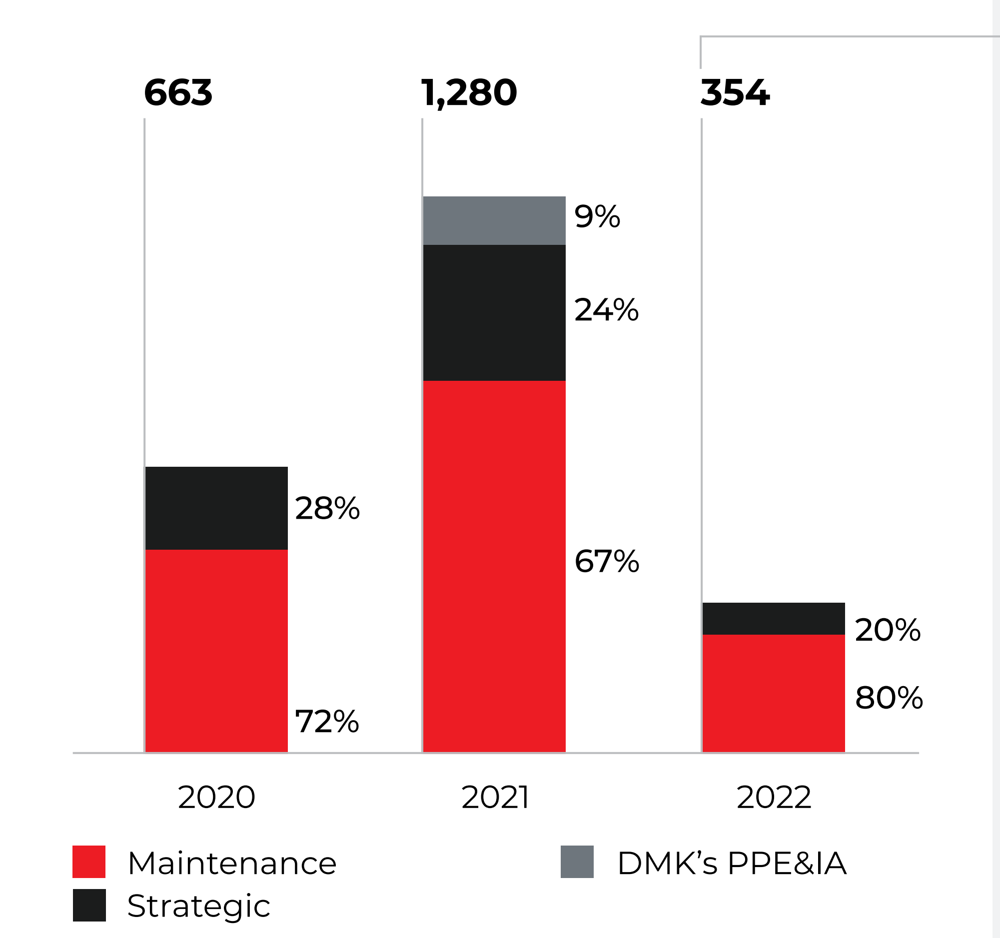
As a result, in 2022, Metinvest reduced capital expenditure by 72% year-on-year to US$354 million. Investments in maintenance declined by 67% year-on-year, while those in strategic projects fell by 77% year-on-year. This brought their shares in overall CAPEX expenditure to a respective 80% and 20% in the reporting period, compared with 67% and 24% in 2021. In addition, 9% of capital expenditures made in 2021 were related to the acquisition of DMK's[3] PPE and IA.

Investments in the Metallurgical segment amounted to US$99 million, a reduction of 86% year-on-year. They were focused primarily on overhauls that did not require substantial projects or acquisition of core equipment for the Ukrainian assets. Investments in the Mining segment stood at US$244 million, 54% less year-on-year. In particular, the Group invested US$109 million in Pokrovske Coal to maintain production volumes through the construction of new mine block No. 11. This asset accounted for 31% of the Group's CAPEX. At the same time, investments at United Coal increased by 54% year-on-year to US$40 million.

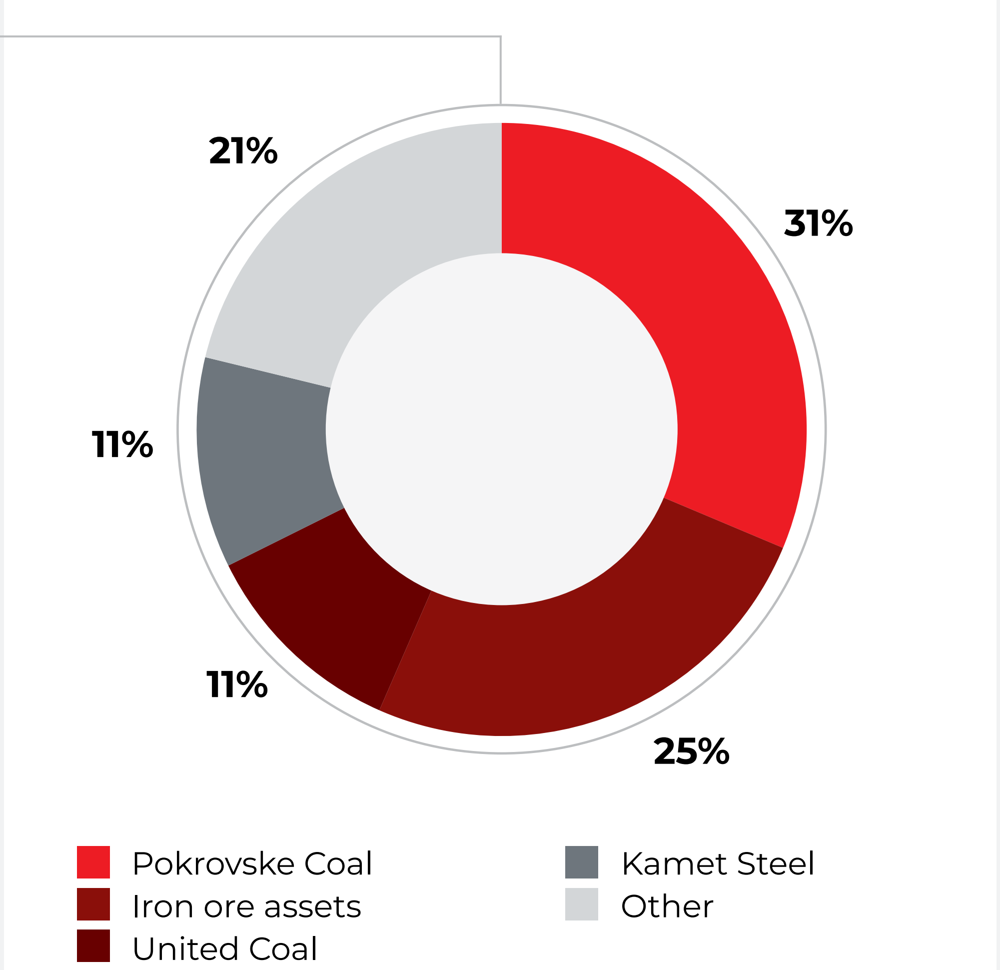
Despite the reduction in overall CAPEX, Metinvest continued to invest to bring projects at least to the feasibility stage. This proactive approach will enable the Group to move quickly to the implementation stage after the war is over.

CAPEX by purpose

US$354 mn | **72% ▼**



CAPEX by key asset



PRUDENT APPROACH TO DEBT

A key component of Metinvest's endurance reserve has been a consistently responsible approach to debt, in full compliance with obligations under its bonds and certain financing facilities. In 2021 alone, the Group repaid over US$1,238 million of total debt, reducing it to US$2,242 million by the end of 2021.

In 2022, Metinvest maintained its prudent deleveraging approach and achieved further decreases in total debt through several steps:

- the repurchase of around US$48 million of various series of bonds, including US$24 million of 2023 bonds via a tender offer
- the reduction of trade finance
- the optimisation of leased assets

As a result, as of 31 December 2022 total debt[6] fell by 7% year-on-year to US$2,077 million. As of the year-end, bonds accounted for 86% of the total debt profile, 8% – CAPEX financing, 2% – trade financing and 4% – other debt. As of the end of the reporting period, net debt[7] was US$1,728 million, an increase of 61% year-on-year. The ratio of net debt to EBITDA stood at 0.9x, up from 0.2x at the end of the previous year.

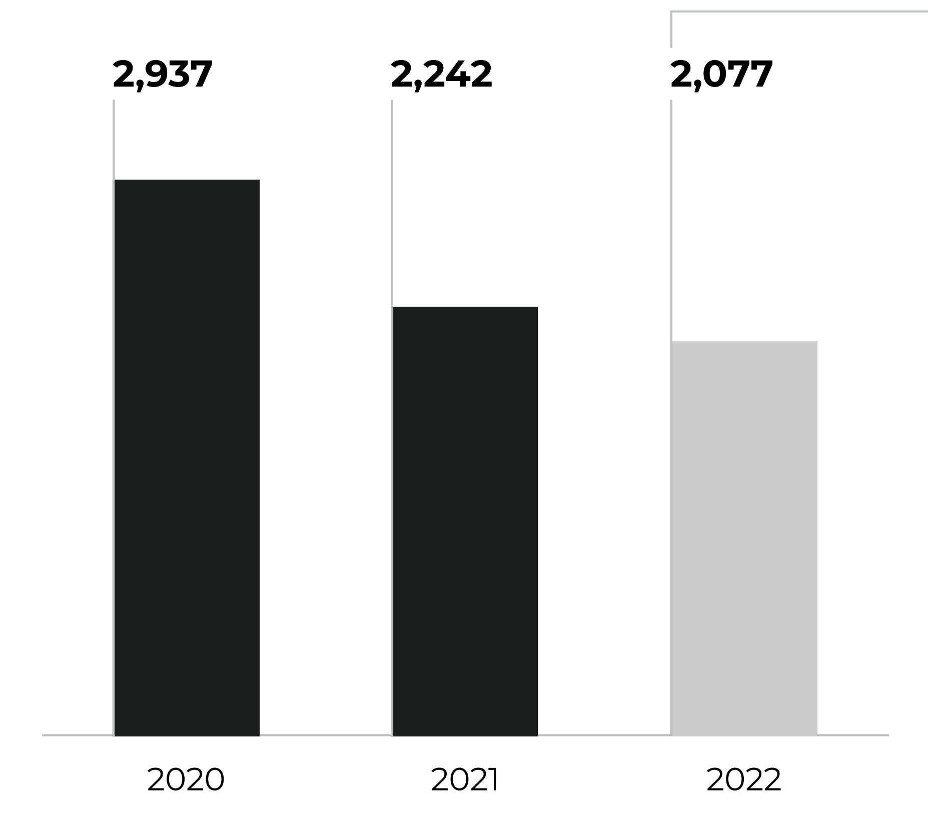
Metinvest has maintained a consistent approach to deleveraging in 2023, after the reporting period. In April, the timely repayment of its 2023 bonds was another major achievement in the context of the ongoing war in Ukraine and a significant milestone for the Ukraine-related corporate space.

The Group has demonstrated its credibility and trustworthiness, underscoring its consistent and unwavering commitment to its debt providers. The successful deleveraging means that Metinvest has eliminated scheduled material principal repayments until June 2025, giving it greater flexibility in an unpredictable environment.

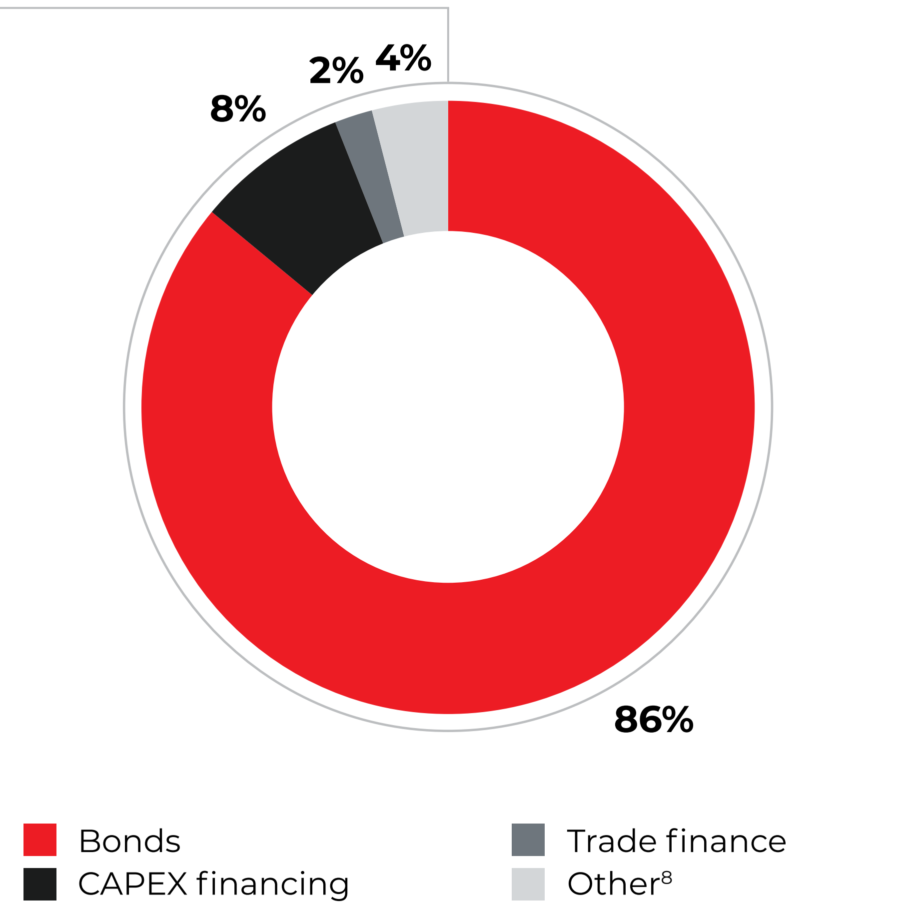
This work also helps ensure that, after victory is achieved, the Group will be well positioned to play a leading role in the rebuilding of Ukraine.

Year-end total debt

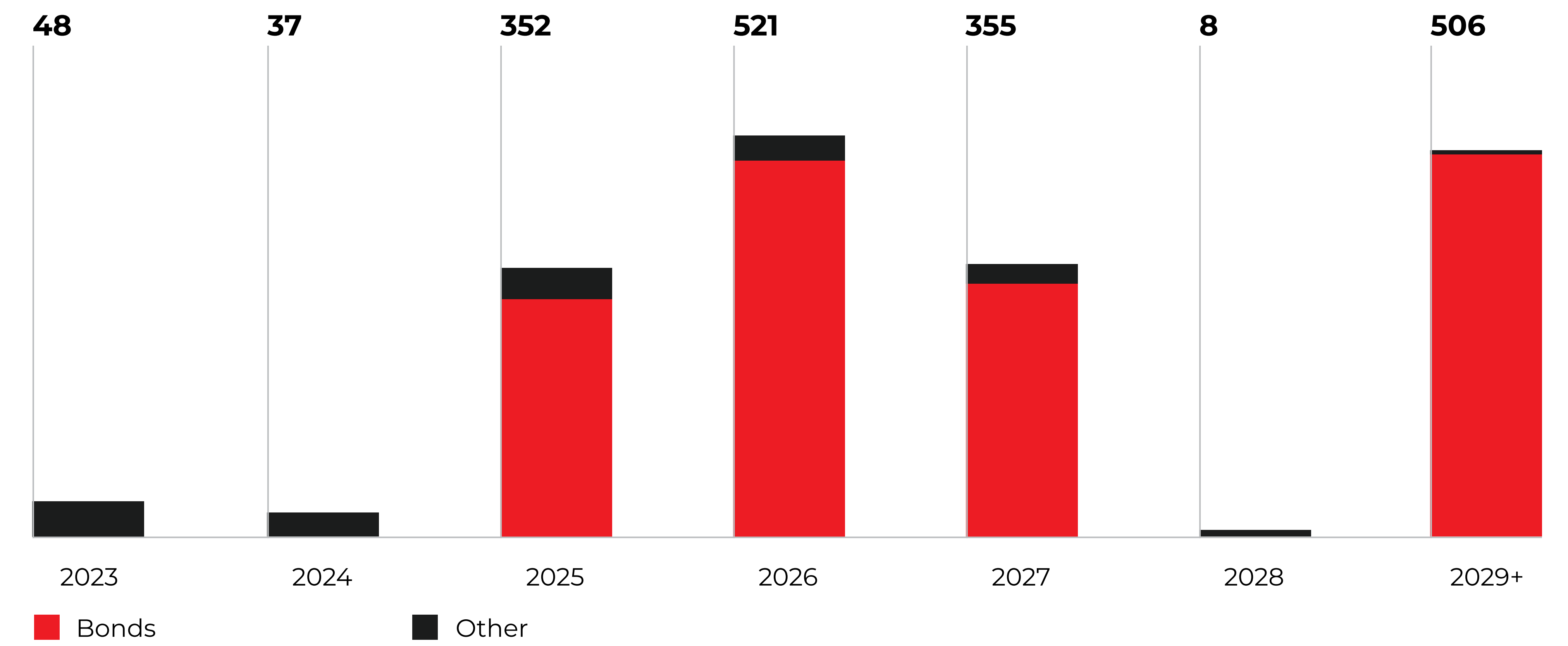
US$2,077 mn 7% ▼



Total debt by instrument



Corporate debt maturity, US$ mn[9]



[6] Total debt is calculated as the sum of bank loans, non-bank borrowings, bonds, trade finance and lease liabilities; as at period end.
[7] Net debt is calculated as total debt less cash and cash equivalents; as at period end.
[8] Debt resulting from the consolidation of Pokrovske Coal in March 2021, other bank loans and other lease liabilities.
[9] Presented amounts of scheduled instalments include principal only (without accrued interest, fees, commissions and discounts) as of 31 December 2022 (except for Bonds 2023, which were repaid in full in April 2023). Bonds: EUR296 million at 5.625% pa due in June 2025 (converted at a EUR/US$ exchange rate of 1.0651), US$494 million at 8.50% pa due in April 2026, US$332 million at 7.65% pa due in October 2027, and US$500 million at 7.75% pa due in October 2029. Trade finance lines are mainly rollovers, so they are excluded from the maturity profile chart. Lease liability under IFRS 16 is excluded.

DIGITAL REVIEW

CRITICAL SUPPORT

Amid a shifting operational landscape and cyber threats shaped by the full-scale war, Metinvest's resolve was steadfast. The Group's actions exemplified the essential role of digital resilience and robust security measures.

RESPONSE AND AGILITY

In the reporting period, Metinvest's digital projects were focused primarily on supporting its key business functions, as well as ensuring consistent operation of its IT services and associated infrastructure.

The Group also reinforced its information security and cybersecurity protocols, while maintaining unbroken assistance for its employees.

In addition, Metinvest adapted its project portfolio to better suit the new focus. Amid the heightened significance of safety initiatives, the Group placed a renewed emphasis on flexibility, mobility and the ability to respond swiftly to business needs.

DIGITAL ROADMAP

Although Metinvest had to postpone various initiatives aimed at development and innovation, it reaffirmed its dedication to the digital roadmap conceived in 2020.

The Group continued to improve the Metapolis digital workplace, an integrated platform that offers employees complete access to business systems, corporate knowledge and internal services.

In 2022, Metinvest added new functionalities, such as comprehensive training modules and an AI-based support system, boosting user experience and productivity. Overall, throughout the year, a priority was to ensure a smooth transition to remote work for employees who chose to relocate for increased physical safety.

In addition, the Group further deployed SAP solutions, enhancing efficiency and streamlining business processes across some assets. In particular:

- Kamet Steel expanded functionality and facilitated comprehensive automation of accounting operations
- Metinvest's trading companies further implemented the SAP-based CRM system, improving customer service and enabling efficient tracking of sales
- Metinvest-Shipping enabled end-to-end automation and control of logistics
- Metinvest Polska implemented key SAP modules, adapting operations to the local context.

ENHANCED INFORMATION SECURITY

Metinvest's focus on information security in 2022 was a response to the increase in cyber threats that came with the full-scale war.

This was highlighted by the implementation of stringent measures that helped to maintain the integrity of the Group's information systems in the face of a surge in incidents. This commitment was further validated through ongoing compliance with ISO 27001, the leading international standard in this area.

In 2022, the cybersecurity centre successfully repelled attacks targeting Metinvest's assets. It achieved this by expanding its operations to a 24/7 schedule, improving the coverage and speed of detection and response.

Alongside this, it upgraded the threat intelligence process, significantly improving the Group's ability to anticipate and mitigate emerging threats.

In the reporting period, Metinvest continued to enforce 15 internal documents covering data safety and privacy and adhere to applicable laws, including the General Data Protection Regulation (GDPR). The Group also worked to update the Information Security Policy, which was approved in January 2023, and reviewed its approach to managing information system access.

In addition, Metinvest implemented new remote wipe procedures for devices, reducing the risk of system breaches and data leaks.

In alignment with fostering a culture of digital safety awareness, the Group continued the Cybersecurity Champion programme and introduced Miss Forensica, a virtual assistant designed to engage users interactively.

SOCIAL FRONT

As part of its comprehensive response to the full-scale war, Metinvest redirected its community support efforts to aid Ukrainians while upholding its commitment to long-term sustainable development priorities. The primary focus was on national defence, humanitarian relief, healthcare initiatives and employee support.

Metinvest has demonstrated unwavering support for Ukraine's defenders. The Group's contributions have been used to supply essential gear, vehicles, tactical equipment and more to the country's defence forces.

In 2022, the Group launched Saving Lives, a large-scale humanitarian project which aims to help people whose lives have been affected by the war.

In addition, Metinvest has provided temporary shelters and psychological support to safeguard its people in the face of instability.

Healthcare initiatives have been at the forefront of Metinvest's response. The Group has provided vital resources to hospitals, including equipment, medicines and consumables.

4 More information about the illustration is on page 96.

SUPPORT FOR UKRAINE AND COMMUNITIES

STEADFAST ASSISTANCE

Following the full-scale invasion of Ukraine, Metinvest reoriented its community support projects to meet the needs of Ukraine and Ukrainians. The Group focused primarily on helping Ukraine's defenders, providing humanitarian aid, supporting healthcare and assisting its employees.

DEVOTING RESOURCES TO HELP UKRAINE

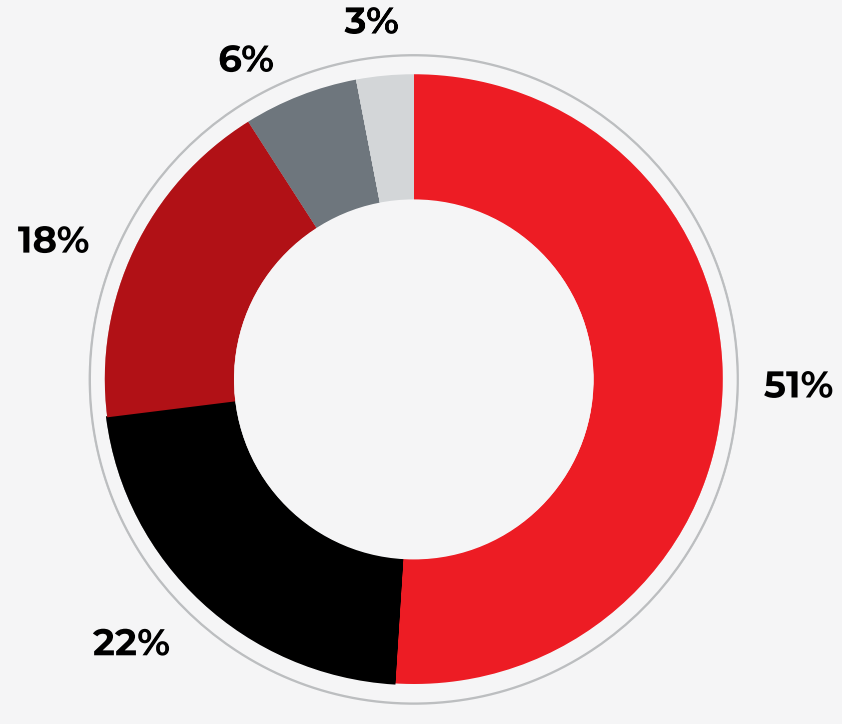
GRI 2-25; 203-1; 203-2; 413-1; 413-2

Amid wartime conditions, the Group focused its efforts on helping Ukraine and Ukrainians.

Metinvest's spending on local communities shifted from pre-war priorities, such as social infrastructure, education, sport and culture, to initiatives that aim to protect the country's defenders, provide humanitarian and medical aid, and support its employees and communities in their time of need.

Spending on social initiatives

US$95 mn



Support to defenders
Aid to employees
Humanitarian aid
Medical aid
Social partnership programmes

The Group's existing Ukrainian and wider European supply chain and logistics, as well as its long-standing relationships with local communities, have helped to support the collection and distribution of aid. Metinvest's employees in both Ukraine and at its assets outside the country also volunteered their time and skills to help colleagues and other Ukrainians impacted by the hostilities.

The Group spent around US$95[1] million on social initiatives in the reporting period. This consisted of US$92 million allocated for aid to Ukraine and Ukrainians amid the war and US$3 million on social partnership programmes before 24 February 2022.

In May 2023, the Group was ranked as the largest donor to the armed forces among private Ukrainian businesses, according to leading Ukrainian media publication NV.

[1] It includes all cash payments and other contributions made by the Group totalling US$82 million and its joint ventures and associated companies totalling US$13 million. Unless otherwise indicated, all amounts related to aid and other support presented in this section include the Group, its joint ventures and associated companies.

GENERAL APPROACH

GRI 3-3

While Metinvest's spending on communities was transformed in 2022 to meet their wartime needs, the Group's general approach in this area has been designed to provide a cohesive and accountable process in its engagement.

The Group's Supervisory Board approves the budget for local community programmes. In 2022, the Sustainable Development and People Management Directorate was responsible for their implementation. In addition, the Project Office and Operations Directorate at the level of the executive team were actively involved in the Group's initiatives to help the defenders of the country.

In January 2022, Metinvest adopted the internal regulation, Approaches and Principles of Social Spending and Local Community Engagement, to guide this work. It determines areas to prioritise, sets criteria for project selection, and establishes an approach to monitoring and assessing implemented initiatives.

The regulation provides the following guidance:

Comprehensive approach. Take a comprehensive approach to social investment to solve urgent problems more effectively and contribute to regional development.

Partnership. Join forces with stakeholders, including local authorities, residents and public organisations, to develop and implement social projects.

Relevancy and efficiency. Strive to improve the efficiency of social investment management and its relevance.

Strategic focus. Take a strategic approach to social investment, planning activities for the long term and with a significant impact.

Support to defenders

US$48 mn

Metinvest has steadfastly supported Ukraine's defenders, implementing key projects as part of Rinat Akhmetov's Steel Front initiative. In 2022, the Group spent over US$48 million[1] to provide essential gear, tactical and medical equipment, clothing and footwear, vehicles and fuel.

By the end of the reporting period, the Group had supplied 150,000 bulletproof vests to the defence forces of Ukraine. It also donated 25,000 combat helmets. To reinforce frontline positions to protect those serving there, Metinvest's steelmakers crafted around 70 steel mobile shelters, over 80,000 anti-tank hedgehogs, mini-bastions and sapper grappling hooks for remote demining. In addition, the Group manufactured around 2,500 field stoves and donated coal and wood for heating.

In 2022, Metinvest purchased tactical protective equipment from abroad, delivering 1,700 thermal imagers and 1,000 drones. It also provided more than 31,000 first-aid kits, tourniquets, and other critical medical equipment, medicines, and consumables.

In addition, the Group donated 315 vehicles and armour steel for vehicle protection. Also, Metinvest-SMC supplied hot-rolled sheets to manufacture rigid protection elements for vehicles.

In collaboration with the PULSE charitable foundation, the Group supported tactical medicine training for Ukrainian soldiers and organised training in the combat zone.

Aid to employees

US$21 mn

In 2022, Metinvest directed its efforts to ensure the welfare of its employees and spent over US$21 million[1] on related initiatives.

The Group established a hotline to register and assist employees evacuated from areas most directly impacted by the hostilities and opened rehabilitation centres in Zaporizhzhia and Kamianske. These centres offered temporary housing, medical and psychological assistance to affected employees and their families.

Overall, Metinvest organised over 6,000 temporary shelter spaces and set up humanitarian aid collection points at its assets to provide essential items for displaced persons. The Group also provided financial support to those employees most affected by the hostilities.

In addition, Metinvest supported the Home for Colleagues programme, whereby employees offered housing for displaced colleagues, and the Group compensated them for the costs involved.

The Metinvest-Together! service has provided psychological support for employees in a time of profound stress and uncertainty. It conducted over 2,000 individual and group consultations in 2022.

For more details, see page 35.

Humanitarian aid

US$17 mn

The Saving Lives humanitarian project provided the bulk of Metinvest's humanitarian aid. In 2022, the Group allocated US$17 million[1] for this area.

Two hubs were set up in Poland to collect, sort and prepare wholesale cargoes for dispatch, while Metinvest recruited volunteers among its employees to distribute aid at regional hubs in Zaporizhzhia, Kryvyi Rih, Pokrovsk, Avdiivka and Kamianske. The support extended to the Donetsk, Dnipropetrovsk, Kherson, Kirovohrad, Odesa and Zaporizhzhia regions, benefiting vulnerable populations, Metinvest's employees and their families, people in shelters and residents of de-occupied territories.

By the end of 2022, over 350,000 Ukrainians had received food, essential items, hygiene products and medicines through the Saving Lives project. More than 4,000 tonnes of vital supplies were delivered to Ukraine from abroad.

Medical aid

US$6 mn

In 2022, Metinvest ramped up its support for healthcare amid the war. The total value of medical aid provided during the reporting period was around US$6 million[1]. As part of the Saving Lives project, hospitals in Zaporizhzhia, Kryvyi Rih, Kamianske, Pokrovsk and Avdiivka have been provided with medicines, equipment and consumables.

Saving Lives also collaborated with the Protez Hub project to launch a significant programme for prosthetics treatment and rehabilitation of wounded Ukrainians, including Metinvest's employees. For more details, see page 42.

Furthermore, Saving Lives partnered with the Masha Foundation for the Unbreakable Mum project, rehabilitating women and children affected by the war through an intensive therapeutic course and follow-up. As of the year-end, 140 women and their children had attended psychological classes, art therapy workshops and had received individual counselling.

In April 2023, Saving Lives and the UN Global Compact in Ukraine started working to create psychological rehabilitation and support centres for civilians in regions where Metinvest operates.

In addition, the Group supplied 1,500 tonnes of medical-grade oxygen to healthcare facilities in 2022 to aid oxygen-dependent patients.

SAVING LIVES

On 1 March 2022, Metinvest, in coordination with the Rinat Akhmetov Foundation, launched the Saving Lives humanitarian project to support people affected by the war in Ukraine.

- **Mission.** To build the future of Ukraine, helping to restore the country with a large, socially responsible business.
- **Vision.** To help civilians in Ukraine overcome the difficulties and pain of the war, as well as its consequences, by providing assistance, involving partners and their business expertise.
- **Goal.** To create an ecosystem based on Metinvest's infrastructure that helps in the recovery and integration into society of veterans and their families.

The humanitarian initiative is focused on target categories that include employees and their families, retired employees, vulnerable members of society, internally displaced persons, critical infrastructure workers and those who have been unable to evacuate from the frontline areas, among others. People in 70 communities in Ukraine received aid through Savings Lives.

Key projects of Savings Lives cover the following activities:

Humanitarian aid kits
Food and hygiene packages for adults, children, disabled people and retirees.

Medicine and medical equipment
Support for hospitals that receive a large influx of victims.

Psychological support and development
Psychological recovery programmes for women and children, implementation of training programmes (Unbreakable Mum, psychological rehabilitation and support centres for civilians).

Prosthetics and rehabilitation
Help with prosthetics and rehabilitation for injured defenders and civilians (for example, in cooperation with the Protez Hub project). For more details, see page 42.

Saving Lives includes charitable organisations registered in Poland and the US. It has a Programme Council with representatives from several European countries. Saving Lives prepares audited reporting and has implemented corporate governance processes to ensure efficiency and transparency.

The initiative is also supported by 400 volunteers and 10 foundations, as well as non-governmental organisations.

Do It Together Foundation
The Do It Together Foundation was established in 2022 to finance Saving Lives and other initiatives supporting Ukraine and Ukrainians in wartime. More than 200 companies from around the world have already joined the project as donors.

As of 1 July 2023, the amount of donor's assistance was around EUR3 million. Metinvest has set up and funded the administration of the foundation and PricewaterhouseCoopers has supported its financial and legal processes to ensure that 100% of donations are spent to help Ukrainians in need.

OUR PEOPLE

IRREPLACEABLE

In response to the full-scale invasion, Metinvest prioritised the safety and well-being of its employees.

A WAR OF ATTRITION

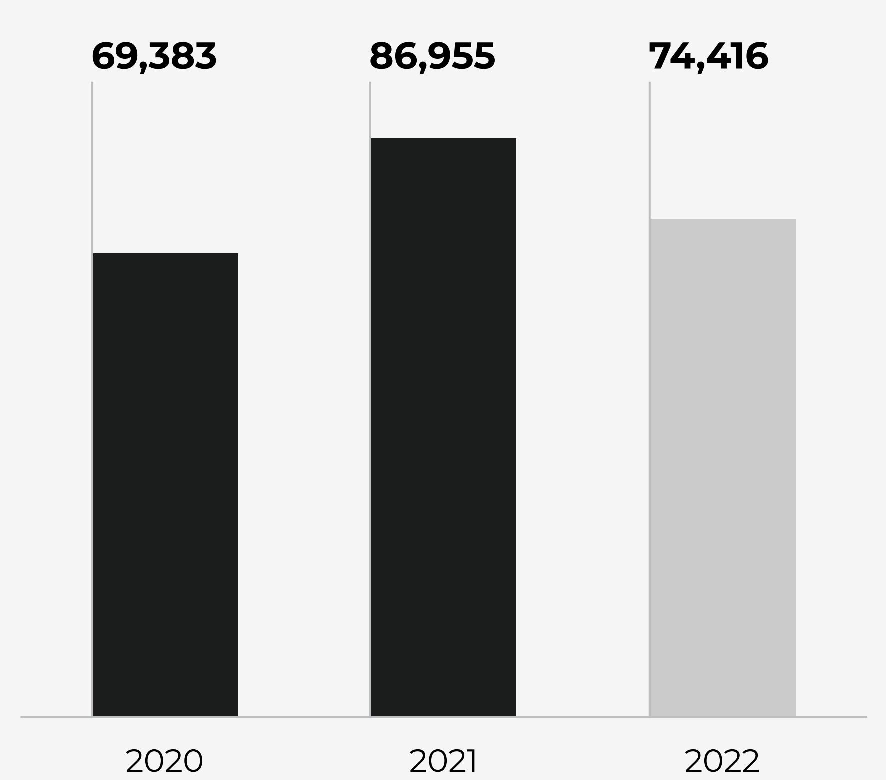
GRI 2-7; 2-25

The full-scale war has had a significant impact on Metinvest's people. Tragically, among those identified, 504 died, including 313 employees and 191 of their family members as of the end of 2022. These losses cannot be replaced and will never be forgotten.

In addition, 588 of the Group's people were wounded, including 488 employees and 100 family members. Metinvest provided medical assistance to them as part of its humanitarian support efforts.

Employee headcount

74,416 employees | **14%** ▼



Overall, the Group faced a 14% reduction in headcount to 74,416 people as of the year-end. Despite this, Metinvest remained among the largest employers in Ukraine in 2022, where 97% of its staff were employed. The lower headcount is primarily due to the outflow of employees from the Mariupol and Avdiivka assets.

Since June 2022, Metinvest has suspended labour relations with 24,239 employees[1] as a result of the Russian Aggression. Still, these employees were recorded in total headcount and the Group has sought to keep contact with them and preserve the workforce for further possible job opportunities. This approach will help to quickly restore production capacity after the war ends.

Meanwhile, the headcount of the Zaporizhstal and Southern GOK JVs decreased to 9,947 and 5,921 people, respectively down 3% and 4% year-on-year.

The Group's approach to its employees and their families has been to do everything possible in the circumstances to help them. Metinvest supported government-led efforts to evacuate its people from the affected cities to safer locations. The Group provided temporary shelters for more than 6,000 such employees and their family members. It also established a comprehensive support programme providing material, medical, psychological and employment assistance.

[1] As at 31 December 2022.

GENERAL APPROACH

GRI 3-3

While the events of 2022 have led to major changes in Metinvest's human resource priorities and focus, its general approach to its people remains unchanged. It is grounded in best international practices, including the standards of the Society for Human Resource Management.

At the apex of the Group's corporate governance structure, the Supervisory Board's Appointments and Compensations Committee supervises all aspects of personnel management, such as senior position appointments and dismissals, motivation, evaluation and reward systems, and succession planning.

The Sustainable Development and People Management Directorate oversees labour relations, employee remuneration, the professional development system and corporate culture.

Metinvest's human capital management strategy seeks to heighten the Group's appeal as an employer, secure a skilled workforce, elevate staff efficiency and refine the quality of internal HR services provided to employees.

In early 2022, Metinvest approved its Human Capital Management Policy which seeks to foster a supportive working environment. A key focus is on non-discrimination and equal opportunity, in alignment with the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Other important aspects are working hours and rest periods, prohibition of child and forced labour, freedom of employee association and the right to collective bargaining.

As part of Metinvest's personnel management approach, the Group's HR shared service centre offers comprehensive human resource management support. Operated by Metinvest Business Services, it covers around 130 processes such as organisational planning, personnel administration, staff training, assessment procedures, compensation and benefits.

The centre played a vital role in maintaining the stability of processes during this challenging year, ensuring the continuity of work and regular payment of salaries for employees.

In the first months of the war, Metinvest launched a hotline staffed by 50 volunteers from the Group's entities and its joint ventures who worked 24/7 to provide their fellow employees with critical information, including on humanitarian aid, evacuation, resettlement and employment at the Group's assets. Metinvest also established communication support through social media chats, sorted by location to provide remote access to HR services and to connect colleagues, encouraging collaborative participation in volunteer initiatives.

In addition, to address the immediate needs of employees, Metinvest rehabilitation centres were set up in Zaporizhzhia and Kamianske, where the Group operates. To provide its staff with the widest range of services in one place, Metinvest's Career Centres were temporarily relocated to the rehabilitation centres. In 2022, in cooperation with partners, they employed more than 1,300 internally displaced employees. Also, Metinvest Career Centres provided retraining programmes aimed at further enhancing employment opportunities and workforce development.

As of the end of 2022, more than 5,000 Metinvest employees were serving in the Armed Forces of Ukraine. The Group honours their service and is supporting them and other defenders with life-saving protective equipment and warm clothes.

METINVEST RANKS AMONG TOP-15 WARTIME EMPLOYERS IN UKRAINE

In April 2023, the Ukrainian publication dsnews.ua analysed the best employers in Ukraine and ranked Metinvest among top-15 wartime employers in the country. It recognised companies that offer decent working conditions, build strong and trusting relationships within the team, care for employees' physical and psychological health, and provide training and development programmes.

COMPENSATION

Metinvest strives to offer competitive compensation for its employees, encompassing a mix of salary, bonuses and additional monetary incentives. In 2022, the Group temporarily adjusted its approach to remuneration in response to the changing circumstances. Salaries and bonuses for production personnel in Ukraine were tied to the level of production capacity utilisation. For a certain period, Metinvest supported employees leaving the war zone in Mariupol by retaining two-thirds of their salary once they registered at a Metinvest Career Centre.

Across the Group, the average overall monthly salary during the reporting period was US$801, down 20% year-on-year primarily as a result of the devaluation of the Ukrainian hryvnia, loss of operational control over assets in Mariupol and lower production capacity utilisation at other Group assets in Ukraine.

For more details, see Annex 2.

SOCIAL SUPPORT

GRI 401-2

Metinvest understands the importance of providing social benefits that cater to employees' evolving needs and foster a supportive work environment. In 2022, the Group continued to provide access to medical services through voluntary health insurance options.

In the reporting period, Metinvest offered a scaled-back version of its My Choice individualised social package. The key benefits of the package included healthcare and accident insurance for employees and their family members, as well as preferential passenger transportation. As of the end of 2022, the programme was available to around 28,000 employees from ten of the Group's operating assets[2].

Metinvest also launched and implemented various social projects to support its employees. For example, the Saving Lives initiative has provided essential assistance to those in need. For more details, see page 33.

In 2022, Metinvest continued its Territory of Childhood programme by providing school supply kits for employees' children starting their first year of school.

Also, the Group strived to improve working conditions for employees by investing US$3 million in social infrastructure enhancements. These investments made it possible to renovate some workspaces and catering facilities.

In addition, Metinvest harnessed the experience of supporting remote work to ensure that office personnel had secure access to its IT systems when needed. This helped to provide options for staff members who had to relocate to safer places within Ukraine or abroad.

[2] Central GOK, Ingulets GOK, Kryvyi Rih Machining and Repair Plant, Metinvest Business Services, Metinvest Digital, Metinvest-Promservice, Metinvest-SMC, Northern GOK, Zaporizhia Coke and Zaporizhia Refractories.

PROVIDING PSYCHOLOGICAL SUPPORT

The Russian Aggression has had a profound impact on the mental health of people living in a wartime environment. In response, Metinvest has launched several initiatives to provide free psychological support to the Group's employees and their families.

The Metinvest Together! service, established by the Group in 2022, engages professional psychologists and trainers for online individual sessions to help employees to cope with stress and anxiety. Also, online group meetings are held on a regular basis and cover a wide range of topics.

Metinvest provides psychological assistance at its rehabilitation centres. It includes working with war-related traumas and post-traumatic conditions; adaptation programmes for displaced employees, as well as psychological rehabilitation for employees and their children.

The Unbreakable Mum project was set up to meet vital needs as part of the Saving Lives initiative and in cooperation with the Masha Foundation. It provides psychological help to female employees, as well as the wives and children of employees. The offline psychological sessions are three-week programmes held in Ukraine's Carpathian Mountains.

In 2023, as part of the Saving Lives initiative, the Group launched a new programme for the psychological rehabilitation of children of Metinvest employees. Called Strong Generation Camp – The Future, experts from the Ukrainian Psychologists Association will provide help to children affected by the war.

DIVERSITY AND EQUAL OPPORTUNITIES

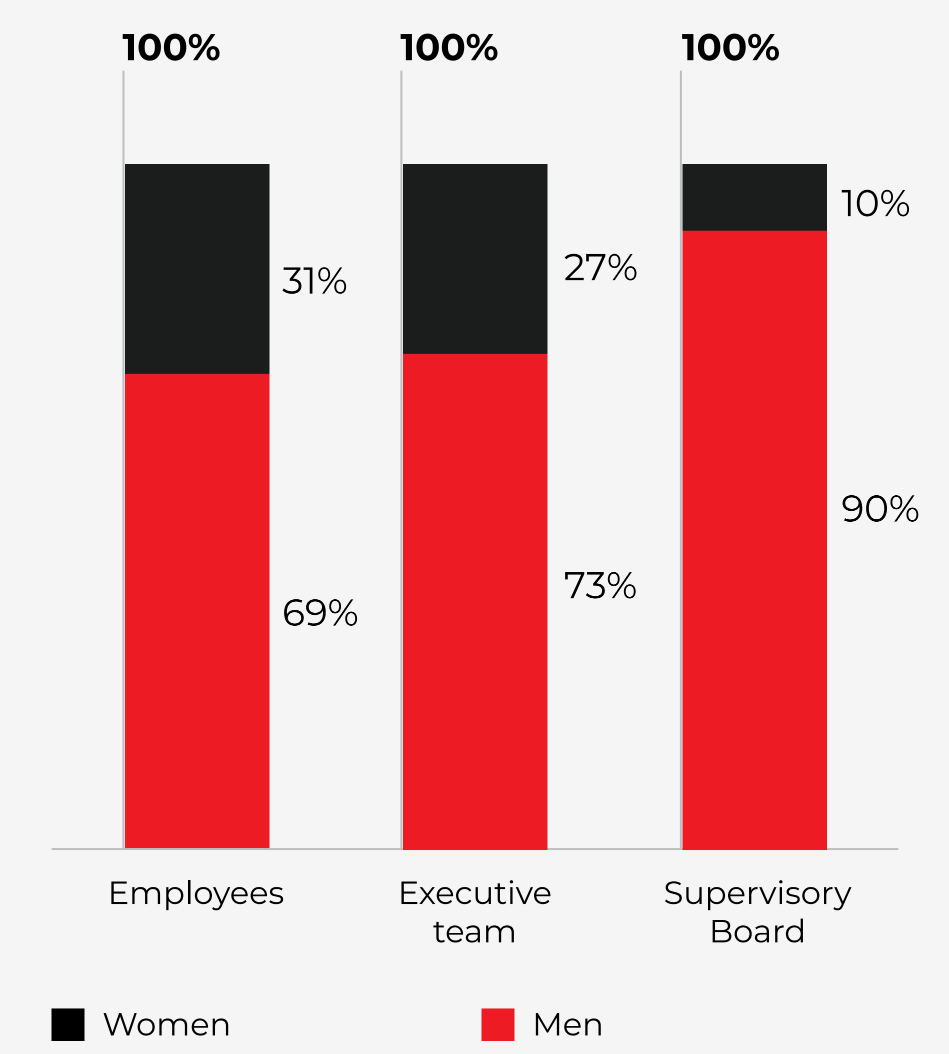
GRI 405-1

Metinvest employees have equal access to training and professional development programmes, as well as the same opportunities to participate in personnel appointment processes.

The Group's collective agreements include provisions designed to provide equal remuneration for men and women performing the same job. This approach helps to ensure that salaries, incentives, benefits and other forms of compensation – both monetary and non-monetary – remain free from discrimination based on gender, race, religion or trade union membership.

The Remuneration Policy further upholds these principles by outlining an equitable approach to salary adjustments for employees returning from extended absences, such as maternity leave or military service.

Gender diversity in 2022



In the metallurgical and mining industries, which have traditionally demanded strenuous physical labour, the workforce has typically seen a higher proportion of men than women. As of 31 December 2022, women comprised around 31% of staff (down one percentage point year-on-year), 27% of the executive team (up two percentage points year-on-year) and 10% of the Supervisory Board (flat year-on-year).

For more details, see Annex 2.

The working hours of Metinvest's employees must adhere to the requirements of the national legislation of the countries where it operates and international standards. The Group provides flexible working hours and parental leave for employees with children, along with childcare and healthcare programmes tailored to the needs of working parents.

Metinvest is committed to providing workplace accessibility and negotiates terms for employees with disabilities on a case-by-case basis, ensuring that working hours and job responsibilities accommodate their unique requirements. At the end of 2022, the Group employed 2,350 people with disabilities, compared with 2,694 at the end of 2021. The difference was mainly because of the decreased headcount in 2022.

HUMAN RIGHTS

GRI 2-26; 410-1; 412-1; 412-2

Metinvest remains dedicated to safeguarding labour and human rights throughout the business.

While placing primary importance on protecting the safety of all its employees, the Group also strives more widely to foster a trust-based work environment, exhibiting zero tolerance for discrimination based on race, gender, age, religion, or any other personal attributes.

Metinvest's Code of Ethics and Human Capital Management Policy articulate the core principles that underpin its commitment to protecting and upholding human rights in alignment with the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, and the ILO's Declaration on Fundamental Principles and Rights at Work.

To ensure that employees feel supported and comfortable when reporting potential rights violations, the Group has implemented multiple communication systems, including a Trust Line, dedicated Metinvest communication channels and a corporate portal.

Metinvest used to test employees' knowledge of the Code of Ethics using an online course that covered specific aspects related to human rights. In the period from 2019 to 2021, 95% of the Group's employees completed this training. In 2022, the Group paused its mandatory training on the Code of Ethics because of the Russian Aggression.

COLLECTIVE BARGAINING

GRI 2-30; 407-1

Metinvest acknowledges the fundamental and legally enshrined right of employees to establish and join trade unions, as well as engage in collective bargaining to protect shared interests. Industry agreements and collective contracts apply to all employees, irrespective of union membership.

To reinforce its dialogue with diverse employee groups – including labour organisations, female employees, young professionals, and retired and former employees – Metinvest relies on the following internal documents:

- the Principles of Social Dialogue with Trade Unions
- the Principles of Gender Equality
- the Principles of Engagement with Metinvest's Youth
- the Principles of Engagement with Metinvest's Retirees

At the end of 2022, a total of 99% of production personnel at the Group's assets were covered by collective bargaining agreements.

TRAINING AND DEVELOPMENT

GRI 404-1; 404-2

The Group's learning and development framework is embodied by its Corporate University, asset-based training centres and Metinvest Polytechnic, the private university for the steel and mining industry established by the Group. For more details, please see page 38.

In the reporting period, Metinvest narrowed the scope of its efforts in the training area to critical initiatives aimed at supporting production efficiency and retaining relocated staff. The scope of management and software training was reduced to prioritise core employee training.

As a result, training programmes offered by the Group in 2022 covered the following areas: requalification and advanced employee skills; occupational health and safety; first aid in wartime; managerial and employee qualification improvement (through Metinvest Polytechnic); mentorships for production personnel; Ukrainian-language study programmes; and software and management skills for employees of service assets.

Employee training sessions

57,986

Overall, Metinvest's spending on human capital development totalled around US$1 million, down 79% year-on-year. In particular, 26,262 employees attended 57,986 internal training sessions, resulting in an average of 34 hours of training per employee in 2022.

Aiming to support professional development, the Group also opened proficiency testing centres at Metinvest Promservice, Kamet Steel and Kryvyi Rih Machining and Repair Plant for retraining employees from the assets affected by the full-scale war. These centres allowed employees to receive professional qualifications through the evaluation of their skills against industry standards.
In 2022, more than 500 employees passed qualification testing as part of this initiative.

In addition, 220 employees completed advanced training courses through the joint programme offered by Metinvest Polytechnic and the Corporate University in 2022. The key areas of training were HSE, risk management, modern steelmaking and mining technology, and business-oriented Ukrainian language courses.

YOUNG TALENT

GRI 404-2

Metinvest recognises that its business relies on the availability of high-quality, forward-thinking young professionals. Its longer-term aim is to play a major role in reinvigorating the vocational educational system in Ukraine to ensure the country has the skilled professionals it needs for the future.

One initiative that continued despite the full-scale war was the internship programme, which is critical to the Group's ability to help to prepare the next generation of highly qualified mining and steelmaking professionals.

Meanwhile, the Steel-Tok career exhibition for pupils was scaled back to only cover the city of Zaporizhzhia. It provided career consultation to 970 students in the eighth and ninth grades at 18 local schools during the reporting period.

Graduates who joined the Group

510

Overall, 1,070 students from 29 educational institutions completed internships and Metinvest hired 194 of them. They were among 510 recent graduates who accepted the first employment offers in their careers from the Group.

In addition, Metinvest remained focused on the refinement of professional standards to modernise training systems across enterprises and educational institutions. These ongoing efforts seek to align state qualification and educational standards in Ukraine with the production needs of modern industry.

In addition, the Group's experts participated in developing methodological recommendations for professional standards development in Ukraine.

METINVEST POLYTECHNIC

Metinvest Polytechnic demonstrates the Group's commitment to enhancing the quality of technical education in Ukraine.

Construction of a modern, comfortable campus started in 2021 in Mariupol. Metinvest Polytechnic planned to open the doors to the initial cohort of students in September 2022. While the Russian Aggression has forced some aspects of these plans to be postponed, the university successfully adapted to provide innovative online programmes to the hundreds of students who began their studies in 2022. Education at Metinvest Polytechnic is offered free of charge for both the Group's employees and their children.

In a remarkable display of resilience, Metinvest Polytechnic managed to retain nearly all its teaching staff following the full-scale invasion. Throughout 2022, the university not only continued to prepare for its licensed bachelor's and master's degree programmes, but also resumed training courses in seven areas for employees of the Group seeking to upgrade their skills and qualifications.

The university offered 11 bachelor's degree programmes and 12 master's degree programmes, of which metallurgy, computer science, automation, computer integration technologies and occupational safety were the most popular among the first-year students.

The focus on global scientific achievements and advanced practices in the fields of metallurgy, industrial business and transformational management ensures that the university continues to train a new generation of specialists in the metals and mining sector.

Students of Metinvest Polytechnic come from diverse backgrounds, including graduates of colleges and lyceums, employees of Group enterprises from Zaporizhzhia, Pokrovske, Kamianske and Kryvyi Rih, as well as residents displaced from Mariupol and Avdiivka.

In 2022, a total of 442 people started their programmes of study at Metinvest Polytechnic, comprising 195 students working towards bachelor's degrees and 247 in master's degree programmes. Overall, 62% of enrolees in the 2022 cohort were Metinvest employees and 12% were their children.

5 More information about the illustration is on page 96.

WORKPLACE SAFETY

A CONSTANT PRIORITY

Under the circumstances of a full-scale war, no one in Ukraine, including employees of the Group could be absolutely safe. Nevertheless, Metinvest strived to do everything possible to ensure workplace safety, while continuing to implement the safety roadmap and the Safe Workspace programme.

AN UNWAVERING COMMITMENT

GRI 2-25

Under the circumstances brought about by the full-scale war in Ukraine, the Group directed its efforts to ensure the safety of the employees as their lives are the top priority for Metinvest.

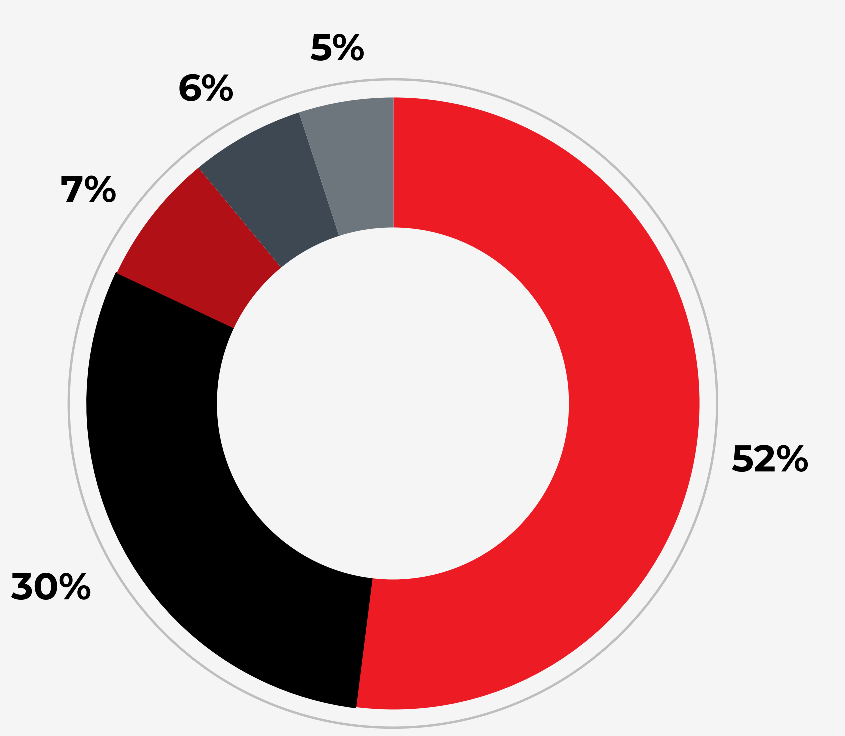
At the same time, it continued to implement its critical long-term safety initiatives at its workplaces, including the safety roadmap and Safe Workspace programme to eliminate the most common types of high-risk incidents at its production assets.

Overall, Metinvest's spending on workplace health and safety in 2022 totalled around US$62 million, down 55% year-on-year. The decrease primarily reflected the idling of production activities at the Mariupol steelmakers and at Avdiivka Coke.

The primary focuses of health and safety spending in 2022 were work in gas-hazardous places, safe work at height and provision of specialised medical equipment.

Spending on workplace safety

US$62 mn | **55% ▼**



[1] The term "contractors" refers to both contractors and subcontractors.

[2] Central GOK, Ferriera Valsider, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Metinvest Holding, Metinvest-Promservice, Metinvest Trametal, Northern GOK, Promet Steel, Spartan UK, Sviato-Varvarynska Beneficiation Factory, Unisteel, Zaporizhia Coke and Zaporizhia Refractories.

GENERAL APPROACH

GRI 3-3; 403-1; 403-2

Metinvest fosters a culture that can achieve its ultimate occupational health and safety goal of zero incidents involving employees and contractors[1] at its operations. While the events of 2022 changed several priorities to protect employees in wartime, the underlying approach and goal have not changed.

Metinvest's health and safety efforts are governed by the Policy in the Field of Health, Safety and the Environment. The Group also has 15 corporate health and safety standards in place based on international best practices. During the reporting year, the Group introduced and fully launched all its occupational health and safety standards and policies at Pokrovske Coal and Kamet Steel which joined Metinvest in 2021.

The Business Security Policy was revised and updated in 2022, amid heightened concerns related to the war. It aims to improve security of the Group's business processes and employees to protect them from the negative impact of external and internal threats of illegal actions. For more details, please see page 61.

The Health, Safety and Environmental Committee within Metinvest's Supervisory Board ensures adherence to internal procedures and local regulations. It reviews outcomes of incident investigations, seeking opportunities to enhance governance through risk management initiatives. Additionally, the committee collaborates with the executive team to incorporate established occupational health and safety methods.

At the Group level, the Occupational Health and Safety Department within the Sustainable Development and People Management Directorate oversaw the execution of programmes in 2022. Relevant departments at each production facility maintain compliance with both internal and external standards and regulations. In early 2023, the occupational health and safety function was split between the Operations Directorate (metallurgical and iron ore assets of the Group) and the Coal Directorate (coking coal assets of the Group).

The industrial safety centre of expertise at Metinvest Business Services provides consultations and industrial safety audits and supported internal incident investigations and training.

In 2022, Metinvest made further progress certifying its assets in accordance with leading occupational health and safety standards. As of the year-end, 15 operating assets[2] had ISO 45001 certification. The Group's goal is to eventually have all production facilities certified.

SAFETY ROADMAP

In 2022, the Group reviewed its safety roadmap priorities to identify the most critical areas to minimise occupational health and safety risks in wartime conditions. These areas included lifting mechanisms and operations, railway transportation, repair work, working in gas-hazardous areas, and mining functions, including drilling and blasting.

For lifting mechanisms and operations, the roadmap set out procedures for the timely inspection and monitoring of equipment and additional training for slingers and crane operators.

The focus on railway transportation safety included the development of an enterprise audit function and improved scheduling of repairs and maintenance of locomotives and rolling stock.

Repair work safety measures included the revision of requirements for the providers of these services, updating documentation, conducting training, and monitoring of contractors.

The programme for safe work in gas-hazardous places, carried out at Kamet Steel, Ingulets GOK and Pokrovske Colliery, was designed to eliminate the risk of accidents by using analysers to detect the presence of gases before they become a danger. During 2022, the Group acquired new sensors to detect gases and provided training for the gas rescue services at its assets.

Regarding coal mining operations, Metinvest implemented additional measures to manage critical risks associated with drilling and blasting following the extensive investigation of fatal incidents that happened in 2021 and the results of an external audit.

Safety Incentives

GRI 403-4

The Group has a health and safety goal-setting and incentive system in place at its assets for employees at all levels, from the shopfloor to senior management.

In the reporting period, Metinvest continued to implement the Safe Work Award programme at seven operating production assets[3] in Ukraine, encouraging staff to detect or prevent unsafe actions or conditions.

Despite the war, Metinvest continued to implement the Health and Safety Trigger incentive tool for general directors and senior managers. It aligns their bonuses at the asset level with key health safety metrics at their facility.

Contractor Safety

GRI 2-8; 403-7

Metinvest believes that the safety of contractors working at its assets is just as important as the safety of its own employees. It expects them to comply with the safety rules and procedures at its production sites, which are set out in the Group's Safety Standard for Contractor Organisations.

Metinvest's efforts to ensure that contractors meet the requirements of the Standard include pre-qualification procedures during tenders. Other measures cover health and safety briefings, knowledge tests, equipment and gear checks, inspections of repair documentation, and regular monitoring throughout the work.

In addition, the Group uses the contractor safety assessment and rating methodology at its production assets in Ukraine to assess contractors involved in hazardous work. Among other factors, Metinvest analyses their incident documentation and statistics, the results of their workplace audits and inspections, the qualifications of their employees, and the compliance of their equipment with safety requirements. The Group also considers these assessments in future tenders.

Safe Workspace Programme

The key health and safety initiative in 2022 was further development of the Safe Workspace programme, which applies a risk-based approach. In the reporting period, Metinvest continued to implement the Safe Workspace programme at assets acquired a year earlier. In particular, the Group conducted a full risk assessment at all of Kamet Steel's subdivisions. Also, Metinvest began implementing the programme at Pokrovske Coal following the audits conducted in 2021.

Under the Safe Workspace programme, during the reporting period, Metinvest identified over 207,000 hazards in more than 6,000 workspaces at eight operating assets[4].

Also, the Group developed the Safe Workspace Procedure and implemented it at production assets in Ukraine.
It establishes the assessment and minimisation of the health and safety risks.

[3] Northern GOK, Ingulets GOK, Central GOK, Kryvyi Rih Machining and Repair Plant, Kamet Steel, Zaporizhia Coke, and Zaporizhia Refractories.

[4] Central GOK, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Metinvest-Promservice, Northern GOK, Zaporizhia Coke and Zaporizhia Refractories.

PERFORMANCE IN 2022

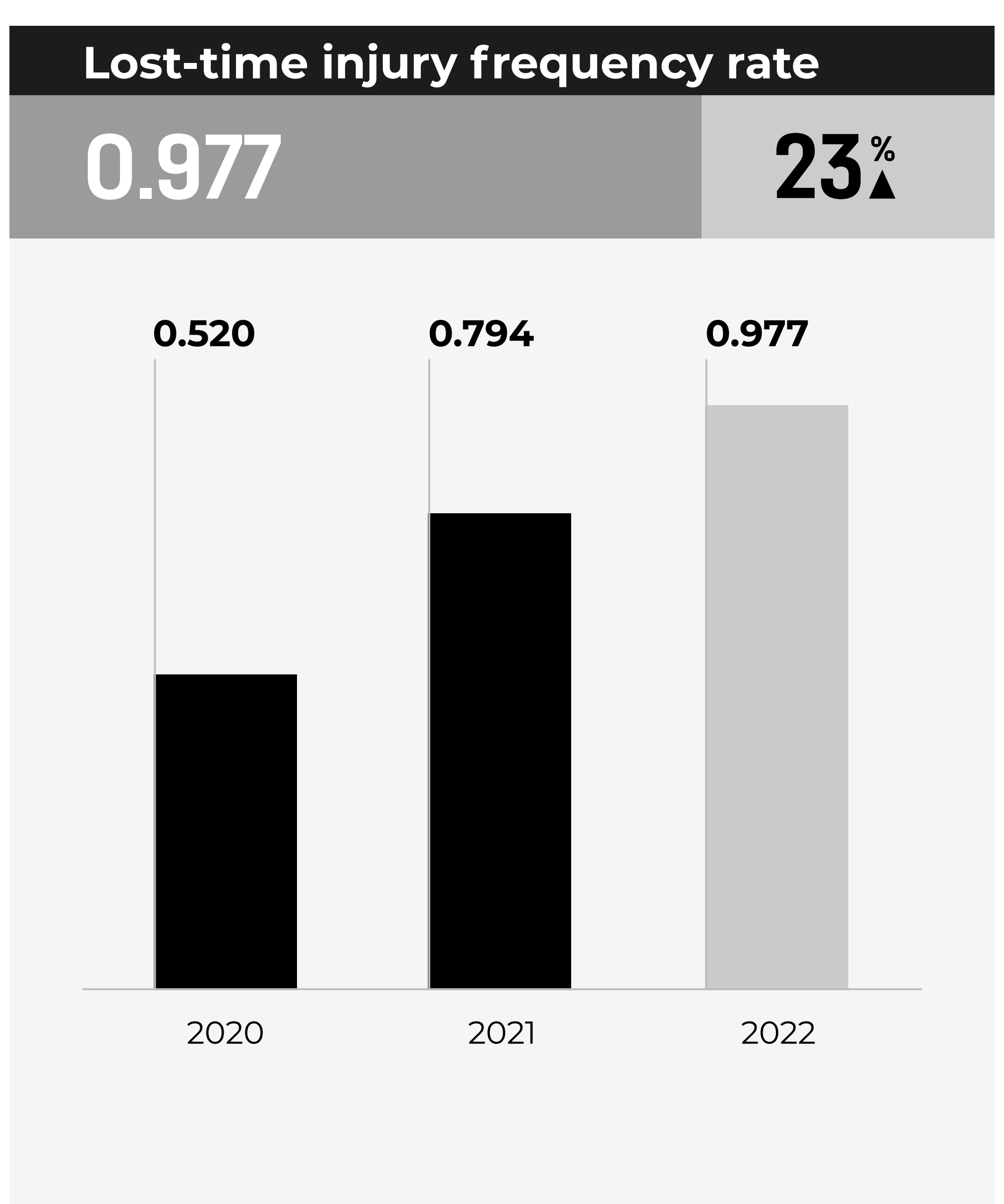
GRI 403-9

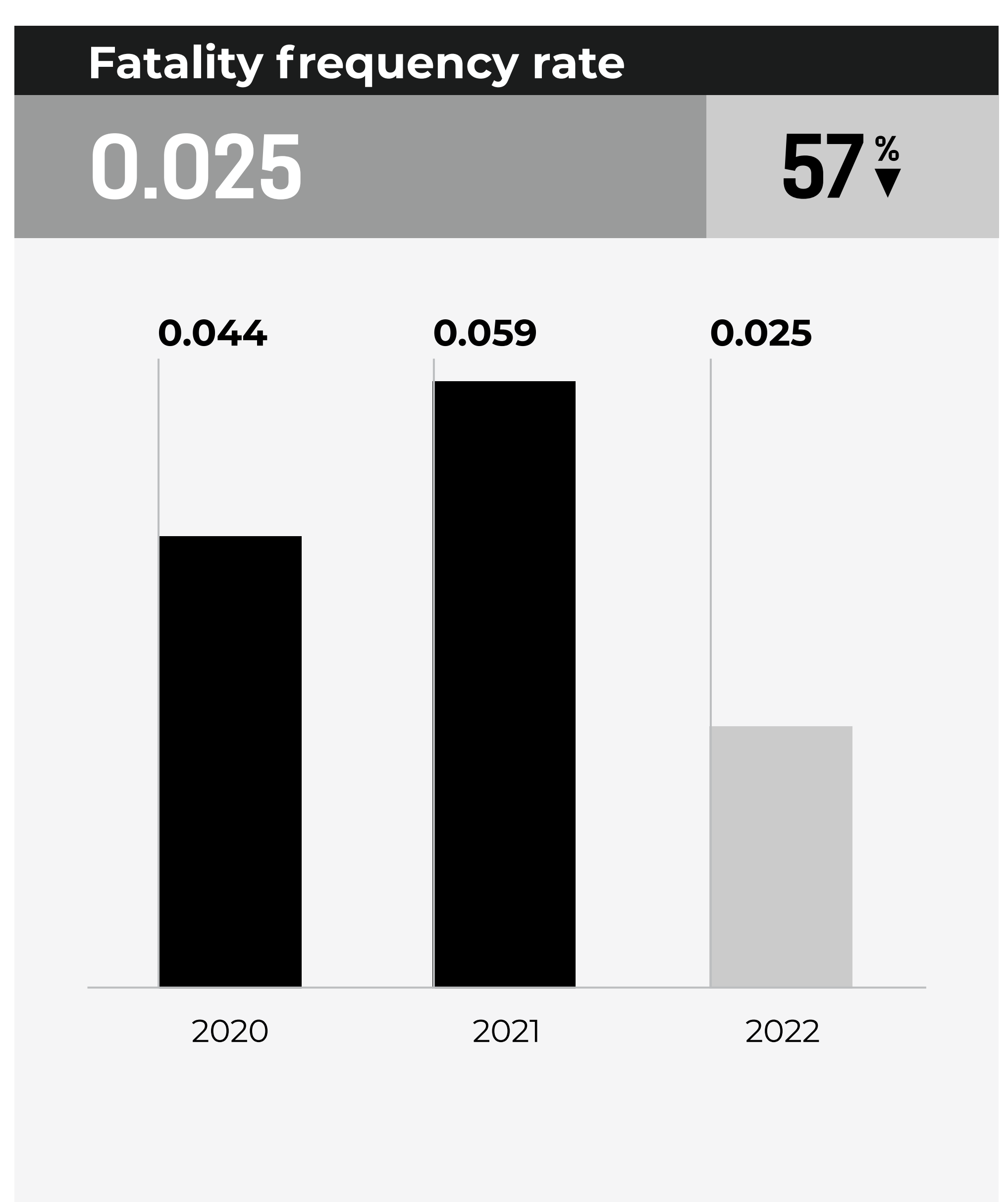
In 2022, Metinvest recorded 75 injuries and two fatalities among employees. This is a decrease from 2021, when there were 99 injuries and eight fatalities among employees. Any fatalities are deeply regrettable. Also, despite the year-on-year decrease in the overall injury indicators, the results remain unsatisfactory given the reduced number of hours worked.

Consistent with its general approach, Metinvest thoroughly investigated each incident to identify the root causes. The main causes of injuries in 2022 at the Group's assets were contact with rotating machinery, falls while moving, falling objects and falling from height. Metinvest used the investigation findings to identify and implement additional control measures aimed at preventing safety violations and incident reoccurrences.

To measure its health and safety performance, Metinvest follows the guidelines of the World Steel Association, the ISO 45001 standard and other international best practices. It also tracks composite performance indicators, such as the lost-time injury frequency rate (LTIFR) and fatality frequency rate (FFR), both of which are calculated in terms of incidents per million man-hours worked. Other indicators that the Group uses include the lost-time incident severity rate, the number of near-misses, the provision of medical and pre-medical care, detected non-conformities, hazardous practices and conditions, and the number of training and induction sessions.

In 2022, Metinvest's LTIFR was 0.977[5] and its FFR stood at 0.025. These metrics compare with an LTIFR of 0.794 and an FFR of 0.059 in 2021. Since 2021, Metinvest has also disclosed LTIFR for its contractors, which was 0.476 in 2022 and 0.446 the year before. The LTIFR metrics were higher in 2022, despite the lower absolute numbers of injuries, because the number of hours worked was significantly less due to the suspension of operations at the Mariupol and Avdiivka assets and reduced capacity utilisation of other assets due to the Russian Aggression.





Notably, while Metinvest's LTIFR increased year-on-year, the FFR decreased. The latter was primarily driven by Pokrovske Coal, which saw a reduction after introducing the Group's health and safety standards and safety roadmap during the year.

During the year, ISO certification audits were also conducted at Metinvest's assets in line with the established periodicity. In addition, the industrial safety centre of expertise conducted quarterly audits of the Safe Workspace programme and safety roadmap implementation at assets in Kamianske, Zaporizhzhia and Kryvyi Rih.

For more details relating to the Health and Safety disclosures, see Annex 2.

HEALTH AND SAFETY TRAINING

GRI 403-5

In 2022, the Group provided occupational health and safety training to more than 17,000 employees, who attended around 36,000 training sessions. Each employee received an average of seven hours of health and safety training during the year. New training programmes were developed for the Safe Workspace programme, covering all levels of managers, workers and risk assessment teams at the production assets. Cascade training, when asset-level general directors and health and safety heads teach workshop leaders, who in turn teach workers, was conducted across Metinvest's Ukrainian sites.

In the reporting period, the Group continued to implement the HSE Top Risks programme developed in cooperation with Metinvest Polytechnic. It is designed to train employees to assess risks that they face in the workplace. In 2023, it incorporated four risk categories (work at height, moving/rotating equipment, lifting mechanisms and LOTOTO). The target audience for the training programme is more than 4,500 employees. As part of the project, coaches from Metinvest Polytechnic train managers who oversee high-risk work.

In addition, Metinvest implemented a training course for more than 1,500 employees on medical aid in wartime. The course provides personnel responsible for providing medical aid with additional training in protocols for helping colleagues injured by shelling or an explosion. An online video course with 12 modules covering related topics has also been developed in this area that is accessible to all employees.

[5] This compares with the global LTIFR benchmark for employees only of 0.85 in 2022 according to the World Steel Association.

EMPLOYEE HEALTHCARE

GRI 403-3; 403-6; 403-10

Metinvest strives to align its approach to employee healthcare with the recommendations of the International Labour Organization (ILO), World Health Organization (WHO) and the ISO 45001 standard and use these guidelines to assess its performance in this area.

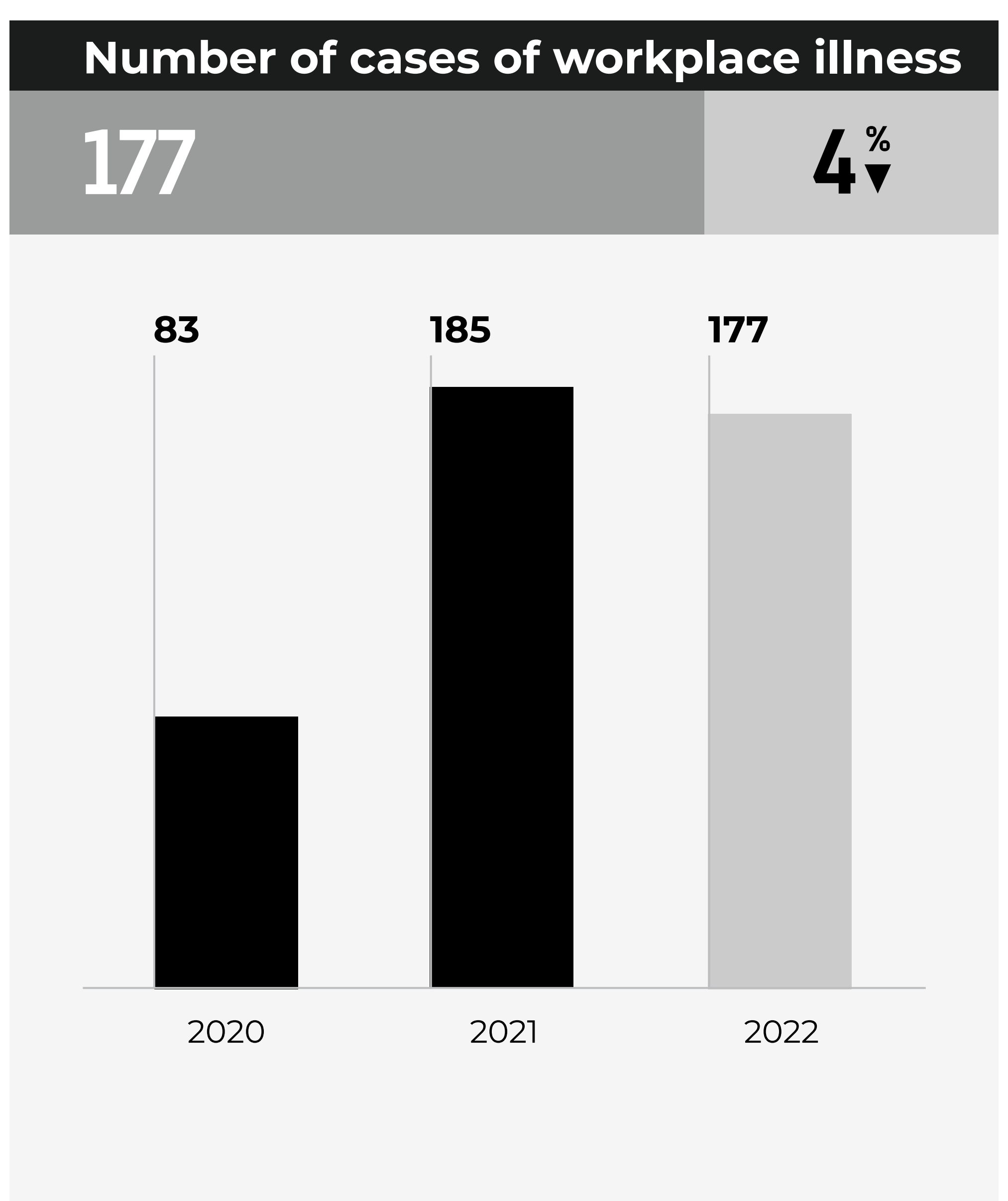
In 2022, the Group focused its efforts to responding to the hostilities. It provided humanitarian aid to medical institutions, including medicine and medical equipment, and arranged medical care for employees and their families affected by the war. In addition, Metinvest implemented several projects to purchase specialised medical equipment for the health centres at its assets.

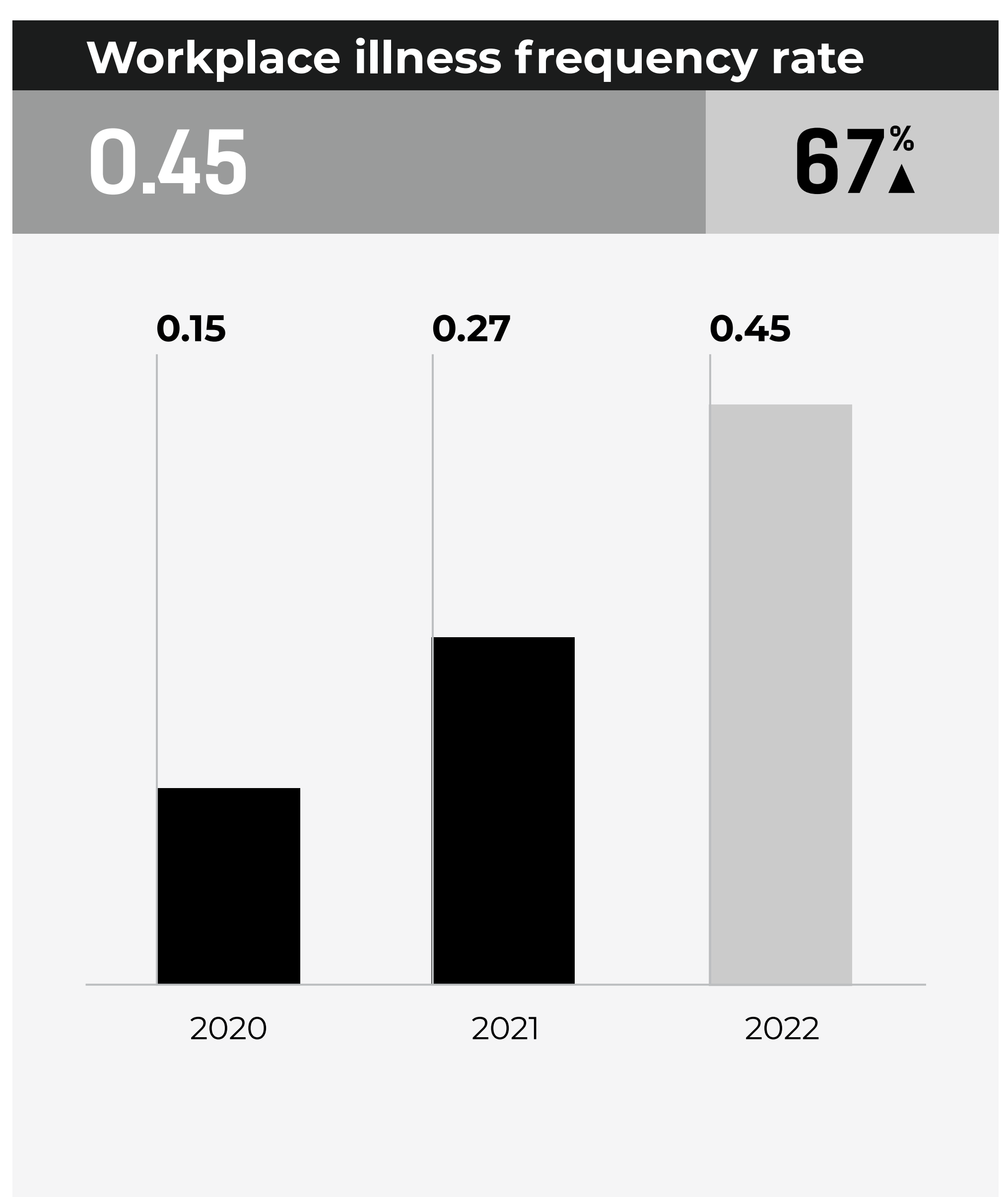
At the same time, Metinvest continued to implement some organisational measures in line with its healthcare strategy. Kamet Steel reorganised its medical unit to focus on occupational illness and injury, to analyse the effectiveness of services, and to retrain and recruit staff.

During the reporting period, the most common workplace illnesses among Metinvest's employees were radiculopathy (32% of all diseases), vibration disease (17%), and chronic obstructive pulmonary disease (11%). The number of workplace illnesses decreased by 4% year-on-year, but the workplace illness frequency rate[6] grew almost two times to 0.45, primarily because of the reduction of the number of hours worked in 2022 due to the suspension of production at assets in Mariupol and Avdiivka and reduced capacity at other assets, while workplace illnesses can continue to be registered even when an employee is not working.

The health index[7] for the Group's employees was 38% in 2022 (compared with 36% in 2021). Metinvest maintained its efforts to support employees who suffered frequent or prolonged illnesses by developing individualised health plans for those at higher risk of certain diseases. These plans involved quarterly medical check-ups, preventative measures, immune-boosting medication and recreational activities.

To prevent the incidence of occupational illness, in 2022 working groups were formed across the Group's assets under the leadership of the health and safety team. Their analysis was used to create a plan to reduce illness rates.





[6] The workplace illness frequency rate is calculated as follows: total number of work-related ill health cases multiplied by 200,000 and divided by the total number of hours worked per year.

[7] The health index is an indicator that displays the absolute number of employees who did not suffer from a workplace illness resulting in a temporary loss of working ability during a year, presented as a percentage of the total number of an enterprise's employees.

PROSTHETICS RESTORING LIVES

Since the beginning of the full-scale war, the need for prosthetics has increased significantly.

In response to this, Metinvest's Saving Lives humanitarian project launched a programme in cooperation with Protez Hub to provide prosthetics and rehabilitation services for Ukraine's defenders and civilians, including the Group's employees and their family members.

The programme includes preparation for prosthetics, the installation of prostheses and follow-up care in Ukrainian clinics, as well as physical and psychological rehabilitation. Seven prosthetics centres in Lviv, Odesa, Dnipro, Kyiv, Vinnytsya, Ternopil and Poltava provide treatment under the programme. As of 1 July 2023, a total of 48 people were being provided with assistance and 13 people had already received prostheses.

The Saving Lives and the Protez Hub also launched the first online educational portal in Ukraine for prosthetics specialists and injured people. It will help everyone involved to understand better the sequence of rehabilitation and prosthetics stages and the process of choosing the prosthesis for those who has lost a limb.

ENVIRONMENT

A LONG-TERM COMMITMENT

The war impacted both Metinvest's environmental performance and reporting at affected assets, while new projects were put on pause in 2022. Nonetheless, the Group maintained its ongoing ecological approach and practices and continued to plan for a greener future.

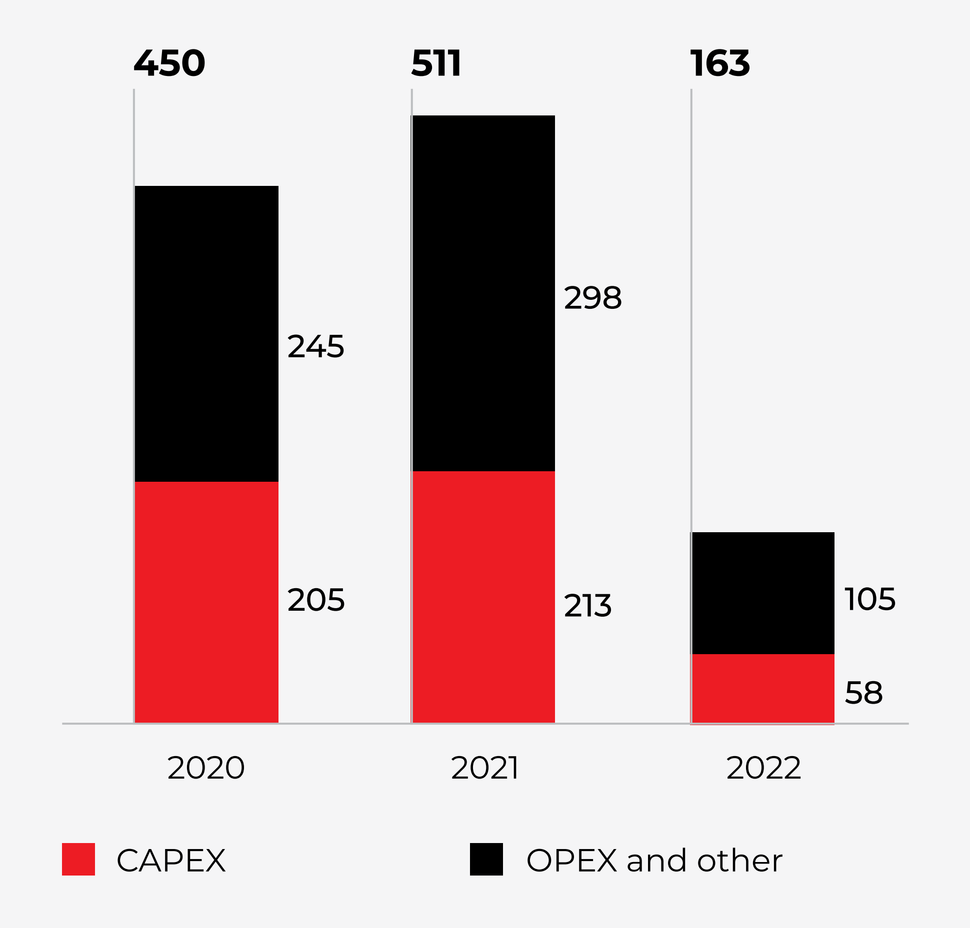
A STEADFAST OBLIGATION

GRI 2-25; 203-2

The impact of the Russian Aggression on Metinvest's environmental projects has been significant. The Group placed some of its Ukrainian assets in hot conservation mode to ensure its employees' safety and prevent any industrial accidents. Halted production at the Mariupol steelmakers and Avdiivka Coke, one of the most significant contributors to Metinvest's environmental exposure, materially impacted its ecological footprint. In addition, owing to various risks, numerous programmes initially scheduled to commence or continue during the year were suspended.

Spending on environment

US$163 mn **68% ▼**



At the same time, the full-scale war has not altered the Group's long-term commitment to environmental protection. In 2022, Metinvest continued to adhere to the highest standards in this area at its operational facilities. The related specialists continued to perform comprehensive impact assessments on air, land and water resources, and conduct laboratory analysis and internal audits across the Group's operations, supplemented by third-party audits.

Overall, in 2022, Metinvest spent US$163 million on environmental initiatives, down 68% year-on-year. This included capital expenditure[1] of US$58 million, which is 73% lower year-on-year. At the same time, the Group proceeded with critical repairs, mainly to keep dust and gaseous emissions at below-permitted levels.

[1] The environmental CAPEX for assets located in Ukraine is calculated based on Ukrainian regulatory requirements and methodology and may differ from the IFRS approach.

GENERAL APPROACH

GRI 3-3

The Group's primary environmental principles involve adherence to applicable legislative requirements and implementation of best practices. The Policy in the Field of Health, Safety and the Environment directs Metinvest's strategy for managing its impact in this area.

At the upper level of the Group's corporate governance, the Supervisory Board's Health, Safety and Environmental Committee delivers strategic supervision over its environmental management.

In 2022, the environmental function within Metinvest's Sustainable Development and People Management Directorate ensured compliance with legislative mandates, performed risk evaluations and internal audits, and devised measures to reduce, where possible, the ecological footprint, among other concerns. In May 2023, the environmental function was merged into the Technological Directorate to further enhance the effective implementation of the environmental agenda.

At the asset level, senior management representatives convene quarterly to address essential environmental matters and decide on the execution of related projects.

In 2022, Metinvest continued to evaluate its assets for compliance with international standards. During the reporting period, the certification for ISO 14001:2015 was extended to Kryvyi Rih Machining and Repair Plant, Pokrovske Colliery and Zaporizhia Refractories. As a result, 16[2] operating assets of the Group were certified as of the end of 2022.

Building on this base of common standards, the environmental certification of steel products is an essential trend for the industry as customers seek to reduce emissions in their supply chains. In Italy, Metinvest Trametal implemented the Environmental Product Declaration (EPD) in 2022 and received an official certificate from independent assurance provider DNV in early 2023.

The Group seeks to maintain an open dialogue with all stakeholders to solve ecological issues in the regions where it operates jointly. Any direct concerns about environmental matters may be submitted via the Trust Line. In 2022, no complaints were made through the Trust Line by stakeholders, regulators or other public organisations about environmental protection matters.

[2] Central GOK, Ferriera Valsider, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Metinvest Holding, Metinvest-Promservice, Metinvest Trametal, Northern GOK, Pokrovske Colliery, Promet Steel, Spartan UK, Sviato-Varvarynska Beneficiation Factory, Unisteel, Zaporizhia Coke and Zaporizhia Refractories.

ADDRESSING CLIMATE CHANGE

Decarbonisation

The Russian Aggression affected Metinvest's work on a long-term decarbonisation roadmap. Once the war is over and its impact is assessed, the Group plans to return to its decarbonisation journey, which is currently suspended.

Metinvest remains committed to its green steel future. While significant investments cannot be made at present in Ukraine, the Group is focused on the following areas of development in the future: improving the quality of its iron ore products as its magnetite ores are well suited for pelletising; and shifting to proven and prospective low-carbon technologies used in steel production, such as direct reduced iron (DRI), electric arc furnace (EAF) and smelter.

GHG emissions disclosures

GRI 305-1; 305-2; 305-4

Metinvest's greenhouse gas (GHG) emissions consist primarily of carbon dioxide (CO_2), and to a lesser extent methane (CH_4) and nitrous oxide (N_2O).

Since 2021, Metinvest has reported its CO_2 emissions in compliance with Ukraine's law "On the Principles of Monitoring, Reporting and Verification of Greenhouse Gas Emissions". It calculates direct Scope 1 CO_2 emissions from stationary sources using the entire carbon balance at an installation's input and output points. This approach aligns with the one adopted by the EU, making the Group's CO_2 reporting and intensity benchmarks comparable with those of EU-based peers. In addition, it calculates direct Scope 1 CO_2 emissions from mobile sources and indirect Scope 2 CO_2 emissions associated with its electricity purchases under the Greenhouse Gas Protocol.

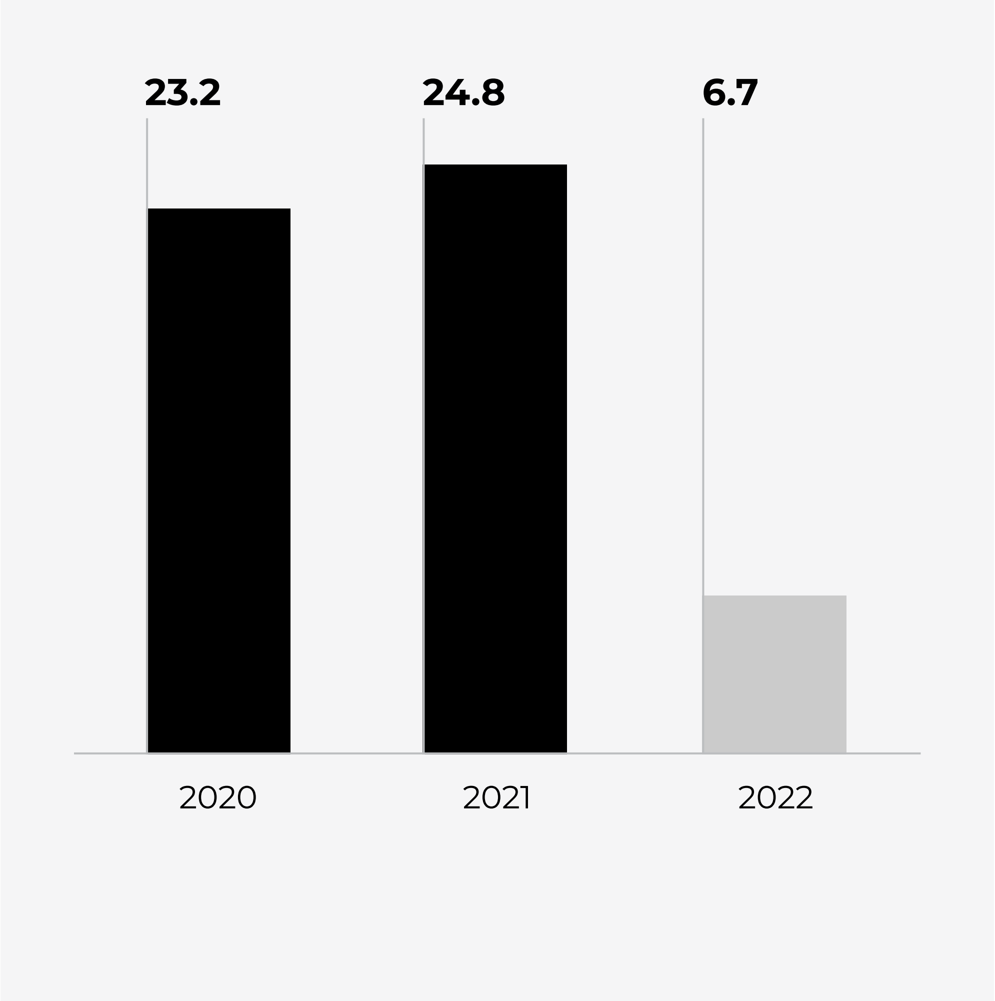
In 2022, Metinvest's CO_2 emissions decreased primarily because the Mariupol steelmakers and Avdiivka Coke suspended operations: Scope 1 CO_2 emissions totalled 6.7 million tonnes[3], down 73% year-on-year, and Scope 2 CO_2 emissions were 1.4 million tonnes[4], down 55% year-on-year.

At the same time, the Group's direct CO_2 emissions intensity climbed by 13% year-on-year to 2.45 tonnes of CO_2 per tonne of crude steel production[5]. This mainly resulted from the disruption of production operations at Kamet Steel, including electricity cuts that began in the fourth quarter of 2022 amid damage to power infrastructure across Ukraine. This and other factors forced the plant to restart operations, requiring greater energy consumption in the process, which in turn led to higher CO_2 emissions intensity.

Metinvest's primary source of methane emissions is its underground coking coal mining operations. In 2022, the Group's CH_4 emissions increased by 22% year-on-year to 102 thousand tonnes, mainly because the consolidation of Pokrovske Coal in March 2021 created a low base effect for comparison. At the same time, methane emissions at United Coal fell by 35% year-on-year because of decreased production.

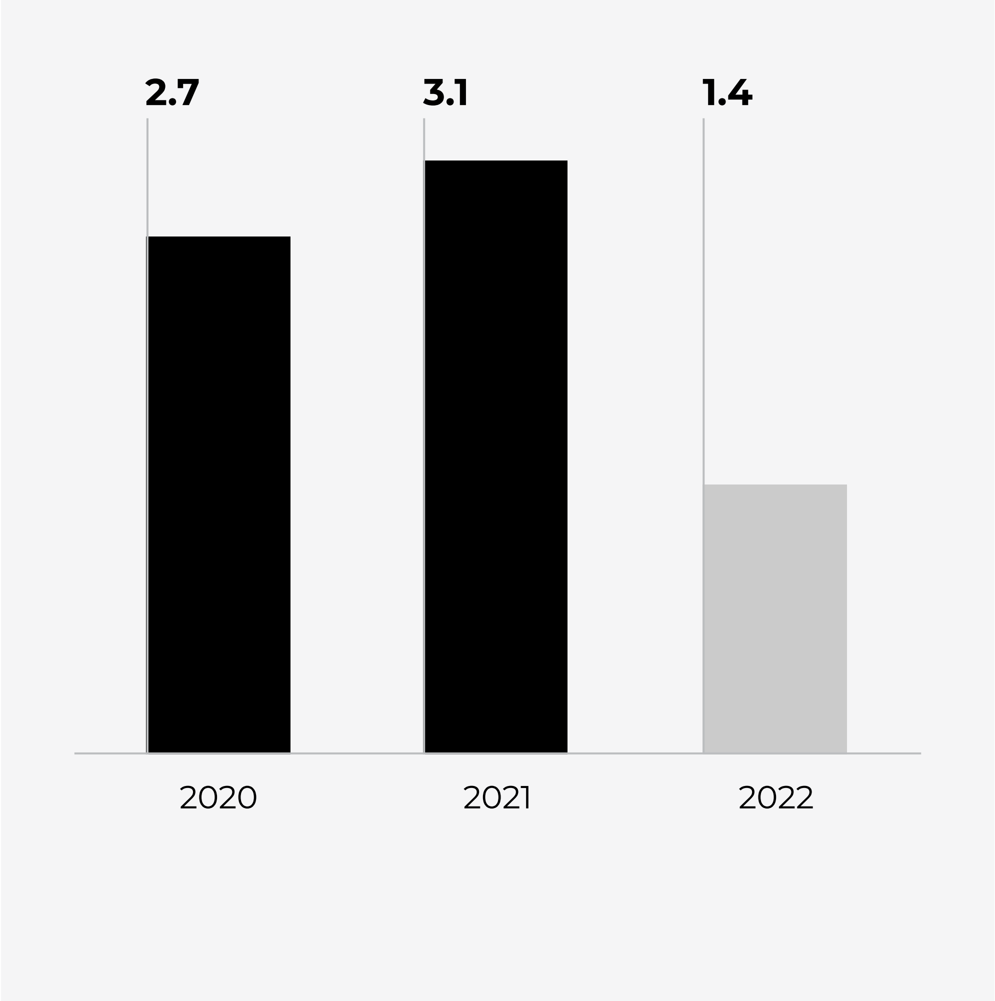
Direct CO_2 emissions (Scope 1)[3]

6.7 mt **73% ▼**



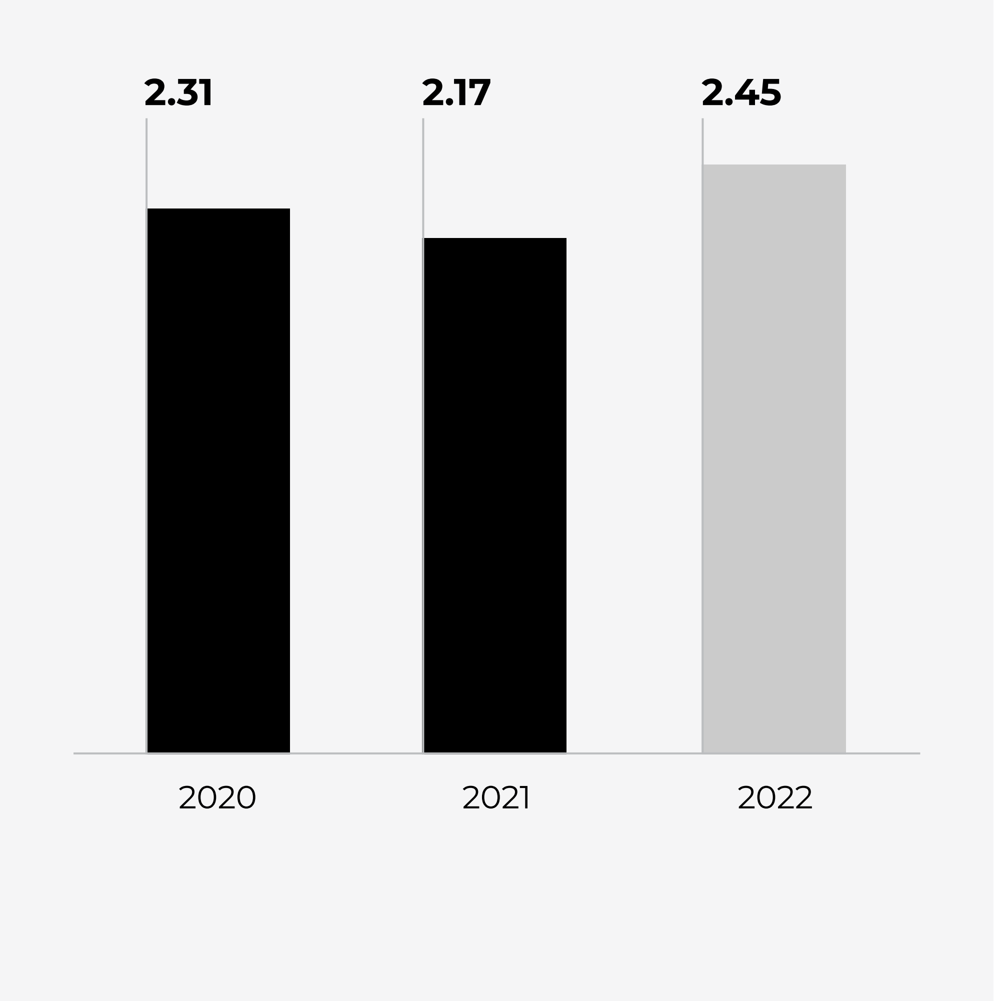
Indirect CO_2 emissions (Scope 2)[4]

1.4 mt **55% ▼**



Direct CO_2 emissions intensity[5]

2.45 tonnes per tonne of crude steel **13% ▲**



[3] The indicator for 2022 includes data of the Mariupol steelmakers for January 2022 only. These data cannot be used for the purposes of taxation or other withholdings.

[4] Scope 2 CO_2 emissions were calculated using the location-based method. As Metinvest generally purchases electricity from traders, this approach reflects the average emissions intensity of power grids through which energy consumption occurs, primarily using grid-average emission factor data. This data cannot be used for the purposes of taxation or other withholdings.

[5] The calculation is based on Scope 1 stationary and mobile CO_2 emissions of the Group's steelmakers. The indicator for 2022 includes data of the Group's Mariupol steelmakers for January 2022 only. Uniquely those material flows directly used in steelmaking processes were taken into account, while volumes of merchant pig iron were not included.

ENERGY EFFICIENCY

GRI 3-3; 302-1; 302-4

The Operational Directorate is responsible for the energy management and implementation of energy efficiency programmes at Group level. Metinvest maintains a specialised division at every operating production facility that oversees energy resource usage in manufacturing and implements efficiency initiatives.

The Group works to ensure that the energy management systems operate in accordance with relevant international standards. At the year-end, the energy efficiency management systems at six operating assets[6] were certified as compliant with ISO 50001.

In 2022, Metinvest prioritised energy security, emergency prevention, maintaining production continuity and exploring alternative power sources for critical infrastructure. It also focused on optimising energy costs, implementing energy-saving programmes, and increasing in-house electricity generation. Overall, the Group's spending on energy efficiency initiatives decreased by 39% year-on-year to US$10 million. Key measures in energy security in Ukraine included:

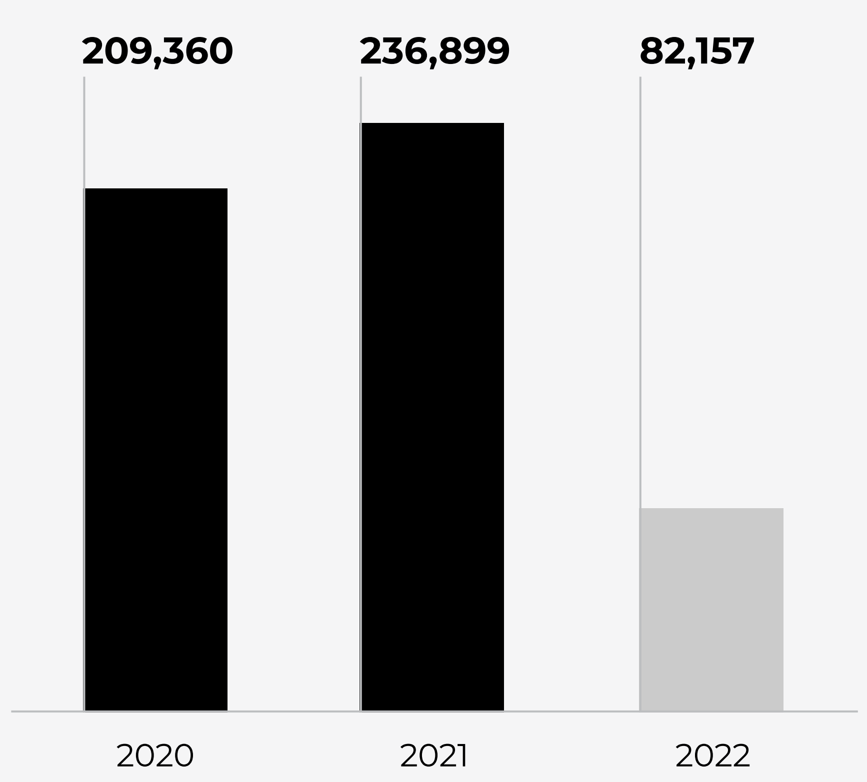
- implementing hot mothballing programmes
- managing hourly electricity consumption under power supply limitations
- conducting unscheduled inspections of protective equipment and electrical installations
- connecting backup gas, electricity and water supply sources to critical equipment
- optimising heating systems in buildings

In 2022, Metinvest's direct energy consumption totalled 82,157[7] terajoules, down 65% year-on-year, primarily because of the halt of operations at the assets in Mariupol and Avdiivka Coke.

During 2022, the Group continued to use contractor services to implement turn-key energy savings projects. For example, natural gas was partially substituted with crushed sunflower husk at the particular production units of Central GOK and Zaporizhia Refractories, saving 40% and 55% of total natural gas consumed by each unit respectively.

Direct energy use[7]

82,157 TJ | **65% ▼**



[6] Central GOK, Ingulets GOK, Kamet Steel (coking facilities), Northern GOK, Zaporizhia Coke and Zaporizhia Refractories.
[7] For 2021-2022 diesel fuel and petrol consumption of the Mariupol assets are excluded from the total energy use due to unavailability. The indicators for 2020 and 2021 were restated as natural gas consumed by United Coal was added. The coefficient used for conversion from TOE to TJ is 1 TOE = 0.0293076 TJ. Metinvest does not use higher heating values (HHV), also known as gross calorific values (GCV), in its calculations of energy consumption from fuel.

ASSESSMENT OF CLIMATE RISKS

To adhere to best global practices in managing climate change risks, Metinvest engaged an expert to assess applicable climate change risks and opportunities using recommendations provided by four pillars of the Task Force on Climate-related Financial Disclosures (TCFD) frameworks: Governance, Strategy, Risk Management, and Metrics and Targets.

This expert review covered the following:

- improvement of climate-related governance structure
- integration of climate change risks into the Group's risk management system
- assessment and management of material physical and transition risks identified for Metinvest
- analysis of potential climate change impacts on the Group under at least two warming scenarios

Governance

- assessment of the Group's governance relating to climate-related risks and opportunities
- analysis of Supervisory Board oversight of climate change issues
- designation of the executive team's role in assessing and managing climate-related risks and opportunities

Strategy

- identification and assessment of climate-related risks and opportunities over the short, medium and long term
- impact evaluation of climate-related risks and opportunities on operational and financial results in the short, medium and long term, using different climate-related scenarios

Risk Management

- analysis of the processes for identifying, assessing and managing climate-related risks
- identification of owners of climate risks
- integration of assessment of climate-related risk processes into the risk management system

Metrics and Targets

- Metinvest calculates and discloses its carbon emissions and carbon intensity in accordance with common industry practices
- assessment of climate change risks related to the Group's carbon emissions

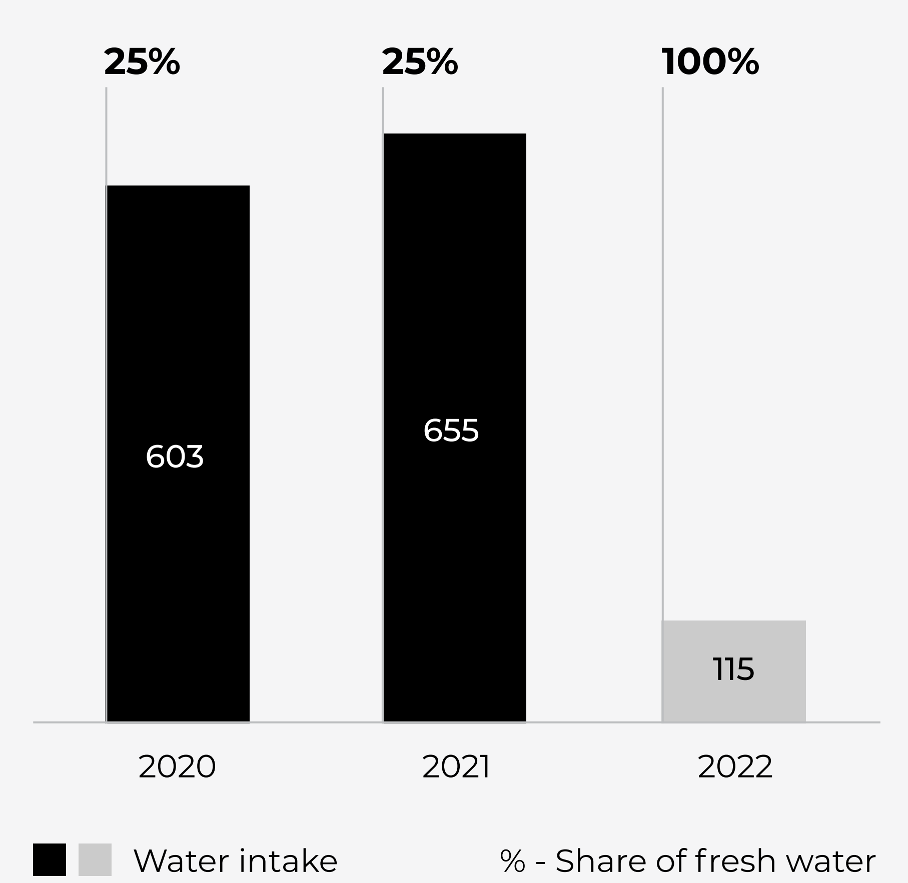
WATER MANAGEMENT

GRI 303-1; 303-2; 303-3; 303-4; 303-5

Metinvest strives to identify, prevent and mitigate the potential impact of its operations on water resources. The Group's steel assets use water primarily for cooling equipment and for flue gas cleaning systems. Iron ore mining assets utilise recycled water to mix with milled ore before separating valuable components from waste material, or 'tails', which are then sent to tailings storage facilities. Moreover, the BOF production process employs water to purify gas from steel production, recycling the cleaned water back into the process. Metinvest closely monitors the quality of water resources used and withdrawn by its operating assets to ensure compliance with environmental legislation. It also regularly upgrades its laboratories to guarantee measurement accuracy.

Water intake[8]

115 mcm | **82% ▼**



In 2022, the Group focused primarily on control measures to reduce risks associated with the Russian Aggression and unforeseen changes in water resource usage. Suspended operations at the affected assets had a material impact on the relevant water indicators.

In particular, in 2022 the total volume of water intake was 115 million cubic metres[8], down 82% year-on-year, while the total volume of water consumption was 101 million cubic metres[8], 84% lower year-on-year. At the same time, the total water discharge decreased by 86% year-on-year to 77 million cubic metres[8].

Meanwhile, the share of freshwater intake was 100% in 2022 compared with 25% in 2021 because, historically, Azovstal was the only asset of the Group that withdrew salt water from the Azov Sea.

Also, the Group recycled and reused 91% of water consumed from all sources in 2022, up ten percentage points year-on-year.

In June 2023, after the reporting period, Russian occupying forces intentionally destroyed the dam of the Kakhovska Hydroelectric Power Plant on the Dnipro River. This led to extensive flooding and damage to communities in the Kherson region. It also caused a critical drop in the water level at the Kakhovska reservoir, which supplies water to Kryvyi Rih. Based on the management's best estimates of the potential impact of this event, it is not expected to have a severe impact on the operations of the Group's assets in the city because they are mainly sourced by groundwater from a quarry.

[8] The water indicators for 2022 exclude data for the Mariupol-based assets and Avdiivka Coke.

WASTE MANAGEMENT

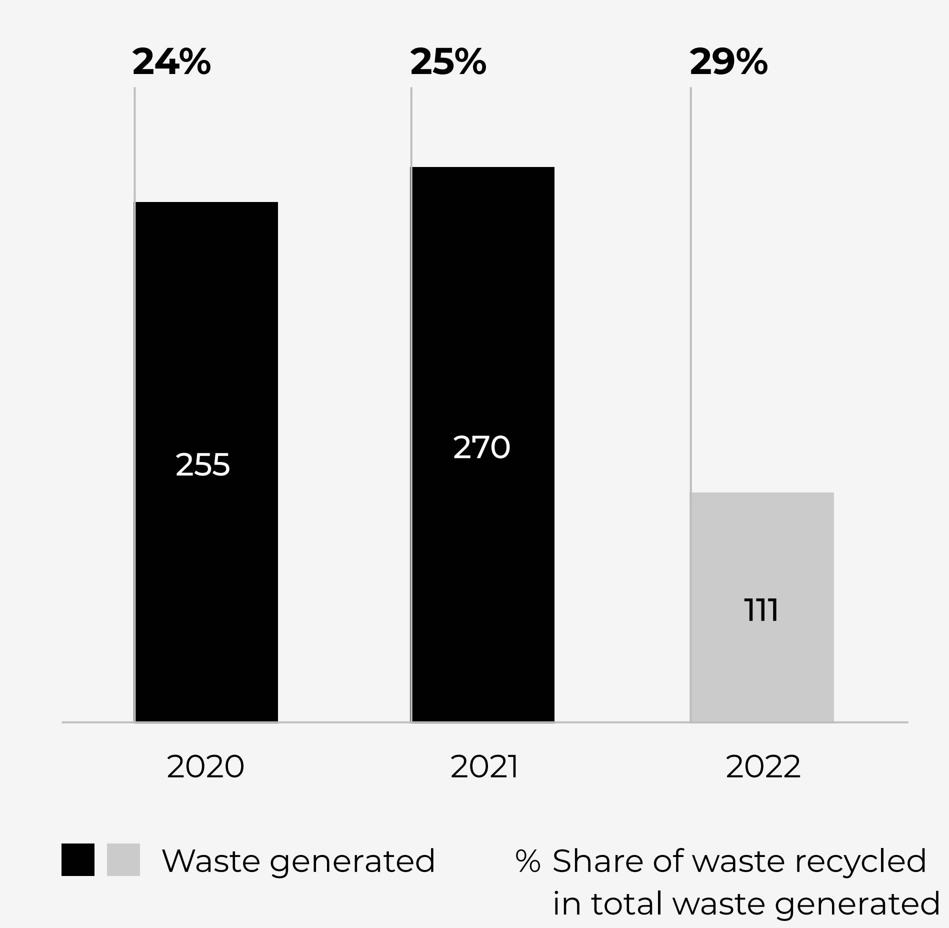
GRI 306-1; 306-2; 306-3; 306-4

Responsible waste management is an integral part of Metinvest's environmental agenda. Industrial waste generated through the production processes includes overburden and tailings from ore extraction and enrichment, chemical by-products from coke production, as well as slag and iron-containing sludge from hot metal and steel production.

The Group continues to focus on reusing and recycling waste, such as utilising crushed rock for road repair and construction, commercialising by-products like coal tar pitch and naphthalene, and substituting iron ore raw materials with scrap. The amount of scrap consumed as a share of total steel production in 2022 was 14%, a decrease of six percentage points year-on-year because of lower output.

Waste generated and recycled[9]

111 mt | **59% ▼**



Metinvest stores its waste in designated areas, such as slag and sludge repositories at steelmaking sites and tailings storage facilities at iron ore mining assets for waste from concentrate production. These structures are typically located in regions with low seismic activity and minimal risk of heavy rainfall. The Group adheres to regulatory requirements and relevant laws, maintaining the necessary licences for facility operation. Metinvest rigorously conducts internal audits of tailings dam stability and assigns employees to inspect them regularly, while tracking waste volumes and disposal methods, and evaluating potential impacts. Moreover, annual external assessments of tailings facilities are conducted by Ukrainian state authorities and an independent expert organisation, ensuring compliance with the Group's tailings management approach and long-term safety measures like tailings dam loading and drainage system cleaning.

During the reporting period, Metinvest's industrial waste from production decreased by 59% year-on-year to 111 million tonnes[9]. Almost 100% of total waste was non-hazardous, mainly overburden and tailings from the iron ore producers. The Group recycled a total of 32 million tonnes of waste, down 54% year-on-year. A decline in these metrics was caused by the downtime of iron ore assets in 2022. Despite the reduction in the total amount of waste recycled, the share of recycled waste in the total rose by three percentage points year-on-year to 29%.

For more details on key environmental data, see Annex 2.

[9] The indicator 2022 excludes data of Mariupol-based assets and Avdiivka Coke.

AIR EMISSIONS

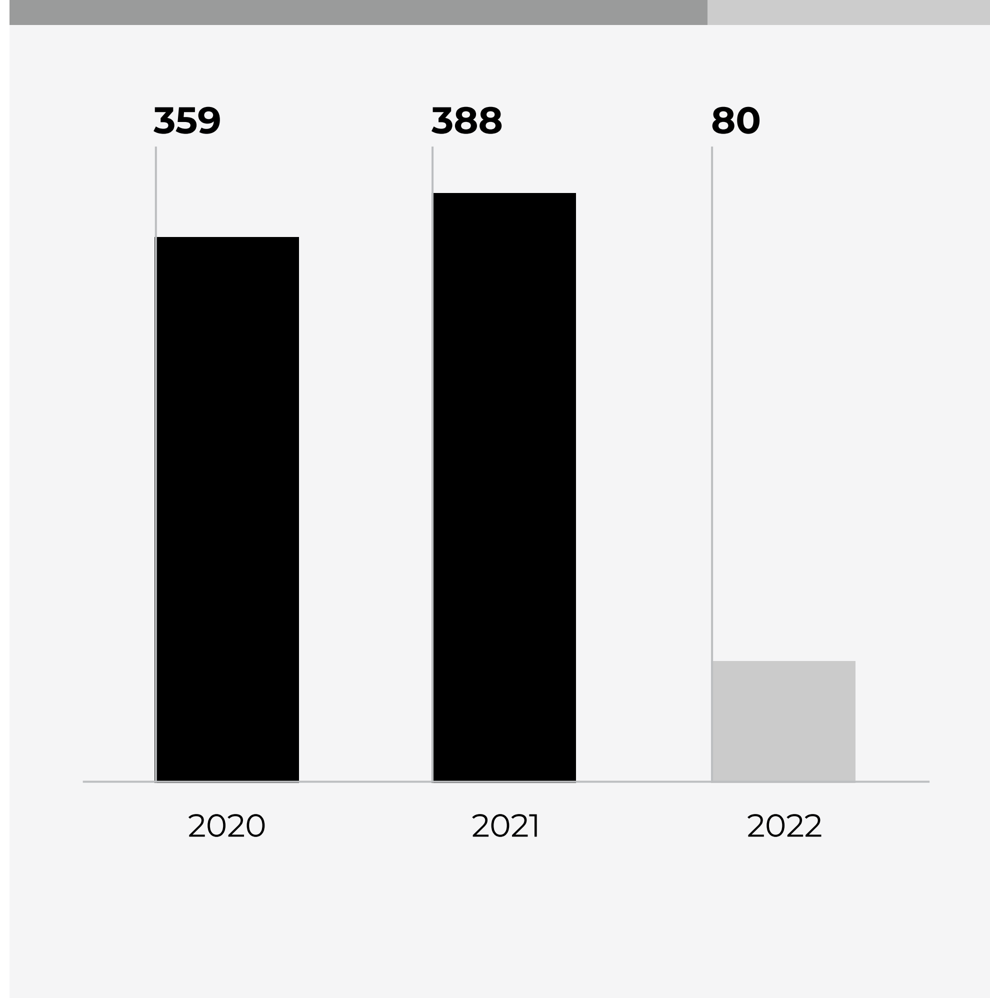
GRI 305-7

Metinvest regularly monitors air emissions at its operating assets in accordance with applicable legislation regarding the pollutant thresholds set out in the permits. The air emissions of the Group include primarily carbon monoxide (CO), dust, sulphur oxides (SO_2) and nitrogen oxides (NO_2), while CO emissions contribute the biggest portion.

In the reporting period, Metinvest focused on critical repairs to keep dust and gaseous emissions below permitted levels. At the same time, prior to 24 February 2022, the Group completed a project at Northern GOK to replace gas cleaning units for its Lurgi 552-A roasting machine helping to reduce dust emissions.

Air emissions[10]

80 kt | **79% ▼**



In 2022, Metinvest's air emissions totalled 80 thousand tonnes[10], down 79% year-on-year primarily because of the suspended operations at Azovstal and Ilyich Steel and the lower capacity utilisation at the Group's other production assets.

BIODIVERSITY

GRI 304-1; 304-2; 304-3; 304-4

Metinvest strives to preserve biodiversity as a part of its overall efforts to minimise its environmental impact. The Group's assets do not operate in protected natural areas or areas of high biodiversity value, nor do they affect the habitats of species listed on the Red List of the International Union for Conservation of Nature (IUCN) or national conservation list.

Metinvest aims to restore lands disturbed by its mining operations and implements measures to preserve landscapes, reduce the extent of disturbed land and return sites to their original condition.

In accordance with Ukraine's Mineral Resources Code, Land Code, Mining Law and Land Protection Law, as well as other Ukrainian and US legislation and regulations, the Group is responsible for site restoration and soil rehabilitation upon decommissioning non-hazardous waste storage facilities and mines. This commitment is supported by subsoil use licences obtained from government authorities.

[10] The air emissions indicators for 2022 exclude data of the Group's Mariupol assets.

In 2022, Metinvest's operating facilities continued to implement greening measures to reduce dust at dumps and tailings facilities. In particular, Central GOK planted more than 3,000 saplings in its sanitary protection zones to preserve atmospheric air quality. Also, Ingulets GOK participated in a municipal programme aimed at increasing the number of green spaces at production sites and adjacent territories. In addition, it has provided comprehensive support to protect the Vizyrka nature preserve, created on previously mined quarry land.

SUSTAINABILITY PRINCIPLES

AS IMPORTANT AS EVER

Metinvest incorporates sustainability principles into key aspects of its business and tracks its performance in this area by participating in various ESG ratings. In 2022, the Group continued to contribute to achieving the 17 UN Sustainable Development Goals and devoted its resources to support Ukraine, its employees and communities in wartime.

ADHERENCE TO SUSTAINABILITY

Metinvest follows the sustainability approach outlined in the Sustainability Policy of SCM. It guides the Group's efforts to promote sustainable development and build an ethical business. The policy is based on the following principles: take a whole-system approach; work efficiently and effectively; respect the interests of partners, clients and society; provide good and safe working conditions; respect human rights; improve living standards where Metinvest operates; and commit to preventing and reducing the Group's environmental footprint.

Also, Metinvest has been a member of the UN Global Compact since 2010 and adheres to its Ten Principles of Sustainable Development, which cover human rights, labour relations, environmental protection and anti-corruption.

In addition, since 2022 Metinvest has been a member of the World Steel Association's Sustainability Charter, embracing its nine sustainability principles.

ESG RATINGS

GRI 3-3

Independent ESG ratings help assess Metinvest's progress on environmental, social and governance performance and identify areas for further improvement. The Group has ESG ratings from three internationally recognised agencies: MSCI, Sustainalytics and S&P.

MSCI measures companies according to industry-specific exposure to ESG risks and their ability to manage those risks relative to peers on a scale ranging from 'CCC' (the lowest) to 'AAA' (the highest). Sustainalytics measures the magnitude of a company's unmanaged ESG risks on a scale from 0 (lowest risk) to 100 (highest risk). The S&P Global Corporate Sustainability Assessment assigns an ESG score on a wide range of industry specific sustainability criteria from 0 to 100 (100 being the maximum, the higher the better).

MSCI — BB

CCC	B	BB	BBB	A	AA	AAA

In January 2023, MSCI affirmed its ESG Rating for Metinvest at the level 'BB'[1].

The agency noted the Group's leading position in occupational health and safety programmes, which extend to contractors, while management remuneration is linked to safety performance. In addition, MSCI assessed business ethics practices and labour management initiatives as strong.

The assessment was based on 2018-2020 data.

[1] Disclaimer statement. The use by Metinvest B.V. of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation or promotion of Metinvest B.V. by MSCI. MSCI services and data are the property of MSCI, or its information providers, and are provided 'as-is' and without warranty. MSCI's names and logos are trademarks or service marks of MSCI.

SUSTAINALYTICS — 39.1

Severe	High	Medium	Low	Negligible

In February 2023, Sustainalytics improved Metinvest's ESG Risk Rating to 40.5 from 40.9 (after an annual review). As of 1 July 2023, it was further improved to 39.1.

The agency assessed the Group's management of ESG risks as strong, mentioning that Metinvest strengthened its occupational health and safety measures, as well as human resources strategy.

The assessment was based on 2019-2021 data, but includes the risk associated with the full-scale war in Ukraine, which is out of Metinvest's control.

If this risk effect was excluded, the Group's estimated ESG Risk Rating would have been 27.9, implying the medium risk category.

S&P Global — 38

0-20	21-40	41-60	61-80	81-100

In March 2023, S&P assigned a debut ESG Score to Metinvest of 37. The rating has further improved to 38.

The agency assessed the Group's performance on governance and economic dimension with the highest score.

The assessment was based on 2018-2021 data.

UN SDG CONTRIBUTION IN 2022

The Group seeks to deliver on its commitments under the UN Sustainable Development Goals (SDGs) and prioritises those areas where it can make the most significant and tangible contribution.

In 2022, the full-scale war significantly affected Metinvest's activities and projects that contribute to the achievement of the SDGs. Despite this, the Group did not revise the five priority SDGs that it believes to be most relevant for its business in the long term:

- SDG 8 (Decent Work and Economic Growth)
- SDG 9 (Industry, Innovation and Infrastructure)
- SDG 11 (Sustainable Cities and Communities)
- SDG 12 (Responsible Consumption and Production)
- SDG 13 (Climate Action)

The Group also continued to contribute to the achievement of other SDGs. Since the full-scale invasion of Ukraine, Metinvest has focused its efforts on helping the country and its people to survive the war.

CONTRIBUTION TO PRIORITISED SDGs

8 DECENT WORK AND ECONOMIC GROWTH

- Maintain operational efficiency and conduct critical repairs
- Strive to provide safety for its employees and their families
- Provide medical, psychological and other assistance to affected employees and their families
- Work with the Ukrainian government and businesses on the post-war reconstruction of Ukraine

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Develop Metinvest's Career Centres together with rehabilitation centres to provide a full range of services in one place
- Provide an extensive array of training and development opportunities through the Corporate University and Metinvest Polytechnic
- Enhance digital transformation and improve information security

11 SUSTAINABLE CITIES AND COMMUNITIES

- Provide humanitarian aid to affected people in Ukraine through the Saving Lives humanitarian aid centre
- Support defenders with protective and medical items
- Equip shelters and places to accommodate people from hot spots
- Provide hospitals with medicines, equipment and consumables

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Improve energy safety management to minimise losses as a result of forced shutdowns and production cutbacks
- Use innovative, resource-efficient technologies
- Recycle by-products from steelmaking
- Increase consumption of reused and recycled water

13 CLIMATE ACTION

- Improve energy efficiency programmes
- Enhance carbon reporting
- Analyse climate-related governance and risk management in accordance with the Task Force on Climate-related Financial Disclosures (TCFD)
- Assess climate change risks and opportunities using scenarios recommended by the Paris Agreement

OTHER SDGs

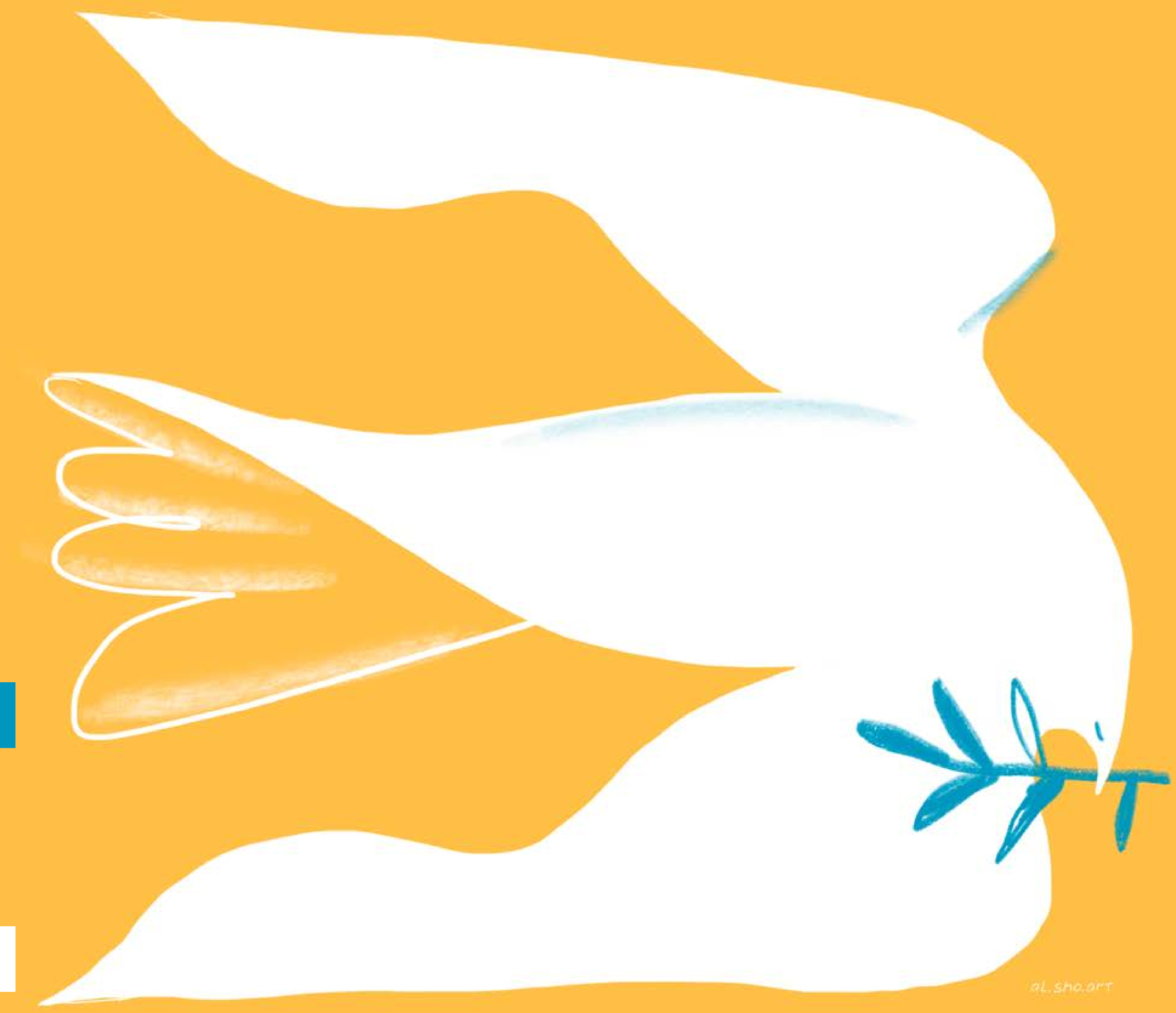
1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
10 REDUCED INEQUALITIES
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

GOVERNANCE FRONT

Amid the full-scale war in Ukraine, Metinvest's governance institutions remained robust and the Group continued to adhere to international best practices and the rule of law. At the same time, senior management teams were recalibrated to best address the new reality. In addition, the Group's anti-crisis management system played a crucial role in maintaining operational stability in the face of challenges.

The foundational elements of the Group's business ethics and compliance framework remained in place in 2022 and are designed to protect stakeholder interest.

Consistent with its core principles of corporate governance, the Group has filed lawsuits with the European Court of Human Rights seeking reparation for damages inflicted on its assets during Russia's unprovoked aggression against Ukraine.



6 More information about the illustration is on page 96.

CORPORATE GOVERNANCE

CORNERSTONE PRINCIPLES

Amid the full-scale war, Metinvest's governance institutions remained robust. The Group continued to adhere to international best practices, grounded in its key corporate governance principles.

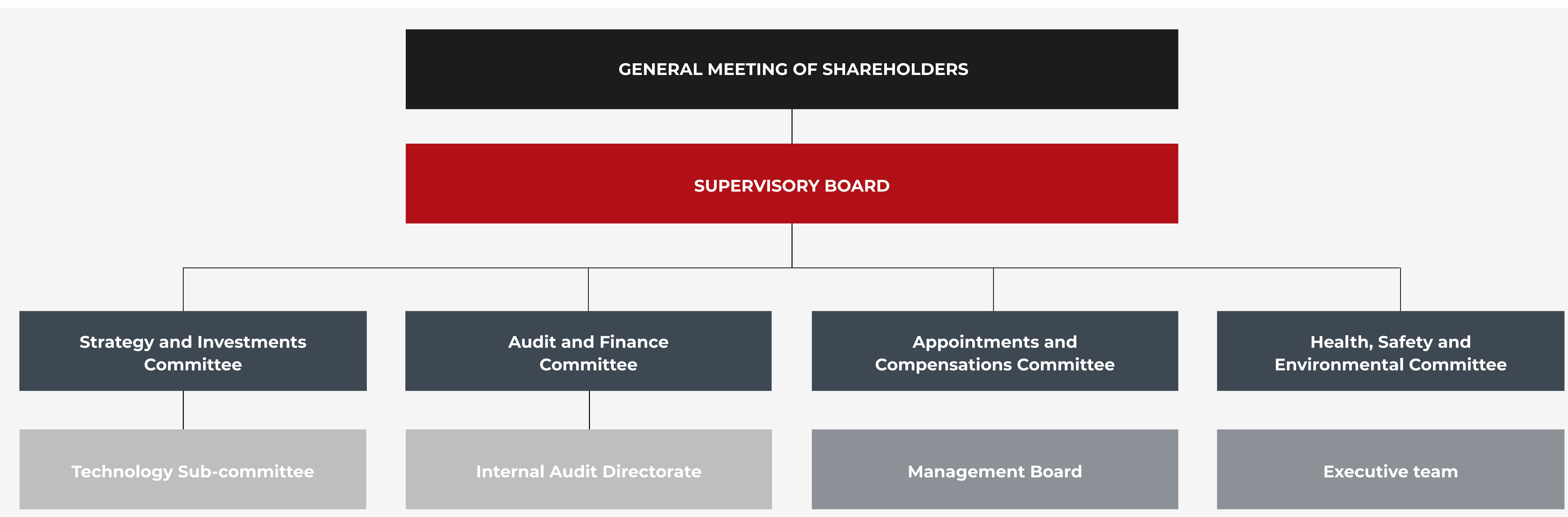
CORPORATE GOVERNANCE SYSTEM
Metinvest has established a corporate governance system built on recognised fundamental principles that helped it to navigate the complexities of 2022.

GOVERNANCE PRINCIPLES
The Group's core principles of corporate governance are specialisation, vertical integration, unified strategic management, centralisation, growth and investments, global best practices, tradition and innovation, commitment to leadership, and personal commitment.

CORPORATE GOVERNANCE STRUCTURE
Metinvest B.V.'s corporate governance structure is built in accordance and compliance with Dutch law. It comprises the General Meeting of Shareholders, Supervisory Board and Management Board. On the Group level, the executive team supports operations.

SHAREHOLDERS
For detailed information about the shareholders of Metinvest B.V., please see Notes 1 and 17 to the Summary IFRS Consolidated Financial Statements 2022.

GOVERNANCE STRUCTURE OF METINVEST B.V.
GRI 2-9



GENERAL MEETING OF SHAREHOLDERS

Under Dutch law and the Articles of Association of Metinvest B.V., the General Meeting of Shareholders is authorised to resolve the following matters, among others: to issue shares; to exclude or limit pre-emptive rights; to acquire/transfer shares in the capital of Metinvest B.V. held by Metinvest B.V.; to reduce the share capital; to determine the remuneration of the Management Board; to adopt the annual accounts; to allocate profits; to amend the Articles of Association; to approve material transactions of over US$500 million; to approve M&A to be undertaken by the Group; and to dissolve, merge or demerge Metinvest B.V.

In 2022, the meetings convened 29 times to discuss and make decisions of shareholders on a wide range of matters, including but not limited to: financial statements; liquidation and establishment of Group companies; and material transactions.

SUPERVISORY BOARD

The Supervisory Board has ten members:

- seven A-Members appointed by the Class A and Class C shareholders
- three B-Members appointed by the Class B shareholder

GRI 2-10

A member of the Supervisory Board is appointed for an indefinite period, unless otherwise specified in the decision concerning their appointment.

Each member of the Supervisory Board may be suspended or dismissed at any time by the same body that has the right to appoint them. Suspension may be extended one or more times, but in general it cannot last more than three months. If, at the end of the period, a decision has not been made to terminate the suspension or to dismiss them, the suspension shall end.

GRI 2-12; 2-13

The Supervisory Board is responsible for overseeing the activity of the Management Board and the general course of affairs at Metinvest B.V. and the Group overall, including sustainability matters. It approves and updates corporate values, strategies, policies and goals related to the economic, environmental and social aspects of the Group as a whole.

The Supervisory Board also assists the Management Board by giving advice. Four committees provide support to the Supervisory Board in its work: the Strategy and Investments Committee; the Audit and Finance Committee; the Appointments and Compensations Committee; and the Health, Safety and Environmental Committee.

Decisions relating to the following matters, among others, must be approved or ratified by a resolution of the Supervisory Board: the Group's strategic goals; the Group's investment programme for each calendar year; the Group's annual business plan; appointments at the level

COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES AS OF 31 DECEMBER 2022

GRI 2-9

Members	Status	Class membership	Strategy and Investments Committee	Audit and Finance Committee	Appointments and Compensations Committee	Health, Safety and Environmental Committee
Oleg Popov	Chairperson	A	M		C	
Alexey Pertin	Deputy Chairperson	B	C		M	
Christiaan Norval	Member	A	M	C		M
Johan Bastin	Member	A	M	M		
Damir Akhmetov	Member	A	M			
Gregory Mason	Member	B	M			C
Mikhail Novinskii	Member	B	M	M		
Yaroslav Simonov	Member	A		M	M	
Margaryta Povazhna	Member	A				M
Sergii Zuzak	Member	A	M			M

M Member C Chairperson

of top management, approval of their compensation system and key performance indicators (KPIs), and decisions on annual bonuses; appointment of an independent external auditor; approval of the annual consolidated financial statements of Metinvest B.V.; and recommendation to the shareholders on approval of the standalone financial statements of Metinvest B.V. and all mergers and acquisitions to be undertaken by the Group; approval of investment projects with budgets over US$20 million (up to US$500 million), material transactions of over US$100 million (up to US$500 million), external financing of over US$30 million, if included in the annual financing programme approved by the Supervisory Board, and any financing transaction regardless of the amount if they are not included; approval of the annual plan for the Supervisory Board's activities; and approval of the regulations of the committees of the Supervisory Board.

In 2022, the Supervisory Board convened 19 times and discussed and took decisions on a wide range of matters, including: wartime issues; annual business planning; the financial statements; the annual report; the appointment of an independent external auditor; material transactions; liquidation and establishment of Group companies; and other material corporate events.

GRI 2-17

Special strategic sessions are held for the Supervisory Board to increase its capacity to address material issues, including sustainability. In 2022, a strategic session was held for the Supervisory Board on its role in assisting management in the circumstances of the ongoing war.

APPOINTMENTS AND COMPENSATIONS COMMITTEE

The Committee is responsible for making recommendations to the Supervisory Board regarding dismissals and new appointments for senior positions at Metinvest; KPIs and annual bonuses for senior management; and the Group's motivation, assessment and reward systems, and succession planning.

In 2022, the Appointments and Compensations Committee convened three times and discussed the following matters, among others: the executive team's performance assessment; changes in the organisational structure; and appointments.

HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE

The Committee's remit is to support the executive team in implementing and maintaining the highest standards of a health, safety and environmental culture throughout the business. On behalf of the Supervisory Board, it oversees strategy, policies, systems, controls and principles related to health, safety and the environment.

In 2022, the Health, Safety and Environmental Committee convened four times. It discussed the following matters, among others: humanitarian aid; establishment of rehabilitation centres; health and safety performance, including audits, incident investigations, the Safe Workspace programme and objectives; environmental safety; as well as making site visits to non-Ukrainian assets.

STRATEGY AND INVESTMENTS COMMITTEE

The Committee's main responsibility is to conduct reviews and provide recommendations to the Supervisory Board regarding the Group's strategic objectives, including existing and new businesses, investments, mergers and acquisitions. It is assisted by the Technology Sub-committee, which advises and supports the management in developing and implementing the technological strategy.

In 2022, the Strategy and Investments Committee did not convene. Due to Russia's military invasion, starting February 2022, the Supervisory Board decided to consider all strategic issues by itself in the whole composition.

During the reporting period, the Technology Sub-committee convened three times and discussed the following matters, among others: the overall capital investment programme and individual projects; as well as CO_2 emissions.

AUDIT AND FINANCE COMMITTEE

The Committee is tasked with ensuring the ongoing supervision of all aspects of Metinvest's financial and audit activities in the interests of shareholders and on behalf of the Supervisory Board. Its main responsibilities include overseeing the budget, financial reporting, risk management, internal controls, the internal audit function and assessment of the external auditor. It is assisted by the Internal Audit Directorate.

In 2022, the Audit and Finance Committee convened seven times and discussed the following matters, among others: updates on the Group's operations and the impact of the situation in Ukraine on financial statements; internal audit matters; external auditor selection for the 2022 financial year; the financial statements for the 12 months ended 31 December 2021 and the six months ended 30 June 2022; the annual report for 2021; the Compliance Programme; management of financial liabilities and working capital; tax issues; as well as risks, opportunities and disclosures related to climate change.

MANAGEMENT BOARD

The Management Board consists of two Directors: Director A, who is appointed by a joint meeting of holders of Class A shares and holders of Class C shares; Director B, who is appointed by a meeting of holders of Class B shares.

Under Dutch law, the Management Board is responsible for the management of Metinvest B.V., including economic, environmental and social considerations, excluding those matters that are within the remits of the General Meeting of Shareholders and the Supervisory Board.

Under its Articles of Association, Metinvest B.V. may be represented by the entire Management Board only (that is, Director A and Director B acting jointly). In performing their duties, the Directors must act in the best interests of Metinvest B.V. and its business. The Articles of Association of Metinvest B.V. do not determine a specific term of office for members of the Management Board.

There were no changes in the Management Board team in 2022. As at 1 July 2023, Director A and the CEO is Yuriy Ryzhenkov; Director B is Eliza Désirée den Aantrekker.

EXECUTIVE TEAM

The executive team is responsible for overseeing, coordinating and executing the day-to-day activities of Metinvest, as well as for implementing the strategic decisions of the Supervisory Board and its committees with respect to a broad scope of matters, including economic, environmental and social.

EXECUTIVE PERFORMANCE EVALUATION AND REMUNERATION

GRI 2-18; 2-19

The Supervisory Board annually sets team goals for senior management, as well as personal goals for the CEO, who allocates them to each executive team member in accordance with their job functions, subject to approval by the Supervisory Board.

These goals are incorporated into a KPI scorecard, where each target is weighted based on a manager's ability to influence its achievement. After a year-end, the Supervisory Board conducts an annual performance appraisal for members of the senior management based on their self-assessment.

Contracts with members of the senior management do not provide for any pension or other benefits upon termination of service.

For additional information please see Note 27 to the Summary IFRS Consolidated Financial Statements 2022.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Metinvest maintains worldwide directors' and officers' (D&O) liability insurance for all entities, renewing it annually. This type of insurance covers the liability of everyone appointed as a director and/or officer of a Group entity, including, but not limited to, members of the Supervisory Board, Management Board and executive team.

D&O liability insurance provides cover for financial losses and legal expenses resulting from claims made against directors and/ or officers arising from an actual or alleged wrongful act committed in their capacity. Key cover areas include management liability, pre-claim insurance, special excess protection for directors, company securities liability and additional extensions.

Metinvest relies on global insurance brokers to arrange D&O liability cover, which is provided by reputable, international insurers.

SUPERVISORY BOARD

PRUDENT OVERSIGHT

Metinvest's experienced Supervisory Board provided expert and principled guidance to the business in 2022.

GRI 2-9

OLEG POPOV

Chairperson and Class A Member
Tenure: eight years

Oleg Popov was appointed as a Class A Member of the Supervisory Board on 14 July 2014 and became Chairperson on 11 August 2018. He chairs the Appointments and Compensations Committee and is a member of the Strategy and Investments Committee.

Oleg has been the Director and CEO of SCM Holdings Limited (Cyprus) since November 2018. He is also a member of the supervisory boards of several companies of System Capital Management group in Ukraine and holding companies of DTEK Group in the Netherlands. Oleg served as Chief Operating Officer of System Capital Management (Ukraine) from 2001 to 2006 and its General Director and CEO from 2006 to February 2022.

Oleg graduated from Donetsk Polytechnic Institute (Ukraine) in 1991 and Donetsk State University (Ukraine) in 1996.

ALEXEY PERTIN

Deputy Chairperson and Class B Member
Tenure: eight years

Alexey Pertin was appointed as a Class B Member of the Supervisory Board on 14 July 2014. He is a Chairperson of the Strategy and Investments Committee and a member of the Appointments and Compensations Committee. He is responsible for the following areas: strategic development, production efficiency, sales and management of investment projects.

Alexey has been Chairperson of the Supervisory Board of Smart Holding (Ukraine) since August 2021. Before that, he served as its CEO from 2008 to 2014 and from 2015 to 2021, and was Chairperson of its Supervisory Board from 2014 to 2015. Alexey's career started in 1995 at Cherepovets Iron and Steel Works. He later continued working at Severstal Group in different positions, including CEO of Izhora Pipe Plant and Deputy CEO for Business Development at Severstal Group.

Alexey graduated from the faculty of General Technology at Cherepovets State University in 1994 and from St Petersburg State Technical University with a major in financial management in 2001. Later, he received a degree in Financial Management from the Institute of Professional Managers and an ACCA Diploma in Accounting and Finance and studied for an MBA at the Newcastle Business School of Northumbria University (UK).

YAROSLAV SIMONOV

Class A Member
Tenure: eight years

Yaroslav Simonov was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is a member of the Audit and Finance Committee and the Appointments and Compensations Committee. He oversees legal matters, compliance and corporate governance.

Since February 2022, Yaroslav has been a member of the Supervisory Board of System Capital Management (Ukraine). From August 2017 to January 2022, he held the position of Director, Legal Affairs at System Capital Management (Ukraine). From 2008 to 2017, he was Deputy Director of Voropaev and Partners Law Firm. Yaroslav previously also worked at The Silecky Firm (affiliated with Squire Sanders and Dempsey) and Renaissance Capital Ukraine.

Yaroslav graduated from the Law Department of Kyiv National Taras Shevchenko University (Ukraine) and holds an LLM in International Business Law from the Central European University in Budapest (Hungary).

JOHAN BASTIN

Class A Member
Tenure: four years

Johan Bastin was appointed as a Class A Member of the Supervisory Board on 1 August 2018. He is a member of the Audit and Finance Committee and the Strategy and Investments Committee. He oversees investor relations, investment strategy and finance matters.

Johan is also Chairperson of the supervisory boards of DTEK Renewables International and D.Trading, as well as Non-Executive Director of the Private Infrastructure Development Group. His previous positions include serving as CEO of CapAsia (Singapore), Managing Director at Darby Private Equity (a Franklin Templeton Investments subsidiary), Director at HIID (US), Harvard University's advisory entity and several senior executive roles with the European Bank for Reconstruction and Development (EBRD) in London (UK).

Johan holds a master's in Urban Planning from Eindhoven University of Technology (Netherlands) and a PhD in Regional Planning from Université de Montréal (Canada), and attended McGill University's MBA programme in Montreal (Canada).

CHRISTIAAN NORVAL

Class A Member
Tenure: eight years

Christiaan Norval was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is Chairperson of the Audit and Finance Committee, a member of the Strategy and Investments Committee and a member of the Health, Safety and Environmental Committee. He oversees issues relating to his industrial expertise, the implementation of best practices in management and production, and international affairs.

Christiaan spent a significant part of his career building what is today known as BHP as head of corporate finance. He oversaw most of the transactions to create BHP Billiton, including the IPO of Billiton Plc in 1997. He also served as CEO and President of Sual International Group, a leading aluminium and alumina producer.

Christiaan holds a BCom (Hons) from the Rand Afrikaans University in Johannesburg (South Africa) and is a Chartered Accountant. He is a member of the South African Institute of Chartered Accountants, as well as the Institute of Chartered Accountants in England and Wales.

GREGORY MASON

Class B Member
Tenure: eight years

Gregory Mason was appointed as a Class B Member of the Supervisory Board on 14 July 2014. He is Chairperson of the Health, Safety and Environmental Committee, a Strategy and Investments Committee member, and chairs the Technology Subcommittee. He contributes his expertise in strategic and operations management and is responsible for technological innovation and the implementation of continuous improvement practices.

Gregory was a member of the Supervisory Board of Smart Holding (Ukraine) from 2014 to 2015. He previously served as CEO of Severstal International, managing North American and European operations. Prior to that, he held various positions in steel companies and consulting firms, from engineering and operations management to senior executive roles.

Gregory is a registered professional engineer in the US. He received his master's degree in Electrical Engineering from the Naval University of St Petersburg (Russia) in 1975.

MIKHAIL NOVINSKII

Class B Member
Tenure: five years

Mikhail Novinskii was appointed as a Class B Member of the Supervisory Board on 29 September 2017. He is a member of the Strategy and Investments Committee and the Audit and Finance Committee. He is responsible for defining the strategy and devising business development programmes, assessing their production and innovation potential, and coordinating the development and implementation of promising new business projects.

Mikhail has been the Chief Development Officer of Smart Holding (Ukraine) since November 2018 and a member of its Supervisory Board since August 2021. He began his career in 2013 as a manager of tangible and intangible production projects and programmes at the business controlling and information department of Smart Holding (Ukraine). He then occupied various managerial positions at Smart Holding (Ukraine), including head of the project management department, member of the Supervisory Board and adviser to CEO.

Mikhail graduated from St Petersburg State University (Russia) with a degree in Business Management in 2008. He also holds an MSc in Finance and Management from the University of St Andrews (UK).

DAMIR AKHMETOV

Class A Member
Tenure: eight years

Damir Akhmetov was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is a member of the Strategy and Investments Committee. He oversees the areas of strategy, corporate development, governance and production efficiency.

From 2013 to October 2020, he worked at SCM Advisors (UK) Limited, a company leading SCM's venture capital efforts, most recently as its Chairperson. He has also been a member of the supervisory boards of several holding companies of DTEK Group.

Damir has degrees of Bachelor of Science in Business Studies (2009) and Master of Science in Finance (2010) from City University London, Cass Business School. He is also a CFA® charterholder, CFA Institute (2017).

MARGARYTA POVAZHNA

Class A Member
Tenure: one year

Margaryta Povazhna was appointed as a Class A Member of the Supervisory Board on 25 April 2022. She is a member of the Health, Safety and Environmental Committee. She oversees the areas of finance, investment strategy and corporate development.

Since February 2022, Margaryta has been a member of the Supervisory Board of System Capital Management (Ukraine). She is also a member of the supervisory boards of numerous companies of SCM. Since September 2015, Margaryta has been the Chief Financial Executive Officer of SCM (System Capital Management) Limited (Cyprus). In March 2003, she was appointed Chief Accountant of System Capital Management (Ukraine) and its Chief Financial Officer from September 2009 to January 2022. Margaryta's professional experience also includes working at such large Ukrainian enterprises as Scandik Yug and Artemivsk Champagne Wines Factory (1996-2003).

Margaryta graduated from the Donetsk State Commercial Institute with a degree in Industrial Management in 1995. She holds a PhD in Public Administration and an ACCA Diploma in International Financial Reporting.

SERGII ZUZAK

Class A Member
Tenure: less than one year

Sergii Zuzak was appointed as a Class A Member of the Supervisory Board on 18 July 2022. He is a member of the Strategy and Investments Committee and the Health, Safety and Environmental Committee. He oversees strategic development and advises management to evaluate investment projects.

Since February 2022, Sergii has been a member of the Supervisory Board of System Capital Management (Ukraine). He also currently serves on the supervisory boards of numerous SCM companies. Sergii joined System Capital Management (Ukraine) in 2010, where he was Investment Director from 2018 to February 2022, before which he held the positions of Director for Agribusiness Development and Business Development Director. Prior to that, Sergii worked at Creditanstalt Investment Bank, the Western NIS Enterprise Fund and Horizon Capital.

Sergii graduated from the National University of Kyiv-Mohyla Academy with a degree in Economics and Entrepreneurship.

Note: tenure in full years as of 1 July 2023.

EXECUTIVE TEAM

PROVEN LEADERSHIP

Metinvest's core management roster has remained in place as presented in Annual Report 2020, with a few strategic changes. In particular, the team was further strengthened during and after the reporting period by the appointment of two seasoned professionals as Chief Operating Officer and Chief Sustainability Officer, as well as the creation of the new role of Chief Commercial Officer, filled by the Group's experienced former Sales Director. Below we present the biographies of the CEO and the newly appointed members.

YURIY RYZHENKOV

Chief Executive Officer
Tenure: nine years

Yuriy Ryzhenkov was appointed Chief Executive Officer of Metinvest Holding in December 2013.

Before that, he held senior positions at DTEK: namely, Chief Operating Officer and as a member of the executive team from 2010 to 2013 and Chief Financial Officer from 2007 to 2010. Prior to DTEK, he worked as Deputy Chief Financial Officer and Chief Financial Officer of ISTIL Group (Donetsk and London), in the finance business units of Mini Steel Mill ISTIL (Ukraine) and at Donetsk Iron and Steel Works.

Yuriy has degrees in International Economics from Donetsk State Technical University (Ukraine) and in Business Management from King's College (UK). He also holds an MBA from London Business School (UK).

NEW APPOINTMENTS

OLEKSANDR MYRONENKO

Chief Operations Officer
Tenure: one year

Oleksandr Myronenko has been Chief Operations Officer since July 2022.

From 2019 to 2022, he served as General Director of Zaporizhstal (Ukraine). Oleksandr started his way up within the Group in 2007 as an Expert in Production and Sales Planning at Promet Steel (Bulgaria) to Production Director of the Operations Directorate. Prior to that, he worked at Smart Holding (Ukraine) as the Head of monitoring and analysis at the metals and iron ore markets department.

Oleksandr graduated from Kyiv Polytechnic Institute (Ukraine) with a degree in Special Metalworking Technologies in 2005. He has also completed executive programmes at IMD (Switzerland) and the Wharton School of the University of Pennsylvania (US).

TETIANA PETRUK

Chief Sustainability Officer
Tenure: less than one year

Tetiana Petruk joined Metinvest in May 2023.

Over the previous nine years, Tatiana headed the Human Resources and Organisational Development Directorate at Ukrtelecom. From 2011 to 2014, she worked as Deputy Executive Director for Human Resources and System Support at Naftna Industria Srbia. Prior to that, from 2003 to 2011, she was HR Director of TNK-BP Ukraine.

Tetiana received a master's degree from the Institute of Foreign Languages (Ukraine). She has a diploma from the University of Sheffield (UK). She received a Global Remuneration Professional certification from the WorldatWork Association (US). Tetiana also studied at the Ukrainian Corporate Governance Academy, in a programme developed jointly with INSEAD.

DMYTRO NIKOLAYENKO

Chief Commercial Officer
Tenure: less than one year

Dmytro Nikolayenko was appointed Chief Commercial Officer in August 2022, having been the Sales Director of the Group from 2011.

Before that, he headed the Group's sales subsidiary Metinvest-SMC (Ukraine) from 2007 to 2010; its predecessor SM Leman (Ukraine) from 2003 to 2007; and Energostal (Ukraine) from 1996 to 2003.

Dmytro holds an MA in Economics from the Kyiv-Mohyla Academy (Ukraine), an MBA from the International Institute (Ukraine) and has completed numerous executive programmes at IMD (Switzerland), INSEAD (France) and the Wharton School of the University of Pennsylvania (US).

Note: tenure in full years as of 1 July 2023.

BUSINESS ETHICS AND COMPLIANCE

CORNERSTONE PRINCIPLES

Metinvest's commitment to best practices in business ethics and compliance is unwavering. These foundational elements define the Group's approach to upholding its obligations.

CODE OF ETHICS

GRI 2-23; 2-24; 2-25; 3-3

Metinvest's Code of Ethics provides the foundation of ethical business behaviour across the Group. It defines the core values for engaging with stakeholders: life, health and the environment, customer focus, professionalism, leadership and teamwork. It also incorporates fundamental human rights and needs, including freedom of thought, religion, opinion and expression, health and safety, decent work, non-discrimination, access to a healthy environment, social responsibility and privacy. The Group fosters these values through the personal example of leadership, as well as training and communication campaigns to raise awareness about the Code of Ethics.

In early 2022, Metinvest conducted regular training for employees on its Code of Ethics, and tested staff on their knowledge of its provisions. After the full-scale invasion in February 2022, mandatory employee training was paused. While Metinvest's plans for 2022 included creating new online training materials, face-to-face seminars and communication campaigns to further promote compliance principles within the Group, these steps were put on hold. At the same time, Kamet Steel, integrated into the Group in the second half of 2021, organised voluntary training on the Code of Ethics during the reporting period, which covered around 2,500 employees.

In addition, in recognition of the importance of fair commercial relationships, Metinvest maintains the Code of Business Partnership, which sets clear standards of compliance with sustainable practices and business requirements to guide both existing and potential suppliers. For more details about the Code of Business Partnership, see page 62.

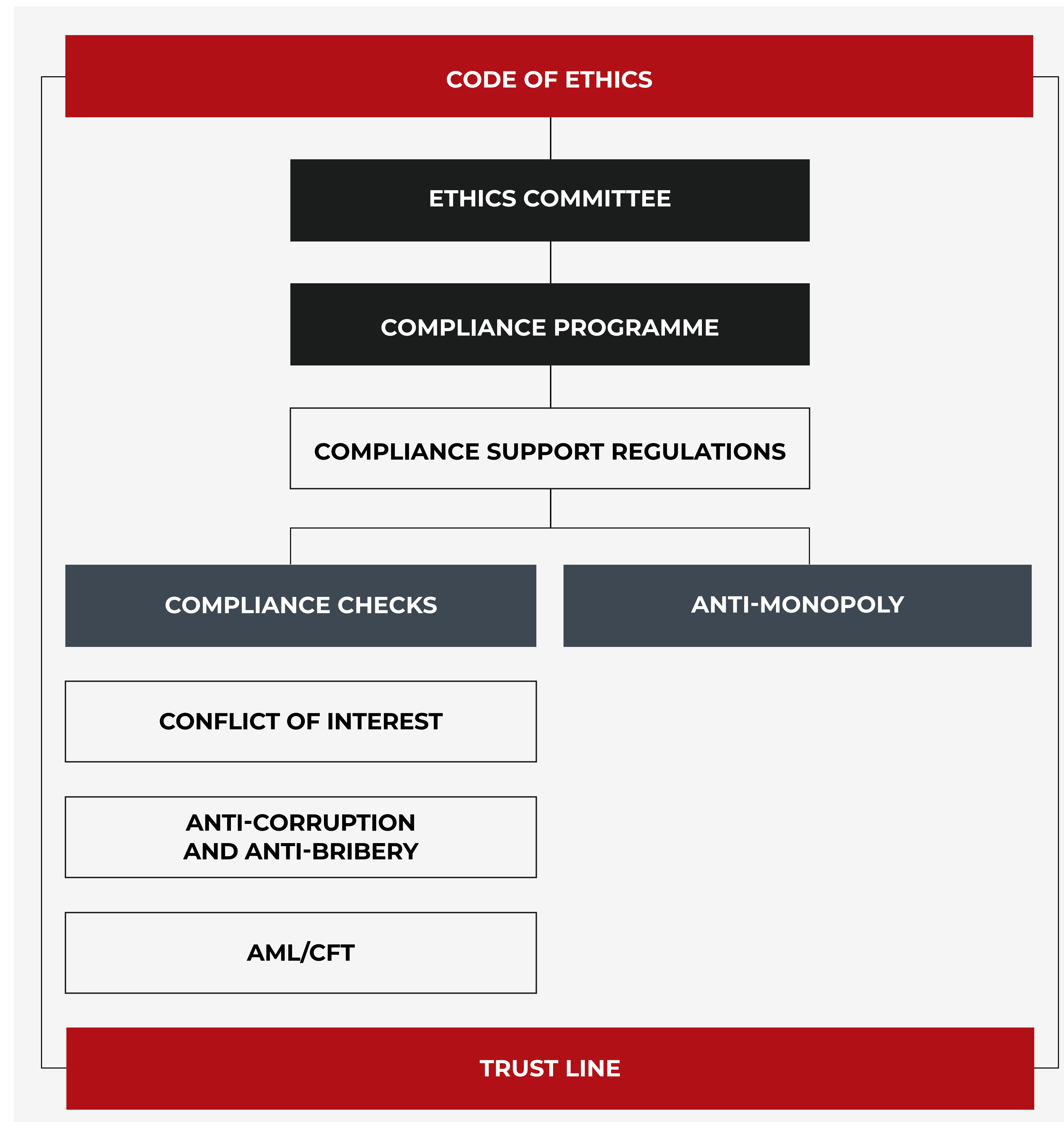
ETHICS COMMITTEE

Metinvest's Ethics Committee is chaired by the CEO and includes senior management. It convenes quarterly: to discuss the functioning of the Compliance Programme across the Group; to make decisions regarding conflicts of interest; and to review reports received through the Trust Line.

Also, the Compliance Programme's progress is reported quarterly at meetings of the Supervisory Board's Audit and Finance Committee and annually at a meeting of the Supervisory Board.

The imposition of martial law in Ukraine in early 2022 impacted the scope of issues addressed by the Ethics Committee. All committee members participated, discussing topics such as conflicts of interest, sanctions risks, Trust Line reports, approval and monitoring of high-risk positions.

BUSINESS ETHICS FRAMEWORK



COMPLIANCE PROGRAMME

Metinvest's Compliance Programme has been instrumental in fostering fair business practices and serving as an anti-corruption mechanism. The Group's Ethics Committee monitors the performance of the programme quarterly, including an evaluation of the approach to anti-corruption management.

While some projects under the Compliance Programme were suspended in 2022, the primary focus in the reporting period was screening to ensure sanctions compliance related to counterparties.

The Group implemented several new initiatives in this area. For example, it launched the supplier compliance check module in the SAP CRM system for its assets in Western Europe. Also, Metinvest integrated the SAP MDG (Master Data Governance) OpenDataBot to trace and block certain counterparties automatically. Metinvest Polska introduced counterparty sanctions controls in SAP MDG and plans to implement SAP CRM in 2023.

TRUST LINE

GRI 2-26

Metinvest employs the Trust Line maintained by SCM, one of the Group's shareholders, to enhance transparency and accountability.

The Trust Line is available through the following channels:

Toll free number within the borders of Ukraine: **0 800 60 07 77**
International number: **+38 044 224 72 32**
Email: **trustline@scm.com.ua**
Web: **www.scm.com.cy/trust-line**

The Trust Line enables stakeholders to report anonymously any legal violations, breaches of business conduct and corporate ethics, or non-compliance with the standards and principles of the Code of Ethics. It also allows employees and local communities to report their concerns, including on environmental or safety matters.

The Trust Line operates 24/7 and an authorised representative is available for consultation anytime. It accepts information through various channels, such as email and text message, and allows submissions in any of the working languages applied within the Group. The Internal Audit Directorate routinely oversees the Trust Line's operations and informs the Audit and Finance Committee and the Supervisory Board about the reports received.

In 2022, a total of 392 reports were submitted through the Trust Line, of which 113 were confirmed, compared with a respective 784 and 238 in 2021. The most-reported topics were breaches of internal procedures and contractual obligations, and HR management matters. The decrease in the number of reports was caused by the temporary loss of operational control over assets in Mariupol and the slowdown of business activity since the outbreak of war in Ukraine.

Metinvest's Procedure for Routing, Investigating and Closing Reports Received through the Trust Line sets out the requirements and departments responsible for investigations, determines the format and content of reports, and mandates the monitoring of corrective measure implementation.

In 2022, the Group achieved a 30% year-on-year reduction in the time required to address reports submitted through the Trust line.

CONFLICTS OF INTEREST

GRI 2-15

Metinvest acknowledges that employees have personal interests and supports their development, particularly when they benefit the broader community. It also recognises the need for employees to avoid conflicts between their interests and those of the Group.

Metinvest's Procedure for Declaring Conflicts of Interest mandates that employees promptly notify their direct supervisor and the legal team of any actual or potential conflict of interest. In addition, those in management positions must submit declarations confirming the absence of conflicts of interest or declaring any issues. The Group requires initial (upon assuming a management role), current (if any real or potential conflict arises during the year) and annual declarations (once a year, irrespective of the existence of a conflict) to be submitted.

In 2022, annual declarations were submitted by 84% of declarants, compared with 95% in 2021. In addition, 35 forms disclosed a conflict of interest, compared with 114 the previous year.

UPHOLDING CORE VALUES

Adhering to the principles of law and fairness, Metinvest continues to uphold its core values. In line with this, it has sought legal redress through the European Court of Human Rights (ECHR). The aim of these lawsuits is to obtain compensation for the harm done to the Group's assets during Russia's unwarranted acts of aggression against Ukraine. The claims centre on Russia's violation of Metinvest's rights under Article 1 of Protocol 1 to the European Convention on Human Rights. This includes causing significant damage and destruction to Group assets; denying control over them, in many cases to the point of effectively depriving it of ownership; and depriving it of their business use and income-generating potential.

The Group tasked around 300 dedicated personnel to review open sources to record the damage inflicted, primarily on the Mariupol plants, resulting in nearly 1,500 individual verified instances. Also, Metinvest has initiated dozens of criminal proceedings and assembled a collection of more than 100 media articles from local and international outlets that covered damage to the Group's property. The legal strategy was coordinated in unison with SCM.

Despite the complex nature of and lengthy process related to the invasion-related claims, Metinvest remains steadfast in its pursuit of justice. While ECHR decisions are typically enforced voluntarily, the Group believes that these lawsuits have not only procedural, but moral value as well. Given the immense devastation and violations of human rights Russia has caused, Metinvest believes that an international legal mechanism for the enforcement of damages against the aggressor state (including those confirmed by ECHR decisions) will be developed by the G7 (Group of Seven) and other countries that share the core values of respect for human rights and international law.

ANTI-CORRUPTION AND ANTI-BRIBERY

GRI 205-1; 205-2; 205-3

Metinvest adheres to the stipulations of relevant anti-corruption and anti-trust laws while conducting business.

The Group's strategy for addressing corruption and fraud risk encompasses distinct evaluation criteria, unambiguous definitions and well-defined responsibilities for monitoring this risk.

Metinvest implements anti-corruption measures at various levels. It fosters employee consciousness of its unyielding stance against corruption and carries out compulsory anti-corruption checks for suppliers and customers. Transactions involving public sector representatives and social project financing programmes undergo heightened examination.

All internal and external applicants for senior and high-risk positions are subject to mandatory internal security screening. Former government officials and politicians undergo more comprehensive verification processes. In 2022, a total of 74 candidates for high-risk positions underwent checks, compared with 172 a year ago.

During the year, no cases of corruption violations involving public officials were reported or confirmed. However, 26 cases were identified involving fraud and private bribes received from counterparties to lobby their interests. The Group applied disciplinary actions appropriate to each incident against the parties involved.

AML/CFT

Metinvest's Procedure on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) mandates thorough due diligence checks for all counterparties, encompassing watchlists related to sanctions, terrorism, money laundering, corruption and other areas of concern. Moreover, automated sanctions checks are implemented for all counterparties registered in SAP.

In 2022, Metinvest scrutinised over 7,000 transactions for potential breaches of economic sanctions and AML/CFT regulations. During the reporting period, the Group blocked 4,450 counterparties in the SAP system, most of which were from or related to Russia and Belarus.

ANTI-MONOPOLY COMPLIANCE

GRI 206-1

Metinvest acknowledges the importance of fair competition in its Code of Ethics and adheres to all respective regulations in the countries in which it operates. The Group has implemented anti-monopoly policies at its largest entities.

The Group has a distinct anti-trust compliance function staffed by a legal team that oversees enquiries and requests from relevant government authorities. It also provides expert advice on potential anti-trust risks and conducts clarifications as needed.

In addition, the Group offers yearly training to assist managers in identifying and averting actions that could potentially be deemed breaches of these laws.

In 2022, there were no fines and/or sanctions imposed on the Group for anti-competitive behaviour or violations of anti-trust and monopoly legislation.

ANTI-CRISIS MANAGEMENT

GRI 2-16; 403-2

Metinvest's anti-crisis management system plays a crucial role in maintaining operational stability in the face of challenges. Governed by the Business Security Policy, most recently revised and updated in 2022, the system ensures a unified approach to security management across the Group. It strives to minimise the impact of security risks on its operational assets and safeguarding employees and material resources.

Metinvest constantly monitors the military, socio-political situation and factors that may affect the Group's business processes. The Group conducts comprehensive risk assessments and performs audits at its facilities, allowing it to identify potential risks, analyse their impact on business processes and implement appropriate preventive measures. Metinvest classifies crisis situations as operational or strategic, depending on the potential consequences.

A response is ensured by the Group's anti-crisis headquarters, headed by the CEO. A 24-hour emergency hotline operates for timely communication on incidents. This reporting channel extends to Metinvest's CEO and upwards to the Supervisory Board members, as appropriate. By facilitating prompt notifications, Metinvest can act decisively to mitigate any threats that may arise.

In February 2022, in response to the outbreak of the full-scale war, Metinvest's activated the anti-crisis headquarters. Its work was focused on preserving lives and maintaining operations of the entities. These efforts included personnel evacuation, humanitarian aid, as well as accommodations and employment for those relocated to Ukrainian-controlled territory.

The Group also transformed defensive structures that it was mandated by legislation to maintain prior to the full-scale war into long-term shelters to protect employees and resources. It took additional measures to ensure workforce safety, including purchasing essential supplies and equipment. Metinvest also established voluntary firefighting brigades at some locations to help manage fires resulting from artillery attacks.

SUPPLY CHAIN MANAGEMENT

RESPONSIVE AND RESILIENT

In a year that fundamentally uprooted Metinvest's logistics and supply routes, the Group was forced to re-orient commercial flows and adjust the supply chain.

APPROACH AND ADAPTATION

GRI 2-6; 3-3

Metinvest's supply management is based on a responsible approach to compliance with applicable legislation. Its supply chain encompasses the purchase of raw materials, goods and services, as well as the procurement, production, marketing and distribution processes. The Group has a procurement management system in place to govern functions such as supplier selection, contract administration, shipment monitoring and product quality control.

In 2022, Metinvest faced wartime business realities, which resulted in the disruption of the supply chains. The blockade and occupation of Ukrainian seaports and the limited capacity of western railway border crossings created transportation bottlenecks. Damage to power infrastructure led to periodic blackouts throughout Ukraine, affecting the Group's operations.

Also, following the full-scale invasion, some suppliers in Ukraine had to evacuate or otherwise suspend operations. As a result, Metinvest has had to look for alternative supply options, including imports.

One way that Metinvest adapted was by reorganising part of its procurement and logistics functions at the Group management level to fall under the operational control of the new Commercial Directorate headed by the Commercial Director. It combines the Group's sales and procurement functions, managing strategic purchases, including raw materials, fuel and energy with the logistics services. Purchases of other key products are overseen by the Operations Directorate under the control of the Chief Operations Officer. Other directorates are responsible for procuring products and services related to their functions.

Nonetheless, the organisational structure at the entity level of the production assets remains unchanged. Each asset has a planning and analysis service, as well as procurement, supply and warehousing functions. The supply departments of the iron ore assets have been a part of the shared service centre since 2021 to integrate their day-to-day procurement operations.

To ensure compliance with its governing principles, Metinvest conducts audits to monitor and evaluate performance in this area. In 2022, the Internal Audit Directorate audited the Group's subsidiaries in Italy, Bulgaria and the UK to evaluate their procurement controls. The results confirmed that a resilient procurement process was in place, while recommendations were made for further improvements.

PROCUREMENT PRACTICES

GRI 3-3; 205-2

The Group's Code of Business Partnership seeks to establish fair commercial relationships by setting clear compliance standards with sustainable practices and business requirements for existing and potential suppliers. Its key principles are respect and focus on cooperation, occupational health and safety, environmental protection, information confidentiality, compliance with the law and the Code of Ethics, as well as social responsibility.

Metinvest's Procurement Policy and Regulation on Procurement Management guide the internal procedures related to this area. The Procurement Policy is based on the principles of ethical business conduct, free competition among suppliers, information transparency, partnership, economic feasibility and efficiency, and prioritisation of direct producers. The Regulation on Procurement Management covers requirements for supplier verification, tender participants' rights and obligations, and business rules, among other matters.

In addition, the Group adopted a new Procedure for Procurement of Materials and Resources in January 2022. Intended to strengthen oversight of the planning, procurement and supply of materials, it has also helped to cope with the reality of conducting business during the war.

SUPPLIER SELECTION

GRI 2-24; 308-1; 308-2; 414-1; 414-2

Metinvest strives to promote sustainable supply chain management practices and expects its suppliers and business partners to share the same values. The Code of Ethics and Code of Business Partnership outline the Group's expectations for compliance with health, safety and environmental regulations, as well as its zero-tolerance policy towards workplace violence, forced labour and discrimination.

Metinvest requires its suppliers to adhere to all applicable laws, including those that address child labour, minimum living wages, maximum working hours, freedom of association and the right to collective bargaining for their employees.

To ensure fair and transparent procurement processes, a Tender Committee consisting of at least three members from different departments evaluates all offers received based on approved criteria such as price, quality, delivery and payment terms. The Group publishes information about major future tenders on its website a minimum of three days in advance and uses the SAP Ariba digital solution to facilitate secure and efficient communication with bidders.

Metinvest strives to create long-lasting partnerships with its suppliers and business partners while ensuring the highest standards of ethical conduct.

The Group uses pre-contract and pre-qualification procedures to identify potential partnership risks. It also checks suppliers of services related to hazardous work to comply with health and safety requirements and verify that they have the necessary qualifications and licences.

Metinvest reserves the authority to disqualify suppliers for a specified period or indefinitely if they engage in unfair business practices with its companies. The disqualification criteria are available on the Group's website. The Group informs counterparties of the reasons and terms of their disqualification to give them the opportunity to receive feedback and improve their corporate governance as necessary.

In 2022, Metinvest conducted over 8,000 pre-contract assessments and more than 4,000 pre-qualification reviews. Through these processes, it selected 375 new suppliers and disqualified nearly 100 candidates.

The Group also conducts screenings of suppliers and their products to prevent or mitigate corruption risks and non-compliance with international obligations and sanctions. Suppliers which have not passed the compliance screenings are not eligible to participate in the procurement process.

LOGISTICS MANAGEMENT

Metinvest-Shipping manages the logistics function for the Group. It oversees all cargo transport, from rail to port operations, while the executive team coordinates strategic decisions. In 2022, Metinvest reorganised the logistics function to operate under the umbrella of the new Commercial Directorate. This change was intended to ensure expeditious management and consolidation, improve communication and help with the reorientation to new markets. The Group's logistics practices continued to be guided by the key priorities of cost optimisation, risk management, and the development of internal services and competencies.

The full-scale military invasion of Ukraine led to a blockade of crucial seaports in the country. A portion of the Group's fleet of gondola cars and specialised railcars was also blocked in temporarily occupied territory. Railway transportation connection capacity with Western countries has been insufficient to replace seaborne throughput. The reorientation of export deliveries from Ukraine towards the western border crossings has been slowed both by long-standing infrastructure constraints and war-related bottlenecks.

As a result of the Russian Aggression, several vessels with Metinvest products were blocked in Ukrainian ports. In particular, the aggressor state stole goods in the occupied port of Mariupol. In ports that remained under Ukrainian government control, Metinvest arranged a lengthy and complicated unblocking process. This included the discharge and transfer of goods by rail to the ports of the EU for onward shipment to customers. Some of these goods still remain blocked due to legal procedures and other issues.

Despite these challenges, the Group strives to maintain its operations by ensuring the delivery of products to its customers and raw materials to its production assets. In 2022, Metinvest arranged new logistics routes through the EU's northern and southern ports to export its products. In Ukraine, certain volumes were arranged through the port of Izmail, which is located on the Danube river. Also, the number of terminals available for cargo transshipment in the ports of the EU countries was expanded. The Group's sales offices in Poland and Romania hired new staff responsible for logistics in Europe. Metinvest also contributed to making these extended transport routes more accessible. In particular, specific equipment was acquired for pig iron transshipment at Polish ports.

During the reporting period, Metinvest implemented several initiatives to enhance the quality of shipments. Metinvest-Shipping implemented SAP to integrate its business processes with the assets, creating a platform that can be extended in the future to overseas assets and customers. Other projects included improved internal guidelines and audit inspections to verify the quality of transshipment facilities, optimising transportation times while ensuring products are not contaminated with foreign materials.

RISK MANAGEMENT

A VIGILANT APPROACH

In 2022, Metinvest reviewed its risk management practices to address the significant changes that the Group has undergone. The vigilant approach underpinning the risk management methodology proved itself in the reporting period.

MANAGING RISKS RELATED TO WAR

In response to the challenges that arose as the full-scale war started, Metinvest adhered to robust risk management strategies aimed at responding to first-tier risks (outside management's control) and mitigating second-tier risks (related to the normal course of business).

Confronted by the Russian Aggression, Metinvest faced the necessity to assess new risks by addressing the following concerns:

- preserving the safety and well-being of those working within territories affected by hostilities
- organising and providing humanitarian aid to the local communities
- determining the optimal use of production capacities
- adapting the logistics model
- ensuring steady utility supplies
- overseeing financial flows

While the fundamentals underpinning the risk management approach were unchanged, the primary objectives for 2022 centred on utilising available production capacities and securing access to sales markets, particularly given the logistical constraints that emerged. Throughout these challenges, the Group remained committed to a risk-oriented, decision-making approach at all levels of management.

RISK MANAGEMENT PRACTICE

Metinvest's fundamental risk management principles are defined in its Internal Audit Policy, which integrates the strategic guidance of the ISO 31000:2018 Risk Management standard. The internal regulations covering dedicated functions also include risk management aspects specific to their business processes, which helps the executive team to guide their decisions using the risk-based approach in place.

Metinvest applies an internal categorisation of risks as commercial or non-commercial. Commercial risks include, but not limited to, those that can be quantified and are directly associated with product and financial flows from operations, as well as with investments in tangible and intangible assets. Non-commercial risks are not directly associated with product and financial flows from operations, or with investments in tangible and intangible assets and include sustainability risks.

The Group delineates the primary roles and responsibilities for risk management. The Economics and Business System Development Directorate is responsible for assessment and monitoring commercial risks. The Internal Audit Directorate is entrusted with overseeing of non-commercial risks.

Metinvest identifies and measures principal risks that directly affect its operational activities and financial outcomes, incorporates these risks into its business planning processes, and develops strategies to mitigate their impact.

As part of these comprehensive risk mitigation efforts, the Group continued to assess commercial risks by analysing the sensitivity of expected or planned EBITDA to various risk factors. This approach enabled it to adapt and respond to the evolving risks associated with the war.

To mitigate non-commercial risks effectively, management applies a corporate framework to assess the probability and impact of such risks.

RISK MANAGEMENT STRUCTURE

GRI 2-12

SUPERVISORY BOARD AND ITS COMMITTEES

- Monitors the risk management system's implementation and operation

CHIEF EXECUTIVE OFFICER

- Promotes the risk management philosophy within the Group
- Sets priorities for the risk management system based on Metinvest's strategy and goals

Functional management	Economics and Business System Development Directorate	Internal Audit Directorate

SUSTAINABILITY RISK MANAGEMENT

The continuous monitoring of sustainability risks is a prerequisite for ensuring the effectiveness of the Group's approach to sustainable development. The table on this page describes the factors leading to each risk's occurrence, along with the mitigation measures undertaken.

KEY SUSTAINABILITY RISKS AND MITIGATION EFFORTS IN 2022

RISK AND ITS DESCRIPTION	MEASURES TO MINIMISE RISKS
Workplace safety	
• Workplace injuries and fatalities	• Safe Workspace programme • Projects related to certain critical risk factors under safety roadmap • Health and safety training and incentive tools for employees • Safety assessment of contractors involved in hazardous works
Environmental issues	
• Environmental impacts, including air pollution, wastewater discharges and waste generation	• Measures to exclude and reduce impact due to the shelling of assets • Monitoring compliance with regulatory requirements • Initiatives to improve energy efficiency • Trust Line to raise environmental concerns • Implementing technical measures to reduce the environmental impact • Application of the precautionary principle when planning investment projects
Climate change	
• Impact on business sustainability • Legislative requirements to accelerate low-carbon transition	• Best practice approach to the calculation and disclosure on direct and indirect GHG emissions • Analysis of climate-related corporate governance and risk management system • Analysis and preparation for the CBAM test regime
Business ethics and compliance	
• Fraud and corruption	• Adherence to the Code of Ethics and Code of Business Partnership • Trust Line and incident investigation • Mandatory verification of suppliers and customers for anti-corruption element • Internal security screenings for all senior and high-risk positions
Counterparty sanctions risks	
• Regulatory penalties and operational disruptions due to non-compliance • Reputational damage	• Monitoring legislative changes in key jurisdictions • Compliance function approval for new counterparties • Verifying and blocking transactions with sanctioned/high-risk counterparties
Information security	
• Losses due to critical information leaks • Critical equipment or process interruption due to information system failure	• Organisational and technical actions to identify, categorise, protect and monitor the security of confidential information and personal data • Analysis of IT infrastructure security • Measures for safe remote work • Training and testing IT user skills to prevent phishing attacks

INTERNAL AND EXTERNAL AUDIT

ENSURING EFFECTIVE CONTROLS

In 2022, the internal audit function of Metinvest focused primarily on the Group's service companies, as well as its assets outside of Ukraine. The Group appoints an external auditor to review and approve its financial statements, in line with best practices.

INTERNAL AUDIT

Metinvest's Internal Audit Directorate is an independent appraisal function established within the Group to examine and evaluate its activities. The independence is ensured by its direct reporting line to the Chairperson of the Supervisory Board's Audit and Finance Committee.

The annual internal audit engagement plan is developed considering Metinvest's key risks, strategic goals, significant matters, cyclical audits, management requests and inputs from the Audit and Finance Committee. Throughout 2022, the audit plan was updated to reflect the wartime environment in Ukraine and the resulting changes affecting both domestic and international assets.

The management is responsible for ensuring that issues raised by the internal audit function are addressed on time. The function monitors recommendations on internal audit measures agreed with the management.

During the year, audit efforts were focused primarily on service companies of the Group, as well as its assets outside of Ukraine. The function also provided oversight for Metinvest's humanitarian efforts, including the launch of hubs in Poland and Ukraine.

EXTERNAL AUDIT

Covering each financial year since 2006, Metinvest has prepared consolidated financial statements in accordance with IFRS, as adopted by the EU, and has engaged an independent external auditor to audit them.

For the 12 months ended 31 December 2022, the Group appointed PwC to perform this external audit and provide an opinion on the IFRS consolidated financial statements. The most recent Auditor's Report is presented on page 99. The measures in place to safeguard the external auditor's independence and ensure high quality of service include rules requiring rotating the signing partner and obtaining pre-approval for all non-audit services.

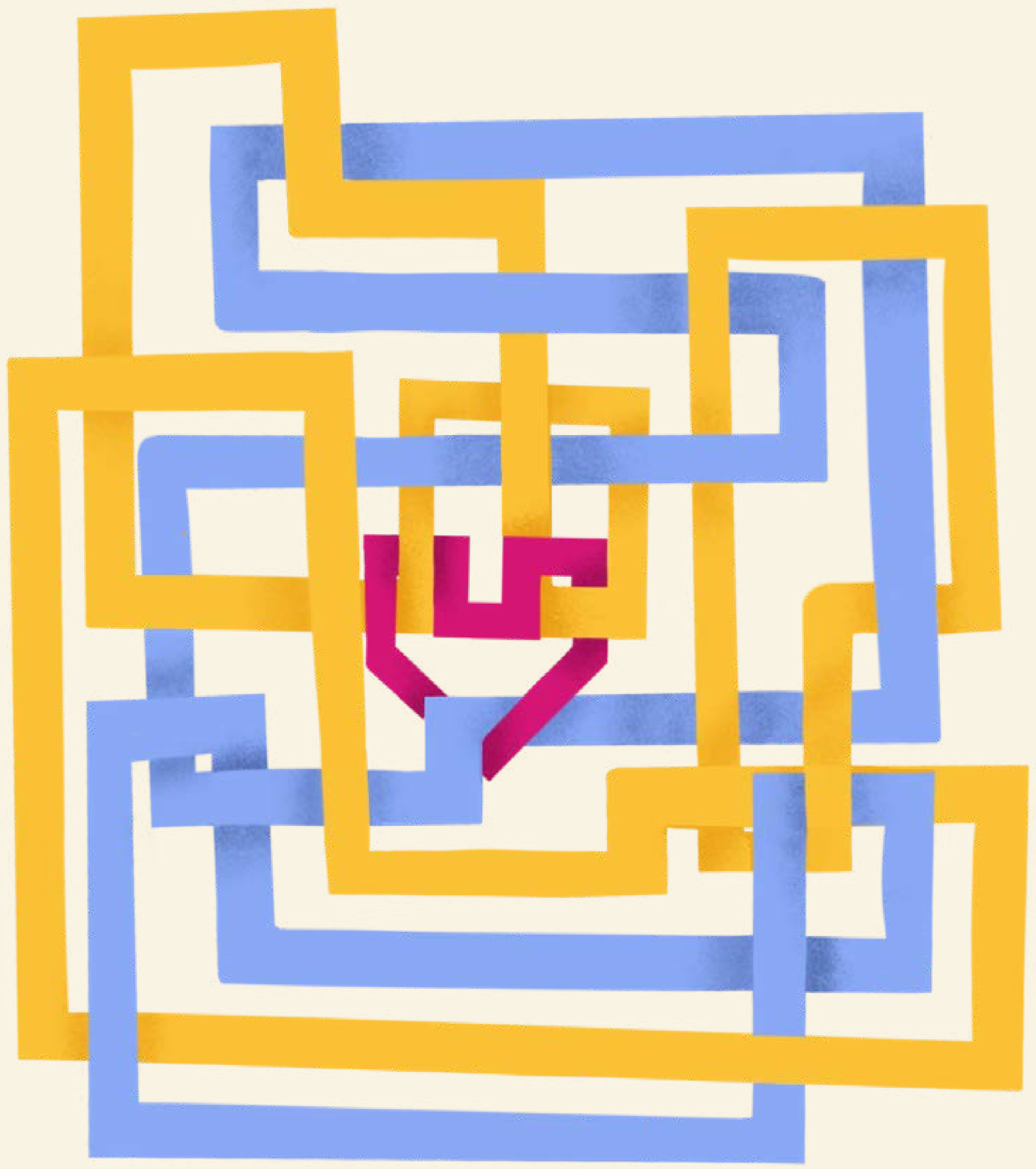
INFORMATION FRONT

The transparent disclosure approach has helped the Group to navigate the reality of 2022 by ensuring that stakeholders have access to up-to-date information about its activities.

Metinvest has consistently provided insights into the impact of the Russian Aggression on its operations and has promptly responded to media requests, ensuring the Group's voice and perspective are heard in the global conversation.

Metinvest has also maintained robust investor communications during this time. The Group has provided regular updates, ensuring that debt providers are kept abreast of the situation.

Metinvest's alignment with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) recommendations in its reporting also reflects its dedication to transparency and international best practices.



7 More information about the illustration is on page 96.

ANNEX 1 – Index of Standard Disclosures

GRI CONTENT INDEX

Statement of use Metinvest B.V. has reported in accordance with the GRI Standards for the period starting 1 January 2022 and ending 31 December 2022
GRI 1 used GRI 1: Foundation 2021
Applicable GRI Sector Standard(s) n/a

	DISCLOSURE	LOCATION	COMMENTS
	GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organisational details	Operational Review, pp. 15, 18 Annex 3 – Parent Company and Principal Subsidiaries, p. 89	
	2-2 Entities included in the organisation's sustainability reporting	About the Report, p. 4 Annex 3 – Parent Company and Principal Subsidiaries, p. 89	
	2-3 Reporting period, frequency and contact point	About the Report, p. 4 Annex 1 – Index of Standard Disclosures, p.68	Contact point: ir@metinvestholding.com; csr@metinvestholding.com Publication date: September 2023.
	2-4 Restatements of information	Annex 1 – Index of Standard Disclosures, p. 68	The indicators for 2020-2021 on natural gas consumption and total energy use were restated in 2022 as natural gas consumption data of United Coal was added.
	2-5 External assurance	About the Report, p. 4 Annex 1 – Index of Standard Disclosures, p. 68	Metinvest's sustainability reporting has not been externally assured.
	2-6 Activities, value chain and other business relationships	Operational Review, pp. 16, 19 Financial Review, p. 23 Supply Chain Management, p. 62	
	2-7 Employees	Our People, p. 34 Annex 2 – Additional Information on Standard Disclosures, pp. 82, 83	
	2-8 Workers who are not employees	Workplace Safety, p. 40	Information about contractors is not available as its collection is not mandatory, according to local regulations.
	2-9 Governance structure and composition	Corporate Governance, pp. 51, 52 Supervisory Board, p. 55	
	2-10 Nomination and selection of the highest governance body	Corporate Governance, p. 52	
	2-11 Chair of the highest governance body	Annex 1 – Index of Standard Disclosures, p. 68	The Chairperson of the Supervisory Board is not a member of executive team.
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, p. 52 Risk Management, p. 64	
	2-13 Delegation of responsibility for managing impacts	Corporate Governance, p. 52	

	DISCLOSURE	LOCATION	COMMENTS
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	About the Report, p. 4	
	2-15 Conflicts of interest	Business Ethics and Compliance, p. 60	
	2-16 Communication of critical concerns	Business Ethics and Compliance, p. 61	
	2-17 Collective knowledge of the highest governance body	Corporate Governance, p. 53	
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance, p. 54	
	2-19 Remuneration policies	Corporate Governance, p. 54	
	2-20 Process to determine remuneration	–	Data is not available due to confidentiality.
	2-21 Annual total compensation ratio	–	Data is not available due to confidentiality.
	2-22 Statement on sustainable development strategy	Chairperson’s Statement, p. 8	
	2-23 Policy commitments	Business Ethics and Compliance, p. 59	
	2-24 Embedding policy commitments	Business Ethics and Compliance, p. 59 Supply Chain Management, p. 63	
	2-25 Processes to remediate negative impacts	Support for Ukraine and Communities, p. 31 Our People, p. 34 Workplace Safety, p. 39 Environment, p. 43 Business Ethics and Compliance, p. 59	
	2-26 Mechanisms for seeking advice and raising concerns	Our People, p. 36 Business Ethics and Compliance, p. 60	
	2-27 Compliance with laws and regulations	Annex 1 – Index of Standard Disclosures, p. 69	There were no significant instances of the Group’s non-compliance with laws and regulations during the reporting period.

	DISCLOSURE	LOCATION	COMMENTS
GRI 2: General Disclosures 2021	2-28 Membership associations	Annex 1 – Index of Standard Disclosures, p. 70	As of the end of 2022, Metinvest was a member of: the Association of the Dutch Metallurgical Industry (Metaal Nederland), Centre for Corporate Social Responsibility in Ukraine, European Business Association, European Steel Association, International Chamber of Commerce in Ukraine, Ukrainian Business and Trade Association, Ukrainian Chamber of Commerce and Industry, Ukrainian Federation of Metallurgists, Ukrainian Coke Producers' Association, Ukrmetalurgprom Association of Enterprises, UN Global Compact and the World Steel Association.
	2-29 Approach to stakeholder engagement	About the Report, p. 5	
	2-30 Collective bargaining agreements	Our People, p. 36	
	MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About the Report, p. 5	
	3-2 List of material topics	About the Report, p. 5	
	Economic impacts and performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Review, pp. 23, 26	
GRI 201: Economic performance 2016	201-4 Financial assistance received from government	Annex 1 – Index of Standard Disclosures, p. 70	In 2022, the Italian government partially compensated the Group's Italian re-rollers for high energy prices through tax reductions. Other Metinvest entities did not receive financial assistance from any government in the reporting period.
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared with local minimum wage	–	Data is not presented due to the unavailability of industry information about wages as a result of the Russian Aggression.
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Support for Ukraine and Communities, p. 31	
	203-2 Significant indirect economic impacts	Support for Ukraine and Communities, p. 31 Environment, p. 43 Annex 1 – Index of Standard Disclosures, p. 70	Metinvest acknowledges the risks associated with its activities' impact on the environment and the well-being of local populations.

	DISCLOSURE	LOCATION	COMMENTS
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Annex 1 – Index of Standard Disclosures, p. 71	In 2022, around 90% of raw materials, goods and services purchased in Ukraine were provided by local suppliers, defined as the Group's third-party suppliers that are registered and operating in Ukraine.
GRI 207: Tax 2019	207-1 Approach to tax	Financial Review, p. 26	
	207-2 Tax governance, control and risk management	Financial Review, p. 26	
	Emissions and climate change		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment, pp. 43, 45	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment, p. 44 Annex 2 – Additional Information on Standard Disclosures, p. 85	
	305-2 Energy indirect (Scope 2) GHG emissions	Environment, p. 44	
	305-3 Other indirect (Scope 3) GHG emissions	–	Data is not available as Metinvest does not collect it.
	305-4 GHG emissions intensity	Environment, p. 44	
	305-6 Emissions of ozone-depleting substances (ODS)	Annex 1 – Index of Standard Disclosures, p. 71	The Group did not generate emissions of ozone-depleting substances in 2020-2022.
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Environment, p. 47 Annex 2 – Additional Information on Standard Disclosures, p. 86	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environment, p. 45 Annex 2 – Additional Information on Standard Disclosures, p. 86	
	302-2 Energy consumption outside the organisation	–	Data is not available as Metinvest does not collect it.
	302-3 Energy intensity	Annex 2 – Additional Information on Standard Disclosures, p. 85	
	302-4 Reduction of energy consumption	Environment, p. 45 Annex 2 – Additional Information on Standard Disclosures, p. 86	

	DISCLOSURE	LOCATION	COMMENTS
	Water management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment, p. 43	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	Environment, p. 46 Annex 1 – Index of Standard Disclosures, p. 72 Annex 2 – Additional Information on Standard Disclosures, p. 88	The report does not provide information about Metinvest's interactions with suppliers or consumers that have a significant impact on water resources or about the process of setting water-use targets.
	303-2 Management of water discharge-related impacts	Environment, p. 46 Annex 1 – Index of Standard Disclosures, p. 72	Metinvest conducts laboratory studies of consumed water and wastewater quality to comply with statutory regulations and environmental standards.
	303-3 Water withdrawal	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87	
	303-4 Water discharge	Environment, p. 46 Annex 1 – Index of Standard Disclosures, p. 72 Annex 2 – Additional Information on Standard Disclosures, p. 87	Metinvest does not publish data on water discharge by category.
	303-5 Water consumption	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87	
	Waste generation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment, p. 43	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment, p. 46	
	306-2 Management of significant waste-related impacts	Environment, p. 46 Annex 1 – Index of Standard Disclosures, p. 72	Waste-related data is retrieved from statistical and internal reporting forms maintained in accordance with respective legislation on waste management.
	306-3 Waste generated	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87	
	306-4 Waste diverted from disposal	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87	
	306-5 Waste directed to disposal	Annex 2 – Additional Information on Standard Disclosures, p. 87	

	DISCLOSURE	LOCATION	COMMENTS
	Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment, p. 43	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment, p. 47	
	304-2 Significant impacts of activities, products and services on biodiversity	Environment, p. 47	
	304-3 Habitats protected or restored	Environment, p. 47 Annex 1 – Index of Standard Disclosures, p. 73	Land restoration activities were carried out in accordance with the terms of approved projects, as well as government standards and methodologies.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment, p. 47	
	Human rights, diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People, p. 34 Business Ethics and Compliance, p. 59	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Our People, p. 36 Annex 2 – Additional Information on Standard Disclosures, p. 82	
	405-2 Ratio of basic salary and remuneration of women to men	Annex 2 – Additional Information on Standard Disclosures, p. 84	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Annex 1 – Index of Standard Disclosures, p. 73	Metinvest did not identify any incidents of discrimination during the reporting period.
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our People, p. 36 Annex 1 – Index of Standard Disclosures, p. 73	There were no cases recorded in the reporting period in which the right of employees or suppliers to exercise freedom of association or collective bargaining was violated or at risk.
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Annex 1 – Index of Standard Disclosures, p.73	Metinvest did not identify any operations or suppliers at significant risk for incidents of child labour in the reporting period.
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Annex 1 – Index of Standard Disclosures, p. 73	Metinvest did not identify any operations or suppliers at significant risk for incidents of forced or compulsory labour in the reporting period.

	DISCLOSURE	LOCATION	COMMENTS
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	Our People, p. 36	
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Our People, p. 36 Annex 1 – Index of Standard Disclosures, p. 74	The Group's approach to ensuring the protection of human rights applies to all its entities.
	412-2 Employee training on human rights policies or procedures	Our People, p. 36	
	Anti-corruption, business ethics and compliance, and supply chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance, p. 59 Supply Chain Management, p. 62	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance, p. 61	
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance, p. 61 Supply Chain Management, p. 62	
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics and Compliance, p. 61	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Business Ethics and Compliance, p. 61	
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management, p. 63	
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management, p. 63	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management, p. 63	
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management, p. 63	
	Employment practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People, p. 34	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annex 2 – Additional Information on Standard Disclosures, p. 84	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People, p. 35	

	DISCLOSURE	LOCATION	COMMENTS
	401-3 Parental leave	Annex 1 – Index of Standard Disclosures, p. 75	In 2022, 10 men and 588 women took childcare leave.
GRI 402: Labour/management relations 2016	402-1 Minimum notice periods regarding operational changes	Annex 1 – Index of Standard Disclosures, p. 75	In the event of significant changes, Metinvest's employees in Ukraine were notified in accordance with the law "On the organisation of labour relations under martial law", namely, no later than before the introduction of such conditions. This mechanism differs from peacetime requirements, namely two months' notice before changes became effective, which was consistent with the Labour Code of Ukraine. For entities in Bulgaria, Italy and the UK, employees were notified of significant changes from seven days to four months in advance, depending on their length of work and professional level. For the entities in the US, this must take place at least 60 days in advance.
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Our People, p. 37 Annex 2 – Additional Information on Standard Disclosures, p. 84	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our People, p. 37	
	Workplace safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Workplace Safety, p. 39	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Workplace Safety, p. 39	
	403-2 Hazard identification, risk assessment and incident investigation	Workplace Safety, p. 39 Business Ethics and Compliance, p. 61	
	403-3 Occupational health services	Workplace Safety, p. 42	
	403-4 Worker participation, consultation and communication on occupational health and safety	Workplace Safety, p. 40	
	403-5 Worker training on occupational health and safety	Workplace Safety, p. 41	
	403-6 Promotion of worker health	Workplace Safety, p. 42	

	DISCLOSURE	LOCATION	COMMENTS
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Safety, p. 40	
	403-8 Workers covered by an occupational health and safety management system	Annex 1 – Index of Standard Disclosures, p. 76	Metinvest acknowledges its responsibility for the safety of contractor staff when they perform work for the Group as set out in contractual obligations. Contractor staff are subject to the same occupational health and safety rules as Metinvest employees.
	403-9 Work-related injuries	Workplace Safety, p. 41 Annex 1 – Index of Standard Disclosures, p. 76 Annex 2 – Additional Information on Standard Disclosures, p. 85	Number of hours worked in 2022: by employees: 78,844,964 by contractors: 10,495,025
	403-10 Work-related ill health	Workplace Safety, p. 42 Annex 1 – Index of Standard Disclosures, p. 76	Metinvest does not calculate occupational illness figures for contractor staff, as this falls under the responsibility of contractor organisations.
	Local communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Support for Ukraine and Communities, p. 31	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	Support for Ukraine and Communities, p. 31	
	413-2 Operations with significant actual and potential negative impacts on local communities	Support for Ukraine and Communities, p. 31 Annex 1 – Index of Standard Disclosures, p. 76	Metinvest acknowledged the risks of its operations regarding the environment and local communities' well-being.
	Quality of products		
GRI 3: Material Topics 2021	3-3 Management of material topics	Operational Review, p. 20	
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Operational Review, p. 20 Annex 1 – Index of Standard Disclosures, p. 76	In 2022, there were no incidents reported of Metinvest's products having negative health and safety impacts that can affect customers.

	DISCLOSURE	LOCATION	COMMENTS
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Annex 1 – Index of Standard Disclosures, p. 77	In the reporting period, Metinvest did not receive any complaints or claims regarding any negative impacts of its products on consumers' health and safety, nor was the Group fined for non-compliance with legal provisions concerning product safety for customers.
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	Operational Review, p. 20	
	417-2 Incidents of non-compliance concerning product and service information and labelling	Annex 1 – Index of Standard Disclosures, p. 77	In 2022, Metinvest did not identify incidents of non-compliance with regulations concerning product information and labelling.
	417-3 Incidents of non-compliance concerning marketing communications	Annex 1 – Index of Standard Disclosures, p. 77	In 2022, Metinvest did not identify incidents of non-compliance with regulations concerning marketing communications.
GRI 418: Customer privacy 2018	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annex 1 – Index of Standard Disclosures, p. 77	Metinvest did not identify any substantiated complaints concerning breaches of customer privacy in the reporting period.

SASB IRON AND STEEL 2018, SASB METALS AND MINING 2021

	CODE AND ACCOUNTING METRIC	DESCRIPTION	LOCATION AND COMMENTS
Greenhouse gas emissions	EM-IS-110a.1; EM-MM-110a.1 Metric tonnes (t) CO_2e, Percentage (%)	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Environment, p. 44 Metinvest does not report the percentage of emissions that are covered under emissions-limiting regulations.
	EM-IS-110a.2; EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Environment, p. 44 In 2022, Metinvest suspended development of a long-term decarbonisation roadmap because of the Russian Aggression.
Air quality	EM-IS-120a.1; EM-MM-120a.1 Metric tonnes (t)	Air emissions of the following pollutants: CO, NO_x (excluding N_2O), SO_x, particulate matter (PM_{10}), mercury (Hg), manganese (Mn), lead (Pb), volatile organic compounds (VOCs) and polycyclic aromatic hydrocarbons (PAHs)	Environment, p. 47 Annex 2 – Additional Information on Standard Disclosures, p. 86 In 2022, the Group's air emissions of pollutants were as follows: • lead – 0.031 tonnes • mercury – 0.003 tonnes • manganese – 1.607 tonnes • polycyclic aromatic hydrocarbons – 0.026 tonnes • volatile organic compounds – 91.956 tonnes
Energy management	EM-IS-130a.1; EM-MM-130a.1 Terajoules (TJ), Percentage (%)	(1) total energy consumed (2) percentage grid electricity (3) percentage renewable	Environment, p. 45 Percentage of electricity in total energy consumed in 2022 was 17%. Metinvest did not disclose the percentage of renewable energy consumption as it is not material.
	EM-IS-130a.2 Terajoules (TJ), Percentage (%)	1) total fuel consumed (2) percentage metallurgical coal (3) percentage natural gas (4) percentage renewable	Annex 2 – Additional Information on Standard Disclosures, p. 86 Percentage of metallurgical coal in total fuel consumed in 2022 was 16%. Percentage of natural gas in total fuel consumed in 2022 was 18%. Metinvest did not disclose the percentage of renewable energy consumption as it is not material.

	CODE AND ACCOUNTING METRIC	DESCRIPTION	LOCATION AND COMMENTS
Water management	EM-IS-140a.1; EM-MM-140a.1 Million cubic metres (mcm), Percentage (%)	(1) total fresh water withdrawn (2) total fresh water consumed (3) percentage of each in regions with High or Extremely High Baseline Water Stress	Annex 2 – Additional Information on Standard Disclosures, p. 87 Total fresh water consumed in 2022 was 115 mcm, which is 100% of the total water consumed. Metinvest did not operate in regions with High or Extremely High Baseline Water Stress.
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	In 2022, Metinvest did not have any incidents of non-compliance associated with water quality permits, standards or regulations.
Waste and hazardous materials management	EM-IS-150a.1 Metric tonnes (t), Percentage (%)	Amount of waste generated, percentage hazardous, percentage recycled	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87
	EM-MM-150a.4 Metric tonnes (t)	Total weight of non-mineral waste generated	Total weight of non-mineral waste generated in 2022 was 8 million tonnes.
	EM-MM-150a.5 Metric tonnes (t)	Total weight of tailings produced	Total weight of tailings produced in 2022 was 16 million tonnes.
	EM-MM-150a.6 Metric tonnes (t)	Total weight of waste rock generated	Total weight of waste rock generated in 2022 was 86 million tonnes.
	EM-MM-150a.7 Metric tonnes (t)	Total weight of hazardous waste generated	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 87 Total weight of hazardous waste generated in 2022 was 0.05 million tonnes.
	EM-MM-150a.8 Metric tonnes (t)	Total weight of hazardous waste recycled	Total weight of hazardous waste recycled in 2022 was 0.006 million tonnes.
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	In 2022, there were no incidents at the Group's assets associated with hazardous materials and waste management.
	EM-MM-150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Environment, p. 46

	CODE AND ACCOUNTING METRIC	DESCRIPTION	LOCATION AND COMMENTS
Biodiversity impacts	EM-MM-160a.1 Description of environmental management policies and practices for active sites	Discussion and Analysis	Environment, p. 47
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated and (3) under treatment or remediation	In 2022, Metinvest did not have any identified cases of acid rock drainage.
	EM-MM-160a.3 Percentage (%)	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Metinvest did not operate in any protected natural areas or in areas of very high biodiversity value. The Group's activities did not affect the habitats of species on the International Union for Conservation of Nature (IUCN) Red List or national conservation list.
Security, human rights and rights of indigenous peoples	EM-MM-210a.2 Percentage (%)	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Metinvest did not have production operations or proved or probable reserves in or near indigenous lands.
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights and operation in areas of conflict	Our People, p. 36 Metinvest did not have production operations or proved or probable reserves in or near indigenous lands.
Community relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Support for Ukraine and Communities, p. 31 Our People, p. 34 Environment, p. 43
Labour relations	EM-MM-310a.1 Percentage (%)	Percentage of active workforce covered under collective bargaining agreements	Our People, p. 36
	EM-MM-310a.2	Number and duration of strikes and lockouts	There were no strikes and lockouts in the reporting period.
Workforce health and safety	EM-IS-320a.1; EM-MM-320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety and emergency response training for (a) full-time employees and (b) contract employees	Workplace Safety, p. 41

	CODE AND ACCOUNTING METRIC	DESCRIPTION	LOCATION AND COMMENTS
Business ethics and transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Business Ethics and Compliance, p. 61
	EM-MM-510a.2	Production in countries that rank in the lowest 20 places in Transparency International's Corruption Perception Index	Metinvest does not have production operations in countries that rank in the lowest 20 places in Transparency International's Corruption Perception Index.
Tailings storage facilities management	EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures and (12) site-specific Emergency Preparedness and Response Plan (EPRP)	Environment, p. 46 Annex 2 – Additional Information on Standard Disclosures, p. 88
Activity metrics	EM-IS-000.A Metric tonnes (t), Percentage (%)	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	In 2022, Metinvest produced 100% of its steel products through BOF processes.
	EM-IS-000.B Metric tonnes (t)	Total iron ore production	Operational Review, p. 16
	EM-IS-000.C Metric tonnes (t)	Total coking coal production	Operational Review, pp. 16, 19
	EM-MM-000.A Metric tonnes (t) saleable	Production of (1) metal ores and (2) finished metal products	Operational Review, p. 20
	EM-MM-000.B Number, Percentage (%)	Total number of employees, percentage contractors	Our People, p. 34

ANNEX 2 – Additional Information on Standard Disclosures

OUR PEOPLE

Employee, executive team and Supervisory Board gender diversity[1]
GRI 405-1

	2020			2021			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Employees	69%	31%	69,383	68%	32%	86,955	69%	31%	74,416
Executive team	75%	25%	12	75%	25%	12	73%	27%	11
Supervisory Board	90%	10%	10	90%	10%	10	90%	10%	10

Employee, executive team and Supervisory Board age diversity[1]
GRI 405-1

	2020			2021			2022		
	< 30 years	**30-50 years**	**> 50 years**	**< 30 years**	**30-50 years**	**> 50 years**	**< 30 years**	**30-50 years**	**> 50 years**
Employees	14%	62%	24%	13%	62%	25%	12%	62%	26%
Executive team	-	83%	17%	-	83%	17%	-	82%	18%
Supervisory Board	-	50%	50%	-	50%	50%	-	50%	50%

Employee gender diversity by business area[1]
GRI 405-1

	2020		2021		2022	
	Men	**Women**	**Men**	**Women**	**Men**	**Women**
Mining	70%	30%	72%	28%	73%	27%
Metallurgical	67%	33%	66%	34%	66%	34%
Sales	60%	40%	60%	40%	65%	35%
Administrative	42%	58%	39%	61%	39%	61%
Social sphere	54%	46%	54%	46%	54%	46%
Repair	78%	22%	79%	21%	80%	20%
Logistics	59%	41%	58%	42%	61%	39%

Employees by gender and by region[1]
GRI 2-7

	2020	2021	2022
Ukraine	**67,141**	**84,606**	**72,252**
Men	45,817	57,564	49,699
Women	21,324	27,042	22,553
Other Europe	**1,165**	**1,177**	**1,139**
Men	923	931	900
Women	242	246	239
US and other	**1,077**	**1,172**	**1,025**
Men	900	998	1,005
Women	177	174	20

[1] As at year-end.

Employees by employment type and gender[1]
GRI 2-7

	2020	2021	2022
Full-time employees	**68,829**	**86,077**	**72,477**
Men	47,399	59,115	50,786
Women	21,430	26,962	21,691
Part-time employees	**554**	**878**	**1,939**
Men	241	378	818
Women	313	500	1,121

Employees by employment contract type and gender[1]
GRI 2-7

	2020	2021	2022
Employees with a permanent employment contract	**67,789**	**85,135**	**72,787**
Men	46,824	58,581	50,679
Women	20,965	26,554	22,108
Employees with a temporary employment contract	**1,594**	**1,820**	**1,629**
Men	816	912	925
Women	778	908	704

Employees by employment contract type and region[1]
GRI 2-7

	2020	2021	2022
Employees with a permanent employment contract	**67,789**	**85,135**	**72,787**
Ukraine	65,607	82,852	70,653
Other Europe	1,148	1,148	1,109
US and other	1,034	1,135	1,025
Employees with a temporary employment contract	**1,594**	**1,820**	**1,629**
Ukraine	1,534	1,754	1,599
Other Europe	17	29	30
US and other	43	37	-

[1] As at year end.

New employee hires by age, gender and region[2]
GRI 401-1

	2020	2021	2022
Age group	**7,876**	**9,936**	**6,817**
Under 30 years	2,429	3,075	1,827
30-50 years	4,644	5,713	4,028
Over 50 years	803	1,148	962
Gender	**7,876**	**9,936**	**6,817**
Men	6,087	6,938	5,152
Women	1,789	2,998	1,665
Region	**7,876**	**9,936**	**6,817**
Ukraine	7,609	9,353	6,154
Other Europe	115	133	134
US and other	152	450	529

Employee turnover and employees who left the Group
GRI 401-1

	2020	2021	2022
Number of employees who left the Group[3]	7,264	11,120	17,527[4]
Employee turnover rate[5]	5%	7%	11%[6]
General staff turnover rate	11%	14%	28%[6]

Comparison of average monthly salary for men and women, US$
GRI 405-2

	2020	2021	2022
Men	1,082	1,140	935
Women	686	673	507
Average monthly salary in the Group	965	998	801

Average number of training hours by gender and employee category[7]
GRI 404-1

	By gender		By employee category	
	Men	**Women**	**Production personnel**	**Administrative and managerial personnel**
2021	77	37	78	28
2022	39	22	39	17

[2] Excluding effect of M&A and including intragroup movements.
[3] Excluding effect of M&A, but including intragroup movements.
[4] The indicator does not include employees from Mariupol and Avdiivka with which the Group has suspended labour relations.
[5] Calculated under a methodology based on guidelines from the Ukrainian Ministry of Justice (no. 286 of 28 September 2005).
[6] The difference in turnover rate compared to 2021 is due to significant increase in the number of employees who left because of changing place of residence amid the Russian Aggression, including Mariupol's assets.
[7] The Group began to disclose average training hours by category in 2021, therefore no comparable data for 2020 is available.

Employee training sessions and spending on employee training
GRI 404-2

	2020	2021	2022
Employee training sessions	111,197	112,682	57,986
Spending on employee training, US$ mn	3	5	1

HEALTH AND SAFETY

Lost-time injury incidents
GRI 403-9

	2020	2021	2022
Metinvest	54	99	75
Contractors	10	10	3

Fatal incidents
GRI 403-9

	2020	2021	2022
Metinvest	5	8	2
Contractors	4	6	2

ENVIRONMENT

Direct GHG emissions, mt of CO_2e[8]
GRI 305-1

	2020	2021	2022
Carbon dioxide (CO_2), including:	23.2	24.8	6.7
stationary emissions[9]	22.7	24.3	6.4
mobile emissions[10]	0.5	0.5	0.2
Methane (CH_4)[11]	0.2	1.8	2.1
Total	**23.5**	**26.6**	**8.8**

Energy intensity ratio
GRI 302-3
Iron ore concentrate output (electricity), GJ per tonne

	2020	2021	2022
Northern GOK	0.379	0.363	0.476
Central GOK	0.390	0.373	0.418
Ingulets GOK	0.540	0.543	0.770

[8] Emissions of nitrous oxide (N_2O) are less than 0.003 mt of CO_2e for 2022, less than 0.04 mt of CO_2e for 2021 and less than 0.03 for 2020 and are excluded from the presentation. They are presented as the part of the total line. Note on calculation methodology and conversion factors: CO_2 equivalent = VGHG x GWP, where: VGHG = volume of greenhouse gases, tonnes; GWP = the global warming potential (GWP). GWP of greenhouse gases: Carbon dioxide (CO_2) – 1; Methane (CH_4) – 21; Nitrous oxide (N_2O) – 310.
[9] Scope 1 stationary CO_2 emissions for the Group's assets are calculated based on the applicable national methodologies. These data cannot be used for the purposes of taxation or other withholdings. The indicator for 2022 includes data from the Group's steelmaking assets in Mariupol only for January 2022.
[10] Scope 1 mobile CO_2 emissions are calculated in accordance with the Greenhouse Gas Protocol. These data cannot be used for the purposes of taxation or other withholdings. The indicator for 2022 excludes data from the Group's assets in Mariupol.
[11] The indicator for 2022 excludes the Group's assets in Mariupol.

Pellet output (electricity and natural gas), GJ per tonne

	2020	2021	2022
Northern GOK	0.893	0.751	0.787
Central GOK	0.423	0.373	0.363

Total energy saved as a result of energy efficiency measures, TJ[12]
GRI 302-4

	2020	2021	2022
Fuel	3,762	4,319	228
Electric power	1,141	803	303
Heat energy	54	57	2
Total	**4,957**	**5,179**	**533**

Energy saved as a result of energy efficiency measures (fuel only), TJ[12]
GRI 302-4

	2020	2021	2022
Natural gas	563	1,794	205
Metallurgical coal	370	1,468	-
Coke	2,830	1,057	23
Total	**3,763**	**4,319**	**228**

Direct energy use, TJ[12]
GRI 302-1
SASB EM-MM-130a.1, EM-IS-130a.1, EM-IS-130a.2

	2020	2021	2022
Coke	91,801	110,794	41,291
Metallurgical coal	42,444	43,650	10,558
Natural gas	38,905	43,098	12,503
Electricity	29,509	33,093	14,314
Diesel fuel	6,640	6,207	3,454
Petrol	47	57	37
Heating oil	14	-	-
Total (fuel)	**179,851**	**203,806**	**67,843**
Total	**209,360**	**236,899**	**82,157**

Air emissions (excluding GHG emissions), kt[13]
GRI 305-7
EM-IS-120a.1; EM-MM-120a.1

	2020	2021	2022
Carbon monoxide (CO)	299	317	56
Dust	23	29	13
Sulphur oxides (SO_2)	18	21	6
Nitrogen oxides (NO_2)	15	16	4
Other	4	5	0
Total	**359**	**388**	**80**

[12] For 2021-2022, the indicators of diesel fuel and petrol consumption of Mariupol's assets are excluded from the total energy use due to unavailability. The indicators of natural gas consumption and total energy consumption for 2020 and 2021 were restated and adjusted for natural gas data for United Coal, which were previously excluded from the calculation. Only purchased (or extracted) fuel was factored into calculations. The coefficient used for conversion from TOE to TJ is 1 TOE = 0.0293076 TJ. Metinvest does not use higher heating values (HHV), also known as gross calorific values (GCV), in its calculations of energy consumption from fuel.

[13] The air emissions indicators for 2022 exclude data from the Group's assets in Mariupol.

Water intake by source, mcm[14]
GRI 303-3

	2020	2021	2022
Surface water	534	580	76
Ground water	4	4	1
Utilities	42	43	10
Other sources	23	28	28
Total	**603**	**655**	**115**

Water consumption by source, mcm[14]
GRI 303-5

	2020	2021	2022
Surface water	533	578	76
Ground water	4	3	1
Utilities	41	43	10
Other sources	7	15	14
Total	**585**	**639**	**101**

Water discharge by area, mcm[14]
GRI 303-4

	2020	2021	2022
Surface water	516	528	69
Ground water	-	-	-
Third-party water	12	4	8
Total	**528**	**532**	**77**

Freshwater utilisation, %[14]
GRI 303-3
EM-IS-140a.1; EM-MM-140a.1

	2020	2021	2022
Share of freshwater intake	22%	25%	100%
Share of freshwater consumption	19%	24%	100%

Waste generated by type, mt[15]
GRI 306-3
EM-IS-150a.1; EM-MM-150a.7

	2020	2021	2022
Non-hazardous	247	266	111
Hazardous	8	4	-
Total	**255**	**270**	**111**

Waste by disposal method, mt[15, 16]
GRI 306-4; 306-5

	2020	2021	2022
Landfill waste	193	194	78
Waste transferred to third parties	3	12	1
Recycled waste	60	69	32
Total	**256**	**275**	**111**

[14] The indicators for 2022 exclude data from the Group's assets in Mariupol and Avdiivka Coke.
[15] The indicator for 2022 excludes data from the Group's assets in Mariupol and Avdiivka Coke.
[16] This may include waste generated in previous periods.

Water sources used in Ukraine
GRI 303-1

	Mining segment	Metallurgical segment
Surface water sources	Karachunivske Reservoir	Dnipro River
Underground water sources	Wells	Wells
Public utilities and other entities	Public Utility “Kryvbasvodokanal”; LLC State Industrial Enterprise “Kryvbaspromvodopostachannia”; Public Utility “Petrivske”; Public Utility “Pokrovskovodokanal”; Public Utility “Voda Donbasa”; PJSC “Energoresursy”	Public Utility “Vodokanal”; JSC “Ukrainian Railways”; Concern “Municipal heat networks”; Public Utility of the Dnipropetrovsk Regional Council “Aulsky vodovid”; JSC “Smoly”; LLC Energy Company “Energomax”; Public Utility “Kryvbasvodokanal”
Other sources	Open-pit mine, underground mine, pond and other wastewater LLC State Industrial Enterprise “Kryvbaspromvodopostachannia” (mine water from Svystunov Ravine)	Own and communal wastewater Drainage water

Tailings storage facilities management as of 31 December 2022
SASB EM-MM-540a.1

Indicators	TSF 1	TSF 2	TSF 3
Asset name	Central GOK	Northern GOK	Ingulets GOK
Location		Kryvyi Rih, Dnipropetrovsk Region, Ukraine	
Operational status		In operation	
Type		Upstream	
Maximum permitted storage	430 mcm	638 mcm	716 mcm
Current amount of tailings stored	374 mcm	610 mcm	602 mcm
Classification		According to Ukrainian state construction regulation B.1.2-14-2009 “General principles of ensuring the reliability and safety of buildings and building structures”, the TSFs are classified as CC3 (significant impact)	
Site-specific Emergency Preparedness and Response Plan (EPRP)		The EPRPs are in place and approved by the State Emergency Service of Ukraine	

ANNEX 3 – PARENT COMPANY AND PRINCIPAL SUBSIDIARIES

GRI 2-1; 2-2

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ANNEX 5 – GLOSSARY

Bars
Long steel products that are rolled from billets. Merchant bar and reinforcing bar (rebar) are two common categories of bars. Merchant bar includes rounds, bulb flats, angles, squares and channels that are used by fabricators to manufacture a wide variety of products, such as frames, joists, ceilings, storage racks, stair railings, fencing, farm equipment, auto parts and shipbuilding components. Rebar is used to strengthen concrete in highways, bridges and buildings.

Basic oxygen furnace (BOF)
A pear-shaped furnace, lined with heat-resistant (refractory) bricks, that refines molten iron from the blast furnace and scrap into steel through the oxidising action of oxygen blown into the melt under a basic slag. The basic oxygen process is a widely used steelmaking method. About 70% of the crude steel in the world is made in BOFs.

Beneficiation (enrichment, concentration)
Complex treatment of mined material to make it more concentrated or richer. Uses crushing, grinding and often froth flotation to remove waste rock from ore. The metal content increases as waste is removed.

BF-grade pellets
Pellets that have the chemical composition and physical properties required for the reduction of iron in blast furnaces. The iron content in BF grade pellets usually does not exceed 66%, while the basicity is greater than 0.1 and can vary.

Blast furnace (BF)
A towering cylinder lined with heat-resistant (refractory) bricks and used by integrated steel mills to smelt iron from ore. Its name comes from the 'blast' of hot air and gases forced up through the iron ore, coke and limestone that are charged into the furnace. Under extreme heat, chemical reactions among the ingredients release liquid iron from the ore.

Bloom
A semi-finished continuous cast or rolled steel product with a round, square or rectangular cross-section that is used for rolling heavy long products with large dimensions.

Coils
Hot- or cold-rolled flat products supplied in regularly wound coils. These flat products can also be treated with metallic or organic coatings.

Coke
The solid product obtained from the dry distillation of coking coal in the absence of oxygen. Depending on its properties, coke is known as hard coke, soft coke and metallurgical coke.

Coking coal
Coal suitable for making into coke. Coking coal needed to produce blast furnace coke (the type of fuel/reductant needed for a blast furnace) is characterised by certain specific properties in terms of composition: for example, low ash (up to 10%), volatile matter (17% to 26%), low sulphur and phosphorous.

Cold rolling
Plastic deformation of a metal at room temperature that might result in substantial increases in strength and hardness. The end product is characterised by improved surface, desired thickness and enhanced mechanical properties compared with hot-rolled steels. Cold-rolled products typically include sheets, coils, strips and rebar, among others.

Continuous casting
A method of casting steel into a billet, bloom or slab directly from its molten form. Continuous casting avoids the need for large, expensive mills for rolling ingots into semi-finished products. Continuously cast slabs and billets also solidify in a few minutes, compared with several hours for an ingot. As a result, the chemical composition and mechanical properties are more uniform. Steel from the basic oxygen or electric arc furnace is poured into a tundish (a shallow vessel that looks like a bathtub) atop the continuous caster. As steel carefully flows from the tundish down into the water-cooled copper mould of the caster, it solidifies into a ribbon of red-hot steel to form slabs or blooms.

Crude steel
Steel in the first solid state after melting, suitable for further processing or for sale. Synonymous with raw steel.

Crusher and conveyor system (CCS)
Equipment for ore size reduction and a transportation system used to move bulk materials from mine shafts and open pits to the surface for further processing.

Customer relations management (CRM) system
An information technology system used to manage customer data and support the sales teams, delivering analytical insights for improving work with existing and potential clients.

Decarbonisation
The process of reducing greenhouse gas emissions into the atmosphere caused by human activity with the goal of achieving net zero carbon emissions.

Direct reduced iron (DRI)
The solid metallic iron product obtained through the direct reduction of high-grade iron ore in a solid state without being converted into liquid form as happens in a blast furnace. DRI is also known as sponge iron because of its spongy microstructure. Merchant DRI product is delivered mainly in the form of pellets or briquettes.

DR-grade pellets
Higher-quality pellets that are used for iron production by direct reduction technologies. These pellets usually have a basicity less than 0.1 and typical Fe content of at least 67%.

Downstream
In manufacturing, this term refers to processes that happen later in a production sequence or production line.

Electric arc furnace (EAF)
A furnace that uses heat generated by an electric arc to melt metals and other materials. The EAF and basic oxygen processes are the two modern ways of making steel.

Enterprise resource planning (ERP)
An integrated system of software applications used by companies to monitor all core aspects of their business. These include purchasing, manufacturing and sales, facilitating information sharing and allowing managers to make decisions informed by a global view of the supply chain.

Environmental, social and governance (ESG) reporting
A system of reporting built around three central factors underlying sustainability. ESG reporting covers both mandatory and best-practice voluntary reporting of the non-financial, sustainability aspects of a company's performance. Effective ESG reporting is a central component for a company's adoption of integrated reporting, an emerging global set of standards for demonstrating in company disclosures how financial and non-financial factors contribute to create value in an organisation.

Fatality frequency rate (FFR)
An internationally recognised safety indicator (also called the fatal accident frequency rate), the FFR is the ratio of fatalities per million hours worked.

Fe content
The chemical symbol for iron, Fe comes from the Latin word 'ferrum'. Fe content refers to the percentage of iron in the ore.

Ferroalloys
Alloys consisting of certain elements (such as manganese, silicon, molybdenum, vanadium, nickel, boron and chromium) combined with iron and used in steelmaking to reach the necessary chemical composition and properties of steel products. In some cases, ferroalloys may serve as deoxidisers.

Finished products
Products that emerge at the end of a manufacturing process. In metallurgy, they are obtained from hot rolling, cold rolling, forging and other processing of semi-finished steel (blooms, billets and slabs). They cover two broad categories of products, namely long and flat.

Flat products
Finished steel products having rectangular cross sections, the width being much greater than the thickness. These are supplied in hot-rolled, cold-rolled or in coated condition, depending on the requirement. Flat products include plates, sheets, and wide and narrow strips, that are produced from slabs on rolling mills.

Forging
Shaping ferrous and non-ferrous metals and alloys while hot by repeated hammer blows.

Fresh water
Water with concentration of total dissolved solids equal to or below 1,000 mg/l.

Galvanised steel
Steel coated with a thin layer of zinc to provide corrosion resistance.

Greenhouse gas (GHG)
For a steelmaker, the main type of GHG emissions is carbon dioxide (CO_2), although they also include methane (CH_4). They are generated primarily from blast furnaces, but also from mining, transportation and office energy consumption.

Hard coking coal (HCC)
A type of coking coal with better coking properties. It is traditionally measured by coke strength, which is usually about 60% for HCC.

Heavy plate
Thick, flat finished product with widths from 500 millimetres to five metres and a thickness of at least three millimetres. Heavy plate is normally produced and supplied in hot-rolled condition with or without specific heat treatment. It is mainly used for construction, machinery, shipbuilding or large-diameter pipe fabrication.

Hot rolling
Rolling of steel at above the recrystallisation temperature (normally above 1,000°C) to produce hot-rolled long and flat products from semis. Ingots are also hot rolled to obtain semis.

Human capital management
An approach to employees that perceives people as human capital consisting of knowledge and skills, enhanced by training.

Human resources (HR)
The people who make up the workforce of a company. The term also frequently refers to the management function responsible for ensuring the recruitment and retention of qualified employees, managing goal setting and assessments, overseeing the process of training and further education to meet company needs and employee potential, and other processes required to maintain an effective workforce.

Ingot
The primary solid product obtained on solidification of liquid steel in conventional vertical cast iron moulds, which are intended for rolling into intermediate/semi-finished products after re-heating.

Integrated steelmaking plant
A plant that converts iron ore into semi-finished or finished steel products. Traditionally, this process requires coke ovens, sintering machines, blast furnaces, steelmaking furnaces and rolling mills.

Iron ore
A naturally occurring mineral from which iron (Fe) is extracted in various forms, mainly for producing hot metal and direct-reduced iron.

Iron ore concentrate
Iron ore containing the valuable minerals of an ore from which most of the waste material has been removed.

JORC Code
The code of the Joint Ore Reserves Committee (JORC) of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and The Minerals Council of Australia for reporting of exploration results, mineral resources and ore reserves. It is an internationally recognised reporting standard for mineral exploration results, mineral resources and ore reserves that is adopted worldwide for market-related public reporting and financial investments. The code was first published in 1989 and has been regularly updated since, the last time in 2012.

Liquid steel
The immediate hot molten steel product during steelmaking.

Long products
Finished steel products normally produced by hot rolling or forging blooms, billets or ‘pencil ingots’ into useable shapes and sizes, such as rounds, bulb flats, angles, squares, rebars and channels. They are normally supplied in cut lengths, except wire rod which is wound in coils. Long products are used in all industrial sectors, particularly construction and engineering.

Lost-time injury frequency rate (LTIFR)
An internationally recognised safety indicator, the LTIFR is the ratio of lost-time injuries per million hours worked. It is calculated using the total number of incidents leading to the loss of one day/shift or more from work.

Merchant
A term used to differentiate products sold to third parties from those consumed internally.

Mineral
A natural, inorganic substance having a definite chemical composition and physical characteristics, or any chemical element or compound occurring naturally as a product of inorganic processes.

Mineral resources
A concentration or occurrence of solid material with geological characteristics known, estimated or interpreted from specific geological evidence and knowledge and having reasonable prospects for economic extraction. For coal, the term ”Coal resources” could be used interchangeably with ”Mineral resources”.

Open-hearth furnace (OHF)
A furnace for melting metal, in which the bath is heated by the combustion of hot gases over the surface of the metal and by radiation from the roof. The furnace is used to derive steel from pig iron and scrap. The open-hearth process has been replaced by the basic oxygen process or electric arc method in most modern facilities.

Operational efficiency
The ability of a business to deliver outputs, for example products and services for customers or returns for debt and equity providers, more efficiently by reducing relative costs, often through such processes as automation, centralisation or improved working practices. Also known as operational improvement or operational excellence.

Ore reserves (proven, probable)
Proven ore reserves are the part of measured resources that can be mined in an economically viable fashion. They include diluting materials and allowances for losses that occur when the material is mined. Proven ore reserves represent the highest confidence category of a reserve estimate. Probable ore reserves are the part of indicated and, in some circumstances, measured mineral resources that can be mined in an economically viable fashion. They include diluting material and allowances for losses, which may occur when the material is mined. Probable ore reserves have a lower level of confidence than proven ones but are of sufficient quality to serve as the basis for a decision to develop a deposit. For coal, the term ”Coal reserves” could be used interchangeably with ”Ore reserves”.

Overburden
Used in mining to describe material that lies above a zone of economic interest: for example, the rock and soil above an iron ore body. Overburden is removed during surface mining, but is typically not contaminated with toxic components and may be used to restore a mining site to a semblance of its appearance before mining began.

Pelletising
The process of compressing or moulding a product into the shape of a pellet. When doing so with iron ore concentrate, spheres of typically 8 millimetres to 18 millimetres (0.31 inches to 0.71 inches) in diameter are produced. The process combines agglomeration and thermal treatment to convert the raw ore into pellets with characteristics appropriate for use in blast furnace and DRI processes.

Pelletising machine
Equipment designed for production of pellets (see Pelletising).

Pellets
An enriched form of iron ore shaped into small balls that are used as raw material in the iron making process (see Pelletising). There are two types of pellets: BF-grade pellets, which are used in blast furnaces, and DR-grade pellets, which have a quality suitable for use in the direct iron reduction process.

Permit-to-work procedure
A process used to control work that is identified as possibly hazardous.

Pickling line
Specialised equipment for the chemical removal of surface oxides (scale) and other contaminants such as dirt from a steel product by immersion in an aqueous acid solution. The most common pickling solutions are sulphuric and hydrochloric acids.

Pig iron
High-carbon (above 2.14%) iron alloy made by reducing iron ore in a blast furnace. A product in solid form is obtained on solidification of hot metal in a pig casting machine.

Pulverised coal injection (PCI)
Technologies whereby pulverised, granulated or dust coal is injected into a blast furnace through the tuyeres (nozzles) along with the blast to replace natural gas and a part of the coke requirement.

Resale
The act of selling third-party products.

Roasting machine
One type of equipment used in the process of thermal treatment of iron ore pellets.

Rolled products
Products obtained from hot rolling semi-finished steel (blooms, billets and slabs) or cold rolling hot-rolled steel.

Scrap
Steel waste that is not usable in its existing form and is re-melted to produce crude steel or sold. Depending on its form and type, it is classified as heavy melting scrap, light melting scrap or turnings/borings and other categories.

Sections
Hot-rolled long products obtained by rolling blooms or billets. They include angles, channels, girders, joists, I-beams, H-beams, rails and other profiles. Some sections can also be produced by welding together pieces of flat products. They are used for a wide variety of purposes in the construction, machinery and transportation industries.

Semi-finished products (semis)
Intermediate solid steel products in the form of blooms, billets or slabs obtained by hot rolling or forging ingots, or by continuously casting liquid steel. They are intended for further rolling or forging to produce finished steel products.

Sinter
An aggregate that is normally produced from relatively coarse fine iron ore, mixed with coke breeze (fine coke), limestone, dolomite fines and various metallurgical return wastes used as an input/raw material in blast furnaces. Sinter improves blast furnace operation and productivity and reduces coke consumption.

Slab
A semi-finished rectangular steel product used to make finished hot-rolled flat products such as plates, sheets and coils.

Smelter (ore-thermal furnace)
A closed electric arc furnace for melting and reduction processes. It is equipped with a roof with seals. The furnace steel shell is lined inside with refractory (heat resistant) materials. Electric current is fed into the bath filled with charge through self-sintering electrodes. Charge materials are heated and melted mainly due to a powerful electric arc, but also due to heat released when current passes through the charge and melt. The temperature is 1,500-2,000°C. Melt and slag are tapped alternately through tapholes, as in a blast furnace. Smelting is considered as low-carbon technology.

Square billet
A semi-finished steel product with a square cross section of up to 200 millimetres x 200 millimetres. This product is used as input material to make finished long steel products such as bars, rods and light sections.

Stakeholder
According to the Global Reporting Initiative, this term is defined as an individual or group that has an interest that is affected or could be affected by an organisation's activities. Stakeholders can include business partners, civil society organisations, consumers, customers, employees and other workers, governments, local communities, non-governmental organisations, shareholders and other investors, suppliers, and trade unions, among others.

Tails and tailings
Waste generated by mine processing plants as part of their normal functioning that consist of ground rock and effluent and are stored as tailings in special ponds or dumps secured behind dams. The flow between the plants and tailings is maintained as a closed cycle of clarified water to prevent contamination of nearby ground and river water. Tailings ponds and dams must be regularly monitored to ensure their stability and the safety of surrounding facilities and communities.

Water consumption
The use of water withdrawn from water bodies in production operations.

Water discharge
Sum of effluents, used water and unused water released to surface water, ground water or sea water, for which the organisation has no further use, over the course of the reporting period.

Water intake
Withdrawal from water bodies for consumption or storage.

Wire
A broad range of products produced by cold-reducing hot-rolled wire rod through a series of dies or rolls to improve surface finish, dimensional accuracy and the physical properties. Typical applications include nets, screws, rivets, upholstery springs, furniture wire, concrete wire, electrical conductors, rope wire and structural cables.

Wire rod
Hot-rolled coiled plain bar and rods of up to 18.5 millimetres in diameter. Wire rod is normally used to make steel wire, cold-rolled rebar and hardware, such as nuts, bolts, screws and latches.

ANNEX 6 – ABBREVIATIONS

COMPANY ABBREVIATIONS

Avdiivka Coke
PJSC 'AVDIIVKA COKE'

Azovstal
PJSC 'AZOVSTAL IRON & STEEL WORKS'

Central GOK
PJSC 'CENTRAL GOK'

Ferriera Valsider
FERRIERA VALSIDER S.P.A.

Ilyich Steel
PJSC 'ILYICH IRON AND STEEL WORKS OF MARIUPOL'

Ingulets GOK
PJSC 'INGULETS GOK'

Kamet Steel
PJSC 'KAMET-STEEL'

Kryvyi Rih Machining and Repair Plant
'METINVEST – KMRP', LLC

Mariupol Machining and Repair Plant
'METINVEST M&R', LLC

Metinvest
Metinvest Group

Metinvest Business Services
'MBS', LLC

Metinvest Digital
'METINVEST DIGITAL', LLC

Metinvest Engineering
'METINVEST ENGINEERING', LLC

Metinvest Holding
'METINVEST HOLDING', LLC

Metinvest International
METINVEST INTERNATIONAL SA

Metinvest Polytechnic
'TECHNICAL UNIVERSITY 'METINVEST POLYTECHNIC'', LLC

Metinvest Polska
METINVEST POLSKA SP. Z O.O.

Metinvest-Promservice
'METINVEST-PROMSERVICE', LLC

Metinvest-SMC
'METINVEST-SMC', LLC

Metinvest-Shipping
'METINVEST-SHIPPING', LLC

Metinvest Trametal
METINVEST TRAMETAL S.P.A.

Northern GOK
PJSC 'NORTHERN GOK'

Pokrovske Coal
Coking coal assets in Ukraine, the most significant being Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory

Pokrovske Colliery
PJSC 'COLLIERY GROUP 'POKROVS'KE''

Promet Steel
PROMET STEEL JSC

SCM
A group of companies beneficially owned by Mr Rinat Akhmetov and commonly referred to as System Capital Management

Sichsteel
'Metinvest Sichsteel', LLC

SMART, Smart Group or Smart Holding
A group of companies that was beneficially owned by Mr Vadym Novynskyi until 1 December 2022. On 1 December 2022, Mr Novynskyi irrevocably transferred Smart Group's assets to trusts and ceased to be their ultimate beneficial owner.

Southern Coke
PJSC 'YUZKOKS'

Southern GOK
JSC 'YUZHNIY GOK'

Spartan UK
SPARTAN UK LIMITED

Sviato-Varvarynska Beneficiation Factory
'CONCENTRATING FACTORY 'SVIATO-VARVARYNSKA', LLC

Unisteel
'UNISTEEL', LLC

United Coal
UNITED COAL COMPANY, LLC

Zaporizhia Coke
PJSC 'ZAPORIZHCOKE'

Zaporizhia Refractories
PJSC 'ZAPOROZHOGNEUPOR'

Zaporizhstal
PJSC 'ZAPORIZHSTAL'

OTHER TERMS

AI
Artificial intelligence

ACCA
Association of Chartered Certified Accountants

AML
Anti-Money Laundering

CAPEX
Capital expenditure

CBAM
Carbon Border Adjustment Mechanism

CEO
Chief Executive Officer

CFA®
Chartered Financial Analyst

CFR
Cost and freight

CFT
Countering the Financing of Terrorism

CH_4
Methane

CIS
Commonwealth of Independent States

CO, CO_2
Carbon monoxide, carbon dioxide

CO_2e
Carbon dioxide equivalent

COVID-19
Coronavirus disease that first appeared in 2019

CPI
Consumer price index

dmt
Dry metric tonne

D&A
Depreciation and amortisation

D&O
Directors and officers

EBITDA
Earnings before interest, taxes, depreciation and amortisation

ECA
Export credit agency

ECHR
European Court of Human Rights

EPRP
Emergency Preparedness and Response Plan

EU
European Union

FCA
Free carrier

FE_M
Magnetic iron

FE_T
Total iron

FOB
Free on board

FOREX
Foreign exchange

GDP
Gross domestic product

GDPR
General Data Protection Regulation

GJ
Gigajoule

GRI
Global Reporting Initiative

G7
The Group of Seven

HCC
Hard coking coal

HRC
Hot-rolled coil

HSE
Health, safety and the environment

IA
Intangible assets

IFRS
International Financial Reporting Standards

ILO
International Labour Organization

IMF
International Monetary Fund

ISO
International Organisation for Standardisation

IT
Information technology

IUCN
International Union for Conservation of Nature

JSC
Joint-stock company

JV
Joint venture

KPI
Key performance indicator

kt
One thousand metric tonnes

LHS
Left-hand side

LLC
Limited liability company

LOTOTO
Lock out, tag out, try out safety procedure

LV
Low volatility

mcm
Million cubic metres

M&A
Merges and acquisitions

MDG
Master data governance

MENA
Middle East and North Africa

mn
Million

mt
One million metric tonnes

MSHA
Mine Safety and Health Administration

NBU
National Bank of Ukraine

NGO
Non-governmental organisation

NO_2, NO_x, N_2O
Nitrogen dioxide, nitrogen oxides, nitrous oxide

PJSC
Public or private joint-stock company

p
Page

pp
Percentage point

PPE
Property, plant and equipment

PXF
Pre-export finance

RHS
Right-hand side

SAP
Systems, Applications and Products in data processing

SASB
Sustainability Accounting Standards Board

SDGs
Sustainable Development Goals

SO_2, SO_x
Sulphur dioxide, sulphur oxides

TCFD
Task Force on Climate-related Financial Disclosures

TJ
Terajoule

TOE
Tonne of oil equivalent

TSF
Tailings storage facility

UAH
Ukrainian hryvnia

UEX
Ukrainian Industry Expertise

UN
United Nations

USEC
United States East Cost

US$, USD
US dollar

WHO
World Health Organization

WSA
World Steel Association

ANNEX 7 – ARTISTS AND ILLUSTRATIONS

YULIIA LYSHANETS

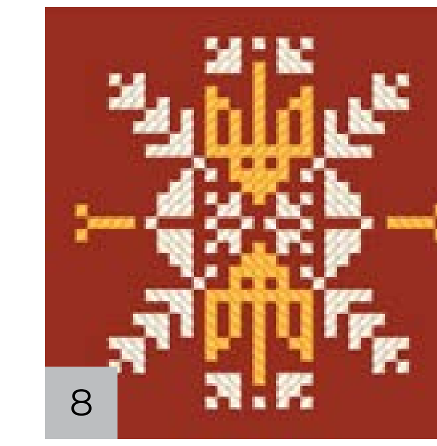
julllial

Yuliia Lyshanets is a Ukrainian illustrator and graphic designer. She was born in the city of Stryi, in the Lviv region, and has lived in Kyiv since 2014. Her recent works are dedicated primarily to Ukraine. Her illustrations have been exhibited around the world, informing people about what is happening in her home country.

Unity

Sovereign

Identity



ALONA SHOSTKO

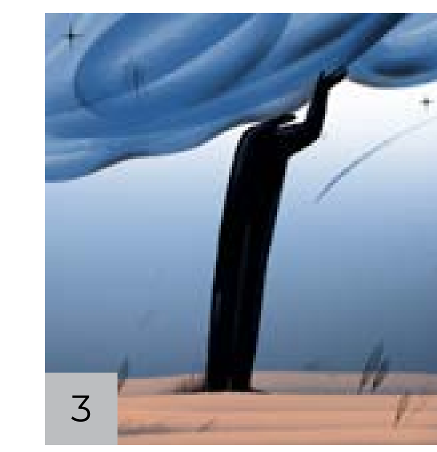
al.sho.art

Alona Shostko is a Ukrainan illustrator, designer and photographer from Kharkiv, Ukraine. She won the European iJungle 2020 Illustration Awards competition (in the Book category) and her project "These amazing Ukrainians" was a finalist in the British World Illustration Awards 2021 competition.

Gratitude

Victory

Strengths

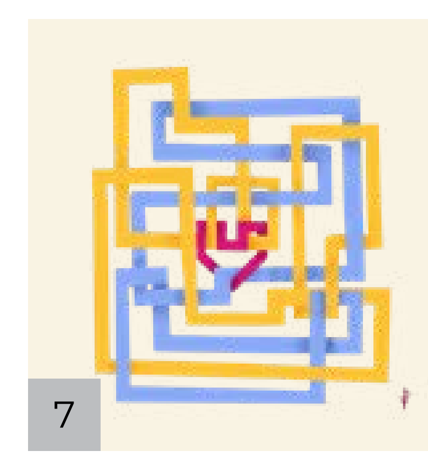


ZHENIA PLUZHNYK

zhenia.pluzhnyk.art

Zhenia Pluzhnyk is a Ukrainian illustrator and psychologist based in Kyiv who is a member of the VMIU illustrator's association ("I can"). She illustrates children's books and creates prints for printed products. A forced migrant, she has since returned to Ukraine.

All roads lead home



SERGIY MAIDUKOV

sergiymaidukov

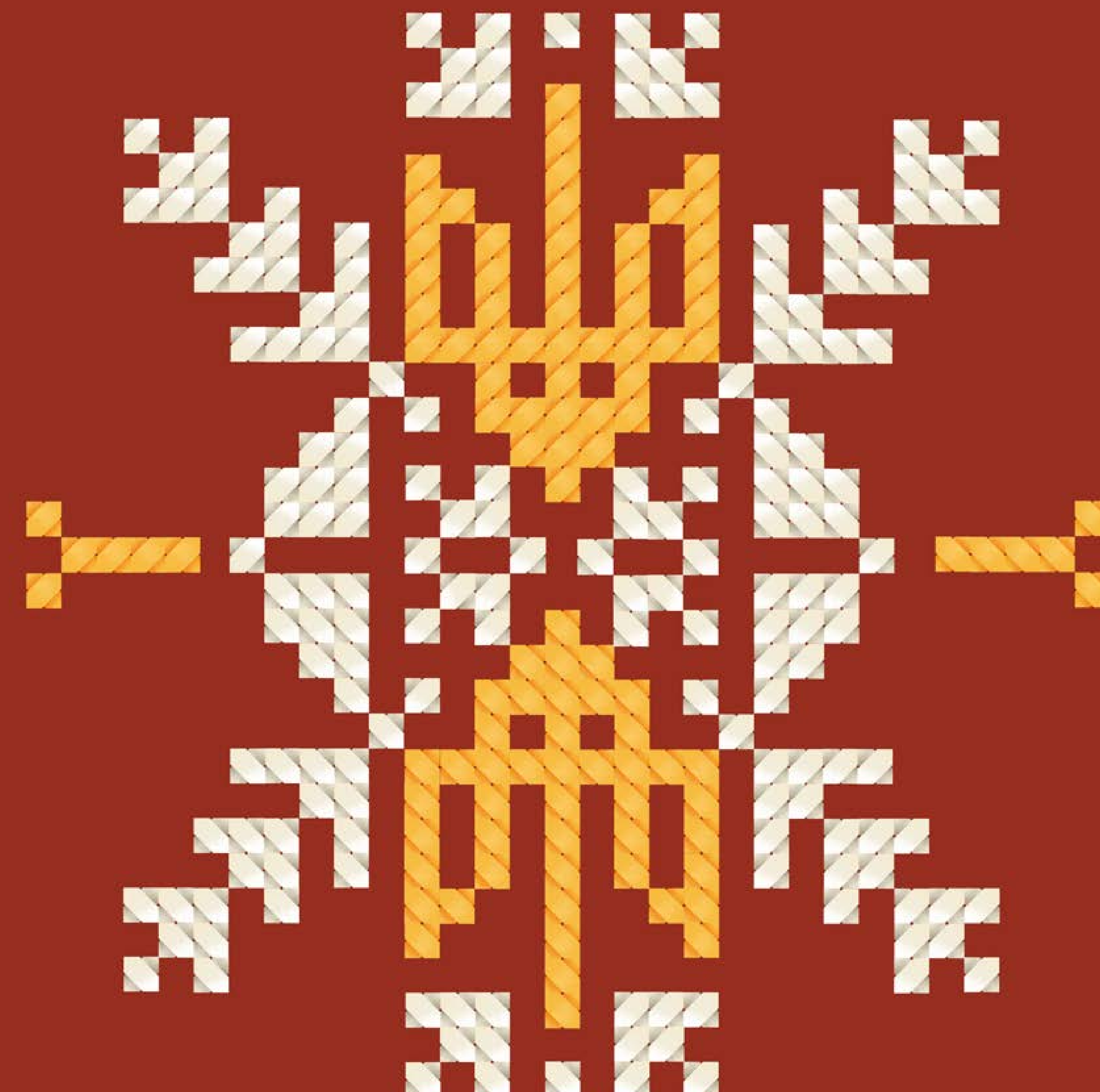
Ukrainian artist Sergiy Maidukov is an illustrator based in Kyiv who has been making art since 2011. His work is known for being colourful, dynamic and expressive, exploring perspective and texture. He draws inspiration from city life and current issues, creating visual narratives that are both timeless and relevant.

Untitled (dedicated to the liberation of Kherson, Ukraine in the autumn of 2022)

In this report a unique, specially designed Ukrainian font for the titles of each section was used. Called 'Azovsteel', the lines copy the sharp angles of the steel produced in Azovstal, turned fortress for the heroic defenders of Mariupol.
Type designers: Kyrylo Tkachov, Serhii Makarenko. Art direction: Oleksandr Karachevskyi.

FINANCIAL STATEMENTS

The Financial Statements contain summary IFRS consolidated financial statements for 2022, as well as an independent auditor's report. Metinvest has published audited and consolidated IFRS financial statements covering each financial year since 2006.



8 More information about the illustration is on page 96.

METINVEST B.V.

SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

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SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS

The accompanying notes form an integral part of these summary consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

TO: THE DIRECTORS AND THE SUPERVISORY BOARD OF METINVEST B.V.

REPORT ON THE SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2022

OUR OPINION

In our opinion, the accompanying summary IFRS consolidated financial statements for 2022 of Metinvest B.V., are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in note 1 to the summary IFRS consolidated financial statements.

The summary IFRS consolidated financial statements

The summary IFRS consolidated financial statements of Metinvest B.V., Amsterdam ('the company'), derived from the audited financial statements for 2022, comprise:

- the summary consolidated balance sheet as at 31 December 2022;
- the summary consolidated income statement for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary IFRS consolidated financial statements.

The summary IFRS consolidated financial statements do not contain all of the disclosures required by International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. Reading the summary IFRS consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of Metinvest B.V. and the auditor's report thereon.

The audited financial statements and the summary IFRS consolidated financial statements do not reflect the events that occurred subsequent to the date of our report on the audited financial statements.

The audited statutory financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited statutory financial statements in our report dated 27 March 2023. The report also includes:

- A 'Material uncertainty related to going concern' section that draws attention to the section 'Going Concern' as included in Note 5 to the consolidated financial statements, which indicates that since 24 February 2022, the Group's and the Company's operations are significantly affected by the ongoing military invasion of Ukraine and that the nature of the further developments of this invasion and its impact on the Group and the Company are uncertain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.
- A section on our audit approach, including Materiality and The scope of the group audit.
- A section on our Audit approach on fraud risks.
- A section on our Audit approach on going concern.
- The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

RESPONSIBILITIES OF THE DIRECTORS FOR THE SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary IFRS consolidated financial statements in accordance with the basis described in note 1 to the summary IFRS consolidated financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary IFRS consolidated financial statements are consistent, in all material respects, with the audited statutory financial statements based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary IFRS consolidated financial statements'.

Rotterdam, 27 March 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Westerman RA

Y2JJ6Y57JEVJ-1015333803-112

PricewaterhouseCoopers Accountants N.V.,
Fascinatio Boulevard 350, 3065 WB Rotterdam,
P.O. Box 8800, 3009 AV Rotterdam, the Netherlands

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METINVEST B.V.

SUMMARY CONSOLIDATED BALANCE SHEET

All amounts in millions of US Dollars

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Goodwill	9	650	745
Other intangible assets	10	955	1,324
Property, plant and equipment	11	2,480	6,578
Investments in associates and joint ventures	12	1,186	1,607
Deferred tax asset	26	167	90
Trade and other receivables	15	147	234
Total non-current assets		**5,585**	**10,578**
Current assets			
Inventories	14	912	1,543
Income tax prepaid		59	40
Trade and other receivables	15	1,880	2,653
Cash and cash equivalents	16	349	1,166
Total current assets		**3,200**	**5,402**
TOTAL ASSETS		**8,785**	**15,980**
EQUITY			
Share capital	17	0	0
Share premium	17	6,225	6,225
Other reserves	18	(13,164)	(9,045)
Retained earnings		9,791	10,761
Equity attributable to the owners of the Company		**2,852**	**7,941**
Non-controlling interest		**18**	**29**
TOTAL EQUITY		**2,870**	**7,970**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	1,811	2,070
Retirement benefit obligations	20	239	671
Deferred tax liability	26	200	345
Other non-current liabilities	21	74	110
Total non-current liabilities		**2,324**	**3,196**
Current liabilities			
Loans and borrowings	19	266	172
Income tax payable		50	169
Trade and other payables	22	3,275	4,473
Total current liabilities		**3,591**	**4,814**
TOTAL LIABILITIES		**5,915**	**8,010**
TOTAL LIABILITIES AND EQUITY		**8,785**	**15,980**

Signed and authorised for release on behalf of Metinvest B.V. on 27 March 2023:

Originally signed by Managing Director A, Yuriy Ryzhenkov

Originally signed by Managing Director B, Eliza Désirée den Aantrekker

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED INCOME STATEMENT

All amounts in millions of US dollars

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	7	8,288	18,005
Net operating costs (excluding items shows separately)	23	(7,477)	(13,114)
Impairment of financial assets	15	(13)	42
Allowance for impairment of assets	8	(2,224)	-
Operating profit / (loss)		**(1,426)**	**4,933**
Finance income	24	43	212
Finance costs	25	(661)	(280)
Share of result of associates and joint ventures	12	(6)	799
Profit / (loss) before income tax		**(2,050)**	**5,664**
Income tax expense	26	(143)	(899)
Profit / (loss) for the period		**(2,193)**	**4,765**
Profit / (loss) attributable to:			
Owners of the Company		(2,186)	4,718
Non-controlling interests		(7)	47
Profit / (loss) for the period		**(2,193)**	**4,765**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All amounts in millions of US dollars

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Profit / (loss) for the year		**(2,193)**	**4,765**
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss:			
Revaluation decreases that offset previous increases in the carrying amount of property, plant and equipment	11	(1,283)	(8)
Remeasurement of retirement benefit obligations	20	364	42
Share in other comprehensive income/ (loss) of joint ventures and associates	12	(6)	42
Income tax related to items that will not be reclassified subsequently to profit or loss	26	172	(8)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(1,154)	190
Total other comprehensive income / (loss)		**(1,907)**	**258**
Total comprehensive income / (loss) for the period		**(4,100)**	**5,023**
Total comprehensive income / (loss) attributable to:			
Owners of the Company		(4,089)	4,972
Non-controlling interest		(11)	51
Total comprehensive income / (loss) for the period		**(4,100)**	**5,023**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts in millions of US dollars

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities			
Profit / (loss) before income tax		**(2,050)**	**5,664**
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	23	619	973
Impairment of property, plant and equipment and intangible assets	10, 11	1,553	26
Loss / (gain) on disposal of property, plant and equipment and intangible assets	23	2	(11)
Finance income	24	(43)	(212)
Finance costs	25	661	280
Foreign exchange losses less gains / (gains less losses), net	23	333	85
Net change in retirement benefit obligations, except for interest costs, remeasurements and currency translation	20	(19)	(14)
(Reversal) of impairment/ impairment of financial assets	15	13	(42)
Share of result of associates and joint ventures	12	6	(799)
Loss from deconsolidation of subsidiaries located in Russia and Belarus	8	17	-
Write-down of inventories, net		725	5
Write-offs of trade and other payables	23	(1)	(11)
Other non-cash operating expenses/(income), net		98	80
Operating cash flows before working capital changes		**1,914**	**6,024**
Increase in inventories		(337)	(410)
Decrease in trade and other accounts receivable		165	736
Increase in trade and other accounts payable		104	251
Cash generated from operations		**1,846**	**6,601**
Income taxes paid		(282)	(885)
Interest paid		(161)	(190)
Net cash from operating activities		**1,403**	**5,526**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(381)	(1,017)
Proceeds from sale of property, plant and equipment		1	6
Loans issued		-	-
Interest received		16	31
Proceeds from repayments of loans issued		67	37
Dividends received	12	-	446
Acquisition of integral complex	13	-	(341)
Principal payment under guarantee	13	-	(455)
Other payments		(5)	(4)
Net cash used in investing activities		**(302)**	**(1,297)**
Cash flows from financing activities			
Proceeds from loans and borrowings	19	3	47
Repayment of loans and borrowings	19	(63)	(1,135)
Net trade financing repayments	19	(48)	(178)
Acquisition of non-controlling interest		-	(34)
Dividends paid	19	(1,769)	(2,510)
Other finance costs		-	(31)
Net cash used in financing activities		**(1,877)**	**(3,841)**
Effect of exchange rate changes on cash and cash equivalents		(41)	(48)
Net increase/(decrease) in cash and cash equivalents		(817)	340
Cash and cash equivalents at the beginning of the year		**1,166**	**826**
Cash and cash equivalents at the end of the year	16	**349**	**1,166**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All tabular amounts in millions of US Dollars

	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest (NCI)	Total equity
Balance at 1 January 2021	**-**	**6,225**	**(8,957)**	**9,186**	**6,454**	**42**	**6,496**
Revaluation of property, plant and equipment (Note 11)	-	-	(8)	-	**(8)**	-	**(8)**
Share in other comprehensive income of joint venture and associates (Note 12)	-	-	28	14	42	-	**42**
Remeasurement of retirement benefit obligation (Note 20)	-	-	-	40	**40**	2	**42**
Income tax related to items included in other comprehensive income (Note 26)	-	-	1	(9)	**(8)**	-	**(8)**
Currency translation differences	-	-	188	-	**188**	2	**190**
Other comprehensive income/ (loss) for the period	**-**	**-**	**209**	**45**	**254**	4	**258**
Profit for the period	-	-	-	4,718	**4,718**	47	**4,765**
Total comprehensive income/ (loss) for the period	**-**	**-**	**209**	**4,763**	**4,972**	51	**5,023**
Acquisition of subsidiaries	-	-	-	-	-	14	**14**
Acquisition of non-controlling interest in subsidiaries	-	-	-	5	**5**	(14)	**(9)**
Realised revaluation reserve, net of tax	-	-	(297)	297	**-**	-	**-**
Dividends declared	-	-	-	(3,490)	**(3,490)**	-	(3,490)
Dividends declared by non-wholly-owned subsidiaries	-	-	-	-	**-**	(64)	**(64)**
Balance at 31 December 2021	**-**	**6,225**	**(9,045)**	**10,761**	**7,941**	**29**	**7,970**
Revaluation of property, plant and equipment (Note 11)	-	-	(1,283)	-	**(1,283)**	-	**(1,283)**
Share in other comprehensive income of joint venture and associates (Note 12)	-	-	(32)	26	**(6)**	-	**(6)**
Remeasurement of retirement benefit obligation (Note 20)	-	-	-	358	**358**	6	**364**
Income tax related to items included in other comprehensive income (Note 26)	-	-	231	(58)	**173**	(1)	**172**
Currency translation differences	-	-	(1,145)	-	**(1,145)**	(9)	**(1,154)**
Other comprehensive loss for the period	**-**	**-**	**(2,229)**	**326**	**(1,903)**	**(4)**	**(1,907)**
Loss for the period	-	-	-	**(2,186)**	**(2,186)**	**(7)**	**(2,193)**
Total comprehensive loss for the period	**-**	**-**	**(2,229)**	**(1,860)**	**(4,089)**	**(11)**	**(4,100)**
Realised revaluation reserve, net of tax	-	-	(1,890)	1,890	-	-	**-**
Dividends declared	-	-	-	(1,000)	(1,000)	-	(1,000)
Balance at 31 December 2022	**-**	**6,225**	**(13,164)**	**9,791**	**2,852**	**18**	**2,870**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022

All tabular amounts in millions of US Dollars

1 METINVEST B.V. AND ITS OPERATIONS

Metinvest B.V. (the "Company" or "Metinvest"), is a private limited liability company registered in the Netherlands. The Company and its subsidiaries (together referred to as the "Group" or "Metinvest Group") are an integrated steel producer, owning assets in each link of the production chain – from iron ore mining, coking coal mining and coke production, through to semi-finished and finished steel production. The steel products, iron ore and coke and coal are sold on both the Ukrainian market and globally.

As at 31 December 2022 and throughout the periods presented in these consolidated financial statements, Metinvest B.V. is owned 71.24% by its parent company SCM (System Capital Management) Limited ("SCM") and 23.76% by the Smart Steel Limited ("SMART") that have significant influence over Metinvest. The ultimate parent of Metinvest is SCM Holdings Limited, Cyprus, which is controlled by Mr. Rinat Akhmetov. The remaining 5% interest in the Company in the form of Class C shares has been acquired by a related party from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after receipt of respective governmental approvals, if such will be necessary), and in such manner that the ultimate interest of SCM in the Company shall be 75% minus 1 share, and the ultimate interest of SMART in the Company shall be 25% plus 1 share, thus SCM remaining as the controlling shareholder.

The principal subsidiaries of Metinvest B.V. are presented below:

Name	Effective % interest as at 31 December		Segment	Country of incorporation
	2022	2021		
Metinvest Holding LLC	100.0%	100.0%	Corporate	Ukraine
Metinvest Management B.V.	100.0%	100.0%	Corporate	Netherlands
Metinvest International SA	100.0%	100.0%	Metallurgical	Switzerland
Metinvest Service Metal Centres LLC	100.0%	100.0%	Metallurgical	Ukraine
Metinvest Eurasia LLC	n/a*	100.0%	Metallurgical	Russia
Ferriera Valsider S.p.A.	100.0%	100.0%	Metallurgical	Italy
Metinvest Trametal S.p.A.	100.0%	100.0%	Metallurgical	Italy
Spartan UK Limited	100.0%	100.0%	Metallurgical	UK
JSC Promet Steel	100.0%	100.0%	Metallurgical	Bulgaria
PrJSC Azovstal Iron and Steel Works**	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Ilyich Iron and Steel Works**	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Kamet-Steel	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Avdiivka Coke Plant**	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Zaporizhcoke***	57.2%	57.2%	Metallurgical	Ukraine
PrJSC Northern Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
PrJSC Central Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
PrJSC Ingulets Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
United Coal Company LLC ("UCC")	100.0%	100.0%	Mining	USA
PrJSC Colliery Group "Pokrovs'ke"	100.0%	100.0%	Mining	Ukraine
Concentrating Factory "Sviato-Varvarynska" LLC	100.0%	100.0%	Mining	Ukraine

As at 31 December 2022, the Group employed approximately 74 thousand people (31 December 2021: 87 thousand).

The Company's registered address is Gustav Mahlerplein 74B, 1082MA, Amsterdam. The company is registered with the commercial trade register under the number 24321697. The principal places of production facilities of the Group are in Ukraine, the EU, the UK and the USA.

The consolidated financial statements of Metinvest B.V. for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Supervisory Board on 27 March 2023.

For better understanding of Metinvest's financial position and the results of operations, these summary consolidated financial statements should be read in conjunction with the Metinvest B.V. audited consolidated financial statements as at and for the year ended 31 December 2022, which include all disclosures required by International Financial Reporting Standards as adopted by European Union and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

* For more details, please refer to Note 8.
** For more details, please refer to Note 8.
*** Excludes ownership through joint ventures

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

2 OPERATING ENVIRONMENT OF THE GROUP

The Ukrainian economy demonstrated sustained growth for a number of years until 2020, amid overall macroeconomics stabilisation supported by structural reforms, a rise in domestic investment, a revival in household consumption, an increase in industrial production and construction activity, as well as an improved environment on external markets. In 1Q-3Q 2020 the Ukrainian economy contracted amid a decrease in industrial output and lockdown measures introduced in early 2020 to contain the spread of the COVID-19 pandemic. The easing of restrictive anti-pandemic measures spurred an economic recovery in the second half of the year and together with other factors led to a 3.4% real GDP growth in 2021.

Starting in the end of 2021 news around the potential escalation of the conflict between Russia and Ukraine emerged. This conflict started in 2014 with the annexation of Crimea and subsequent loss of control by Ukraine over certain parts of the Donetsk and Luhansk regions due to actions of illegal armed formations largely backed by the Russian Federation. It has impacted the steel, coke and coking coal operations of the Group located in this part of Ukraine.

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine. As a response, Ukraine declared martial law which is still in place as of the date of signing of these consolidated financial statements as active conflict is still ongoing in certain towns and cities of Eastern and Southern parts of Ukraine along the frontline, some cities in these regions remain temporarily occupied while Russia conducts sporadic indiscriminate bombardments of Ukrainian territory.

On 30 September 2022 Russia declared its annexation of the Donetsk, Luhansk, Zaporizhzhia and Kherson regions of Ukraine into the Russian Federation. Ukraine does not recognize the legality of the annexation and will use all available legal and other means to reverse it. On 12 October 2022, as part of Eleventh Emergency Special Session of the United Nations General Assembly regarding the aggression of Russian Federation against Ukraine, the General Assembly, with 143 member States voted in favour, adopted the resolution “Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations”. A resolution calls on all states, the UN and international organisations not to recognize any of Russia’s annexation claim and demands the immediate reversal of its annexation declaration.

During September-November 2022 Ukrainian forces performed counteroffensives on the southern and eastern directions of the frontline, as a result of which substantial part of Kharkiv region, part of Donetsk, Luhansk and Kherson regions (including Kherson city itself) were liberated.

The outcome and the timing of the resolution of this conflict cannot be predicted with the sufficient degree of certainty. Challenges Ukraine is facing due to the war hamper the sustainability and further development of its economy and financial sector. The operating environment thus remains challenging.

The impact on the people of Ukraine has been profound as the war provoked a massive migration to safer areas within the country and outside of it.

The damage to Ukraine’s assets and physical infrastructure has been extensive. As a result of military actions the Black Sea ports in Ukraine suspended their operations being blocked or occupied by Russia while limited railway capacity with Western countries has been unable to replace seaborne throughput. This has prevented most seaborne imports and exports. On 22 July 2022, the representatives of Ukraine, Türkiye and UN Secretary-General signed in Istanbul the Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports, which allowed only for exports of grain and related food products from the ports of Odesa, Chornomorsk and Pivdennyi.

Following the invasion, Ukraine’s budget is experiencing a deep deficit amid falling budget revenues and a major increase in military expenses. Ukraine needs significant external financial support to cover its balance of payments and budget needs. Numerous regulatory changes that were implemented in Ukraine due to the war have impacted the Group’s operations including simplifying tax legislation, suspending tax audits and restricting certain import and currency exchange activities.

An increase in inflation in Ukraine towards the end of 2021 led the National Bank of Ukraine (“NBU”) to continue monetary tightening and increase its key policy rate to 10%, effective from 20 January 2022. After the commencement of the Russian invasion, the NBU abandoned its inflation targeting policy. Effective from 3 June 2022, the NBU increased its key policy rate to 25%, though in time of war the monetary transmission mechanism remains weakened as structural imbalances in the economy caused by war-related disruptions in production, logistic and financial chains impact the inflation significantly more than the policy rate. The actual inflation rate in Ukraine for the year ended 31 December 2022 stood at 26.6% (year ended 31 December 2021: 10%) and Ukrainian real GDP decreased y-o-y by 30.4% in 2022 (2021: 3.4% y-o-y growth) according to the Ministry of economics of Ukraine. The IMF expects Ukrainian GDP to grow by 1% in 2023, while the NBU is even more conservative in its forecast at 0.3% growth.

On 24 February 2022, in order to stabilise the Ukrainian financial system during the war, the NBU fixed the official hryvnia exchange at UAH 29.25 per USD 1 (as compared to UAH 27.28 per USD 1 as at 31 December 2021) then from 21 July 2022 re-fixed the hryvnia exchange rate at UAH 36.57 per USD 1.

At the date of these consolidated financial statements, the official NBU exchange rate of Hryvnia against US dollar remained at the level of UAH 36.57 per USD 1.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

2 OPERATING ENVIRONMENT OF THE GROUP (CONTINUED)

Among other measures taken to stabilise the financial system, the NBU also introduced a number of administrative restrictions, in particular on foreign exchange transactions and capital movements including restrictions on interest and dividends payments in foreign currencies outside Ukraine. Should additional financial and/or capital restrictions be adopted, or existing regulations amended, it may have a significant negative impact on the Group and the environment the Group operates in. At the same time, relaxation or abolishment of restrictions may have a positive influence on the Group and its operating environment. As of the date of signing of these consolidated financial statements the magnitude and direction of such impact cannot be reasonably estimated.

The yield to maturity ("YtM") on the Ukrainian Government's Eurobonds (for 5-year maturity instruments) increased to to 51.8% as of the date of signing of these consolidated financial statements from 8.3% as at 31 December 2021. At the same time, the domestic Ukrainian sovereign bonds in UAH (for a 5-year maturity) were traded with the yields of 22% as at 31 December 2022. In August 2022 Ukraine's creditors agreed a two-year standstill on all Eurobonds issued or guaranteed by the Ministry of Finance of Ukraine, allowing the government to defer near USD 6 billion of scheduled repayments.

In August 2021 international currency reserves were at the highest level since 2012, however these started to be gradually utilised from January 2022 and troughed in July 2022 before starting to grow again thanks to the international financial aid. From the start of the war the Ukrainian budget experiences a deficit, which is financed by international financial assistance, national borrowings, and direct deficit monetisation by the NBU as a measure of last resort. Since the beginning of the full-scale invasion by Russia and till 31 December 2022, the total amount of funds received by Ukraine from international partners amounted to USD 32.1 billion (UAH 1,076 billion), out of which 45% were in the grant format. International support is crucially important for Ukraine's ability to continue fighting against the aggression and funding the budget deficit and on-going debt repayments.

As a result of the military invasion, Metinvest decided to halt the manufacturing activities of its assets in Mariupol, Avdiivka and Zaporizhzhia, including PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works, PrJSC Avdiivka Coke Plant and PrJSC Zaporizhcoke. The Group's plants in Zaporizhzhia resumed their production operations later. Because of the hostilities, the Group's facilities in Mariupol and Avdiivka have been affected and Mariupol has been temporarily occupied.

In late 2022 Russia begun extensive campaign of illegal aerial bombardment, using cruise missiles and unmanned aerial vehicles, to target Ukraine's power generation and transmission facilities across Ukraine. During the week of 21 November 2022 Russia's attack resulted in a country-wide blackout and many major cities and towns being left without water supply. Metinvest, along with all other industrial companies operating in Ukraine, was also affected, as for the first time since the commencement of the full-scale invasion, production across Metinvest's facilities in Ukraine suffered an emergency stoppage due to the lack of power supply. Later, Metinvest's affected Ukrainian facilities resumed operations relatively quickly, except for Kamet Steel. Only in the second half of December, Kamet Steel resumed production of hot metal and pig iron, while output of crude steel and steel products resumed by the end of the month.

As a result of the military invasion, for the purposes of preparing these consolidated financial statements the Group determined that entities whose assets are for the time being located on the territory temporarily occupied or are significantly impacted by the ongoing war (being close to the frontline) will not be in a position to continue normal production operations. In the absence of any information that could be reliably and safely obtained on those assets for evaluation of the physical conditions and ability to generate future economic benefits, the Group concluded that a prudent establishment of allowance for impairment is appropriate for the full amount of the carrying value of assets which to the best of the knowledge of management, are currently located on such territories. Please, refer to Note 8 for details.

In addition, the Group determined that after 24 February 2022 it is not controlling operating and financial policies of Metinvest Eurasia LLC and Metinvest Distribution LLC and subsequently ceased the operations and launched liquidation of these subsidiaries (Note 8).

The table below summarizes location of the key production assets of the Group in Ukraine:

Entity	Location (city, region)	Segment
PrJSC Colliery Group "Pokrovs'ke"	Pokrovsk, Donetsk region	Mining
Concentrating Factory "Sviato-Varvarynska" LLC	Serhiyivka, Donetsk region	Mining
PrJSC Northern Iron Ore Enrichment Works	Kryvyi Rih, Dnipropetrovsk region	Mining
PrJSC Central Iron Ore Enrichment Works	Kryvyi Rih, Dnipropetrovsk region	Mining
PrJSC Ingulets Iron Ore Enrichment Works	Kryvyi Rih, Dnipropetrovsk region	Mining
Southern Iron Ore Enrichment Works Group (joint venture)	Kryvyi Rih, Dnipropetrovsk region	Mining
PrJSC Kamet-Steel	Kamianske, Dnipropetrovsk region	Metallurgical
Zaporishstal Group (joint venture)	Zaporizhzhia, Zaporizhzhia region	Metallurgical
PrJSC Zaporizhcoke	Zaporizhzhia, Zaporizhzhia region	Metallurgical
PrJSC Avdiivka Coke Plant	Avdiivka, Donetsk region	Metallurgical

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

2 OPERATING ENVIRONMENT OF THE GROUP (CONTINUED)

The above-mentioned Group coking coal, iron ore and metallurgical plants had to scale back their production since the beginning of the war. As a further consequence, the vertical integration of the Group was impacted requiring establishment of new supply chains and logistical routes as well as new sales destinations.

The Group's financial performance is largely dependent on the global prices of and demand for steel, iron ore and coking coal products. The prices of steel products are influenced by many factors, including global economic conditions, demand for steel products, worldwide production capacity, capacity utilisation rates, raw material costs, currency exchange rates and improvements in steel making processes. In 2022, following the invasion of Ukraine many existing supply chains were disrupted due to blocking of the seaports activity in the Black Sea and bottlenecks in railway and truck logistics in and outside of Ukraine following the redirection of the flow of goods from Ukrainian sea ports to ground logistics. Producers from or related with Russia were banned from exports to many countries by sanctions or self- sanctions. These events created significant turbulence in the prices globally for many raw materials and finished goods, including iron ore, coking coal and steel.

For more details of the impact of invasion on the Company's operations, refer to Note 5 of the consolidated financial statements.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance. These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code. The consolidated financial statements have been prepared under the historical cost convention unless stated otherwise. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements are presented in millions of US dollars and all values are rounded off to the nearest million except where otherwise indicated.

Critical accounting estimates and judgements in applying accounting policies. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources.

Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the IFRS consolidated financial statements are disclosed in Note 4.

Principles of consolidation. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of businesses. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. The date of exchange is the acquisition date where a business combination is achieved in a single transaction. Where a business combination is achieved in stages, the previously held interest in an acquired business is included into the cost of business combination at fair value as of the acquisition date with resulting gains recognised in consolidated income statement.

Costs directly related to acquisition of subsidiaries are recognised in the consolidated income statement in the period in which they incurred and the services are received.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interest ("NCI") is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of equity.

Purchases of subsidiaries from parties under common control and merger reserve in equity. Purchases of subsidiaries from parties under common control are accounted under the predecessor values method. Under this method the financial statements of the entity are presented as if the businesses had been consolidated from the beginning of the earliest period presented (or the date that the entities were first under common control, if later). The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's book values. The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. This is recorded as a merger reserve. No additional goodwill is created by such purchases.

Transactions with non-controlling interests. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Non-controlling interest is measured on proportionate basis of net assets.

Investments in associates and joint ventures. Associates are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint ventures.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The carrying amount of associates and joint ventures includes goodwill identified on acquisition, and is reduced for accumulated impairment losses, if any. The Group's share of the post-acquisition profits or losses of associates and joint ventures is recorded in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured accounts receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and their associates and joint ventures are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group that makes strategic decisions.

Company reports separately information about an operating segment that meets any of the following quantitative thresholds unless aggregation criteria are met:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Foreign currency translation. The functional currency of each of consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency for the majority of the consolidated entities is either Ukrainian hryvnia ("UAH") or US dollar ("USD").

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in the consolidated income statement.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal rate of exchange used for translating foreign currency balances is as follows:

	31 December 2022	31 December 2021
1 USD to UAH	36.57	27.28
1 EUR to UAH	38.95	30.92

Monetary assets and liabilities are translated into functional currency at the official exchange rate at the respective balance sheet dates. Translation at year end does not apply to non-monetary items.

Translation from functional to presentation currency. The Group has selected the US dollar ("USD") as the presentation currency. The USD has been selected as the presentation currency for the Group as: (a) management of the Group manages business risks and exposures and measures the performance of its businesses in the USD; (b) the USD is widely used as a presentation currency of companies engaged primarily in metallurgy; and (c) the USD is the most convenient presentation currency for non-Ukrainian users of these IFRS consolidated financial statements.

The results and financial position of each consolidated entity are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised through other comprehensive income and they accumulate as a separate component of equity. All the components of consolidated equity at each balance sheet date are translated at the historical rate. The balancing figure goes to cumulative currency translation reserve in other reserves in equity. All the elements within equity are presented at the rates prevailing at the dates of such movements (or an average rate for the period when this approximates the transaction date exchange rate).

As follows from policy on translation from functional to presentation currency revaluation results, and reclassification from revaluation reserve to retained earnings are translated into USD using the exchange rates prevailing at the dates of transaction. Because of lower strength of UAH as compared to USD (and consequent depreciation against USD since the historical revaluations dates), the revaluation reserve in presentation currency is carried at rates lower than the closing UAH/USD rate, thus, differs from the revaluation balances recognised in the Group's property, plant and equipment. Upon disposal, sale or liquidation of assets related to these equity components differences are reclassified to retained earnings.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and at each balance sheet date are translated at the closing rate. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the currency translation differences deferred in equity are reclassified to the consolidated income statement.

At present, the UAH is not a freely convertible currency outside of Ukraine and there are some limitations on UAH conversion within the Ukraine as a result of the NBU limitations imposed due to the events described in the Note 2 of these consolidated financial statements.

Property, plant and equipment. Property, plant and equipment are stated using the revaluation model. Fair values are based on valuations by external independent valuers. The frequency of revaluation depends upon the movements in the fair values of the assets being revalued. Initial acquisitions and subsequent additions to property, plant and equipment are recognised at cost. Cost includes expenditure directly attributable to acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and accumulated in the other reserves in equity. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Decreases that offset previous increases in the carrying amount of the same asset decrease the previously recognised revaluation reserve through other comprehensive income; all other decreases are charged to the income statement. The revaluation reserve in equity is transferred directly to retained earnings when the surplus is realised either on the retirement or disposal of the asset or as the asset is used by the Group; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon recognition, items of property, plant and equipment are divided into components, which represent items with a significant value that have different useful lives.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the replaced component being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as an expense when incurred.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Gains and losses on disposals determined by comparing proceeds with carrying amount of property, plant and equipment are recognised in the consolidated income statement.

Depreciation is charged to the consolidated income statement on a straight-line basis to allocate costs or revalued amounts of individual assets to their residual value over the estimated remaining useful lives. Depreciation commences at the moment when assets is ready for use. The estimated useful lives are as follows:

	Useful lives in years
Buildings and structures	from 2 to 60
Plant and machinery	from 2 to 35
Furniture, fittings and equipment	from 2 to 10

Estimates of remaining useful lives are made on a regular basis for all buildings, plant and machinery, with annual reassessments. Changes in estimates are accounted for prospectively.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Construction in progress represents prepayments for property, plant and equipment, and the cost of property, plant and equipment, construction of which has not yet been completed. No depreciation is charged on such assets until they are ready for use.

The Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Asset retirement obligations. According to the Code on Mineral Resources, Land Code of Ukraine, Mining Law, Law on Protection of Land and other legislative documents of Ukraine and the US, the Group is responsible for site restoration and soil rehabilitation upon abandoning its mines. Estimated costs of dismantling and removing an item of property, plant and equipment are added to the cost of an item of property, plant and equipment when the item is acquired. Changes in the measurement of an existing asset retirement obligation that result from changes in the estimated timing or amount of the outflows, or from changes in the discount rate are recognised as an adjustment to the cost of the respective asset through the income statement or other reserves in equity to the extent of any revaluation balance existence in respect of the related asset. Provisions in respect of abandonment and site restoration are evaluated and re-estimated annually, and are included in these consolidated financial statements at each balance sheet date at their expected net present value, using discount rates which reflect the economic environment in which the Group operates and are specific to a liability.

Leased assets. The Group recognises assets and liabilities for all leases within term of more than 12 months, unless the underlying asset is of low value. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The right-of-use asset is initially recognised at the commencement date and measured at cost. The cost of right-of-use asset includes the amount of initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received. The lease liability is initially recognised at the commencement date and measured at present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if such rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used.

The rights-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses The carrying amount is remeasured to reflect any re-assessment or lease modifications, or to reflect revised in-substance fixed lease payments. A re-assessment of the lease liability takes place if the cash flows change based on the original terms and conditions of the lease. A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Described above changes to the lease liability amount should be adjusted in the right-of use asset amount. Any changes that are required by original lease agreement terms, including changes impacted by reviewed market lease payment or extension of lease period, should be treated rather as reassessment than modification. Effective date of changes is the date on which both parties agree to lease agreement changes.

The Group depreciates the right-of-use asset on the straight-line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. Depreciation should be recognised separately from interest on lease liabilities in the income statement.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated balance sheet. It is carried at cost less accumulated impairment losses, if any. Gains and losses on the disposal of an entity or business unit include the carrying amount of goodwill relating to the entity or business unit disposed of.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the synergies of the business combination.

Other intangible assets. All of the Group's other intangible assets have definite useful lives and primarily include capitalised computer software and licences, mining licences, mining permits and coal reserves. Acquired computer software and other licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

Other intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal. Licences and coal reserves are amortised using the units-of-production method over all estimated proven and probable reserve assigned to the mines. Proven and probable reserves exclude non-recoverable coal and ore reserves and estimated processing losses. Amortisation rates are updated when revisions to coal reserve estimates are made.

Impairment of non-financial assets. Goodwill is tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped to the lowest levels for which there are separately identifiable cash flows (cash generating unit). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Initial recognition of financial instruments. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial instruments if financial asset or financial liability are not accounted at fair value through profit or loss ("FVPL"). Transaction costs of financial assets or financial liabilities carried at FVPL are expensed in profit and loss in the consolidated income statement.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between the transaction price and the fair value, which can be evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets.

Classification and subsequent measurement of financial assets. The Group classifies its financial assets in the following measurement categories:

- those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss), and
- those to be measured at amortised cost.

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

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) or (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Three measurement categories into which the Group classifies its debt financial assets are as follows:

1) Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income / (expenses). Impairment losses are presented in other operating income / (expenses) or as a separate line item in the consolidated income statement, if material.

2) Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method. Impairment expenses are presented in other operating income / (expenses) or as a separate line item in the consolidated income statement, if material.

3) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other operating income / (expenses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating income / (expenses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets impairment – expected credit loss allowance. After the initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost and at FVOCI, resulting in an immediate accounting loss in the consolidated income statement.

The measurement of expected credit losses reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the consolidated balance sheet net of the allowance for expected credit losses.

Generally, the impairment methodology is a three stage model applied dependent on whether there has been a significant increase in credit risk of a financial instrument since the initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (Stage 1 of ECL model) considering that the maximum period of credit risk exposure cannot exceed financial instrument term to maturity. At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition (Stage 2 of ECL model). If the Group determines that a financial asset is credit- impaired, the asset is transferred to Stage 3 and its ECL is measured as a lifetime ECL.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised at the time of the initial recognition of the receivables (Stage 2 of ECL model). For loans issued and bank accounts the Group applies general model for impairment based on changes in credit quality since initial recognition is applied.

As at reporting date the Group has three types of financial assets that are subject to expected credit loss model:

- cash and cash equivalents
- trade receivables for sales of goods and services
- loans issued

The Group uses different approaches for analysis of expected credit losses arisen on the financial assets from related parties, significant customers and other customers.

For all significant debtors and related parties, the calculation of expected credit losses is carried out on an individual basis taking into account agreement terms, expected repayment period, internally assessed credit risks for significant debtors based on the financial performance and taking into account external credit rating, if available. ECL rate is calculated based on credit spread implicit in the average yield on bonds of similar credit risk companies and adjusted for maturity, risk free rate and liquidity premium or based on corporate bonds ratings of the international rating agencies.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For individually insignificant debtors the Group calculates expected credit losses using a provision matrix by grouping customers by country of location. This matrix is based on the Group's historical default rates over the expected life of the financial receivables and is adjusted for forward-looking estimates.

The Group does not recognise the expected credit loss allowance on cash and cash equivalents if it was determined that the effect of such loss allowance is not material as at the reporting date.

Reclassification of financial assets. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Modification and derecognition of financial assets. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: change in contractual terms that substantially affects the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of modification is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether significant increase in credit risk has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

The Group enters into transactions in the normal course of business by which it transfers financial assets to third parties. Depending on the circumstances, these transfers may either result in these financial assets being derecognised or continuing to be recognised.

Full derecognition occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, and transfers substantially all the risks and rewards of ownership. The risks include credit, interest rate, foreign currency, prepayment and other price risks.

Derecognition does not occur when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, but either:

- retains substantially all of the risks and rewards of ownership of the transferred asset; or
- neither retains nor transfers substantially all of the risks and rewards of ownership but has retained control of the financial asset. In this situation, the financial assets are recognised on the balance sheet to the extent of Group's continuing involvement.

The write-off of financial asset also represents a derecognition event. Financial assets are written-off, in whole or in part, when the Group has no reasonable expectations of recovering these assets.

Classification and subsequent measurement of financial liabilities. All the financial liabilities are classified as subsequently measured at amortised cost, except for (i) derivatives, financial liabilities held for trading, contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition, which are measured at FVPL and (ii) financial guarantee contracts and loan commitments at a below-market interest rate.

Modification and derecognition of financial liabilities. Upon modification of financial liabilities the Group adjusts the amortised cost of a financial liability to reflect revised estimated contractual cash flows. For these purposes the Group recalculates the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Upon determination of whether modification or an extinguishment have occurred the Group performs analysis in order to determine if there was a substantial modification of the terms quantitative in nature of an existing financial liability or a part of it. The quantitative analysis represents performance of a 10 per cent test. No qualitative factors are considered.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantees. Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an expected credit loss allowance is recognised for fees receivable that are recognised in the consolidated balance sheet as an asset.

Income taxes. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of most likely amounts expected to be paid to the tax authorities. The income tax charge is recognised in the consolidated income statement except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post-acquisition retained earnings and other post-acquisition movements in reserves of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average principle. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are charged to the income statement when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in other non- current assets.

Share capital. Ordinary shares issued are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented as a share premium.

Dividends. Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue. If settlement of a dividend liability exceeds twelve months from the balance sheet date it is included within long- term liabilities and measured at the present value of the future cash flows required to settle the liability using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Loans and borrowings. Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest method.

Cash flows related to receipt and repayment of trade finance borrowings are presented within the statement of cash flows on a net basis.

Transaction fees paid related to debt restructuring (such as legal and consulting expenses) are presented within the financing activities of the consolidated statement of cash flows.

Trade and other financial payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Prepayments received. Prepayments are carried at amounts originally received, net of VAT.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small if it is probable that some outflow of resources will be needed to settle the class of obligations as a whole.

Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent assets and liabilities. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is not a contingent asset and the Group recognises such assets.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Employee benefits. Defined benefit plan. Certain Ukrainian entities within the Group participate in a mandatory State defined retirement benefit plan, which provides for early pension benefits for employees working in certain workplaces with hazardous and unhealthy working conditions. Certain Ukrainian entities also provide lump sum benefits upon retirement subject to certain conditions, as well as some other long-term employee benefits. The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by professional actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (if there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Past service costs are recognised immediately in profit or loss.

Revenue recognition. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group recognises revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service to a customer and the customer obtains ability to direct the use of and substantially all of the remaining benefits from the asset. For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time.

For each performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation proportionally to the services provision period. If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time at which a customer obtains control of a promised asset.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (acting as a principal) or to arrange for those goods or services to be provided by the other party (acting as an agent). When the Group satisfies a performance obligation as a principal, revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred, when as an agent - the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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

(a) Sale of goods, by-products and merchandise

The Group manufactures and sells a range of steel products to large, medium and small size customers. By-products and merchandise are sold to the same range of customers. Revenues from sales of goods, by-products and merchandise are recognised at the point of transfer of control over the goods, normally when the goods are shipped. The Group normally uses standardised Incoterms such as cost-and-freight (CFR), free-carrier (FCA), cost-insurance- freight (CIF), free-on-board (FOB) and ex-works (EXW) which define the point of control transfer.

Sales are recorded based on the price indicated in the specifications to the sales contracts. The sales price is established separately for each specification.

The Group also engages in sale and purchase transactions the objective of which is to manage cash flows and/or to sell the products of its joint ventures through the Group's sales channels and where the Group acts as an agent. Such sales are not treated as gross revenue generated by the Group and accordingly such sales and purchases are presented on a net basis with any gain or loss presented in revenue. Accounts receivable and payable from such transactions are presented gross.

(b) Sale of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The Group provides freight services to the customers as part of standard products sales contract. Management considers that freight services should be treated as separate performance obligations and should be recognised over the transportation period.

(c) Commission income

The Group acts as an agent for sales transactions on behalf of the third parties. The commission income received by the Group as a fee for facilitating such transactions is recognised at the point of transfer of risks and rewards of ownership of the goods to the customers of the third parties. Such income is reported as part of revenue.

Interest income. Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income. Dividend income is recognised when the right to receive payment is established.

Value added tax. VAT in Ukraine where the majority of the Group operations are concentrated is levied at two rates: 20% on domestic sales and imports of goods, works and services and 0% on export of goods. Export of services is exempt from VAT. A taxpayer's VAT liability equals the total amount of VAT collected within a reporting period, and for domestic operations arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer; for export operations arises on the date of customs clearance of exported goods. A VAT credit is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. For domestic and export operations rights to VAT credit arise when a VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date goods are received. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT. VAT assets recoverable in cash from the State are included into Group's assets. All other VAT assets and liabilities are netted only within the individual companies of the Group.

Recognition of expenses. Expenses are accounted for on an accrual basis.

Finance income and costs. Finance income and costs comprise interest expense on borrowings, pension obligations, losses on early repayment of loans, interest income on funds invested, income on origination of financial instruments and foreign exchange gains and losses, including those arising on the intragroup loans and dividends payable between the entities with different functional currencies.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the IFRS consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of property, plant and equipment, goodwill and other intangible assets. The Group and its subsidiaries are required to perform impairment tests for their assets or cash-generating units when there is indication that an asset or a cash-generating unit ("CGU") may be impaired.

One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. Within the Group's identified cash-generating units a significant proportion of their output is input to another cash-generating unit. Therefore, judgement is needed in determining a cash-generating unit.

Annually the Group assesses whether goodwill is impaired. This requires estimation of the value in use / fair value less costs of disposal of the cash-generating units or groups of cash-generating units to which goodwill is allocated.

Allocation of goodwill to groups of cash generating units requires significant judgement related to expected synergies. Estimating value in use / fair value less costs of disposal requires the Group to make an estimate of expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Precision of future cash flows is dependent, inter alia, on quality of management's forecasts of benchmark price levels for key commodities, production volumes and production costs, and necessary capital expenditure levels.

Considering the significant changes in operating environment of the Group as disclosed in the Note 2 of the consolidated financial statements, management performed impairment testing for material operating segments as at 31 December 2022. The results and the main assumptions applied are disclosed in the Note 11 of these consolidated financial statements.

Revaluation of property, plant and equipment. On an annual basis management of the Group carries out an analysis to assess whether carrying amounts of items of property, plant and equipment differ materially from that which would be determined using fair value at the end of the reporting period. The analysis is based on price indices, developments in technology, movements in exchange rates since the date of latest revaluation, profitability of underlying businesses and other relevant factors. Where the analysis indicates that the fair values of items of property plan and equipment differ materially from the carrying amounts, further revaluation is performed involving independent valuers.

As most of the Group's property, plant and equipment is of specialised nature, its fair value is determined using depreciated replacement cost (Level 3) or, where it is available, the market value (Level 2).

The majority of the structures, plant and machinery are specialised in nature and are rarely sold in the open market in Ukraine other than as part of a continuing business. The market for similar property, plant and equipment is not active in Ukraine and does not provide a sufficient number of sales of comparable assets to allow for using a market-based approach for determining fair value. Consequently, the fair value of structures, plant and machinery was primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economic depreciation, and obsolescence. The depreciated replacement cost was estimated based on internal sources and analysis of Ukrainian and international markets for similar property, plant and equipment. Various market data was collected from published information, catalogues, statistical data etc., and industry experts and suppliers.

When performing valuation using these methods, the key estimates and judgments applied by the independent valuers, in discussion with the Group's internal valuation team and technicians, are as follows:

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

- choice of information sources for construction costs analysis (actual costs recently incurred by the Group, specialised reference materials and handbooks, estimates for cost of construction of various equipment etc.);
- determination of similar items for replacement cost of certain equipment, as well as corresponding adjustments required to take into account differences in technical characteristics and condition of new and existing equipment;
- selection of market data when determining market value where it is available as well as corresponding adjustments required to take into account differences in technical characteristics and the condition of new and existing equipment;
- determination of applicable cumulative price indices which would most reliably reflect the change in fair value of assets revalued using indexation of carrying amounts;
- use of directories of per-unit replacement cost for buildings and constructions, assuming that all buildings and constructions of similar type and nature within industry have similar replacement costs; and
- liquidation value for items, which are expected to be realised, less cost to sell.

The fair values obtained using depreciated replacement cost and indexation of carrying amounts are validated using discounted cash flow models (income approach, Level 3), and are adjusted if the values obtained using income approach are lower than those obtained using depreciated replacement cost or indexation of carrying amounts (i.e. there is economic obsolescence). Key inputs into discounted cash flow models are consistent with the assumptions used for goodwill impairment testing, except for discount rates which are specific to each of the Group's subsidiaries.

Changes in the above estimates and judgments could have a material effect on the fair value of property, plant and equipment, which, however, is impracticable to quantify due to wide variety of assumptions and assets being valued.

Remaining useful lives of property, plant and equipment. The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the technical characteristics, physical conditions, management's expectations on use of the respective assets and other factors. This affects depreciation charge and revaluation results.

Related party transactions. In the normal course of business the Group enters into transactions with related parties. Judgement is applied in determining if transactions are priced at market or non-market terms, where there is no active market for such transactions, and also in estimating the timing of settlement of the balances due from related parties, where there is a history of prolongations. Financial instruments are recorded at origination at fair value using the market rate prevailing at the date of the transaction. The Group's accounting policy is to record gains and losses on related party transactions, other than business combination or equity investments, in the income statement. The basis for judgement is pricing for similar types of transactions with unrelated parties and an effective interest rate analysis.

Further, estimation of timing of settlement and recoverability of balances due from related parties requires judgement. Ability of shareholders and parties under their control to repay the amounts due to the Group is dependent to large extent on cash flows from the Group. Such cash flows in the current circumstances may be limited (Note 18). The expected credit loss allowance was recognised in respect of balances due from related parties as disclosed in Note 15 of these consolidated financial statements.

Post-employment and other long-term employee benefits obligations. Management assesses post-employment and other long-term employee benefit obligations using the Projected Unit Credit Method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits. Since the plan is administered by the State of Ukraine, the Group may not have full access to information and therefore assumptions regarding when, or if, an employee takes early retirement, whether the Group would need to fund pensions for ex-employees depending on whether that ex- employee continues working in hazardous conditions could all have a significant impact on the pension obligation.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The major assumptions used in determining the net cost (income) for pensions include the discount rate and future salary and benefits increase rate. Any changes in these assumptions will impact the carrying amount of pension obligations as disclosed in sensitivity analysis in Note 20.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on the current market conditions. Additional information is disclosed in Note 21.

Tax legislation. Ukrainian tax, currency and customs legislation continues to evolve. Conflicting regulations are subject to varying interpretations. Management believes its interpretations are appropriate and sustainable, but no guarantee can be provided against a challenge from the tax authorities (Note 28).

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Functional currency. Judgement was applied in determining the functional currency of Metinvest B.V., which is a holding company for operations of the Group in Ukraine, Italy, the United States of America and other countries. The functional currency of Metinvest B.V. was determined on the basis that (i) in management's opinion Metinvest B.V. is not an extension of and is not integral to the Ukrainian operations; (ii) the primary economic exposures are to a number of countries; and (iii) Metinvest B.V. retains cash and obtains majority of financing in US Dollars. Management therefore determined the US Dollar as the functional currency of Metinvest B.V.

Inability to continue in the short-term perspective normal production operations of the entities which assets are, to the extent important for the production process part, located on the temporarily occupied territory

In March 2017, the Group lost the ability to perform production operations of the assets located on the territories, temporarily not controlled by Ukraine due to actions of illegal armed formations backed by the Russian Federation (Note 2). Also, as explained in Notes 2 and 5, the Group is not able in short-term perspective to conduct normal production operations of assets located on the territory of Ukraine being temporarily occupied by Russia after the full scale invasion of Ukraine started 24 February 2022.

The Group accounted for these events as impairment of related property, plant, and equipment and inventories, and, accordingly, recognised the impairment through Other Comprehensive Income to the extent of existing revaluation reserve and recognised further impairment loss through the profit and loss. Also, the Group has determined that the operations located on the temporarily occupied territory do not represent a disposal of foreign operations as defined in IAS 21.

Operations of entities most of whose tangible assets are located on the temporarily occupied territory is not a separate geographical segment therefore, the management believes that these activities do not represent discontinued operations.

(i) Currency translation reserve (CTR) related to operations of the entities whose tangible assets are located on the temporarily occupied territory.

The assets in respect of which there is no ability in short-term perspective to conduct normal production operations, have not been consolidated directly but only together with the remaining operations of each of the legal entity, which continue to be run by the Group. Operations and management were structured in such a way that each legal entity in its entirety was considered to be one entity and, therefore, the temporarily not operational part of an entity's tangible assets does not represent a branch or a business. Thus the management determined that these operations do not represent foreign operations as defined in IAS 21 The Effects of Changes in Foreign Exchange Rates and therefore no accumulated CTR on those entities is reclassified to profit and loss. Would it be determined that these operations represent disposed foreign operations, the accumulated CTR relating to those operations would need to be reclassified from Other Comprehensive Income to the profit and loss (considering the functional currency of the abovementioned entities is UAH) resulting in negative charge to Income Statement and no impact on total Comprehensive Income for the period.

If all the net assets of the entities located on the temporarily occupied territory were derecognised, the negative charge of CTR in income statement would have been USD 4,185 million (2021: 601 million), as stated above; the exact amount of the charge would depend on whether only part or all the assets and liabilities of these entities were derecognised. Thus this charge would be significantly different if only assets and (or) some liabilities of these entities were derecognised.

(ii) Impairment of property, plant and equipment located on the temporarily occupied territory.

Management has determined that inability to operate the tangible assets does not require the derecognition of these assets as the Group still holds the legal title over these assets and inability to operate the assets might be temporary. Moreover, the Group may still be able to receive compensation for the assets through international courts.

As such, management of the Group has performed an impairment assessment of respective property, plant and equipment, thus recognising USD 1,154 million as decrease of previously recognised revaluation in Other Comprehensive Income and USD 1,414 million as impairment charge in profit and loss during 2022. Would the judgement be made that the assets are derecognised before they are impaired, the whole amount of USD 2,568 million of decrease of carrying value of property, plant and equipment would need to be charged as impairment in profit and loss (Note 8).

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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5 GOING CONCERN

As explained in Note 2, on 24 February 2022 Russia initiated a full-scale military invasion of Ukraine, which was followed up by the immediate enactment of martial law by the Ukrainian President's Decree approved by the Parliament of Ukraine and the corresponding introduction of the related temporary restrictions that impact the economic environment and business operations. There remains a significant uncertainty over the future development of the military invasion, its duration and short and long-term impact on the Group, its people, operations, liquidity, and assets. There could be multiple scenarios for further developments of the current situation with unknown likelihood and the magnitude of the impact on the Group might vary.

As a result of the invasion, part of the assets belonging to the Group, ended up on the occupied territories and so, the Group had to suspend production operations with these assets (see Notes 2,8 for details). In addition, some assets located on territories controlled by the Ukrainian government as of the date of signing of these consolidated financial statements stopped manufacturing operations due to their proximity to the warzone, and some decreased the production output due to consequential logistical constrains, primarily related to Black Sea ports unavailability for shipments of any goods other than agricultural ones since the onset of the invasion (for more details, please see Note 2).

Despite the significant challenges the Group adjusted its business processes to support the continuity of its operational activities, while businesses in Italy, the UK and the US switched to third party supplies and sales. Management of the Group continues to monitor the situation and take necessary measures to further adapt its operations to the circumstances and facilitate the Group's uninterrupted operations to the extent possible.

The Group prudently manages its financing operations and obtains waivers when necessary.

In order to proactively manage risks arising due to the war in Ukraine, the Group has ensured that certain waivers are proactively obtained from its lenders with respect to a number of banking financing instruments.

In particular, during 2022 the Group proactively obtained waivers from the lenders under Export Credit Agency ("ECA")-covered financing in favour of PrJSC Ilyich Iron and Steel Works with respect to implications of the moratorium imposed by the NBU on cross-border payments and some other non-financial covenants under the above-mentioned financing arrangements. The Group has also obtained waivers from the lender under a bilateral term loan in favour of certain Ukrainian subsidiaries covering, among other, compliance with certain financial covenants (including a requirement to maintain a minimum level of tangible net worth). The abovementioned waivers, related to the bilateral term loan cover the relevant periods till 31 December 2023. The Group intends to proactively obtain similar waivers for further periods, should the need arise, in order to avoid potential non-compliance with financial covenants under the loans and borrowings of the Group.

The Group generated positive cash flows from operating activities in the amount of USD 1,403 million for the year ended 31 December 2022. As at 31 December 2022 the Group's current liabilities exceeded its current assets by USD 391 million and it incurred a net loss of USD 2,193 million for the year ended 31 December 2022. As at 31 December 2022 and as of the date of signing of these consolidated financial statements, current liabilities of the Group include USD 417 million of dividends payable to Metinvest B.V. shareholders. The Directors have not made a decision to make any payments of dividends payable within any set time frame as at 31 December 2022. In view of the current situation for the Company, the Directors, in accordance with applicable provisions of the Dutch Civil Code, carefully consider and evaluate, based on cash flow forecast available at the time of making a decision as to make any dividend distribution to the shareholders of the Company, taking into consideration reasonably foreseeable downside scenarios, whether there are objective and substantiated grounds to believe that the Company is still likely to be able to continue operating and pay its debts when they fall due following any such distribution.

For the purposes of assessing the going concern assumption, management has prepared a cash flow projection scenario for the 12 months period ended March 2024 based on the following key assumptions:

- no further significant progression of Russian troops into the territory of Ukraine and no further escalation of military actions that could severely affect the Group's assets, or result in a severe and wide-spread damages to Ukrainian energy infrastructure;
- usage of current alternative export routes via land border crossings; availability of existing railway transportation connection; the seaports will be partially deblocked from the start of 2024, the shipment of metallurgical/mining products will be allowed;
- the Group retains the ability to operate production entities in Ukraine, other than PJSC Azovstal Iron and Steel works and PJSC Illich Iron and Steel Works, which are located on occupied territory as of the date of signing of these consolidated financial statements and PJSC Avdiivka Coke Plant, which is located close to the frontline and stopped production. However, these entities are operating at reduced capacity: average monthly external sales volumes of own pig iron and steel products are assumed at the level of around 75% of PrJSC Kamet-Steel's average monthly volumes in August-December 2021, while the PrJSC Central Iron Ore Enrichment Works is expected to work at around 40-45% of its average monthly output of 2021 and the PrJSC Northern
- Iron Ore Enrichment Works and PrJSC Ingulets Iron Ore Enrichment Works expected to operate at around 20-25 % of pre-war levels.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

5 GOING CONCERN (CONTINUED)

- ability to produce and sell hard coking coal by Pokrovske coal business; availability of production staff to meet planned production output;
- US coking coal business and re-rolling mills in the EU and UK working without material operational limitations;
- Forecasts from industry experts and other external reputable sources, as well as internal analysis are used to determine price levels used in the cash flow projection.

The operating cash flows in this scenario together with the existing cash balance available as of the date of signing of these consolidated financial statements are expected to be sufficient to cover the Group's cash needs in investing and financing activities (including the payment of debts as they fall due) in the projected 12-month period.

The management of the Group performed the following actions with the intention to minimise the controllable risks and preserve the cash flows:

- minimising stocks of finished products in the supply chain by reducing production volumes in real time, as well as monitoring and accelerating the movement of finished products in the supply chain;
- maximising utilisation of existing resources and production capacities while minimising purchases from third parties and optimising costs within the available raw material base;
- arranging imported electricity purchases from January 2023 in order to avoid operations disruption due to power shortages to ensure stable level of production for the entities in Ukraine;
- optimising capital expenditures to keep the assets operating at a reduced level, scrutinising of fixed costs;
- maximising the substitution of equipment and spare parts, which were produced in the temporarily occupied territories or in the Russia/Belarus by organising the production of equivalents at Group's machining and repair plants;
- supporting a "supplier ecosystem": proactive management of accounts payable, selective ordering to maintain expertise of critical suppliers;
- developing and implementing a mechanism to prioritise production and order delivery times to minimise the risk of overdue shipment;
- to minimise risk of Pokrovske coal business not having the production staff to meet planned coal output, the management is taking measures to maintain stable workforce;
- established the Anti-Crisis Headquarters which develops, monitors, and organises the interaction between all functions for the effective management in the time of war;
- carried out scenario planning and liquidity management;

While management expects that the situation will improve and Ukraine will continue recovering control over currently occupied territories, allowing for ramping-up of operations in 2024 and free access to Black Sea ports, its significant aggravation with potential implication on ability to generate sufficient cash flow to fund operations and comply with financial covenants, may cast significant doubt about the Group's ability to continue as a going concern.

Management acknowledges that future development of military actions and their duration represent a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite this material uncertainty, management is continuing taking actions to minimise the impact of these developments on the Group and thus believes that application of the going concern assumption for the preparation of these financial statements is appropriate.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

6 NEW ACCOUNTING PRONOUNCEMENTS

The following new standards, amendments to standards and interpretations became effective for the Group on 1 January 2022 or after:

- ***Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41*** *(issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).*
- ***Covid-19-Related Rent Concessions – Amendments to IFRS 16*** *(issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).*

The following new standards, amendments to standards and interpretations have been issued and endorsed by EU and will be effective since 1 January 2023 or after:

- ***IFRS 17 "Insurance Contracts"*** *(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).*
- ***Amendments to IFRS 17 and an amendment to IFRS 4*** *(issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).*
- ***Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies*** *(issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*
- ***Amendments to IAS 8: Definition of Accounting Estimates*** *(issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*
- ***Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12*** *(issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).*
- ***Transition option to insurers applying IFRS 17 – Amendments to IFRS 17*** *(issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).*

The Group is currently assessing the impact of these standards, amendments to the standards and interpretations on the consolidated financial statements

The following amendments to standards, which are relevant to the Group, have been issued, but have not yet been endorsed by the European Union:

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*** *(issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).*
- ***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*** *(issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*
- ***Classification of liabilities as current or non-current – Amendments to IAS 1*** *(originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).*

The Group is currently assessing the impact of the amendments on the consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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7 SEGMENT INFORMATION

The Group's business is organised on the basis of the following main reportable segments:

- *Metallurgical* – comprising the production and sale of coke, semi-finished and finished steel products;
- *Mining* – comprising the production, enrichment and sale of iron ore and coal by the Group's Ukrainian operations and UCC, the Group's US coal operations. Output of the Group's mining business covers iron ore and coking coal needs of the Group's steelmaking business with surplus of iron ore sold to third parties. While management reviews financial information of UCC separately from other mining operations, UCC operating segment has been aggregated with the Group's Ukrainian mining operations into the Mining reportable segment. The two operating segments were aggregated into one reportable segment as they have similar nature of products (mineral commodities used in metallurgy) and production processes (underground and open-pit mining with further enrichment), and sell products to customers in metallurgical industry and commodity traders. Prices for their products depend on global benchmark prices for hard coking coal and iron ore; as such their margins and growth rates show comparable dynamics over longer term.

As the Group entities are present in various jurisdictions, there are some differences in regulatory environment; however, they have no significant impact on segments' operating and financing activities.

Segmentation presented in these consolidated financial statements is consistent with the structure of financial information regularly reviewed by the Group's management, including Chief Operating Decision Maker (CODM). Despite of the fact the full-scale invasion of Ukraine, as disclosed in Notes 2 and 5 of these consolidated financial statements, impacted substantially Group's operations in 2022 no change in operating segments composition were incorporated by management yet considering significant uncertainties relating to the further development of the situation. Although the operating segments composition may change in the later periods.

Operating segments' performance is assessed based on a measure of adjusted EBITDA. This measurement basis excludes dividend income, impairment of goodwill, other intangible assets and property, plant and equipment, the effects of non-recurring expenditures from the operating segments and foreign exchange gains / losses. Revenues and expenses for internal reporting purposes have been accounted for using IFRS principles. Certain adjustments are applied by management to contractual prices for intersegment sales.

Segment information for the year ended 31 December 2022 was as follows:

2022	Metallurgical	Mining	Corporate	Eliminations	Total
Sales – external	5,716	2,572	-	-	**8,288**
Sales to other segments	87	901	-	(988)	**-**
Total of the reportable segments' revenue	**5,803**	**3,473**	**-**	**(988)**	**8,288**
Timing of revenue recognition					
At a point in time	5,332	2,269	-	-	**7,601**
Over time	384	303	-	-	**687**
Total of the reportable segments' external revenue	**5,716**	**2,572**	**-**	**-**	**8,288**
Adjusted EBITDA	**262**	**1,448**	**(103)**	**162**	**1,769**
Share in EBITDA of joint ventures	5	99			**104**
Adjusted EBITDA including share in EBITDA of joint ventures	**267**	**1,547**	**(103)**	**162**	**1,873**
Reconciling items:					
Depreciation and amortisation	(151)	(436)	(32)	-	**(619)**
Impairment of property, plant and equipment and other intangible assets	(1,447)	(6)	(100)	-	**(1,553)**
Impairment of inventories and replaceable equipment located on the occupied territory (Note 8)	(697)	(9)	41	-	**(665)**
Share of result of associates and depreciation, amortisation, tax and finance income and costs in joint ventures					**(110)**
Finance income					**43**
Finance costs					**(661)**
Operating foreign exchange losses less gains, net					**(333)**
Loss from change in fair value of financial instruments and option					**(13)**
Deconsolidation of subsidiaries					**(17)**
Gain from revaluation of share in associate					
Other					**5**
Profit before income tax					**(2,050)**

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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7 SEGMENT INFORMATION (CONTINUED)

	Metallurgical	Mining	Corporate	Total
Capital expenditure	99	244	11	**354**
Significant non-cash items included into adjusted EBITDA:				
- reversal of impairment / (impairment) of financial assets	(13)	(9)	9	**(13)**
- write-off of trade and other payables	(1)	-	-	**(1)**

Segment information for the year ended 31 December 2021 was as follows:

2021	Metallurgical	Mining	Corporate	Eliminations	Total
Sales – external	14,518	3,487	-	-	**18,005**
Sales to other segments	114	2,788	-	(2,902)	**-**
Total of the reportable segments' revenue	**14,632**	**6,275**	**-**	**(2,902)**	**18,005**
Timing of revenue recognition					
At a point in time	13,767	3,173	-	-	**16,940**
Over time	751	314	-	-	**1,065**
Total of the reportable segments' external revenue	**14,518**	**3,487**	**-**	**-**	**18,005**
Adjusted EBITDA	**2,903**	**3,564**	**(226)**	**(201)**	**6,040**
Share in EBITDA of joint ventures	354	650	-	**-**	**1,004**
Adjusted EBITDA including share in EBITDA of joint ventures	**3,257**	**4,214**	**(226)**	**(201)**	**7,044**
Reconciling items:					
Depreciation and amortisation	(449)	(488)	(36)	-	**(973)**
Impairment of PPE and other intangible assets	(3)	(7)	(16)	-	**(26)**
Share of result of associates and depreciation, amortisation, tax and finance income and costs in joint ventures					**(205)**
Finance income					**212**
Finance costs					**(280)**
Operating foreign exchange losses less gains, net					**(85)**
Loss from change in fair value of financial instruments and option					**(89)**
Gain from revaluation of share in associate					**61**
Other					**5**
Profit before income tax					**5,664**

	Metallurgical	Mining	Corporate	Total
Capital expenditure	689	530	61	**1,280**
Significant non-cash items included into adjusted EBITDA:				
- reversal of impairment / (impairment) of financial assets	98	7	(63)	**42**
- write-off of trade and other payables	(11)	-	-	**(11)**

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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7 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by category:

2022	**Metallurgical**	**Mining**	**Total**
Sales of own products	**4,086**	**2,415**	**6,501**
- Steel products	3,458	-	**3,458**
- Iron ore products	-	1,220	**1,220**
- Coal and coke	380	1,187	**1,567**
- Other	248	8	**256**
Resale of purchased goods	**1,630**	**157**	**1,787**
- Steel products	1,577	-	**1,577**
- Coal and coke	43	94	**137**
- Other	10	63	**73**
Total	**5,716**	**2,572**	**8,288**

2021	**Metallurgical**	**Mining**	**Total**
Sales of own products	**9,856**	**3,317**	**13,173**
- Steel products	8,881	-	**8,881**
- Iron ore products	-	2,993	**2,993**
- Coal and coke	628	304	**932**
- Other	347	20	**367**
Resale of purchased goods	**4,662**	**170**	**4,832**
- Steel products	4,377	-	**4,377**
- Coal and coke	145	151	**296**
- Other	140	19	**159**
Total	**14,518**	**3,487**	**18,005**

The Group's two reportable segments operate in six main geographical areas. Revenue by location of customers is presented below:

2022	**Metallurgical**	**Mining**	**Total**
Ukraine	1,734	567	**2,301**
Rest of Europe	2,781	1,303	**4,084**
Middle East and Northern Africa	579	45	**624**
Rest of Asia	-	332	**332**
Commonwealth of Independent States ("CIS")	223	-	**223**
North America	335	148	**483**
Other countries	64	177	**241**
Total	**5,716**	**2,572**	**8,288**

2021	**Metallurgical**	**Mining**	**Total**
Ukraine	3,527	1,208	**4,735**
Rest of Europe	5,535	960	**6,495**
Middle East and Northern Africa	2,735	270	**3,005**
Rest of Asia	169	999	**1,168**
Commonwealth of Independent States ("CIS")	1,169	1	**1,170**
North America	890	29	**919**
Other countries	493	20	**513**
Total	**14,518**	**3,487**	**18,005**

As at 31 December 2022, 90% of the Group's non-current assets, other than financial instruments and deferred tax assets, were located in Ukraine (31 December 2021: 96%).

In 2022, average number of employees attributable to Metallurgical segment amounted to 29 thousand and Mining segment – 24 thousand (2021: Metallurgical segment – 49 thousand and Mining segment – 27 thousand). 6 employees are hired in the Netherlands (2021: 5 employees).

The accompanying notes form an integral part of these summary consolidated financial statements

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8 ALLOWANCE FOR IMPAIRMENT OF ASSETS

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine. As a result of the military invasion, the Group's facilities in Mariupol have been affected and Mariupol has been temporarily occupied as of the date of signing of these consolidated financial statements. As a result of the military invasion, for the purposes of preparing these consolidated financial statements the Group determined that it is not in a position to continue in the short-term perspective normal production operations of the entities which assets are located on the temporarily occupied territory, including assets of PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works and LLC Metinvest Mariupol Machining and Repair plant.

Combined Income Statement and Statement of Comprehensive Income of these 3 subsidiaries is presented below:

	2022	2021
Revenue	1,231	7,503
Net operating costs (excluding items shown separately)	(1,523)	(6,384)
(Impairment) / reversal of impairment of financial assets	(1)	88
Allowance for impairment of assets	(2,036)	-
Finance income	9	4
Finance costs	(60)	(23)
Profit / (Loss) before income tax	**(2,380)**	**1,188**
Income tax (expense) / benefit	(42)	(219)
Profit / (Loss) for the period	**(2,422)**	**969**
Profit / (Loss) attributable to:		
Owners of the Company	(2,422)	969
Profit / (Loss) for the period	**(2,422)**	**969**

	2022	2021
Profit / (Loss) for the period	**(2,422)**	**969**
Other comprehensive income / (loss):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(272)	112
Items that will not be reclassified to profit or loss:		
Revaluation decreases that offset previous increases in the carrying amount of property, plant and equipment	(1,154)	(2)
Remeasurement of retirement benefit obligations	153	26
Income tax related to components of other comprehensive income	185	(5)
Total other comprehensive (loss) / income	**(1,088)**	**131**
Total comprehensive (loss) / income for the period	**(3,510)**	**1,100**
Total comprehensive (loss) / income attributable to:		
Owners of the Company	(3,510)	1,100
Total comprehensive (loss) / income for the period	**(3,510)**	**1,100**

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

All tabular amounts in millions of US Dollars

8 ALLOWANCE FOR IMPAIRMENT OF ASSETS (CONTINUED)

During the year ended 31 December 2022 the Group generated USD 1,095 million external revenue on sales of goods produced by the subsidiaries which production assets are located on the territory temporarily occupied since 24 February 2022 (2021: USD 6,559 million), slabs sales to the other Group's subsidiaries amounted to USD 210 million (2021: USD 1,065 million).

As at 24 February 2022, these subsidiaries' aggregate consolidated tangible assets located on the temporarily occupied territory amounted to USD 3,181 million (22% of the Group's total consolidated assets). Due to inability to continue normal production operations of the assets located on the temporarily occupied territory in the short-term perspective, management of the Group determined that these assets are fully impaired. This resulted in the recognition impairment of property, plant and equipment amounting to USD 2,568 million, out of which USD 1,154 million through other comprehensive income and of inventory and replaceable equipment amounting to USD 622 million.

Due to uncertainty related to PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works, LLC Metinvest Mariupol Machining and Repair plant future taxable income, the Group reassessed the realisability of deferred tax assets and derecognized deferred tax asset in amount of USD 34 million mainly related to retirement benefit obligations. Also, the Group did not recognise deferred tax asset of USD 336 million relating to the 2022 losses.

The above events have also affected other subsidiaries of the Company. As a result, the Group charged an allowance for impairment on their tangible assets located on the territory controlled by Ukraine, which were heavily affected by hostilities, including those from physical damage. This resulted in recognition of additional property, plant and equipment impairment of USD 257 million and impairment of inventory and replaceable equipment of USD 43 million.

The Group deconsolidated subsidiaries located in Russia and Belarus (Metinvest Eurasia LLC and Metinvest Distribution LLC) as the Group determined that it is not controlling operative and financial activities of these companies and ceased the operations in Russia and Belarus followed by the launch of liquidation of its subsidiaries located there. The loss on deconsolidation of USD 52 million is resulting mainly from derecognition of inventories of USD 75 million, trade and other accounts receivable of USD 51 million and trade and other payables of 70 million.

The items described above impacted the Consolidated Statement of Comprehensive Income of the Group as follows:

	Recognised in profit and loss	Recognised in Other comprehensive income	Total
Allowances and remeasurements on assets and liabilities located in Mariupol:			
Impairment of property plant and equipment and intangible assets	1,414	1,154	**2,568**
Impairment of inventories and replaceable equipment	622	-	**622**
Total allowances and remeasurements on assets and liabilities located in Mariupol	**2,036**	**1,154**	**3,190**
Other allowances and remeasurements:			
Impairment of property plant and equipment	128	129	**257**
Impairment of inventories and replaceable equipment	43	-	**43**
Total allowances and remeasurements on assets and liabilities located in other cities in Ukraine	**171**	**129**	**300**
Result of deconsolidation of subsidiaries located in Russia and Belarus	**17**	**35**	**52**
Total allowances and remeasurements	**2,224**	**1,318**	**3,542**

During 2022 Metinvest subsidiaries filed the applications to the European Court of Human Rights (ECHR) against Russian Federation, seeking full compensation for damages caused by Russia's aggression to the Group's assets and business.

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9 GOODWILL

The movements of goodwill were as follows:

	2022	2021
As at 1 January		
Original amount	1,430	1,358
Accumulated impairment	(685)	(728)
Net carrying amount	**745**	**630**
Acquisition of subsidiary	-	144
Currency translation differences	(95)	(29)
As at 31 December		
Original amount	1,305	1,430
Accumulated impairment	(655)	(685)
Net carrying amount	**650**	**745**

Management allocates and monitors goodwill at the following groups of cash generating units (“CGUs”):

	31 December 2022	31 December 2021
Metallurgical segment	508	553
Iron Ore Enrichment Works	36	49
Pokrovske coal business	106	143
Total	**650**	**745**

Goodwill related to UCC have been fully impaired in the previous years and it’s carrying amount is zero as at both 31 December 2022 and 31 December 2021.

Taking into account the events and circumstances, as described in Note 2, management performed impairment testing of the Goodwill related to Metallurgical and Mining segments as at 31 December 2022 and concluded that the recoverable amount exceeds the current carrying amount, thus no impairment should be recognised during the year ended 31 December 2022.

The recoverable amount of each CGU was determined based on fair value less cost to sell calculations. The details of key assumptions used for impairment testing and the results obtained are reflected in the Note 11 of these consolidated financial statements.

The accompanying notes form an integral part of these summary consolidated financial statements

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10 OTHER INTANGIBLE ASSETS

The movements of other intangible assets were as follows:

	Coal reserves	Licenses and mining permits	Other intangible assets	Total
As at 1 January 2021				
Cost	418	219	263	**900**
Accumulated amortisation and impairment	(418)	(141)	(220)	**(779)**
Net carrying amount	-	78	43	**121**
Acquistion of subsidiary	-	1,219	-	**1,219**
Additions	-	-	29	**29**
Currency translation differences	-	21	1	**22**
Impairment	-	-	(16)	**(16)**
Amortisation	-	(29)	(22)	**(51)**
As at 31 December 2021				
Cost	418	1,557	295	**2,270**
Accumulated amortisation	(418)	(268)	(260)	**(946)**
Net carrying amount	**-**	**1,289**	**35**	**1,324**
Additions	-	-	10	**10**
Currency translation differences	-	(323)	(9)	**(332)**
Impairment	-	-	(7)	**(7)**
Amortisation	-	(29)	(11)	**(40)**
As at 31 December 2022				
Cost	418	1 162	274	**1 854**
Accumulated amortisation and impairment	(418)	(225)	(256)	**(899)**
Net carrying amount	**-**	**937**	**18**	**955**

The mining license acquired as part of the acquisition of the Pokrovske coal business (Note 13) is being amortised using units-of-production method over its useful life of approximately 38 years.

The coal reserves were acquired as part of the acquisition of UCC in 2009. As at 31 December 2022 and 31 December 2021, these reserves were fully impaired.

Management considered that events described in Note 2 constitute signs of impairment of other intangible assets as at 31 December 2022 and conducted an impairment test at the respective date. Other intangible assets were included into carrying value of the respective CGUs. For results of these impairment tests refer to Note 11.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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11 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment were as follows:

	Land	Buildings and structures	Plant and machinery	Furniture, fittings and equipment	Construction in progress	Total
Cost or valuation						
As at 1 January 2021	**63**	**2,160**	**4,467**	**116**	**790**	**7,596**
Additions	-	-	-	-	1,135	**1,135**
Transfers	-	226	507	63	(796)	**-**
Disposals	-	(17)	(141)	(31)	(10)	**(199)**
Acquisition of subsidiary	-	471	199	9	213	**892**
Acquisition of integral property complex	-	37	77	2	-	**116**
Reclassification to inventory	-	-	-	-	(23)	**(23)**
Currency translation differences	(4)	73	131	9	26	**235**
As at 31 December 2021	**59**	**2,950**	**5,240**	**168**	**1,335**	**9,752**
Additions	-	-	-	-	344	**344**
Transfers	-	176	237	14	(427)	**-**
Disposals of subsidiaries	-	(1)	(1)	-	-	**(2)**
Disposals	-	(26)	(197)	(1)	(1)	**(225)**
Acquisition of subsidiary	-	-	-	-	-	**-**
Reclassification to inventory	-	-	-	-	(29)	**(29)**
Revaluation decreases that offset previous increases	-	(365)	(910)	(3)	(5)	**(1,283)**
Currency translation differences	(3)	(708)	(1,226)	(40)	(295)	**(2,272)**
As at 31 December 2022	**56**	**2,026**	**3,143**	**138**	**922**	**6,285**
Accumulated depreciation and impairment						
As at 1 January 2021	**-**	**(679)**	**(1,446)**	**(63)**	**(119)**	**(2,307)**
Depreciation charge for the year	-	(244)	(673)	(27)	-	**(944)**
Disposals	-	15	135	3	9	**162**
Transfers	-	-	-	-	-	**-**
Impairment	-	(2)	(6)	(3)	(7)	**(18)**
Currency translation differences	-	(21)	(33)	(7)	(6)	**(67)**
As at 31 December 2021	**-**	**(931)**	**(2,023)**	**(97)**	**(123)**	**(3,174)**
Depreciation charge for the year	-	(185)	(388)	(15)	-	**(588)**
Disposals	-	24	190	1	1	**216**
Disposals of subsidiaries	-	1	1	-	-	**2**
Transfers	-	-	2	(2)	-	**-**
Impairment	-	(305)	(894)	(25)	(322)	**(1,546)**
Currency translation differences	-	360	813	30	82	**1,285**
As at 31 December 2022	**-**	**(1,036)**	**(2,299)**	**(108)**	**(362)**	**(3,805)**
Net book value as at						
31 December 2021	**59**	**2,019**	**3,217**	**71**	**1,212**	**6,578**
31 December 2022	**56**	**990**	**844**	**30**	**560**	**2,480**

The table above includes USD 2,188 million (2021: USD 715 million) of cost and accumulated depreciation of the assets, located on temporarily occupied territory, being fully impaired as at 31 December 2022 (Note 8).

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2022 and 2021, construction in progress balance includes prepayments for property, plant and equipment of USD 52 million and USD 77 million, respectively.

As at 31 December 2022, the Group has recognised right-of-use asset in the amount of USD 41 million within Property, plant and equipment, mainly attributable to plant and machinery (as at 31 December 2021: USD 53 million).

As described in the Note 2 significant developments that happened in Ukraine after the full-scale invasion by Russia are impacting the environment in which the Group operates and operations of its assets in Ukraine. As a result, Metinvest decided to halt the manufacturing activities of the assets, located on the temporarily occupied territory. The Group considered that it is not in a position to continue operations on those assets in the short-term perspective and reliably measure their recoverable amounts. Based on this the Group created allowance for impairment of the assets either located on the temporarily occupied territories or located on the territory, controlled by Ukraine but damaged in the result of military actions in the amount of USD 2,829 million.

The war significantly changed the Group's logistic chains and operating models for some of the Group's assets and created additional volatility on some of the key markets where the Group operates. The Group considered that these events constitute signs of impairment of property, plant and equipment, goodwill and other intangible assets as at 31 December 2022 and conducted an impairment test at the respective date.

To ensure that the impairment testing model fully reflects the anticipated long-term changes in cash flows, for the impairment test the Group developed cash flow projections for 10 years for Ukrainian entities and 5 years for assets outside of Ukraine, which are consistent with the Group's strategy approved by senior management. The 10-year period for cash flow projection was used for Ukrainian assets as estimates incorporated in the longer period are more accurately assume, amongst other, the production plan and market prices trends.

The valuation method used for determination of each CGU fair value is mostly based on unobservable market data, which is within Level 3 of the fair value hierarchy.

As part of the impairment test of Goodwill, Property, plant and equipment and other Intangible assets, the Group considered the potential carbon neutrality in 2060 and concluded, that, based on available information as of the date of signing of these consolidated financial statements this assumption does not give material impact on the results of impairment testing.

1) Metallurgical segment.

Last time goodwill impairment testing was performed as at 31 December 2020. During the year ended 31 December 2021 management has analysed the events that have occurred and circumstances that have changed since the last time goodwill impairment testing performed and concluded that the likelihood that a current recoverable amount determination of the Metallurgical segment as at 31 December 2021 would be less than the current carrying amount of the unit is remote. As such, the relevant goodwill impairment testing details have been carried forward from the preceding periods for the metallurgical segment.

The following table and further paragraphs summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill and subsequently to property, plant and equipment and other intangible assets in metallurgical segment for Ukrainian assets:

	31 December 2022	31 December 2020
Metallurgical		
Post-tax discount rate	23.5%	12.21%
Growth rate in perpetual period	3%	3%

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Discount rate reflects the market assessment of the time value of money and risks specific to the Group. The cost of equity has been determined using the Capital Asset Pricing Model based on observable inputs, inputs from third party financial analysts and Group-specific inputs.

Forecasts from industry experts and other external reputable sources, as well as internal analysis were used by management to determine price levels used in the impairment test. Forecasted benchmark iron prices for Fe 62% fines (CFR North China) are USD 101 per tonne for 2023 decreasing to USD 90 per tonne in 2024, USD 83-81 per tonne in 2025-2026 based on the consensus forecast median and grow at 2% p.a. on average thereafter. Other iron ore products and prices at other markets were determined based on respective discounts or premiums for Fe content, pelletizing premiums, applicable transportation costs and historic discounts or premiums usual for those markets.

The starting point for forecasted benchmark coking coal prices are for low volatile hard coking coal FOB Queensland of USD 301 per tonne in 2023, USD 250 per tonne in 2024, USD 237 per tonne in 2025, USD 210-209 per tonne in 2026-2027, USD 190 per tonne in 2028 with further growth at 2% p.a. on average thereafter. Forecasted prices for other types of coking coal and prices at other markets were determined based on respective historic discounts for differences in quality of each particular coal type and estimated transportation costs.

Forecasted prices for billets used in the impairment test were estimated based on the benchmark FOB Black Sea. Forecasted prices are expected to reach USD 471 per tonne in 2023 with a further decrease to USD 460 per tonne in 2024, USD 452 in 2025 and USD 448 per tonne in 2026 with further increase by 2% per year. Forecasted prices for other steel products are based on historic discounts or premiums to prices for billet.

Management assumed that forecasted production volumes of PrJSC Kamet-Steel will gradually return to its full operating capacity within 1,5-2 years from the assessment date assuming the termination of "active" stage of war in Ukraine and deblocking of seaports, allowing, among others, increase of export sales due to gradual ramp up of seaborne throughput.

An exchange rate of 36.6 UAH for 1 USD in as at 31 December 2022 will gradually increase to 62.3 UAH for 1 USD in 2032.

As at 31 December 2022, the Metallurgical segment's recoverable amount, determined based on fair value less cost to sell estimations, is USD 1,182 million (31 December 2020: USD 6,150 million) and exceeds its total carrying amount by USD 134 million (31 December 2020: USD 1,568 million).

The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill (and subsequently to property, plant and equipment and other intangible assets) related to the Metallurgical segment:

Ukrainian entities:

	31 December 2022	31 December 2020
Volumes of production/sales		
Decrease in all the periods by 10.0%	-	Recoverable amount equals carrying amount
Decrease in all the periods by 11.0%	-	Impairment of USD 157 million required
Decrease in all the periods by 11.5%	Recoverable amount equals carrying amount	-
Decrease in all the periods by 15.0%	Impairment of USD 41 million required	-
Steel prices		
Decrease in all the periods by 2.6%	-	Recoverable amount equals carrying amount
Decrease in all the periods by 2.8%	Recoverable amount equals carrying amount	-
Decrease in all the periods by 4.0%	Impairment of USD 58 million required	Impairment of USD 851 million required
Iron ore prices		
Increase in all the periods by 19.9%	-	Recoverable amount equals carrying amount
Increase in all the periods by 22.0%	-	Impairment of USD 169 million required
Increase in all the periods by 23.5%	Recoverable amount equals carrying amount	-
Increase in all the periods by 45.0%	Impairment of USD 124 million required	-

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	31 December 2022	31 December 2020
Coking coal prices		
Increase in all the periods by 9.4%	Recoverable amount equals carrying amount	-
Increase in all the periods by 18.8%	Impairment of USD 138 million required	Recoverable amount equals carrying amount
Increase in all the periods by 21.0%	Impairment of USD 171 million required	Impairment of USD 182 million required
Discount rates		
Increase in all the periods by 5.9 pp	Recoverable amount equals carrying amount	-
Increase in all the periods by 6.4 pp	Impairment of USD 8 million required	Recoverable amount equals carrying amount
Increase in all the periods by 7.0 pp	Impairment of USD 18 million required	Impairment of USD 119 million required
Increase in all the periods by 10.0 pp	Impairment of USD 60 million required	-
Growth rate in perpetual period	No reasonable changes would lead to impairment	No reasonable changes would lead to impairment

Key assumptions over assets outside of Ukraine:

	31 December 2022
Metallurgical	
Post-tax discount rate	9-10.4%
Growth rate in perpetual period	1.5%

The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill and subsequently to property, plant and equipment and other intangible assets related to the Metallurgical segment (assets outside of Ukraine):

	31 December 2022
Volumes of production/sales	
Decrease in all the periods by 2.8%	Recoverable amount equals carrying amount
Decrease in all the periods by 5.0%	Impairment of USD 104 million required
Steel prices	
Decrease in all the periods by 1.3%	Recoverable amount equals carrying amount
Decrease in all the periods by 5.0%	Impairment of USD 378 million required
Variable costs	
Increase in all the periods by 1.5%	Recoverable amount equals carrying amount
Increase in all the periods by 5.0%	Impairment of USD 318 million required
Discount rates	
Increase in all the periods by 2.75%	Recoverable amount equals carrying amount
Increase in all the periods by 5.0%	Impairment of USD 69 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment

Comparative information on key assumptions and impact of changes in those assumptions were not disclosed for entities outside of Ukraine included in the Metallurgical segment as the carrying amounts of those assets were not considered significant.

As part of the impairment test of goodwill, property, plant and equipment and other intangible assets, the Group expects carbon neutrality in 2060, and this assumption does not give material impact on recoverable amount due to discounting impact.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2) Mining segment.

Iron Ore Enrichment Works. Last time goodwill impairment testing was performed as at 31 December 2019. During the year ended 31 December 2021 management has analysed the events that have occurred and circumstances that have changed since the last time goodwill impairment testing performed and concluded that the likelihood that a current recoverable amount determination of the Mining segment (Iron Ore Enrichment Works) as at 31 December 2021 would be less than the current carrying amount of the unit is remote. As such, the relevant goodwill impairment testing details have been carried forward from the preceding periods for the mining segments.

The following table and further paragraphs summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill (and subsequently to property, plant and equipment and other intangible assets) in mining segment:

	31 December 2022	31 December 2019
Mining (Iron Ore Enrichment Works)		
Post-tax discount rate	23.5%	12.57%
Growth rate in perpetual period	3%	3%

Management assumed that forecasted production volumes of Iron Ore Enrichment Works will gradually return to its full operating capacity within 1.5-3 years from the assessment date assuming the termination of "active" stage of war in Ukraine and deblocking of seaports, among others, increase of export sales due to gradual ramp up of seaborne throughput.

The terminal value periods, incorporated into the forecasts for mining plants are limited by the expected term of mineral resources extraction.

As at 31 December 2022, the recoverable amount of the Mining segment (Iron Ore Enrichment Works), determined based on the fair value less cost to sell estimations, was USD 1,326 million (31 December 2019: USD 3,832 million) and exceeded its total carrying amount by USD 113 million (31 December 2019: USD 1,297 million). The table below summarises the impact of changes in the main assumptions with all other variables held constant to the impairment of goodwill and subsequently to property, plant and equipment and other intangible assets related to this group of CGUs:

	31 December 2022	31 December 2019
Volumes of production/sales		
Decrease in all the periods by 3.6%	Recoverable amount equals carrying amount	-
Decrease in all the periods by 10.0%	Impairment of USD 197 million required	-
Iron ore prices		
Decrease in all the periods by 2.05%	Recoverable amount equals carrying amount	-
Decrease in all the periods by 7.2%	Impairment of USD 282 million required	Recoverable amount equals carrying amount
Decrease in all the periods by 10.0%	Impairment of USD 436 million required	Impairment of USD 494 million required
Discount rates		
Increase in all the periods by 1.5 pp	Recoverable amount equals carrying amount	-
Increase in all the periods by 6.5 pp	Impairment of USD 287 million required	Recoverable amount equals carrying amount
Increase in all the periods by 7.5 pp	Impairment of USD 331 million required	Impairment of USD 121 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment	No reasonable changes would lead to impairment

Pokrovs'ke coal business. On 2 March 2021, the Group obtained control over nine legal entities of Pokrovske coal business, the most significant of which are PrJSC Colliery Group "Pokrovs'ke" and Concentrating Factory "Sviato- Varvarynska" LLC. Goodwill in the amount of USD 143 million was recognised upon acquisition. As at 31 December 2022, goodwill was tested for impairment and subsequently to property, plant and equipment and other intangible assets.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following table summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing:

	31 December 2022	31 December 2021
Discount rate	34.31%	11.77%
Growth rate in perpetual period	3%	3%
Coal prices forecast	USD 298 per tonne in 2023, USD 248-235 in 2024-2025, USD 208-188 in 2026-2028, starting from 2029 prices are adjusted for the level of inflation in the USA	USD 245 per tonne in 2022, USD 168 - 182 in 2023-2025, starting from 2026 prices are adjusted for the level of inflation in the USA

As at 31 December 2022, the recoverable amount of the Pokrovske coal business, determined based on pre-tax value in use estimations, was USD 1,729 million (31 December 2021: USD 2,848 million based on fair value less cost to sell estimations) and exceeded its total carrying amount by USD 45 million (31 December 2021: USD 385 million). Considering higher coal price forecasts (as compared to the forecasts available as of the period of previous impairment test), no impairment was identified.

The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill:

	31 December 2022	31 December 2021
Coking coal prices		
Decrease in all the periods by 1.6%	Recoverable amount equals carrying amount	-
Decrease in all the periods by 7.0%	Impairment of USD 153 million required	Impairment of USD 47 million required
Volumes of production/sales		
Decrease in all the periods by 1.8%	Recoverable amount equals carrying amount	No impairment
Decrease in all the periods by 7.6%	Impairment of USD 147 million required	Recoverable amount equals carrying amount
Discount rates		
Increase in all periods by 1.02 pp	Recoverable amount equals carrying amount	-
Increase in all the periods by 2 pp	Impairment of USD 40 million required	Impairment of USD 23 million required

3) UCC

In respect of UCC there is no goodwill allocated and an impairment test was carried out in respect of property, plant and equipment only. As at 31 December 2022, the recoverable amount of UCC is USD 168 million (31 December 2021: USD 154 million), approximating its carrying amount. The recoverable amount has been determined based on fair value less cost to sell estimations. No additional net impairment or reversal of previous impairment was recognised in 2022. The discount rate used for the impairment testing of UCC was 9.6% (31 December 2021: 8.51%).

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of property, plant and equipment of UCC:

	31 December 2022	31 December 2021
Coking coal prices		
Decrease in all the periods by 3.0%	Impairment of USD 133 million required	Impairment of USD 132 million required
Cash costs		
Increase in all the periods by 3.0%	Impairment of USD 159 million required	Impairment of USD 143 million required
Discount rates		
Increase in all the periods by 1 pp	Impairment of USD 6 million required	Impairment of USD 13 million required

As at 31 December 2022, the Group determined that the fair value of property, plant and equipment is not substantially different from its carrying value and no revaluation is required for these consolidated financial statements. In this consideration, management took into account the results of impairment test performed which indicated that recoverable values of the major Ukraine-based assets are reasonably close to the carrying values of the assets and in the situation of significant uncertainty of the military and economic environment in Ukraine revaluation unlikely to result in substantial uplift in fair value in excess of carrying value. For the assets abroad the development of economic environment since the dates of the last revaluation performed, evidenced by the various relevant price indices, doesn't provide a major increase as compared to the consolidated carrying value of property, plant and equipment.

During 2022, USD 7 million of borrowing costs were capitalised as part of property, plant and equipment, capitalisation rate was 8% (2021: USD 21 million, capitalisation rate was 8%).

As at 31 December 2022, USD 64 million of property, plant and equipment were pledged as collateral for loans and borrowings (31 December 2021: USD 149 million).

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12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investment in joint ventures and associates were as follows as at 31 December 2022 and 2021:

			2022		2021	
Name	**Type of relationship**	**Segment**	**% of ownership**	**Carrying value**	**% of ownership**	**Carrying value**
Zaporizhstal Group	Joint venture	Metallurgical	49.99%	633	49.99%	1,001
Southern Iron Oke Enrichment Works Group	Joint venture	Mining	45.87%	532	45.87%	570
PrJSC Yuzhkoks	Associate	Metallurgical	23.71%	21	23.71%	36
Total				**1,186**		**1,607**

All Group's associates and joint ventures are accounted for using the equity method.

None of the joint ventures and associates are traded on active markets and there are no reliable market prices available.

Southern Iron Ore Enrichment Works Group

Southern Iron Ore Enrichment Works Group is a large Ukrainian iron ore mining plant, which produces iron ore concentrate and sinter. Its products are used by the Group's integrated steel plants and are also sold to the third parties (mostly in China, Ukraine and Europe) primarily through the Group's trading company.

During the year ended 31 December 2021, Southern Iron Ore Enrichment Works Group has declared dividends of USD 446 million attributable to the Group. No dividends were declared during 2022.

Zaporizhstal Group

The investment in the Zaporizhstal Group is represented by a number of interests in the steel and mining businesses, the most significant being:

- 49.99% effective interest in JSC Zaporizhstal Integrated Iron & Steel Works ("Zaporizhstal"), a large Ukrainian integrated steel plant which sources majority of its iron ore and coke consumption from the Group and sells majority of its finished products through the Group's trading companies;
- 24.27% effective interest in PrJSC Zaporizhya Iron Ore Plant, large iron ore mining enterprise in Ukraine which sells part of its iron ore output to Zaporizhstal; and
- 42.77% effective interest in PrJSC Zaporizhcoke and a 49.21% effective interest in PrJSC Zaporizhvohnetryv which are Group's subsidiaries.

During 2022 PrJSC Zaporizhya Iron Ore Plant recognized the impairment of its properly, plant and equipment and other tangible assets, located on the temporarily occupied territories and, accordingly, recognised the impairment through Other Comprehensive Income to the extent of existing revaluation reserve and recognised further impairment loss through the profit and loss. The respective impairment was recognized in the financial statements of Zaporizhstal Group in the amount of USD 92 million, USD 35 million of which was charged through Other comprehensive income and the remaining part through the profit and loss in the income statement.

As at 31 December 2022 and 2021, Metinvest's investments in Zaporizhstal Group and Southern Iron Ore Enrichment Works Group were classified as joint ventures due to the fact that decisions on the key relevant activities require participation of and unanimous consents both from Metinvest and from the other shareholders of the Zaporizhstal Group and Southern Iron Ore Enrichment Works Group.

Pokrovske coal business

In March 2021, the Group has obtained control over majority of the entities of Pokrovske coal business by exercising the call option over its shares. As a result, entities previously reported as the Group's associates as at 31 December 2020 became the Group's subsidiaries.

A reconciliation of movements in the fair value of the option for the year ended 31 December 2021 and to the date it was exercised is as follows:

	2021
Fair value at 1 January	**146**
Gains / (losses) recognised in profit or loss for the year	(35)
Derecognition of an option upon exercise	(111)
Fair value at 31 December	**-**

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12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

As part of the transaction, the Group settled the guarantee issued in exchange for the option obtained to purchase the remaining 75.22% in Pokrovske coal business. Income from the derecognition of the guarantee issued in the amount of USD 77 million was recognised in income statement as part of other finance income.

Movements in the carrying amount of the Group investments in associates and joint ventures are presented below:

	2022		2021	
	Joint ventures	**Associates**	**Joint ventures**	**Associates**
Carrying amount at 1 January	**1,571**	**36**	**1,178**	**211**
Share of after tax results of joint ventures and associates	-	(6)	778	21
Share of other comprehensive income of joint ventures and associates	(6)	-	42	-
Acquisition of controlling interest in Pokrovske coal business (Note 13)	-	-	-	(198)
Other movements	3	-	-	-
Dividends declared	-	-	(446)	-
Currency translation difference	(403)	(9)	19	2
Carrying amount at 31 December	**1,165**	**21**	**1,571**	**36**

The summarised financial information of the Group's material joint ventures and associates is presented below.

	Zaporizhstal Group		**Southern Iron Ore Enrichment Works Group**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Balance sheet:				
Non-current assets	**687**	**1,186**	**481**	**716**
Cash and cash equivalents	21	11	28	26
Other current assets	1,255	1,878	840	750
Total current assets	**1,276**	**1,889**	**868**	**776**
Other non-current liabilities	42	95	112	138
Other non-current financial liabilities	15	56	-	-
Total non-current liabilities	**57**	**151**	**112**	**138**
Trade and other payables and provisions	716	997	78	114
Other current financial liabilities	54	98	-	-
Total current liabilities	**770**	**1,095**	**78**	**114**
Net assets	**1,136**	**1,829**	**1,159**	**1,240**

As at 31 December 2022, the temporary differences associated with interests in joint ventures for which deferred tax liabilities have not been recognised amounted to 29 million (2021: USD 34 million).

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12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	Zaporizhstal Group		Southern Iron Ore Enrichment Works Group	
	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021
Profit or loss for the year ended (selected items):				
Revenue	1,445	3,261	422	1,891
Depreciation and amortisation	(82)	(102)	(77)	(85)
Finance income	1	6	1	3
Finance costs	(48)	(22)	(6)	(9)
Income tax expense	32	(128)	(44)	(287)
Profit or loss	(219)	624	263	1,022
Statement of comprehensive income for the year ended:				
Other comprehensive income	(474)	79	(344)	32
Total comprehensive income	(693)	703	(81)	1,054
Dividends received by the Group during the year ended	-	-	-	446

The information above reflects the amounts presented in the financial statements of the joint ventures and associates and the impact of fair value adjustments made on acquisition of these joint ventures and associates, if any.

The reconciliation of the net assets of the Group's principal joint ventures and associate presented above to the carrying amounts of the respective investments is presented below:

	Zaporizhstal Group		Southern Iron Ore Enrichment Works Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net assets	**1,136**	**1,829**	**1,159**	**1,240**
Group's ownership	49.99%	49.99%	45.87%	45.87%
Group's interest in net assets	568	914	532	570
Goodwill	65	87	-	-
Carrying value	**633**	**1,001**	**532**	**570**

Impairment assessment of investments in joint ventures

Southern Iron Ore Enrichment Works Group. As at 31 December 2022, the Group performed an impairment assessment of its investment in the Southern Iron Ore Enrichment Works Group. Based on the results of the assessment, no impairment was recognized. As at 31 December 2021 management has not identified any events and changes in circumstances indicating that the carrying amount may not be recoverable, no impairment test was performed respectively.

As at 31 December 2022, the Southern Iron Ore Enrichment Works Group's recoverable amount, determined based on fair value less cost to sell estimations, is USD 1,315 million and exceeds its total carrying amount by USD 71 million.

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12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The following table summarises key assumptions on which management has based its cash flow projections to undertake the impairment testing of the investment:

	31 December 2022
Post-tax discount rate	27.03%
Selling prices	Forecasted benchmark iron prices for Fe 62% fines (CFR North China) are USD 101 per tonne for 2023 decreasing to USD 90 per tonne in 2024, USD 83-81 per tonne in 2025-2026 based on the consensus forecast mediana and grow at 2% p.a. on average thereafter. Other iron ore products and prices at other markets were determined based on respective discounts or premiums for Fe content, pelletizing premiums, applicable transportation costs and historic discounts or premiums usual for those markets.
Growth rate in perpetual period	3%

Management assumed that forecasted production volumes of Southern Iron Ore Enrichment Works Group will gradually return to its full operating capacity within 1.5-3 years from the assessment date assuming the termination of "active" stage of war in Ukraine and deblocking of seaports, among others, increase of export sales due to gradual ramp up of seaborne throughput.

The table below summarises the impact of changes in the main assumptions with all other variables held constant to the impairment of investment in the Southern Iron Ore Enrichment Works Group:

	31 December 2022
Volumes of production/sales	
Decrease in all the periods by 14.5%	Recoverable amount equals carrying amount of investment
Decrease in all the periods by 20.0%	Impairment of USD 26 million required
Iron ore prices	
Decrease in all the periods by 9.1%	Recoverable amount equals carrying amount of investment
Decrease in all the periods by 15.0%	Impairment of USD 46 million required
Discount rates	
Increase in all the periods by 5.8 pp.	Recoverable amount equals carrying amount of investment
Increase in all the periods by 15.0 pp.	Impairment of USD 68 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment

Zaporizhstal Group. As at 31 December 2022, the Group has performed impairment assessment of investment in the Zaporizhstal Group. Based on the results of the assessment, no impairment was recognized. As at 31 December 2021 management has not identified any events and changes in circumstances indicating that the carrying amount may not be recoverable, no impairment test was performed respectively.

As at 31 December 2022, the Southern Iron Zaporizhstal Group's recoverable amount, determined based on fair value less cost to sell estimations, is USD 1,402 million and exceeds its total carrying amount by USD 68 million.

The following table summarises key assumptions on which management has based its cash flow projections to undertake the impairment testing of the investment:

	31 December 2022
Post-tax discount rate	23.5%
Selling prices	Forecasted prices for billets used in the impairment test were estimated based on the benchmark FOB Black Sea. Forecasted prices are expected to reach USD 471 per tonne in 2023 with a further decrease to USD 460 per tonne in 2024, USD 452 in 2025 and USD 448 per tonne in 2026 with further increase by 2% per year. Forecasted prices for other steel products are based on historic discounts or premiums to prices for billet.
Growth rate in perpetual period	3%

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12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Management assumed that forecasted production volumes of Zaporizhstal Group will gradually return to its full operating capacity within 1,5-2 years from the assessment date assuming the termination of "active" stage of war in Ukraine and deblocking of seaports, among others, increase of export sales due to gradual ramp up of seaborne throughput.

The table below summarises the impact of changes in the main assumptions with all other variables held constant to the impairment of investment in the Zaporizhstal Group:

	31 December 2022
Volumes of production/sales	
Decrease in all the periods by 8.1%	Recoverable amount equals carrying amount of investment
Decrease in all the periods by 20.0%	Impairment of USD 101 million required
Steel prices	
Decrease in all the periods by 1.9%	Recoverable amount equals carrying amount of investment
Decrease in all the periods by 5.0%	Impairment of USD 109 million required
Coke prices	
Increase in all the periods by 6.0%	Recoverable amount equals carrying amount of investment
Increase in all the periods by 20.0%	Impairment of USD 159 million required
Discount rates	
Increase in all the periods by 2.4 pp.	Recoverable amount equals carrying amount of investment
Increase in all the periods by 10.0 pp.	Impairment of USD 141 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment

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13 BUSINESS COMBINATION

Pokrovske coal business

On 2 March 2021, the Group obtained control over nine legal entities of the Pokrovske coal business by exercising an option (Note 11). As at 31 December 2021, the effective interest in PrJSC Colliery Group "Pokrovs'ke" and Concentrating Factory "Sviato-Varvarynska" LLC, being the two major legal entities acquired, amounted to 100.0%. As a result of consolidating the acquired businesses into the Group, Metinvest expects to become fully self-sufficient in coking coal for its hot metal production.

Despite the acquisition being legally carried out through a series of separate transactions, management treated the transaction as part of one deal with one total consideration and accounted for respectively, as these separate transactions took place within the short timeframe.

The total purchase consideration comprised of USD 670 million was partly offset with the receivables due from of the Pokrovske coal business in the amount of USD 645 million, originated from payments under the guarantee issued by the Group.

The business combination effectively settled the accounts receivable of USD 400 million due from Pokrovske coal business to the Group. As the settlement of the trade receivables is accounted for separately from the business combination, the consideration transferred was adjusted for the fair value of the settlement amount to determine goodwill.

The investment in the acquiree held prior to the acquisition was remeasured to its fair value at the acquisition date of USD 259 million and a gain of USD 61 million was recognised as gains on disposal of associate within net operating costs.

The amount of fair value of the net assets acquired at the date of acquisition is USD 1,310 million and the Goodwill arising as a result of acquisition amounted to USD 144 million. Identified goodwill on the acquisition of Pokrovske coal business is primarily attributed to the expected synergies from integration of the acquired operations with other operations of the Group. Goodwill acquired in the business combination is non-deductible for tax purposes.

There were no contingent liabilities recognised as a result of the acquisition. The amount of the acquisition related costs was not significant.

The acquired subsidiaries contributed external revenue of USD 76 million and net income of USD 171 million to the Group for the period from the date of acquisition to 31 December 2021. If the acquisition had occurred on 1 January 2021, the amount of external revenue contributed to the Group in 2021 would have been USD 84 million, and net income contribution in 2021 would have been USD 197 million.

Integral property complex of PJSC Dneprovsky Iron and Steel Integrated Works

In August 2021, the Group has acquired assets relating to the integral property complex of PJSC Dneprovsky Iron and Steel Integrated Works for USD 341 million cash consideration, consisting of the acquisition of USD 121 million of property, plant and equipment and intangible assets, USD 123 million of inventory and USD 97 million of trade and other receivables. The transaction was technically accounted for as business combination based on IFRS 3 "Business combinations" requirements.

On 11 February 2022 the subsidiary PrJSC Dniprovskiy Coke Plant to was renamed to PrJSC Kamet-Steel.

Within one year from the date of acquisition, during the year ended 31 December 2022 management completed its assessment of the fair value of acquired assets of the PJSC Dneprovsky Iron and Steel Integrated Works integral property complex. The fair values for property, plant and equipment as at acquisition date were determined by professional advisers. As most of the property, plant and equipment acquired is of specialised nature, its fair value is determined using depreciated replacement cost (Level 3) or, where it is available, the market value (Level 2). For some assets the fair values as of the reporting date were obtained using indexation of their carrying amounts for relevant cumulative price indices impacting the replacement cost used in the measurement of depreciated replacement cost (Level 3). Considering the fair values determined by professional advisers are consistent with those recognised by management as part of the provisional purchase price allocation, no measurement period adjustments were recognised by the Group.

No business combinations were conducted by the Group during 2022.

14 INVENTORIES

	31 December 2022	31 December 2021
Finished goods and work in progress	389	773
Raw materials	319	542
Ancillary materials, spare parts and consumables	108	184
Goods for resale	96	44
Total inventories	912	1,543

In 2022, the Group recognised write-downs of inventories to net realisable value amounted to USD 47 million (2021: write-downs amounted to USD 5 million).

As at 31 December 2022, inventories totalling USD 93 million (31 December 2021: USD 84 million) have been pledged as collateral for borrowings (Note 19).

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15 TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Non-current trade and other receivables		
Trade receivables	-	2
Loans issued to SCM (USD denominated, 9% effective interest rate)	51	185
Other non-current financial assets	5	30
Other non-current non-financial assets	20	17
Recoverable value added tax	71	-
Total non-current trade and other receivables	**147**	**234**
Current financial assets		
Trade receivables and receivables on commission sales	1,048	1,586
Loans issued to related party SCM (USD denominated, 9% effective interest rate)	133	-
Loans issued to related party SCM and SMART (UAH denominated)	32	45
Loans issued to joint venture (USD denominated, 9% effective interest rate, mature in 2023, renegotiated in 2022)	53	96
Other receivables	105	83
Total current financial assets	**1,371**	**1,810**
Current non-financial assets		
Recoverable value added tax	273	436
Prepayments made	111	205
Covered letters of credit related to inventory purchases and restricted cash	57	23
Prepaid expenses and other non-financial receivables	68	179
Total current non-financial assets	**509**	**843**
Total current assets	**1,880**	**2,653**
Total trade and other receivables (including non-current assets)	**2,027**	**2,887**

Recoverable VAT mainly relates to Ukrainian subsidiaries of the Group. During 2022, VAT refunds of USD 342 million were received by the Group (2021: USD 479 million).

The Group has legal right to request settlement of the current loans issued to related parties within a twelve month period after the reporting date. The decision on whether to call for repayment or extend the term of the loan is subject to future developments and yet to be done.

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15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis by credit quality of financial trade and other receivables and expected credit loss allowance as at 31 December 2022 is as follows:

	Loss rate	Gross carrying amount	Lifetime ECL	Carrying amount	Basis
Loans issue to related parties	16.0%	341	(72)	269	Corporate bonds ratings of the international rating agencies
Total loans issued		**341**	**(72)**	**269**	
Trade and other receivables from key customers including credit impaired		467	(449)	18	
Trade and other receivables from related parties including credit impaired		951	(20)	931	
Total trade and other receivables for which individual approach for ECL is used		**1,418**	**(469)**	**949**	
Ukraine - less than 30 days overdue	0.50%	14	-	14	Historical payment discipline
Ukraine - overdue more than 30 days	16%	8	(1)	7	Historical payment discipline
Ukraine - credit impaired		36	(36)	-	
Other countries - less than 30 days overdue	0.09%	182	-	182	Historical payment discipline
Other countries - overdue more than 30 days	8%	6	-	6	Historical payment discipline
Other countries - credit impaired		3	(3)	-	
Total trade and other receivables for which provisional matrix is used		**249**	**(40)**	**209**	
Total		**2,008**	**(581)**	**1,427**	

Loss rate for trade and other receivables from key customers approximated 16% and determined based on corporate bonds ratings of the international rating agencies, for credit impaired balances from key customers loss rate is within the range 10%-100%.

Loss rate for trade and other receivables from related parties approximated 16% and determined based on corporate bonds ratings of the international rating agencies, for credit impaired balances from related parties loss rate is within the range 10%-100%.

The loss rates presented in the table above for unimpaired receivables are 12-month loss rates, which are adjusted to reflect the maturity of individual balances.

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15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis by credit quality of financial trade and other receivables as at 31 December 2021 is as follows:

	Loss rate	Gross carrying amount	Lifetime ECL	Carrying amount	Basis
Loans issue to related parties	10.25%	407	(81)	326	Adjusted yield to maturity on corporate bonds
Total loans issued		**407**	**(81)**	**326**	
Trade and other receivables from key customers including credit impaired		631	(556)	75	
Trade and other receivables from related parties including credit impaired		1,014	(22)	992	
Total trade and other receivables for which individual approach for ECL is used		**1,645**	**(578)**	**1,067**	
Ukraine - less than 30 days overdue	0.50%	102	-	102	Historical payment discipline
Ukraine - overdue more than 30 days	13%	3	-	3	Historical payment discipline
Ukraine – credit impaired	100%	41	(41)	-	
Other countries - less than 30 days overdue	0.09%	526	-	526	Historical payment discipline
Other countries - overdue more than 30 days	8%	3	-	3	Historical payment discipline
Other countries – credit impaired	100%	4	(4)	-	
Total trade and other receivables for which provision matrix is used		**679**	**(45)**	**634**	
Total		**2,731**	**(704)**	**2,027**	

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model and loans issued accounted for at stage 2 of ECL model the beginning and the end of the annual period:

	Trade and other receivables	Loans issued	Trade and other receivables – credit impaired	Total
Balance at 31 December 2020	**16**	**15**	**787**	**818**
Net new originated/(derecognised) during the period	9	50	(190)	(131)
Changes in estimates and assumptions	(15)	16	88	89
Write-offs	-	-	(94)	(94)
Forex movements	1	-	21	22
Balance at 31 December 2021	**11**	**82**	**611**	**704**
Net new originated/(derecognised) during the period	11	(9)	4	6
Changes in estimates and assumptions	-	-	7	7
Write-offs	-	-	(5)	(5)
Forex movements	(9)	-	(122)	(131)
Balance at 31 December 2022	**13**	**73**	**495**	**581**

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15 TRADE AND OTHER RECEIVABLES (CONTINUED)

In 2021, reversal of impairment of financial receivables in the amount of USD 42 million related to settlement of previously impaired debts from one of its key customers.

As at 31 December 2022, amount of sold trade receivables which were still unsettled to the third party was USD 194 million (31 December 2021: USD 490 million). The carrying amount of the assets and liabilities that represent the entity's continuing involvement in the derecognised assets is USD 3 million (31 December 2021: USD 10 million). The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised assets approximates the carrying value. The maximum exposure to loss from such receivables relates to customer default only and is pre-agreed with the third party purchasing the receivables as the percentage of their nominal amount sold. Such percentage is determined with reference to the historical loss ratio and the statistical model of the respective markets of the Group.

The Group's subsidiaries entered into factoring transactions for trade receivables through securitization vehicles. The Group receives up to 85% of the face value of the receivable less a premium that covers the cost of financing. The Group maintains the customer relationship and collects the amounts due from customers on behalf of parties of the contract. The Group continues to recognise the receivables to the extent of its continuing involvement. USD 453 million (2021: USD 512 million) of trade receivables were sold through securitization vehicle, as at 31 December 2022 outstanding balance of related unsettled receivables was USD 65 million (31 December 2021: USD 102 million).

As at 31 December 2022, trade and other receivables totalling USD 105 million (31 December 2021: USD 83 million) have been pledged as collateral for borrowings (Note 19).

16 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Current accounts in banks	344	1,122
Cash in transit	5	2
Bank deposits up to 3 months	-	42
Total cash and cash equivalents	**349**	**1,166**

The bank balances and term deposits are neither past due nor impaired. Analysis by credit quality of bank balances and term deposits is as follows:

	31 December 2022	31 December 2021
As rated by Moody's:		
- Aa3	-	33
- A1	3	218
- A2	163	477
- A3	3	0
- Baa1	34	71
- Baa2	-	4
- Baa3	2	0
- Ba2	17	96
- B1	9	0
- B2	-	8
- B3	-	85
- Caa1	-	2
Not rated – FUIB	68	114
Not rated – US and European banks	45	44
Not rated – Other Ukrainian banks	-	12
Cash in transit (various banks)	5	2
Total cash and cash equivalents	**349**	**1,166**

As at 31 December 2022 and 2021, amounts in category "Not rated – FUIB" relate to First Ukrainian International Bank (a related party which is under common control of SCM).

As at 31 December 2022, included into line "Not rated - US and European banks" USD 45 million of cash and cash equivalents placed in European banks (31 December 2021: USD 43 million). As of the reporting date, these banks display no signs of insolvency. As at 31 December 2021, amount in category "Not rated - Other Ukrainian banks" relate to balances held in state Ukrainian bank.

As at 31 December 2022, included in Ba2 rating are USD 17 million related to a balance in the Switzerland subsidiary of an international bank (2021: included in Ba2 rating are USD 66 million), which does not have its own credit rating and for which rating was based on its parents' rating.

As at 31 December 2022, cash and cash equivalents totalling USD 2 million (31 December 2021: USD 15 million) have been pledged as collateral for borrowings (Note 19).

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17 SHARE CAPITAL AND SHARE PREMIUM

	Number of outstanding shares			Total par value of shares	Share premium	Total
	Class A	Class B	Class C			
At 31 December 2022	**6,750**	**2,251**	**474**	**0**	**6,225**	**6,225**
At 31 December 2021	**6,750**	**2,251**	**474**	**0**	**6,225**	**6,225**

As at 31 December 2022 and 2021, the issued share capital comprised 6,750 ordinary Class A shares, 2,251 ordinary Class B shares and 474 ordinary Class C shares with a par value of EUR 10. Each ordinary share carries one vote and is fully paid.

In 2014, the Company changed its Articles of Association and created three classes of shares (A, B and C). Ownership interests of SCM were transferred to new Class A shares. Ownership interests of SMART were transferred to new Class B shares. Ownership interests of the previous Class B shares were transferred to new Class C shares. Additional rights of these new classes of shares were established, the most significant of which were:

- Class C shareholders have the right to a portion of net assets of the Company and are represented at shareholders' meetings;
- the establishment of a Supervisory Board of ten members, where seven are appointed by the majority of Class A and Class C shareholders and three are appointed by the Class B shareholder;
- a number of decisions with respect to acquisitions and financing decisions above a specified amount require effectively consent of Class A and B shareholder; and
- Class C shares are not entitled to receive dividends.

18 OTHER RESERVES

	Share in other comprehensive income of joint venture and associates	Revaluation of property, plant and equipment and share in revaluation reserve of PPE of JV's and associates	Merger reserve	Cumulative currency translation reserve	Total
Balance as at 1 January 2021	**125**	**4,534**	**(3,038)**	**(10,578)**	**(8,957)**
Total comprehensive income/ (loss) for the period	28	(7)	-	188	**209**
Depreciation transfer, net of tax	-	(297)	-	-	**(297)**
Balance as at 31 December 2021	**153**	**4,230**	**(3,038)**	**(10,390)**	**(9,045)**
Total comprehensive income / (loss) for the period	(32)	(1,052)	-	(1,145)	**(2,229)**
Depreciation transfer, net of tax	-	(1,890)	-	-	**(1,890)**
Balance as at 31 December 2022	**121**	**1,288**	**(3,038)**	**(11,535)**	**(13,164)**

Revaluation reserve for property, plant and equipment is transferred to retained earnings when realised through depreciation, sale or other disposal. This is a legal reserve according to art. 2:363.3 DCC, and it is non-distributable.

Currency translation reserve is transferred to profit or loss when realised through disposal of a subsidiary by sale, liquidation, repayment of share capital or abandonment of all, or part of, that subsidiary.

Retained earnings of the Group represent the earnings of the Group entities from the date they have been established or acquired by the entities under common control. The Group's subsidiaries distribute profits as dividends or transfer them to reserves on the basis of their statutory financial statements prepared in accordance with local GAAP or IFRS as appropriate. For Ukrainian subsidiaries Ukrainian legislation identifies the basis of distribution as retained earnings only, however this legislation and other statutory laws and regulations are open to legal interpretation.

The ability of the Group to pay dividends has been limited by certain requirements included in the terms and conditions of the Group's agreements with its lenders and bondholders (Notes 19, 5).

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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19 LOANS AND BORROWINGS

	31 December 2022	31 December 2021
Non-current		
Bonds issued	1,627	1,836
Bank loans	140	175
Lease liability	26	59
Non-bank borrowings	18	-
Total non-current loans and borrowings	**1,811**	**2,070**
Current		
Bonds issued	166	22
Bank loans	42	25
Trade finance	45	95
Lease liability	13	12
Non-bank borrowings	-	18
Total current loans and borrowings	**266**	**172**
Total loans and borrowings	**2,077**	**2,242**

During the reporting period, USD 8 million of 2023 bonds, EUR 4 million of 2025 bonds, USD 11 million of 2026 bonds and USD 1 million of 2027 bonds were repurchased via open market purchases. In addition, USD 24 million of 2023 bonds were repurchased as a result of a tender offer exercise. All of the purchased bonds were cancelled promptly afterwards. The above transactions were accounted for as an extinguishment of the financial liabilities. Total gain on extinguishment amounted to USD 9 million and was recognised in the income statement as part of finance income.

During 2021 the Group has fully repaid its pre-export finance (PXF) facility (outstanding as opening of the year - USD 230 million) and repurchased USD 116 million of 2023 bonds and USD 142 million of 2026 bonds as a result of tender offer exercises and another USD 19 million of 2023 bonds via open market purchases. The loss on extinguishment, recognised in the income statement as part of finance costs amounted to USD 3 million.

All outstanding bonds benefited from suretyships typical for such instruments; they were granted by four entities (PrJSC Avdiivka Coke Plant, PrJSC Ingulets Iron Ore Enrichment Works, PrJSC Central Iron Ore Enrichment Works and PrJSC Northern Iron Ore Enrichment Works) for the whole reporting period, and by PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works up until 29 July 2022. On 29 July 2022, a number of subsidiaries of Metinvest B.V. were designated as Unrestricted Subsidiaries as determined by Terms and Conditions for the purposes of each bond series. It included PrJSC Azovstal Iron and Steel Works and PrJSC Ilyich Iron and Steel Works. As a result their suretyships were automatically released.

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of event of default. During 2021 and 2022, the Group was in compliance with the covenants considering the waivers obtained (Note 5).

As at 31 December 2022, the Group's bonds were traded on open markets. Fair value of bonds and discount / premium are based on Level 1 of fair value hierarchy and are as follows:

	31 December 2022		31 December 2021	
	Fair value	Premium / (Discount)	Fair value	Premium / (Discount)
Bonds due in 2023	121	-18.9%	185	1.8%
Bonds due in 2025	161	-45.6%	339	-0.6%
Bonds due in 2026	268	-46.5%	537	4.6%
Bonds due in 2027	179	-47.4%	342	0.1%
Bonds due in 2029	257	-49.1%	503	-0.3%
Total	**986**		**1,906**	

Fair value of bank loans as at 31 December 2022 amounted to USD 141 million. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 22% and are within level 2 of the fair value hierarchy. As at 31 December 2021, the carrying value of bank loans approximated their fair value.

The accompanying notes form an integral part of these summary consolidated financial statements

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19 LOANS AND BORROWINGS (CONTINUED)

The majority of the Group's Bank loans and trade finance have floating interest rates, which are mainly linked to EURIBOR. The weighted average effective interest rates and currency denomination of loans and borrowings as at the balance sheet dates are as follows:

	31 December 2022				31 December 2021			
In % per annum	**USD**	**EUR**	**GBP**	**UAH**	**USD**	**EUR**	**GBP**	**UAH**
Bank loans	4%	6%	-	-	4%	5%	-	-
Bonds issued	9%	6%	-	-	9%	6%	-	-
Trade finance	8%	4%	-	-	3%	1%	-	-
Lease liability	7%	9%	5%	10%	5%	4%	5%	10%
Reported amount	**1,574**	**494**	**-**	**9**	**1,690**	**523**	**1**	**10**

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

	Bank borrowings	Bonds issued	Trade finance	Lease liability	Non-bank borrowings	Dividends payable	Total
Liabilities from financing activities as at 1 January 2021	**(467)**	**(2,160)**	**(276)**	**(34)**	**-**	**(220)**	**(3,157)**
Interest paid	9	157	7	3	-	-	**176**
Other cash flows	306	277	178	23	482	2,510	**3,776**
Interest accrued	(9)	(158)	(7)	(3)	(10)	-	**(187)**
Effect of refinancing	-	(3)	-	-	-	-	**(3)**
Currency translation differences	15	29	3	1	(2)	-	**46**
Equipment received as lease asset	-	-	-	(61)	-	-	**(61)**
Acquisition of subsidiaries	(54)	-	-	-	(488)	-	**(542)**
Dividends declared	-	-	-	-	-	(3,554)	**(3,554)**
Liabilities from financing activities as at 31 December 2021	**(200)**	**(1,858)**	**(95)**	**(71)**	**(18)**	**(1,264)**	**(3,506)**

	Bank borrowings	Bonds issued	Trade finance	Lease liability	Non-bank borrowings	Dividends payable	Total
Liabilities from financing activities as at 1 January 2022	**(200)**	**(1,858)**	**(95)**	**(71)**	**(18)**	**(1,264)**	**(3,506)**
Interest paid	4	139	7	2	-	-	**152**
Other cash flows	12	39	48	9	-	1,769	**1,877**
Interest accrued	(4)	(142)	(7)	(4)	-	-	**(157)**
Gain from financial instrument repurchase	-	9	-	-	-	-	**9**
Currency translation differences	10	20	2	9	-	19	**60**
Equipment received as lease asset	-	-	-	(11)	-	-	**(11)**
Dividends declared	-	-	-	-	-	(1,000)	**(1,000)**
Other movements	(4)	-	-	27	-	-	**23**
Liabilities from financing activities as at 31 December 2022	**(182)**	**(1,793)**	**(45)**	**(39)**	**(18)**	**(476)**	**(2,553)**

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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20 RETIREMENT BENEFIT OBLIGATIONS

The Group's defined benefit obligations relate to:

	31 December 2022	31 December 2021
State-defined early pensions for employees working in hazardous and unhealthy working conditions	223	630
Long-term employee benefits under collective bargaining agreements	16	41
Total defined benefit obligations	**239**	**671**

Nature and the risks and uncertainties associated with the Group's defined benefit obligations are further disclosed in the Note 4.

Changes in the present value of the defined benefit obligation were as follows:

	2022	2021
Defined benefit obligation as at 1 January	**671**	**591**
Acquisition of subsidiary	-	53
Current service cost	20	25
Remeasurements of the defined benefit liability resulting from:		
- changes in financial assumptions	(298)	(56)
- changes in demographic assumptions	(38)	(1)
- experience adjustments	(28)	15
Past service cost	(2)	2
Interest cost	62	62
Benefits paid/invoices received	(37)	(41)
Currency translation difference	(111)	21
Defined benefit obligation as at 31 December	**239**	**671**

As at 31 December 2022 the outstanding balance payable to the pension fund amounted to USD 18 million (2021: USD 0 million).

The amounts recognised in the consolidated income statement were as follows:

	2022	2021
Current service cost	20	25
Past service cost	(4)	2
Interest cost	62	62
Total	**78**	**89**

The principal actuarial assumptions used were as follows:

	31 December 2022	31 December 2021
Nominal discount rate	23.00%	11.63%
Nominal salary increase	0% in 2023, 10% in 2024–2026, 5% in 2027 and further	5.00% -5.23%
Nominal pension entitlement increase (indexation)	17,47% in 2023-2024, 9,03% in 2025–2026, 6,97% in 2027–2029, 5,00% in 2030 and further.	6.85%
Long-term inflation	18,9% in 2023, 15,8% in 2024, 9,6% in 2025, 6,8% in 2026, 5,0% in 2027 and further.	5.23%

Assumptions about mortality are based on the publicly available mortality tables for city population of the respective regions of Ukraine (depending on the location of the Group's subsidiaries) for 2022 and are consistent with the prior year.

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20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented below:

	2022	2021
Nominal discount rate increase / decrease by 1 pp	(11.7) / 12.6	(54) / 62
Nominal salary increase / decrease by 1 pp	5.1 / (4.2)	30 / (28)
Inflation increase / decrease by 1 pp	0.5 / (0.7)	4 / (6)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change significantly compared to the previous period.

As at 31 December 2022, the weighted average maturity of the Group's defined benefit obligations is 5.7 years and it varies across different Group's subsidiaries from 4.3 to 7.7 years (31 December 2021: 8.6 years, varying from 5.4 to 13.5 years). Payments in respect of defined benefit obligations expected to be made during the year ending 31 December 2023 are USD 29 million (2021: USD 43 million).

21 OTHER NON-CURRENT LIABILITIES

	31 December 2022	31 December 2021
Asset retirement obligations	57	69
Tax liabilities under moratorium (Note 28)	5	7
Other non-current liabilities	12	34
Total other non-current liabilities	**74**	**110**

22 TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Trade payables and payables on sales made on commission	2,026	2,208
Dividends payable to shareholders of Metinvest B.V.	417	1,186
Dividends payable to non-controlling shareholders of Company subsidiaries	59	78
Payable for acquired property, plant and equipment and other intangible assets	111	189
Other financial liabilities	115	71
Total financial liabilities	**2,728**	**3,732**
Prepayments received	82	285
Accruals for employees' unused vacations and other payments to employees	94	171
Other taxes payable, including VAT	202	213
Wages and salaries payable	14	40
Other allowances and provisions	155	32
Total trade and other payables	**3,275**	**4,473**

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23 NET OPERATING COSTS (EXCLUDING ITEMS SHOWN SEPARATELY)

	2022	2021
Raw materials including change in finished goods and work in progress	1,859	2,860
Goods and services for resale, excluding related transportation	1,526	4,433
Energy materials including gas, electricity and fuel	1,019	1,646
Wages and salaries	632	973
Transportation services	574	962
Repairs and maintenance expenses	164	237
Pension and social security costs	112	179
Pension costs – defined benefit obligations (Note 20)	18	27
Depreciation and amortisation	619	973
Taxes and duties	119	160
Services and other costs	391	489
Charity and expenses on social activities	71	31
Maintenance of social infrastructure	27	37
VAT on sales below cost and VAT write-off	4	9
Operating foreign exchange losses, net	333	85
Loss/Gain on disposal of property, plant and equipment, net	2	(11)
Write-off of trade and other payables	(1)	(11)
Impairment of property, plant and equipment and intangible assets	11	26
Change in the fair value of financial instruments and option	13	89
Gain from revaluation of share in associate	-	(61)
Other operating income	(16)	(19)
Total net operating expenses (excluding items shown separately)	**7,477**	**13,114**

Raw materials include externally purchased coke and coal, iron ore, scrap metal, ferroalloys, ancillary and other materials and cost of their transportation.

Auditor’s fees. The following fees were expensed in the consolidated income statement in the reporting period:

	2022	2021
Audit of the financial statements (including audit fee of PricewaterhouseCoopers Accountants N.V. of USD 0.2 million in 2022 and USD 0.2 million in 2021)	2	2
Total	**2**	**2**

During 2022, tax and other non-audit services expensed in the consolidated income statement amounted to USD 0.18 million and USD 0.03 million, respectively (2021: USD 0.2 million and USD 1.6 million), including USD 0 million of other non-audit services fees of signing firm during 2022 (USD 0.2 million during 2021).

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24 FINANCE INCOME

Finance income for the year ended 31 December was as follows:

	2022	2021
Net foreign exchange gain	-	97
Interest income:		
- loans issued	22	31
- bank deposits	7	5
Other finance income	14	79
Total finance income	**43**	**212**

In 2021, net foreign exchange gains arise on intragroup loans and dividends payable between the entities with different functional currencies.

During 2021, the Group has settled the guarantee issued, income from derecognition of guarantee issued in the amount of USD 77 million was recognised in income statement as part of other finance income

25 FINANCE COSTS

Finance costs for the year ended 31 December were as follows:

	2022	2021
Net foreign exchange loss	437	-
Interest expense on:		
- borrowings	12	25
- bonds	135	140
Interest cost on retirement benefit obligations	62	62
Refinance fees	-	31
Loss on modification and extinguishment	-	3
Other finance costs	15	19
Total finance costs	**661**	**280**

During 2022 and 2021, other finance costs mainly include trade finance and financial lease, factoring fees and discounting of the financial instruments, interest on letters of credit.

Net foreign exchange loss arise on intragroup and bank loans, bonds issued and financial leasing among the entities with different functional currencies.

26 INCOME TAX

Income tax for the year ended 31 December was as follows:

	2022	2021
Current tax	158	949
Deferred tax	(15)	(50)
Income tax expense	**143**	**899**

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26 INCOME TAX (CONTINUED)

The Group is subject to taxation in several tax jurisdictions, depending on the residence of its subsidiaries. In 2022 and 2021, Ukrainian corporate income tax was levied on taxable income less allowable expenses at the rate of 18%. The tax rate for Swiss operations was 13% and for European companies tax rate varied from 10% to 28%. The tax rate for the US operations was 21%.

Reconciliation between the expected and the actual taxation charge is provided below.

	2022	2021
IFRS (loss)/profit before tax	**(2,050)**	**5,664**
Tax calculated at domestic tax rates applicable to profits in the respective countries	(388)	1,028
Tax effect of items not deductible or assessable for taxation purposes:		
- other non-deductible expenses	-	11
- non-taxable income	(24)	(167)
Tax benefits	-	1
Under/(over) provision of current tax in prior years	3	1
Tax effect related to the change in legislation	56	-
Write-down / (reversal of write-down) of deferred tax assets, net	496	25
Income tax expense	**143**	**899**

Other non-deductible expenses include mainly the expenses incurred by Metinvest B.V. and other subholdings where no sufficient taxable profits are expected to utilise them. Non-taxable income is mainly represented by the share of income of associates and joint ventures, which is not taxable according to the Dutch legislation.

Differences between IFRS and Ukrainian and other countries' statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

	1 January 2022	Credited/ (charged) to income statement	Credited/ (charged) to other comprehensive income	Acquisition/ disposal of subsidiaries	Currency translation difference	31 December 2022
Tax effect of deductible temporary differences						
Property, plant and equipment and intangible assets	9	9	7	-	(3)	**22**
Long-term receivables	-	-	-	-	-	**-**
Inventory valuation	44	(26)	-	-	-	**18**
Trade and other accounts receivable	111	4	-	(1)	(30)	**84**
Accrued expenses	3	(1)	-	-	(1)	**1**
Tax losses carried forward	9	86	-	(3)	(2)	**90**
Retirement benefit obligations	107	(8)	(58)	-	(17)	**24**
Other	48	19	-	(1)	(17)	**49**
Gross deferred tax asset	**331**	**83**	**(51)**	**(5)**	**(70)**	**288**
Less offsetting with deferred tax liabilities	(241)	55	41	-	24	**(121)**
Recognised deferred tax asset	**90**	**138**	**(10)**	**(5)**	**(46)**	**167**
Tax effect of taxable temporary differences						
Property, plant and equipment and intangible assets	(564)	(14)	223	-	106	**(249)**
Inventory tax differences	(14)	3	-	-	1	**(10)**
Other	(8)	(57)	-	-	3	**(62)**
Gross deferred tax liability	**(586)**	**(68)**	**223**	**-**	**110**	**(321)**
Less offsetting with deferred tax assets	241	(55)	(41)	-	(24)	**121**
Recognised deferred tax liability	**(345)**	**(123)**	**182**	**-**	**86**	**(200)**

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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26 INCOME TAX (CONTINUED)

Deferred tax asset on unused tax losses and temporary differences not recognised as at 31 December 2022 comprised USD 479 million (31 December 2021: USD 217 million) and mainly relates to the Ukrainian subsidiaries, whose physical assets are located on the temporarily occupied territory of Ukraine and UCC. The Group does not recognise this deferred tax asset as it does not expect profits/sufficient profits to be generated by these entities in the foreseeable future. There are no expiry dates on tax losses carried forward in Ukraine and Italy. Starting from 2021, there are no expiry dates on the tax losses carried forward in the Netherlands. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable; future taxable profits are estimated using the cash flow forecasts consistent with those used for impairment testing of non-current assets.

	1 January 2021	Credited/ (charged) to income statement	Credited/ (charged) to other comprehensive income	Acquisition/ disposal of subsidiaries	Currency translation difference	31 December 2021
Tax effect of deductible temporary differences						
Property, plant and equipment and intangible assets	2	4	-	3	-	**9**
Long-term receivables	3	(3)	-	-	-	**-**
Inventory valuation	9	35	-	-	-	**44**
Trade and other accounts receivable	61	(26)	-	73	3	**111**
Accrued expenses	7	(4)	-	-	-	**3**
Tax losses carried forward	22	(15)	-	-	2	**9**
Retirement benefit obligations	93	10	(8)	9	3	**107**
Other	50	(2)	-	-	-	**48**
Gross deferred tax asset	**247**	**(1)**	**(8)**	**85**	**8**	**331**
Less offsetting with deferred tax liabilities	(137)	(97)	8	(12)	(3)	**(241)**
Recognised deferred tax asset	**110**	**(98)**	**-**	**73**	**5**	**90**
Tax effect of taxable temporary differences						
Property, plant and equipment and intangible assets	(309)	61	-	(300)	(16)	**(564)**
Inventory tax differences	(6)	(8)	-	-	-	**(14)**
Other	(6)	(2)	-	-	-	**(8)**
Gross deferred tax liability	**(321)**	**51**	**-**	**(300)**	**(16)**	**(586)**
Less offsetting with deferred tax assets	137	97	(8)	12	3	**241**
Recognised deferred tax liability	**(184)**	**148**	**(8)**	**(288)**	**(13)**	**(345)**

The tax charge relating to components of other comprehensive income is as follows:

	2022			2021		
	Before tax	Deferred tax charge	After tax	Before tax	Deferred tax charge	After tax
Revaluation decreases that offset previous increases in the carrying amount of property, plant and equipment	(1,283)	230	(1,053)	(8)	-	(8)
Remeasurement of retirement benefit obligation	364	(58)	306	42	(8)	34
Other comprehensive income	**(919)**	**172**	**(747)**	**34**	**(8)**	**26**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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27 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

As at 31 December 2022 and 2021, significant balances outstanding with related parties are detailed below:

	31 December 2022					31 December 2021				
	SCM	Associates	Joint ventures	Entities related to SCM	SMART Group	SCM Limited (Cyprus)	Associates	Joint ventures	Entities related to SCM	SMART
ASSETS										
Non-current trade and other receivables, including:	**-**	**-**	**-**	**51**	**-**	**-**	**-**	**-**	**187**	**-**
Long-term loans issued	-	-	-	51	-	-	-	-	185	-
Trade receivables and receivables on commission sales	-	-	-	-	-	-	-	-	2	-
Current trade and other receivables, including:	**136**	**294**	**621**	**102**	**14**	**4**	**142**	**840**	**289**	**19**
Trade receivables and receivables on commission sales	-	251	567	41	1	-	121	742	110	-
Prepayments made	-	16	-	2	-	-	21	-	137	-
Loans issued	133	-	53	19	13	-	-	96	26	19
Other financial receivables (short- term, non-interest bearing)	3	27	1	40	-	4	-	2	16	-
Cash and cash equivalents	**-**	**-**	**-**	**68**	**-**	**-**	**-**	**-**	**113**	**-**

	31 December 2022					31 December 2021				
	SCM	Associates	Joint ventures	Entities related to SCM	SMART Group	SCM	Associates	Joint ventures	Entities related to SCM	SMART
LIABILITIES										
Trade and other payables, including:	**345**	**270**	**1,342**	**159**	**73**	**927**	**146**	**1,385**	**131**	**261**
Dividends payable to shareholders of Metinvest B.V.	344	-	-	-	73	926	-	-	-	260
Dividends payable to non-controlling shareholders of Company's subsidiaries	-	-	47	10	-	-	-	63	12	-
Trade payables and payables on sales made on commission	-	246	1,155	139	-	-	115	1,310	114	-
Prepayments received	-	19	-	4	-	-	26	1	-	1
Other financial liabilities	1	5	140	6	-	1	5	11	5	-

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27 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In 2022, dividends paid disclosed in the consolidated statement of cash flows include USD 437 million of dividends paid by the Company to its Class B shareholder (SMART), USD 1,332 million of dividends paid by the Company to its Class A shareholders - SCM.

Significant transactions (excluding purchases) with related parties during 2022 and 2021 are detailed below:

2022	SCM	Associates	Joint ventures	Entities related to SCM	SMART	Total
Sales, including:	**-**	**198**	**709**	**117**	**2**	**1 026**
Steel	-	0	22	97	2	**121**
Scrap metal	-	-	7	-	-	**7**
Coke and coking coal	-	196	463	-	-	**659**
Iron ore	-	-	145	1	-	**146**
Other	-	2	72	19	-	**93**
Other operating income/ (expenses), net	-	1	(3)	5	-	**3**
Expected credit losses	12	(3)	(1)	(5)	(2)	**1**
Finance income / (expense), including:	**8**	**-**	**8**	**11**	**1**	**28**
Interest income - bank deposits	-	-	-	6	-	**6**
Interest income - loans issued	8	-	8	5	1	**22**

2021	Associates	Joint ventures	Entities related to SCM	SMART	Total
Sales, including:	**140**	**1,644**	**96**	**2**	**1,882**
Steel	6	67	65	2	**140**
Scrap metal	-	37	-	-	**37**
Coke and coking coal	131	757	-	-	**888**
Iron ore	-	637	1	-	**638**
Other	3	146	30	-	**179**
Other operating income / (expenses), net	-	-	(4)	-	**(4)**
Expected credit losses charge	88	10	(14)	(37)	**47**
Finance income / (expenses), including:	**-**	**11**	**17**	**5**	**33**
Interest income – bank deposits	-	-	2	-	**2**
Interest income – loans issued	-	11	15	5	**31**

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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27 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The following is a summary of purchases from related parties in 2022 and 2021:

2022	Associates	Joint ventures	Entities related to SCM	SMART	Total
Purchases, including:	**204**	**1,576**	**1,022**	**-**	**2,802**
Metal products	-	1,415	5	-	**1,420**
Coke and coking coal	202	17	174	-	**393**
Raw materials and spare parts	-	106	38	-	**144**
Electricity	-	-	352	-	**352**
Gas	-	-	331	-	**331**
Fuel	-	-	6	-	**6**
Services	-	7	43	-	**50**
Other	2	31	73	-	**106**

2021	Associates	Joint ventures	Entities related to SCM	SMART	Total
Purchases, including:	**127**	**3,159**	**1,760**	**-**	**5,046**
Metal products	-	3,042	9	-	**3,051**
Coke and coking coal	123	13	48	-	**184**
Raw materials and spare parts	1	62	184	-	**247**
Electricity	-	-	670	-	**670**
Gas	-	-	545	-	**545**
Fuel	-	-	3	-	**3**
Services	1	11	254	-	**266**
Other	2	31	47	-	**80**

Not included in the tables above are the Group's transactions on purchase and further re-sale of iron ore, coal and steel products from or to joint ventures where the Group is acting as an agent and not as principal. Income and costs related to such transactions are presented net within revenue. The Group's net gain on such transactions was USD 54 million in 2022 (2021: USD 10 million).

In 2022, the remuneration of key management personnel of the Group comprised current salaries and related bonuses accrued totalling USD 13 million (in 2021: USD 59.3 million).

As at 31 December 2022 and 2021, key management held the Group's bonds in the total amount of less than USD 1 million. Rights of these bondholders are not different from the rights of other bondholders.

28 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Tax legislation. Ukrainian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. As a result, there is significant uncertainty as to the implementation or interpretation of the new legislation and unclear or non-existent implementing regulations. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and State authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Group's operations are vertically integrated and a significant portion of the Group's iron ore, coke and coal production is used in the subsequent production operations. Because of non-explicit requirements of the applicable tax legislation, intercompany transactions may be assessed by the Ukrainian tax authorities as non-market. Such transactions could be challenged by the tax authorities.

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28 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

The tax legislation had been expanded with the new transfer pricing rules in Ukraine effective from 1 September 2013 that are much more detailed than previous legislation and, to a certain extent, better aligned with the international transfer pricing principles. The new legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), if the transaction price is not arm's length and is not supported by relevant documentation. Since 1 January 2015, the transfer pricing rules were amended so that transactions between Ukrainian companies (irrespective whether they are related parties or not) ceased to be treated as controlled transactions.

Management believes it is taking appropriate measures to ensure compliance with the new transfer pricing legislation.

Contingencies regarding tax legislation

The management estimates that the Group has possible obligations from exposure to transfer pricing risk amounting to USD 20 million (31 December 2021: USD 28 million) based on the results of tax audit of certain subsidiaries. In addition, there are other potential obligations from exposure to other possible tax risks of USD 13 million (31 December 2021: USD 17 million) which relate to tax treatment of foreign currency exchange differences on dividends. Management is certain in its correct treatment of the respective legislation and will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements.

Bankruptcy proceedings. During 2006, bankruptcy proceedings were initiated against the Group's subsidiary PrJSC Krasnodonugol. The majority of the creditors' claims summarised by the external manager relate to the Group thus are eliminated on consolidation. As at 31 December 2022, the amount of financial and tax liabilities related to the bankruptcy proceedings recorded in these consolidated financial statements is USD 7 million (31 December 2021: USD 10 million), out of which USD 5 million (31 December 2021: USD 7 million) are presented as non-current tax liabilities under moratorium (Note 21).

In July 2019, the bankruptcy proceedings were initiated in respect of one of the Group's subsidiaries, PrJSC Yenakiieve Iron and Steel Works. Creditor's claims were assessed by the court-appointed manager and the Group's subsidiaries formed majority in the creditor's committee in January 2020. Management of the Group does not expect that the bankruptcy proceedings will result in liquidation of the entity.

During 2022 the bankruptcy proceedings were initiated in respect of the Group's subsidiaries, whose production operations are located on the temporarily occupied territories - PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works. Subsequently to the year end, in February 2023, the bankruptcy proceedings were initiated also in respect of LLC Metinvest Mariupol Machining and Repair plant. As at the date of issue of these consolidated financial statements the creditor's claims as part of all three cases are in the process of summarisation.

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

On 26 February 2019, a pre-judgment conservation order under Dutch law (the "Order") was issued by the court with respect to Metinvest B.V.'s shareholdings in its two subsidiaries registered and existing under the laws of the Netherlands (the "Dutch Subsidiaries). The Order was issued on the basis of a claim for damages for the amount of USD 47 million allegedly caused by Metinvest B.V. Except that the Group may not dispose of its shareholdings in the Dutch Subsidiaries, the Order does not affect the legal capacity of any Group entities to incur debt, create security or give guarantees, enter into commercial and trade contracts or otherwise affect in any way the ordinary course of business and operational activities of the Group. If Metinvest B.V. were to give sufficient security for the asserted claim, this would be a ground for lifting the Order. The Group continues to challenge the main claim.

Environmental matters. The enforcement of environmental regulation in Ukraine and globally is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations (including asset retirement obligations) under environmental regulations of the countries it operates in. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Capital expenditure commitments. As at 31 December 2022, the Group has contractual capital expenditure commitments in respect of property, plant and equipment totalling USD 288 million (31 December 2021: USD 608 million). Management of the Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non- compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of default. As at 31 December 2022 and 2021 and for the years then ended, the Group was in compliance with the covenants considering waivers obtained. For more details refer to Note 5.

Insurance. Metinvest maintains mandatory insurance policies against certain types of risk in accordance with Ukrainian law, including life and health insurance; third party liability insurance on hazardous industrial assets and in respect of cargo and motor vehicles; voluntary insurance cover for most of its production facilities and in respect of cargo and motor vehicles; property damage and business interruption policies in respect of its European and US assets.

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2022 (CONTINUED)

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29 FINANCIAL RISK MANAGEMENT

The Group activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Reference is made to Note 2 describing the most recent developments in the operating environment of the Group, which might have an impact on the Group's financial risks.

Financial risk management is carried out jointly by the internal control and risk management department and the central treasury department. These departments identify, evaluate and mitigate financial risks in close co-operation with the Group's operating units.

(a) Market risk.

(i) Foreign exchange risk.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed through (i) borrowings denominated in the relevant foreign currencies; (ii) different treasury operations like forward, swap and other.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2022			31 December 2021		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
EUR	614	(958)	(344)	1,095	(823)	272
USD	546	(2,378)	(1,832)	2,220	(4,189)	(1,969)
CHF	2	(238)	(236)	25	(25)	-
UAH	548	(20)	528	77	(27)	50
PLN	64	(138)	(74)	28	(20)	8
Other	24	(5)	19	183	(6)	177
Total	**1,798**	**(3,737)**	**(1,939)**	**3,628**	**(5,090)**	**(1,462)**

At 31 December 2022, if the UAH had strengthened / weakened by 25% against the US dollar with all other variables held constant, post-tax profit for the year would have been USD 267 million higher / lower (2021: if the UAH had strengthened / weakened by 25% against the US dollar with all other variables held constant, post-tax profit for the year would have been USD 393 million higher / lower), mainly as a result of foreign exchange losses/gains on translation of US dollar denominated trade receivables and foreign exchange gains/losses on translation of US dollar denominated intragroup borrowings and dividends payable.

At 31 December 2022, if the UAH had strengthened / weakened by 25% against the EUR with all other variables held constant, post-tax profit for the year would have been EUR 71 million higher / lower (2021: if the UAH had strengthened / weakened by 25% against the EUR with all other variables held constant, post-tax profit for the year would have been EUR 56 million lower / higher). Impact of other currency changes on the post-tax profit is not material.

(ii) Price risk.

The Group's revenue is exposed to the market risk from price fluctuations related to the sale of its steel and iron ore products. The prices of the steel and iron ore products sold both within Ukraine and abroad are generally determined by market forces. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global economic growth. The prices of the products that the Group sells to third parties are also affected by supply/demand and global/Ukrainian economic growth. Adverse changes in respect of any of these factors may reduce the revenue that the Group receives from the sale of its steel or mined products.

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29 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's exposure to commodity price risk associated with the purchases is limited as the Group is vertically integrated and is self-sufficient for iron ore and certain portion of coking coal requirements.

No financial instruments are exposed to price risk.

(iii) Cash flow and fair value interest rate risk.

The Group's income and operating cash flows are dependent on changes in market interest rates.

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings attracted at floating rates expose the Group to cash flow interest rate risk. Borrowings attracted at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain a balanced borrowings portfolio of fixed and floating rate instruments. As at 31 December 2022, 90% of the total borrowings were provided to the Group at fixed rates (31 December 2021: 89%). During 2022 and 2021, the Group's borrowings at floating rate were denominated in USD, EUR and GBP.

Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or floating rates. However, at the time of attracting new debt management uses its judgment to decide whether it believes that a fixed or floating rate would be more favourable to the Group over the expected period until maturity.

Refer to Note 15, 19 and below for information about maturity dates and effective interest rates of financial instruments.

At 31 December 2022, if interest rates on USD, EUR and GBP denominated floating rate borrowings had been by 1 pp higher / lower (2021: 1 pp) with all other variables held constant, post-tax profit for the year would have been USD 2 million lower / higher (2021: USD 2 million).

(***b) Credit risk***

Credit risk is managed centrally by the Group management. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions and financial guarantees issued. When wholesale customers are independently rated, these ratings are used for credit quality assessment. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash, loans, trade and other accounts receivable. Cash is placed with major Ukrainian and international reputable financial institutions, which are considered at time of deposit to have minimal risk of default.

The Group has policies in place to ensure that provision of loans and sales of products/services are made to customers with an appropriate credit history. The Group's credit risk exposure is monitored and analysed on a case-by-case basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The carrying amount of loans, trade and other accounts receivable, net of provision for impairment, represents the maximum amount exposed to credit risk. Concentration of credit risk mainly relates to CIS and European countries where the major customers are located.

The maximum exposure to credit risk as at 31 December 2022 is USD 1,777 million (2021: USD 3,193 million) being the carrying value of long and short-term loans issued, receivables and cash. In order to reduce credit risk on receivables, the Group uses letters of credit, guarantees and trade insurance. The Group does not hold any collateral as security. Management believes that credit risk is appropriately reflected in impairment allowances recognised against assets, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group treasury analyses the ageing of Group's assets and the maturity of Group's liabilities and plans their liquidity depending on the expected repayment of various instruments. In case of insufficient or excessive liquidity in individual entities, the Group relocates resources and funds among the entities of the Group to achieve optimal financing of the business needs of each entity.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Cash flows from borrowings were calculated using spot foreign exchange rates.

Timing of dividends payable, which is part of the Financial trade and other payables in the table below will depend on the Group's liquidity position as mentioned in the Note 5 of these consolidated financial statements.

The accompanying notes form an integral part of these summary consolidated financial statements

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29 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank loans	52	42	94	32
Trade finance	45	-	-	-
Bonds issued	277	124	1,417	574
Lease liability	16	8	13	-
Non-bank borrowings	-	18	-	-
Financial trade and other payables	2,728	3	1	8
Total	**3,118**	**195**	**1,525**	**614**

At 31 December 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank loans	29	39	105	56
Trade finance	95	-	-	-
Bonds issued	167	311	1,174	974
Lease liability	15	14	31	23
Non-bank borrowings	18	-	-	-
Financial trade and other payables	3,738	20	4	11
Total	**4,062**	**384**	**1,314**	**1,064**

30 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group has yet to determine its optimum gearing ratio. Presently, the majority of debt is due within the range 2-5 years and the Group is actively pursuing mechanisms to extend the credit terms to match its long-term investment strategy.

	31 December 2022	31 December 2021
Total loans and borrowings (Note 19)	2,077	2,242
Less: cash and cash equivalents (Note 16)	(349)	(1,166)
Net debt	**1,728**	**1,076**
Total equity	2,870	7,970
Total capital	**4,598**	**9,046**
Gearing ratio	**38%**	**12%**

The accompanying notes form an integral part of these summary consolidated financial statements

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31 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date, which is Level 1 of fair valuation hierarchy. The quoted market price used for financial assets held by the Group is the current bid price. This valuation technique is used for fair value disclosures of bonds issued.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying values less impairment provision of trade receivables and payables 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 that is available to the Group for similar financial instruments.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is required to interpret market data to determine the estimated fair value. Ukraine continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of financial assets carried at amortised cost approximate their fair values.

Financial liabilities carried at amortised cost. The fair value is based on quoted market prices, if available. Except as discussed in the Note 19, the estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid (Note 18).

32 RECONCILIATION OF CLASSES OF FINANCIAL INSTRUMENTS WITH MEASUREMENT CATEGORIES

All of the Group's financial assets and financial liabilities are carried at amortised cost, except for investments in associates and joint ventures which are accounted for by the equity method of accounting, trade receivables subject to factoring, which are accounted at fair value through profit and loss. As at 31 December 2022, the carrying amount of the balances subject to factoring amounted to USD 21 million (31 December 2021: USD 87 million).

33 EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date other than those already disclosed in these consolidated financial statements and the event, mentioned below:

subsequently to the year end, the Group has received a writ of summons issued by four parties (the claimants) claiming to be holders of Notes to the preliminary relief judge of the District Court of Amsterdam, the Netherlands, seeking injunctive relief against the Group and its Directors to restrain the Group from making any future distributions to its shareholders for a period of one year after the date of the judgment in these proceedings. The claimants do not claim any damages in these proceedings.

The accompanying notes form an integral part of these summary consolidated financial statements

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