

## How Metinvest has turned into Ukraine's pillar and became the largest private donor to the Armed Forces of Ukraine – NV

While the first year of the full-scale war was a time of severe challenges and losses for Rinat Akhmetov's Metinvest Group, the year 2023 was a period of adaptation to the new reality. Having recovered from the impact and rebuilt its business, Metinvest mobilised resources to fight the enemy and became Ukraine's pillar in the defence, social and economic spheres. Here are three most important projects underlying each area.



### Defence support

Metinvest has provided a total of UAH 4.8 billion to support the country since the start of the war. As part of Rinat Akhmetov's Steel Front defence initiative, the Group is developing a strong defence sector. According to NV.ua, Metinvest has become the largest private donor to Ukraine's armed forces, having provided UAH 2.5 billion in aid.

#### 1. Steel production for the front line

The Group has established a technology for producing special steel for protective plates, the main components of bulletproof vests, and provides them to everyone who needs reliable protection. The steel is also used to make shields to protect the guard vehicles of the armed forces of Ukraine. The specialists plan to equip 200 frontline vehicles with protection.

More than 330 special mobile shelters protect soldiers in the most intense areas of the front line. Designed in-house, they can also serve as field accommodation.



Metinvest has manufactured and delivered more than 250 pieces of fake military equipment for the armed forces of Ukraine, including fake howitzers and radar systems and even several fake HIMARS. On the front line, 32 “lancet catchers” are protecting military vehicles. Some 37 mobile buggies made from the Group's steel help the military move quickly between positions.

More than 80,000 anti-tank hedgehogs and spiked chains for wheeled vehicles were produced from Metinvest steel. The Group also provided materials and equipment for the construction of fortifications and digging trenches.

## **2. Equipment and ammunition purchase**

The Group has set up the systematic supply of military equipment to the frontline to strengthen the defence capabilities of the armed forces of Ukraine. In particular, the defenders have already received more than 1,500 drones.

Metinvest also delivered 1,700 thermal imagers, 875 units of communication equipment and more than 520 vehicles for various purposes. In addition, the Group's specialists carry out major vehicle repairs for the army.



Metinvest manufactured or purchased abroad 150,000 bulletproof vests, 25,000 helmets and 31,500 tourniquets. The personal protective gear is used by members of the Ukrainian defence forces, rescuers, utility workers and volunteers who work in dangerous regions. This makes the Group one of the largest suppliers of protective equipment in Ukraine.

## **3. Demining**

As part of a major project by Metinvest and its shareholder to assist in the demining of Ukraine, the Group produces mine trawls for tanks to help the counter-offensive. In addition, the Group has invested UAH 9.5 million in the construction of a Mine Action Centre to train more than 3,000 sappers in demining areas after hostilities.





### Supporting Ukrainians

While the Group previously allocated funds for social infrastructure, education, sports and culture, it now supports the army, provides humanitarian aid and takes care of employees and communities.

#### 1. Work with veterans

Currently, more than 8,000 employees of Metinvest and its joint ventures, every sixth employee, are defending Ukraine. The Group provides them with bulletproof vests, helmets and winter gear and has spent UAH12 million on purchasing warm clothes.

So far, more than 300 employees have returned to Metinvest's enterprises from the war. The Group is developing a comprehensive programme that covers all stages of interaction with veterans. The main areas for their reintegration include physical and psychological recovery, retraining and employment.



The Group pays for the medical treatment of every mobilised employee who has been seriously injured. The Metinvest Together service was established to provide psychological support to employees, including veterans and their families. Since March 2022, specialists have arranged more than 5,200 individual and group counselling sessions.

#### 2. Motivation programmes

Metinvest found an opportunity to pay partial bonuses to its employees for the past year despite the war. In addition, this summer, the Group introduced a 25% team bonus for employees of its manufacturing and repair

enterprises in Ukraine.

### 3. Humanitarian aid

Since the beginning of the war, the Saving Lives humanitarian initiative has helped more than half a million Ukrainians with food and essentials and provided hospitals with medicines and equipment worth UAH 9.5 million. Nearly 1,200 women and children have already undergone psychological rehabilitation as part of the project. At the same time, the initiative is developing a prosthetics programme that now covers almost 100 people, both military and civilian. The total amount of aid in all these areas is more than UAH 430 million of Group's own and donor funds.



### Economic support

Metinvest has managed to overcome many challenges of the war, as it lost two steel plants in Mariupol and suspended operations at its plant in Avdiivka. The Group has rebuilt its business and created new logistics chains for exporting its products. However, the Group still faces many challenges: working under the constant threat of enemy shelling, logistical constraints, power outages, rising production costs and unfavourable market conditions.

#### 1. Production and taxes

The Group's steel plants are operating at 65-75% of their capacity, and GOKs at 35-40% under these conditions. In the first nine months of 2023, Metinvest produced over 1.5 million tonnes of steel, 7.5 million tonnes of iron ore concentrate and 3.7 million tonnes of coal concentrate. Maintaining production allows the Group to pay taxes and manufacture products for the front line.

Since the beginning of the full-scale war, Metinvest has refused to take advantage of the tax exemptions to which it is entitled under the law and has been paying its taxes in full. In the first nine months of this year, the Group paid UAH 11 billion in taxes to the Ukrainian budget. In particular, it contributed more than UAH 2 billion to the budgets of Kryvyi Rih, Zaporizhzhia, Kamianske, Pokrovsk and Avdiivka.





## 2. Foreign exchange earnings from exports

Metinvest sells around 25% of its steel products domestically, while its steel exports have been oriented towards European countries. Before the war, China was a major buyer of iron ore. However, it is now almost impossible to export to China due to the blockade of the Black Sea ports, and, as a result, bordering countries in Europe remain the primary buyers of raw materials. Of course, export volumes are much lower than before the full-scale war because the logistics are slow and expensive. Only the opening of maritime routes can improve the situation.

## 3. Restoration of Ukraine

Metinvest is ready to supply steel for post-war reconstruction and has presented the Steel Dream concept for restoring Ukraine. It includes more than 200 ready-made construction projects based on prefabricated steel frames, modules and platforms. They can be used to construct housing and infrastructure. So far, the authorities of Mariupol and two other Ukrainian cities have expressed their willingness to restore destroyed facilities based on Steel Dream projects.



The Group will continue to implement its 'green' transformation strategy at its Ukrainian and foreign assets despite the war. This includes expanding the production of DR pellets, the main raw material for more environmentally friendly steelmaking using electric arc furnaces. Metinvest is committed to developing a new business format in which the EU market opens access for Ukrainian products. To make this possible in a new reality, business and government must join forces and make this happen together.