

## CEO'S STATEMENT

# RESILIENCE AND RESISTANCE

In 2021, Metinvest delivered a remarkable operational and financial performance amid strong markets. This helped the Group to adjust its business in response to Russia's full-scale invasion of Ukraine in 2022, as well as to support its new-found humanitarian mission.

GRI 102-14

## ON A WAR FOOTING

As CEO of Metinvest, an international industrial holding with a significant share of its assets in Ukraine, I am proud of the speed and dedication with which the Group has responded to the war. In particular, our quick decision to mothball some facilities has prevented an environmental disaster, including at the assets in Mariupol, which have suffered substantial damage.

Consistent with the decision of our shareholders, in addition to supporting Ukraine's economy, we are devoting resources to help the country and its people. This includes providing humanitarian aid and supporting the Armed Forces of Ukraine, the Territorial Defence Forces and other forces.

As part of this essential mission, we are helping employees, especially those from hard-hit Mariupol, where around one third of our staff lived and worked. Regrettably, the indiscriminate nature of Russian attacks has made it difficult to protect people in areas close to the front lines.

To assist the employees and family members who have evacuated from those areas, we have opened rehabilitation and reintegration centres in Zaporizhzhia and Kamianske that provide shelter, medical aid and psychological assistance to internally displaced persons.

Metinvest Career Centres, in cooperation with partners, have offered opportunities for displaced employees.

We have also been adjusting the business to the constantly evolving circumstances. An assessment of the impact of the hostilities on Mariupol-based steelmakers will be possible once the city returns to Ukrainian control. Meanwhile, other Ukrainian assets have continued to operate to the extent it is safe for people and economically sound. Also, our mines and plants in other countries have started to function on a standalone basis with the support of the Group.

## LIFE BEFORE THE INVASION

While war is the new reality in 2022, the reporting period was a time of relative normality for Metinvest. We were well prepared to capitalise on superlative steel, iron ore and coking coal market conditions. These results were driven primarily by three factors.

First, we delivered outstanding operational improvements. The Group generated additional EBITDA totalling US\$568 million by optimising raw material and energy consumption, enhancing sales efficiency, increasing equipment productivity and streamlining logistics and procurement.

Second, over the last five years, we have completed most of the front-end

projects of the technological strategy that we launched in 2017. This included implementing a record capital expenditure programme of US\$1,280 million in 2021. These investments helped to drive production growth and product quality improvements.

Third, we completed two strategic acquisitions in 2021 that strengthened Metinvest's business. They provided the opportunity to improve self-sufficiency in coking coal and diversify both the geographic footprint and product portfolio. We began unlocking the synergies of these assets straight away, while working to integrate them into our business practices and corporate culture.

Meanwhile, our strong financial performance enabled us to allocate more than US\$1,238 million towards deleveraging, which helped to strengthen the Group's balance sheet.

We also continued to deliver on our ESG agenda. A determined focus on the environment and numerous initiatives in the area yielded quantifiable results during the reporting period, including lower greenhouse gas intensity, reduced air emissions and decreased energy intensity of the existing asset base prior to recent acquisitions.

We remained focused on occupational health and safety, a top priority.

Metinvest's injury and fatality rates both increased in 2021, which is unacceptable. We will continue to relentlessly pursue an ultimate goal of zero incidents. During the year, we expanded our safety roadmap to cover new critical risk areas and recently acquired assets, including Pokrovske Coal, where a disproportionate number of incidents occurred.

One important initiative was Metinvest Polytechnic, Ukraine's first private steel and mining university. While the war has forced us to delay parts of this project, the university and its staff have not stopped working and are welcoming the first students.

## STEADFAST RESOLVE

Although the war has impacted every aspect of the business, the fundamental strength of the team and the diversity that we have built into the asset base will help us to withstand this tremendous challenge. We will uphold our commitments steadfastly and do our utmost to help Ukraine resist and defend itself.

Together with our partners, we will work to survive these trying times and build a future in which we can thrive together. I thank the Supervisory Board and all our stakeholders for their continued support.

**Yuriy Ryzhenkov**

Chief Executive Officer