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.

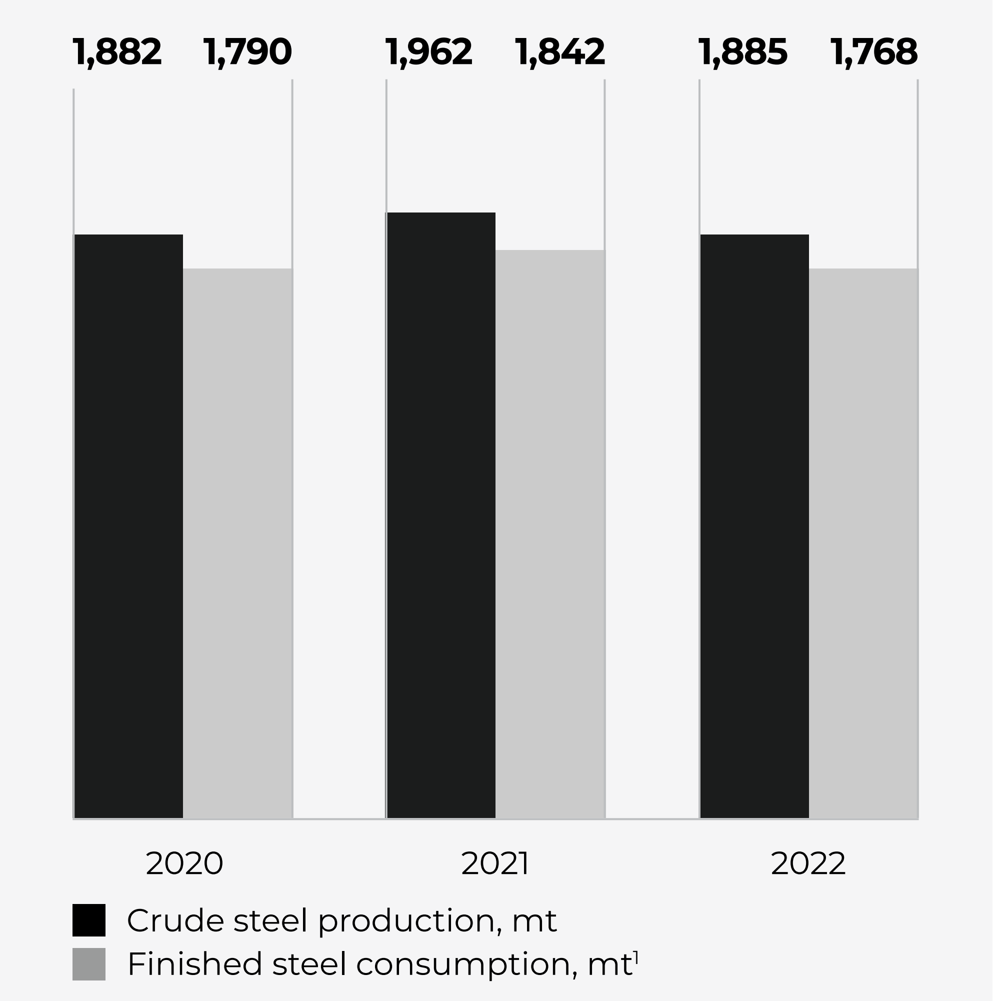
GLOBAL RAW MATERIALS MARKET

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.

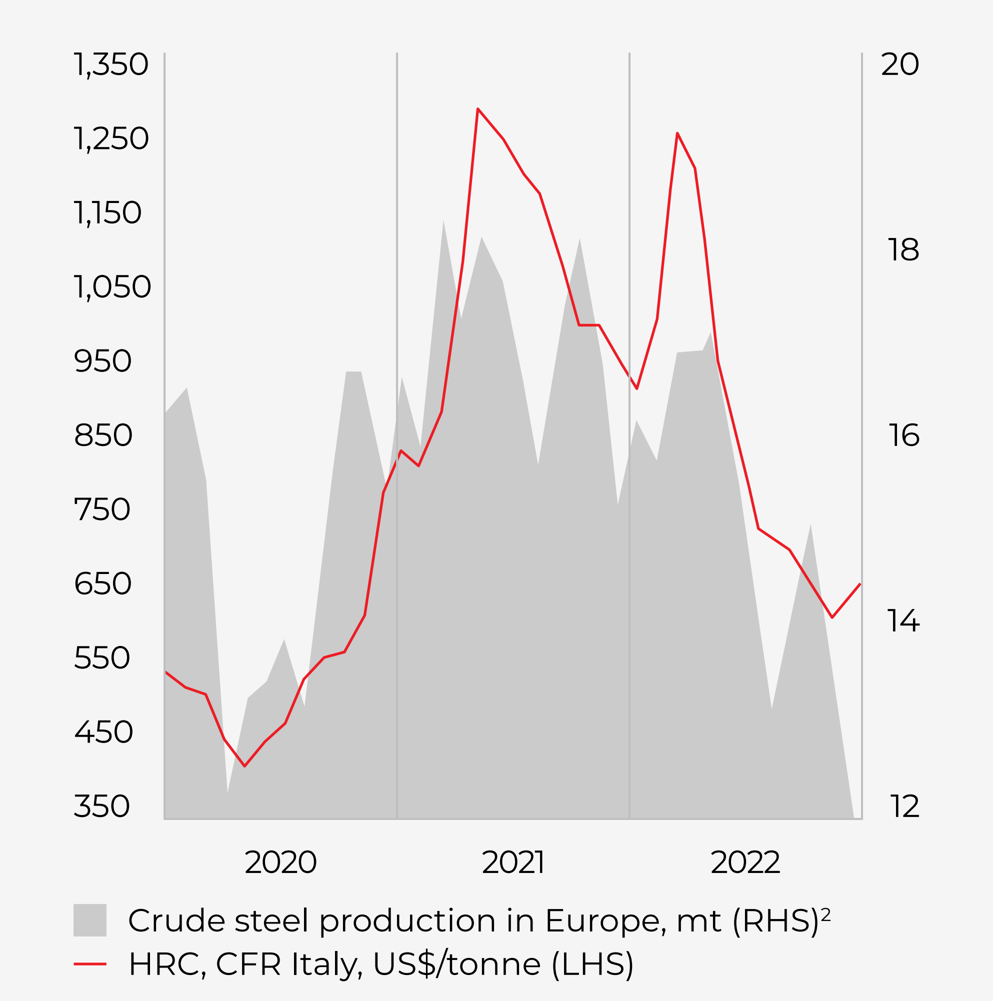
Global iron ore benchmark prices were relatively strong early in the year but fell off

Global steel industry



Source: World Steel Association

Steel price and production in Europe



Source: Bloomberg, World Steel Association, Metal Expert

[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.

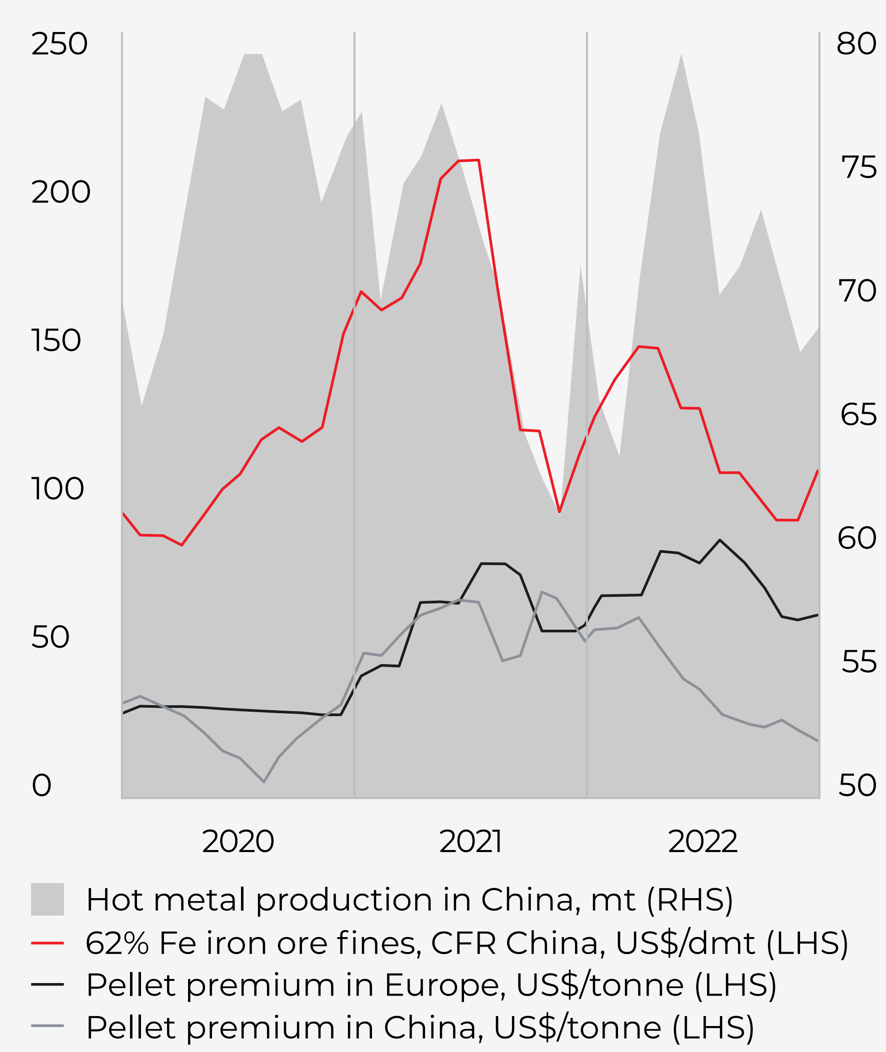
As a result, the average annual hard coking coal spot price index (premium LV, FOB Australia) jumped by 62.4% year-on-year to US$365 per tonne, with the maximum monthly price of US$594 per tonne reached in March 2022 and the minimum of US$240 per tonne in July 2022. The HCC LV FOB USEC benchmark price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

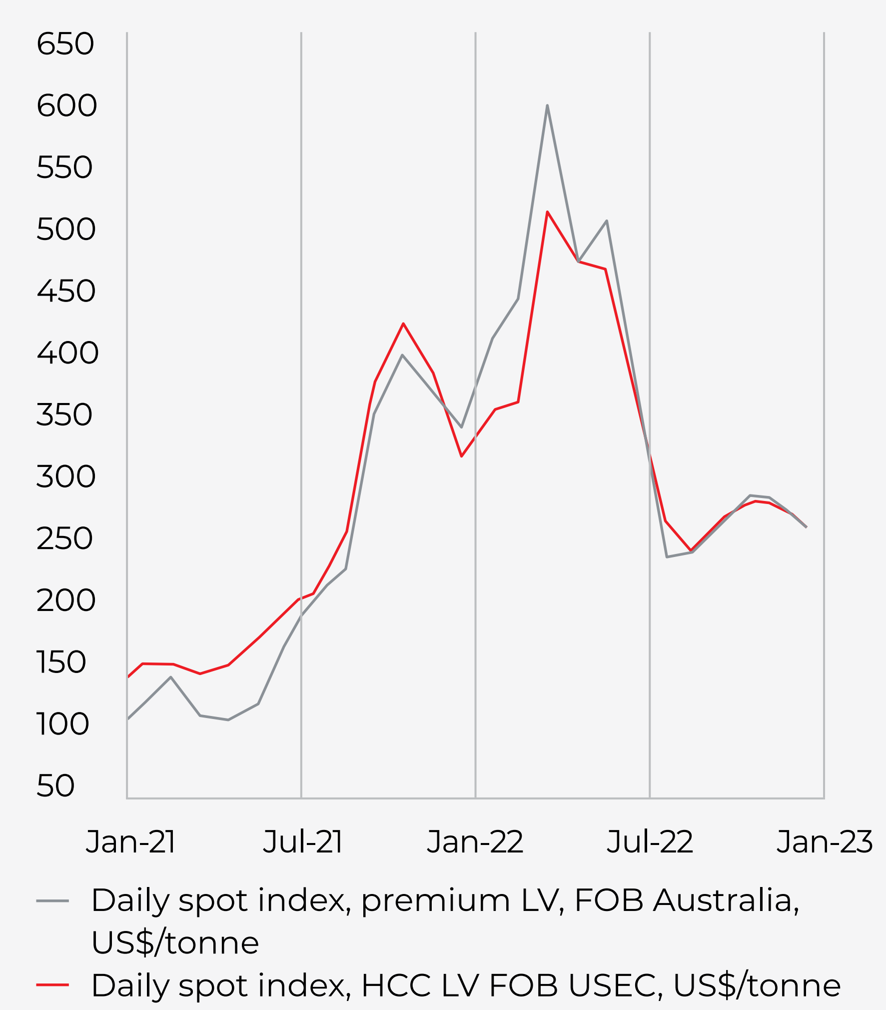
The level of volatility is expected to be sustained across the entire value chain. The ongoing war in Ukraine, high interest rates and the tight monetary policy, elevated inflation, weak consumer spending and elevated energy prices in key global economies are expected to impact the markets going forward.

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%.

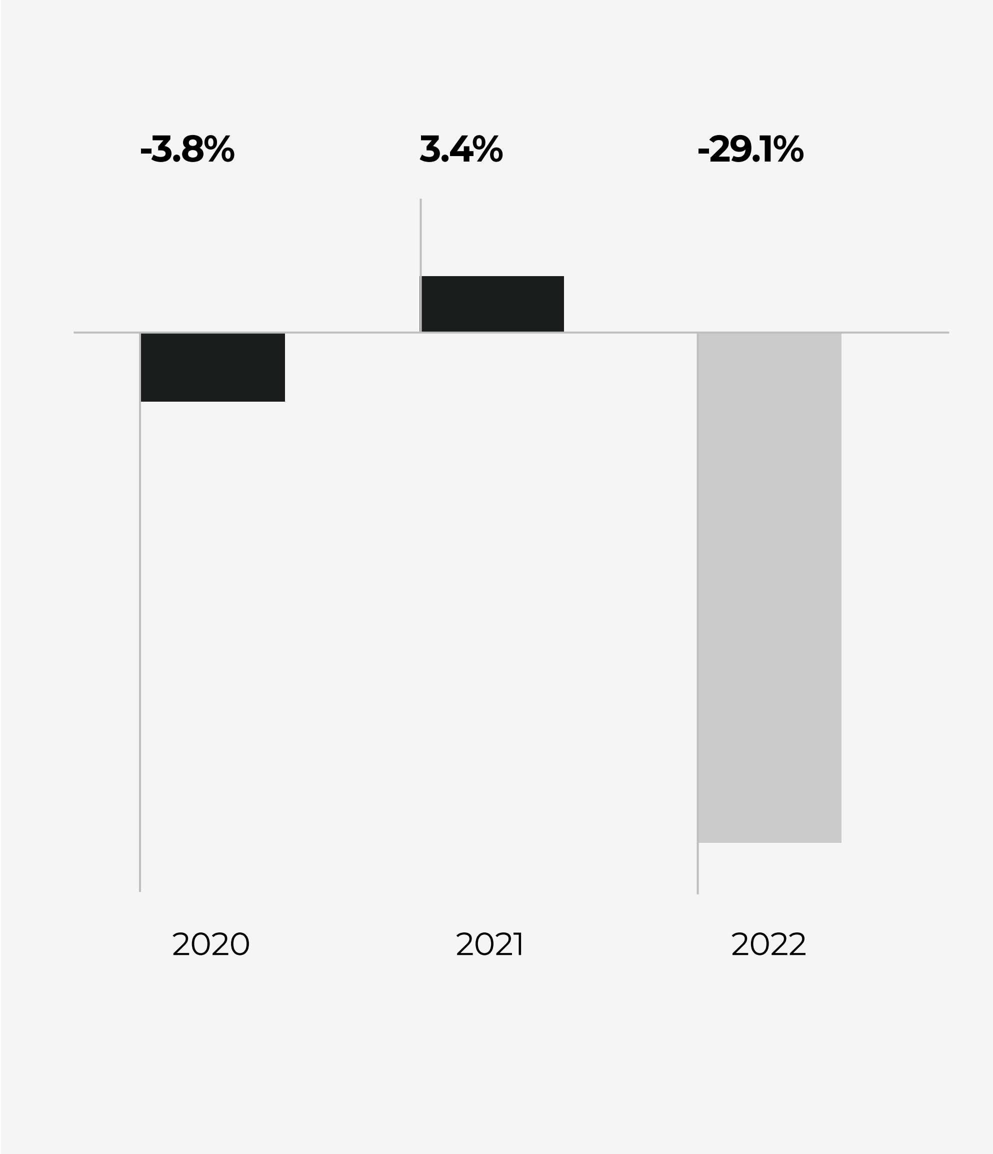
At the same time, general government consumption expanded by 18.0% due to increased spending on defence and security.

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.

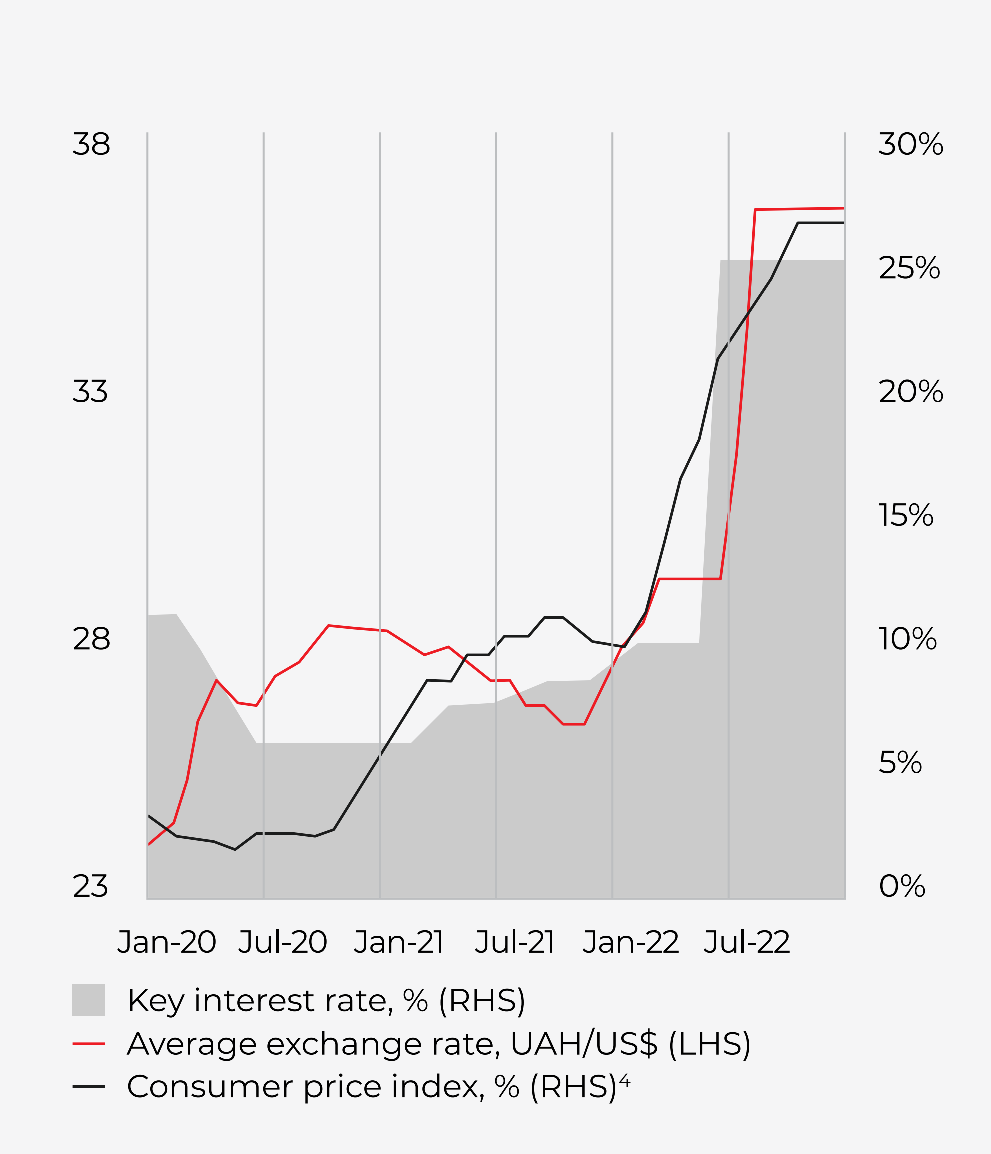
The invasion also exacerbated inflation, driving the annual CPI up from 9.4% in 2021 to 20.2% in 2022. That resulted in a decrease in real incomes and contributed to the decision by the National Bank of Ukraine (NBU) to increase the discount rate. Since June 2022, it has stood at 25%, a nearly seven-year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

Real GDP dynamics



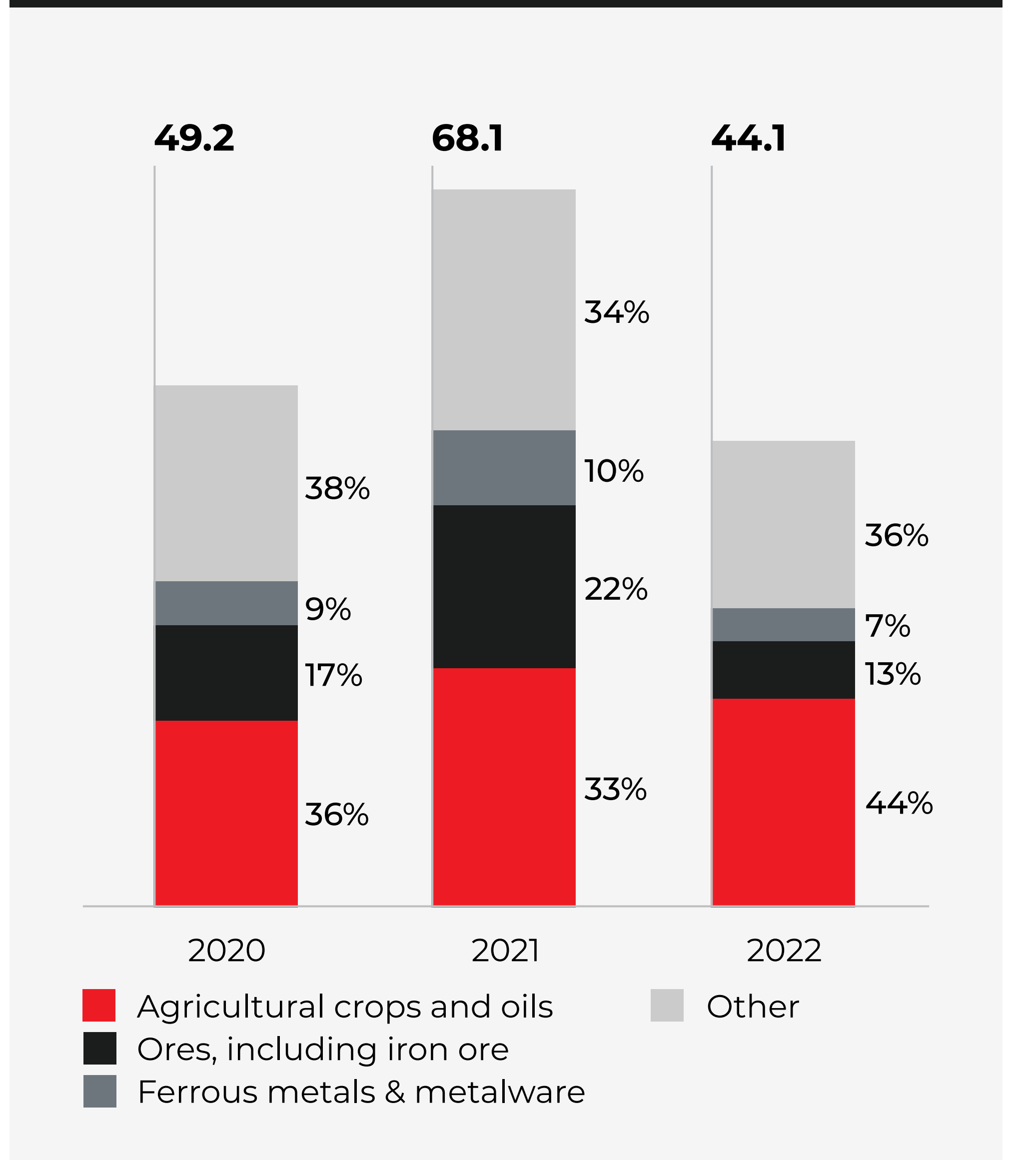
Source: State Statistics Service of Ukraine

Monetary policy



Source: NBU, State Statistics Service of Ukraine

Structure of exports, US$ bn



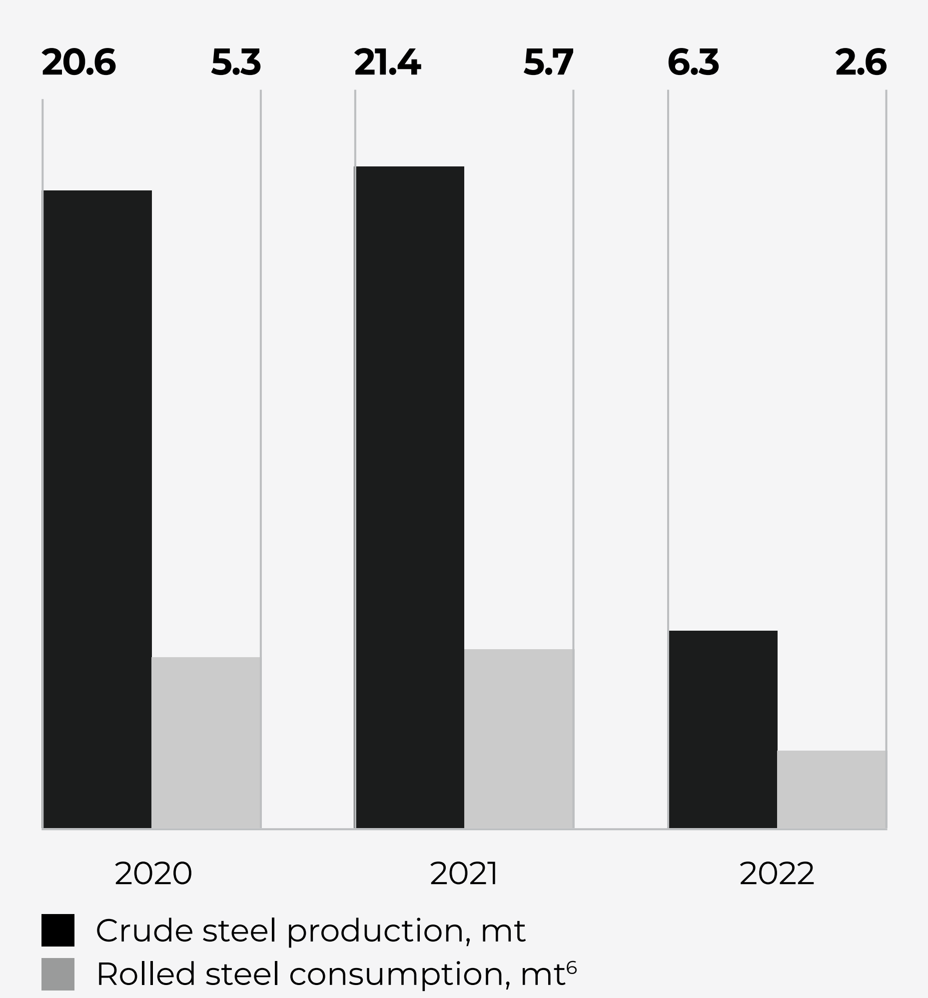
Source: State Statistics Service of Ukraine

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.

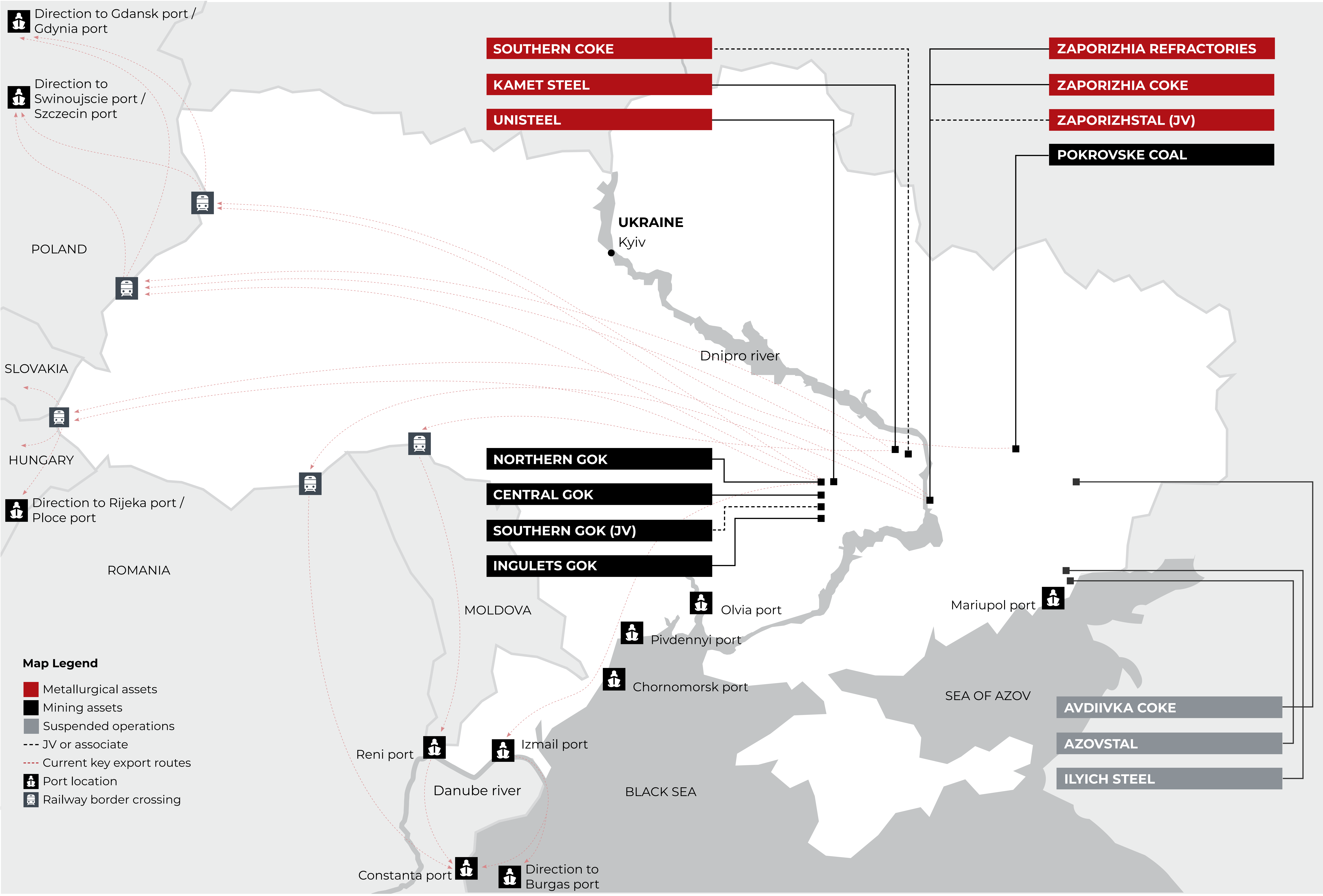
First, railcars designed for the wide-gauge railway in Ukraine are incompatible with the narrow gauge used by countries west of the Ukrainian border, limiting the capacity for such routes.

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.

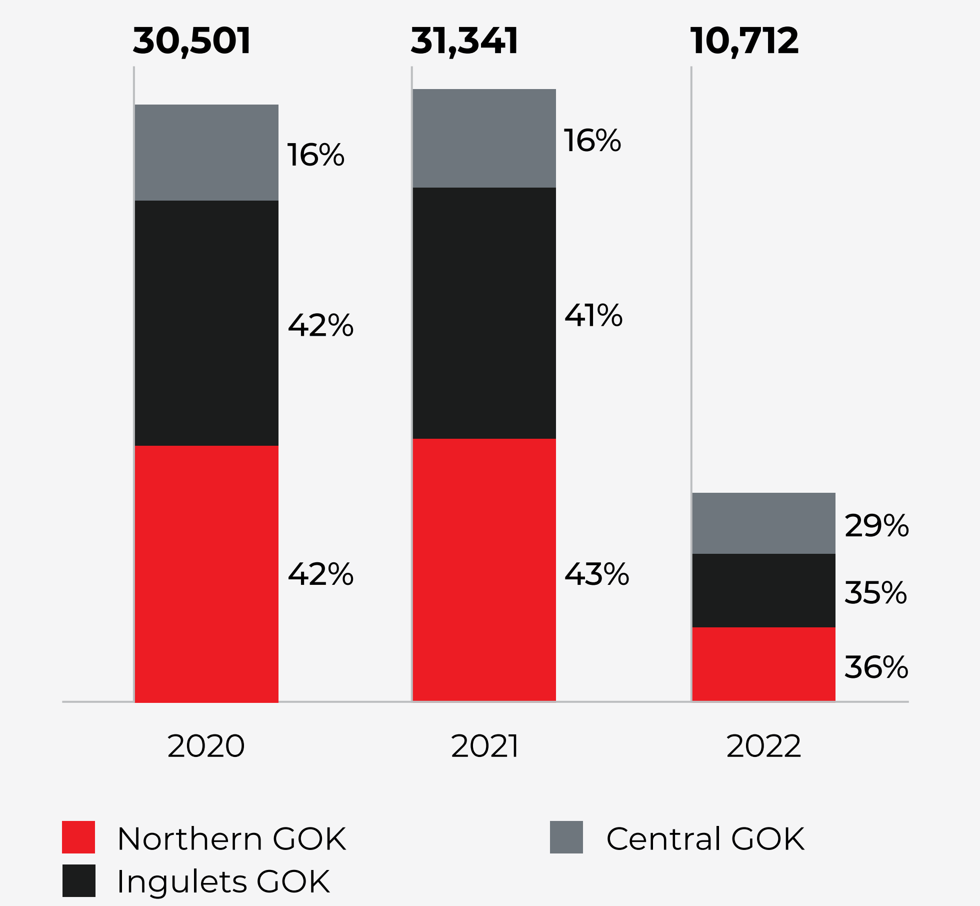
In addition, the Group has a 45.9% interest in Southern GOK, which is classified as a joint venture. It produces concentrate with an Fe content from 65.0% to 68.5%. Its products used to be either consumed locally or exported to third parties, primarily through the Group's trading companies[1]. Currently,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

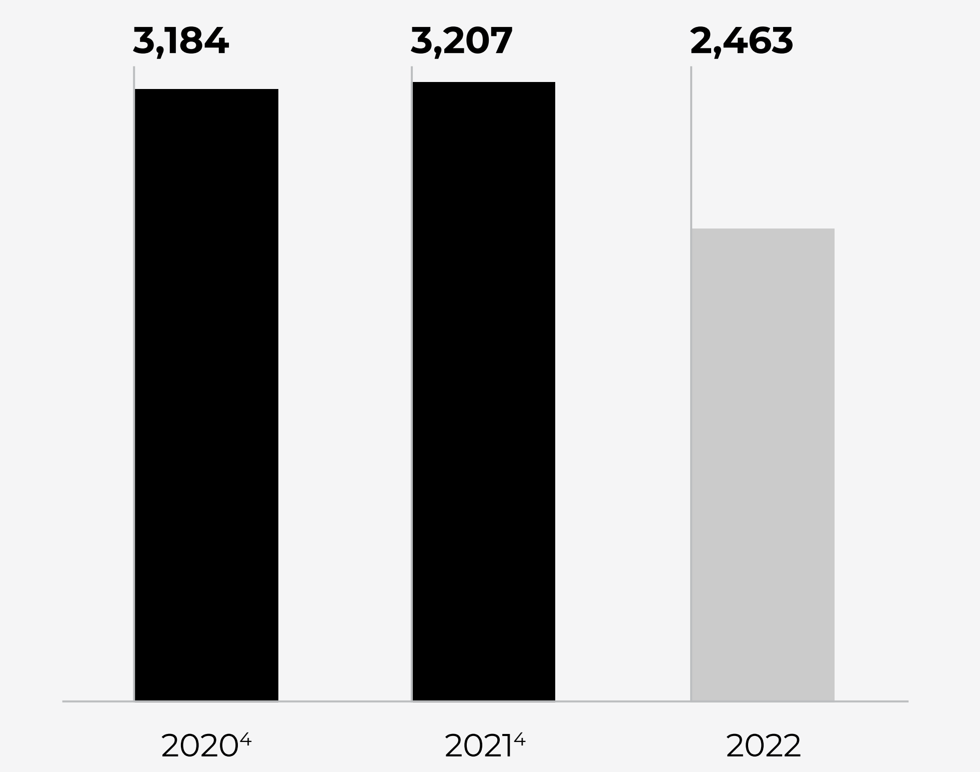
As of 1 July 2021, the reporting date of the Group's most recent assessment of metallurgical coal resources and reserves in accordance with the JORC Code, it had total Coal Reserves of 181 million tonnes and total Coal Resources of 187 million tonnes. Both are reported on an aggregated and not attributable 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

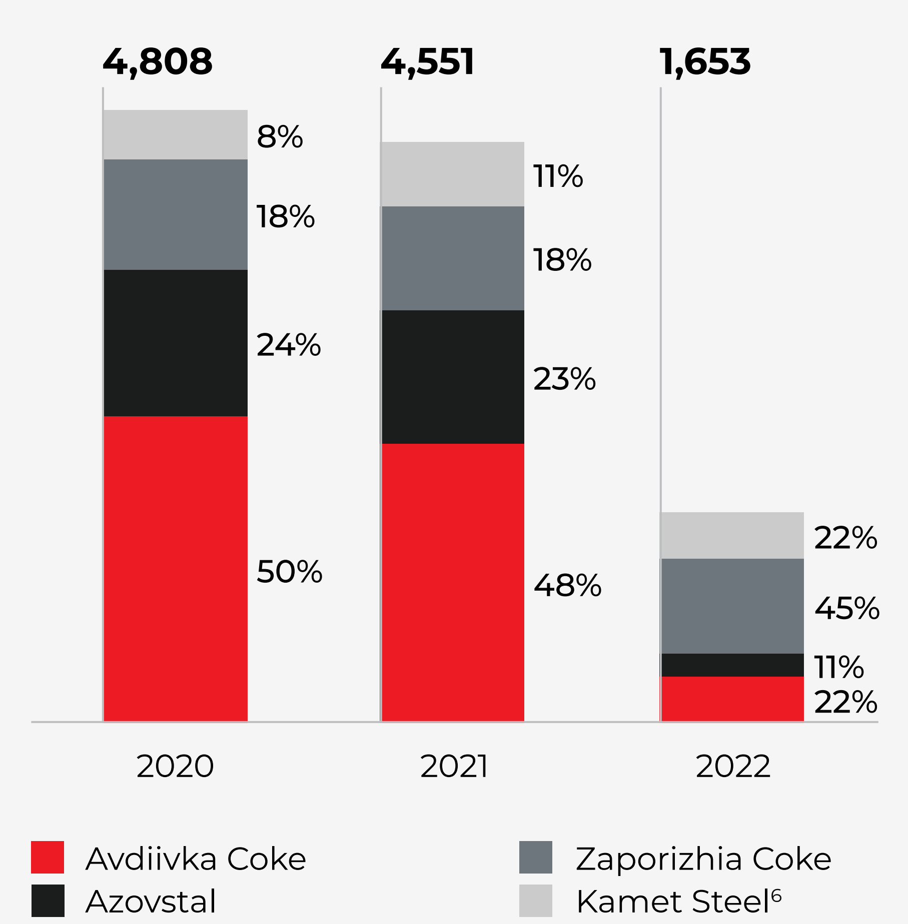
The Group's coke output[5] decreased by 64% year-on-year to 1,653 thousand tonnes as the hostilities in Ukraine affected the operations of its coke-making assets. Following the start of the Russian Aggression, metallurgical coke production continued at Zaporizhia Coke and the coke facilities of Kamet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

Coke production

1,653 kt **64%** ▼



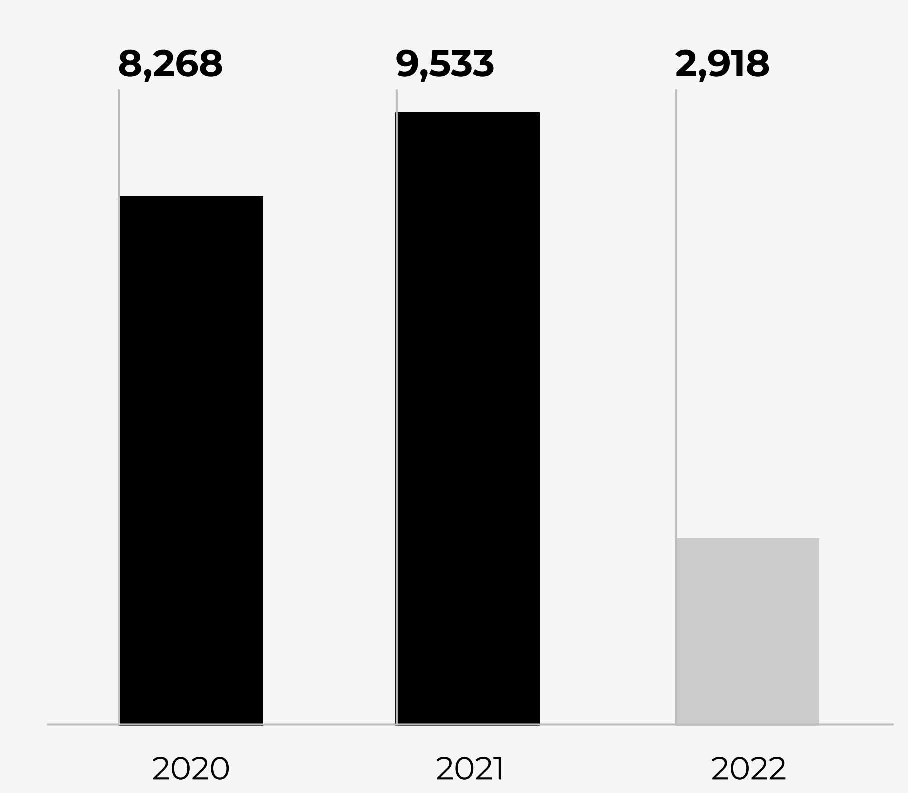
Steel

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".

Crude steel production

2,918 kt **69%** ▼



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.

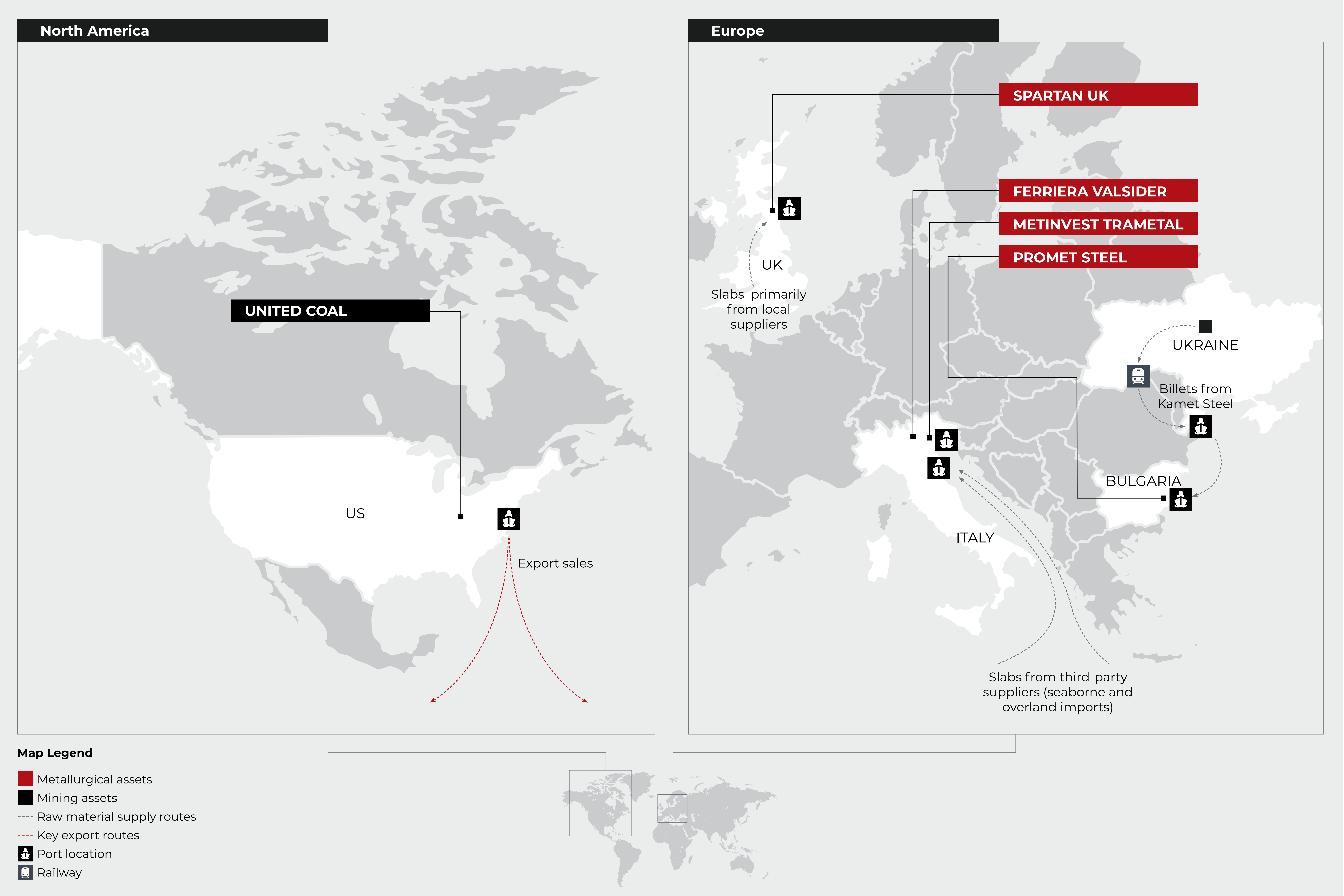
NEW PRODUCTS

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



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.

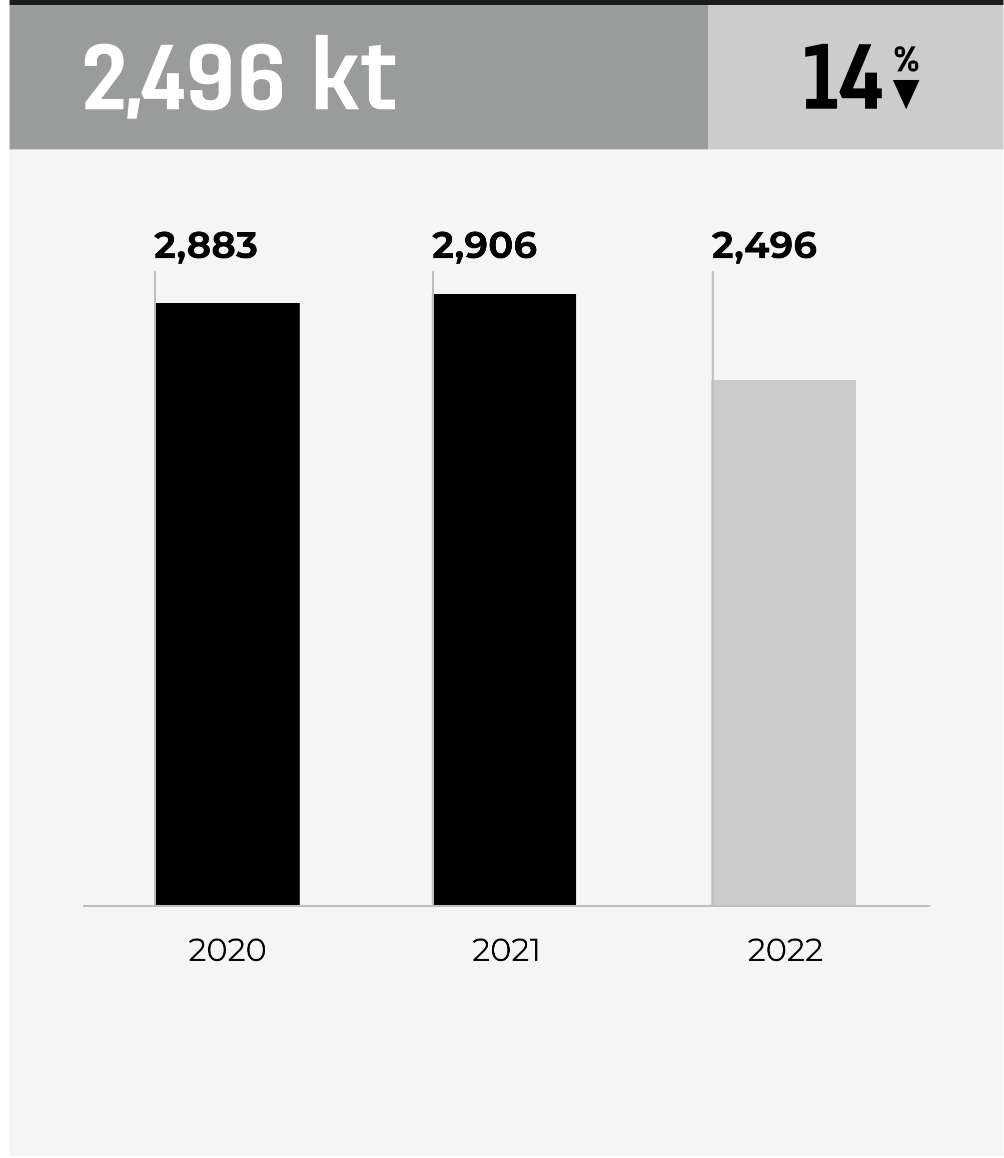
Mining segment

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



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

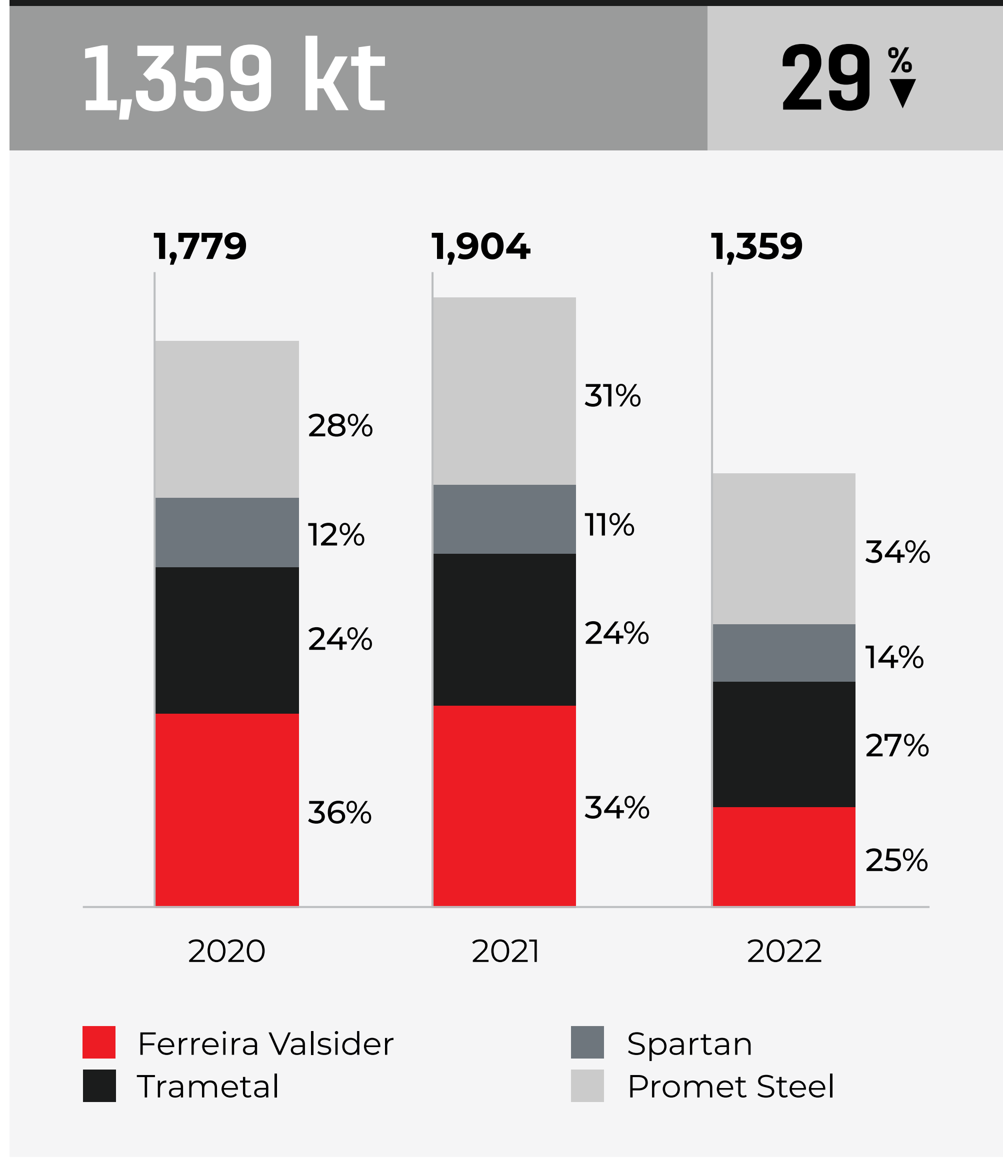
Re-rolling

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



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.

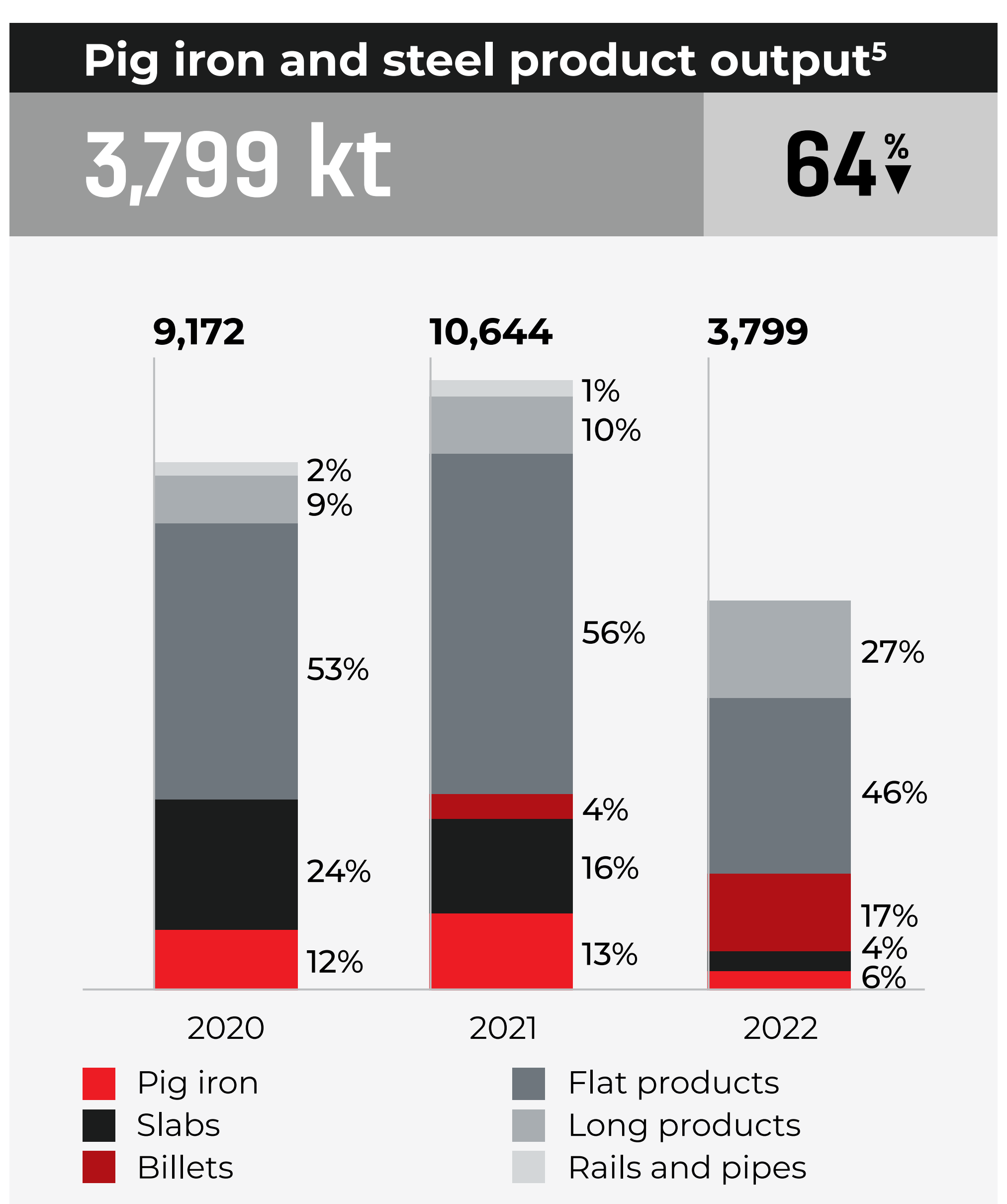
In 2022, the cumulative output of key products at Metinvest's re-rolling plants outside Ukraine was 1,359 thousand tonnes (down 20% year-on-year). In particular, the production of flat products was 371 thousand tonnes at Trametal (down 19% year-on-year), 334 thousand tonnes at Ferreira Valsider (down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



[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.

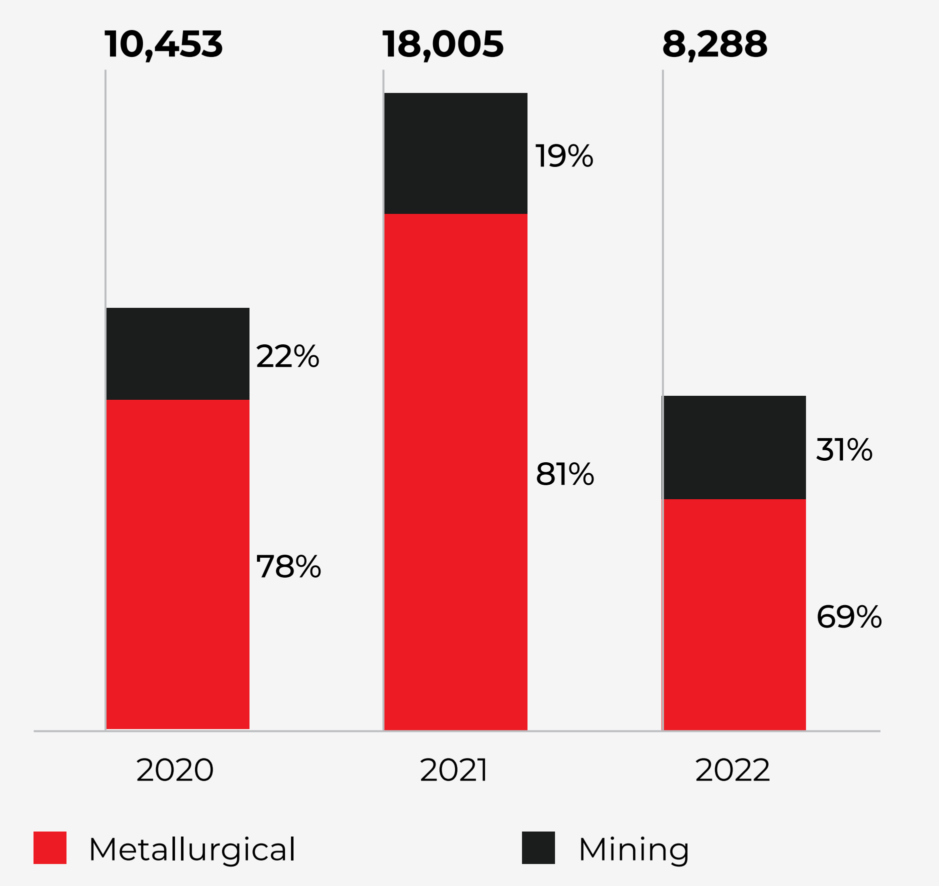
Importantly, the Group retained an experienced team and built out the global sales network.

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.

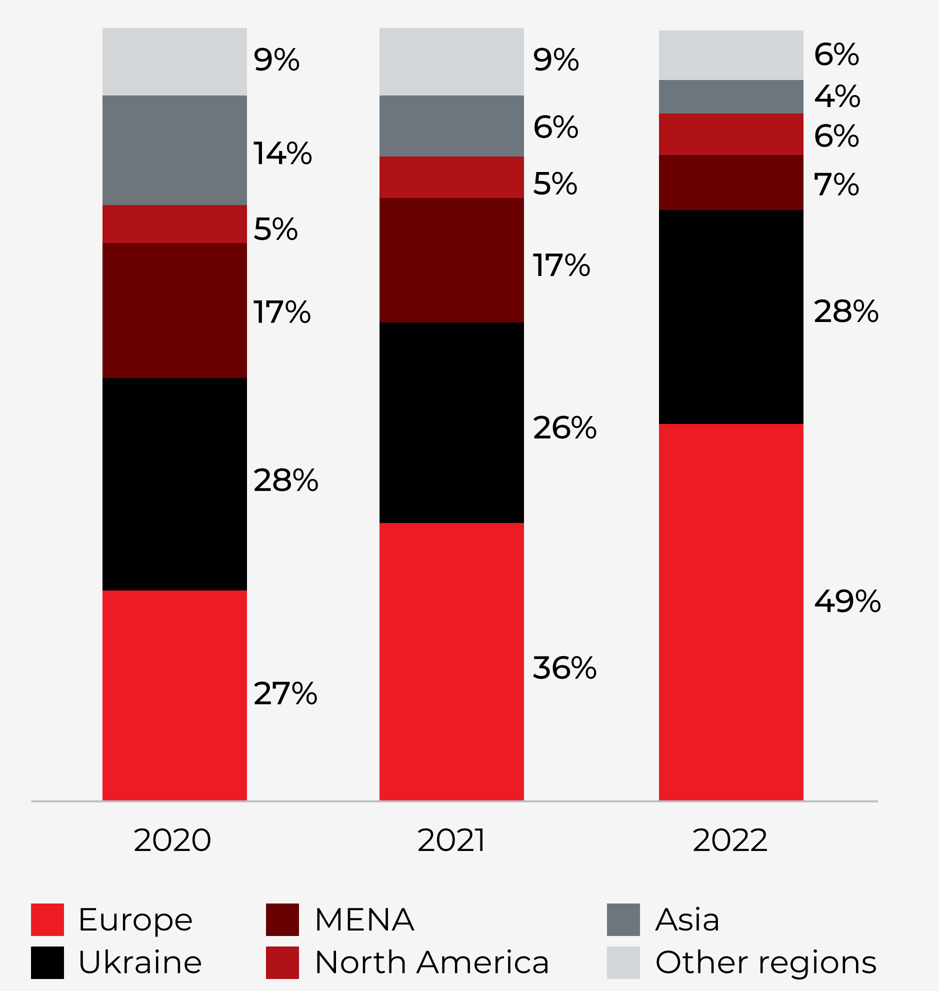
	Unit	2018	2019	2020	2021	2022
FINANCIAL RESULTS						
Revenues	US$ mn	**11,880**	**10,757**	**10,453**	**18,005**	**8,288**
Metallurgical segment	US$ mn	10,064	8,688	8,200	14,518	5,716
Mining segment	US$ mn	1,816	2,069	2,253	3,487	2,572
Adjusted EBITDA	US$ mn	**2,513**	**1,213**	**2,204**	**7,044**	**1,873**
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

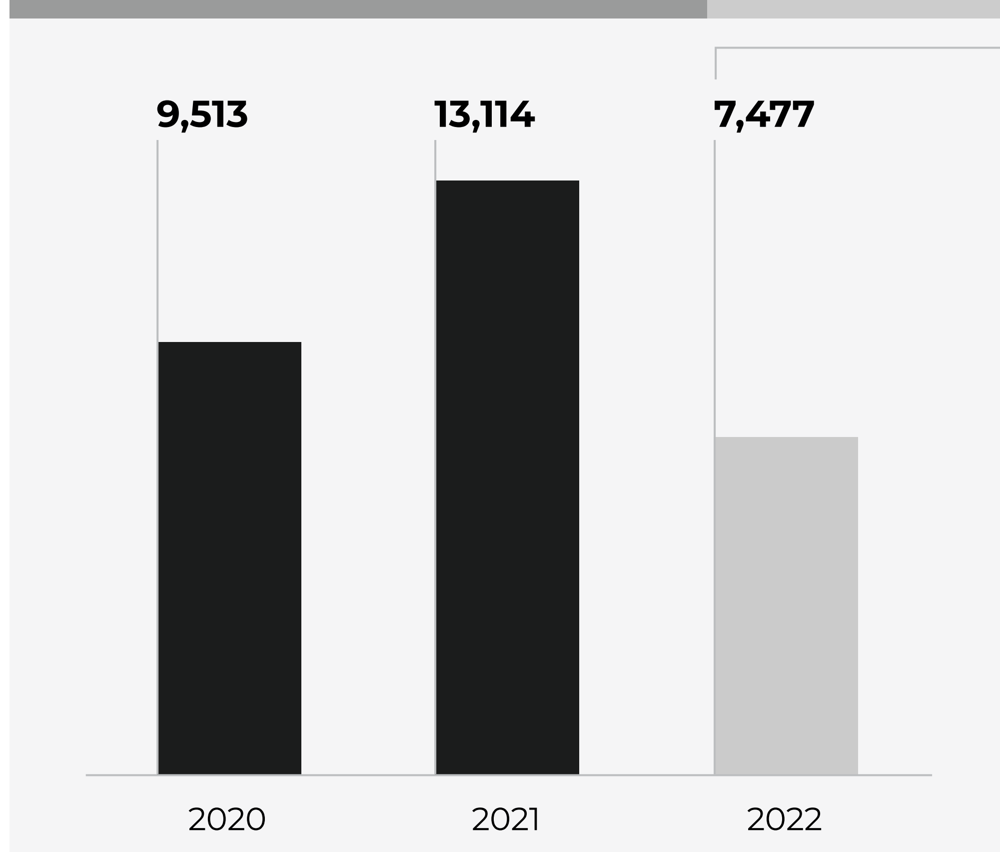
In 2022, net operating costs (excluding items shown separately)[2] decreased by 43% year-on-year to US$7,477 million, due to a number of factors.

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.

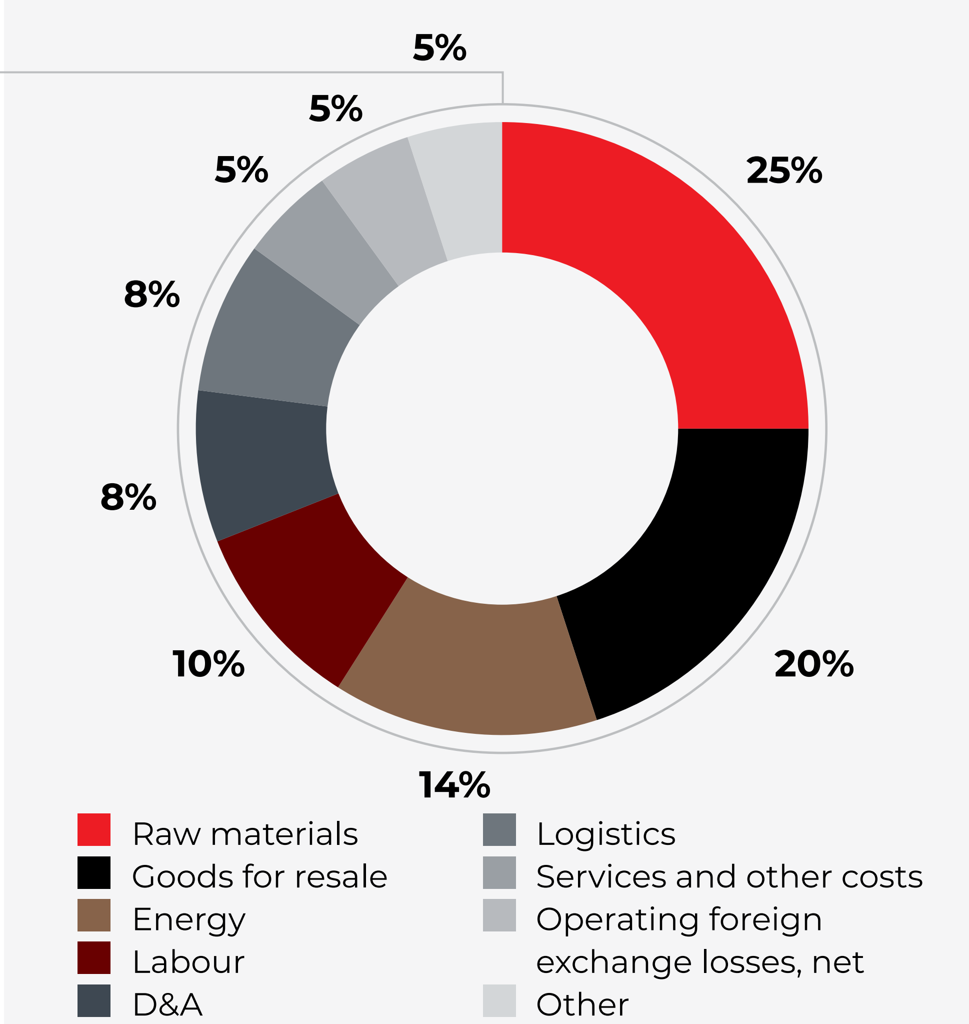
As a percentage of consolidated revenues, net operating costs increased by 17 percentage points year-on-year to 90% in 2022.

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.

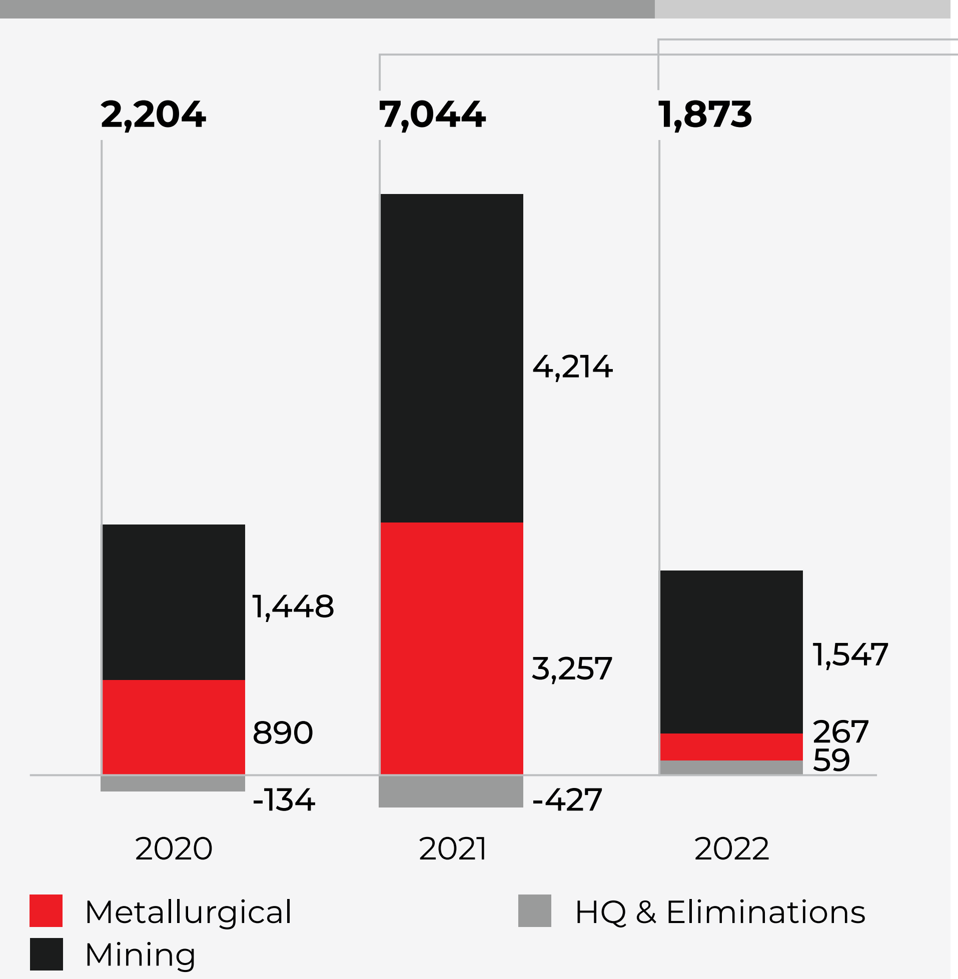
In particular, the Mining segment's EBITDA margin was at a healthy level of 45%, down 22 percentage points year-on-year, backed by strong coking coal selling prices and volumes. At the same time, the Metallurgical segment's EBITDA margin was 5%, a reduction of 17 percentage points year-on-year.

[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.

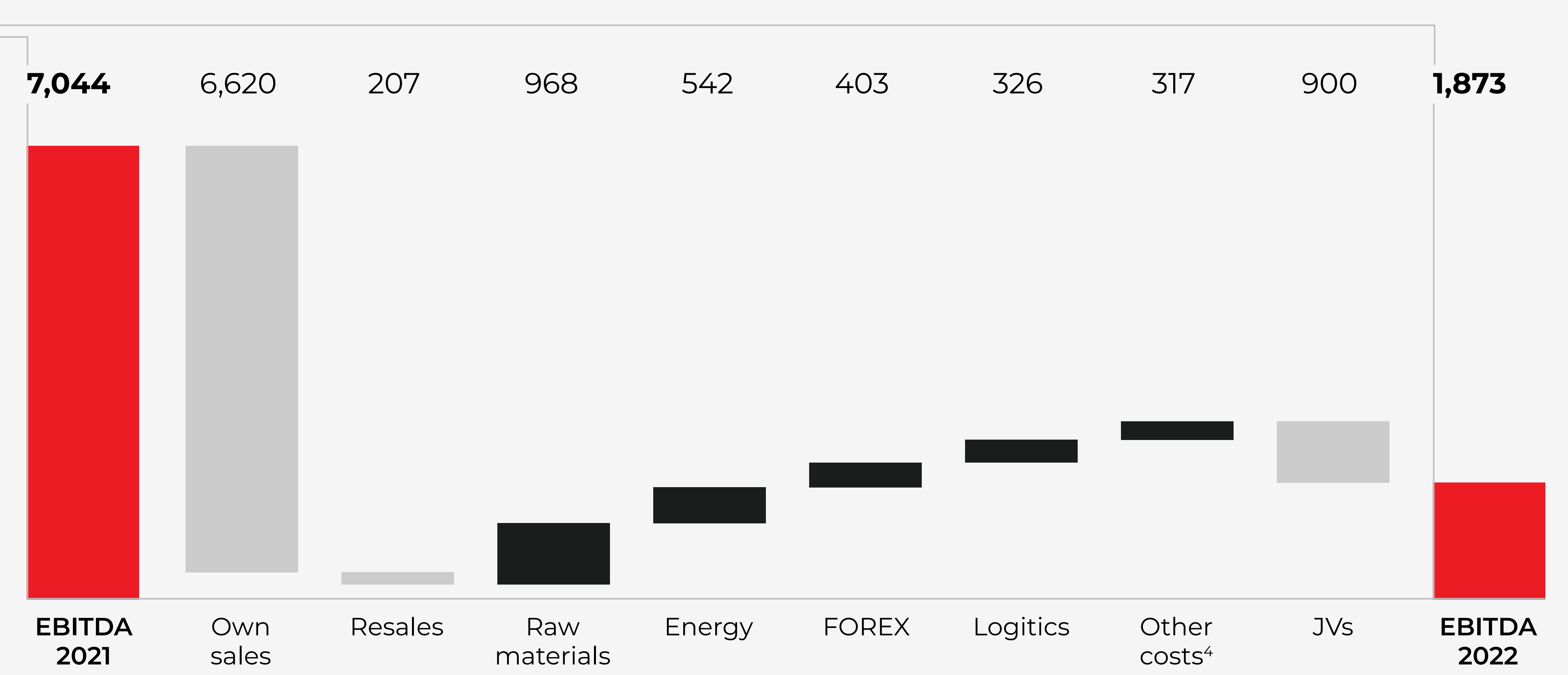
[4] Other costs include labour, other fixed costs and other expenses, net of resales.

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.

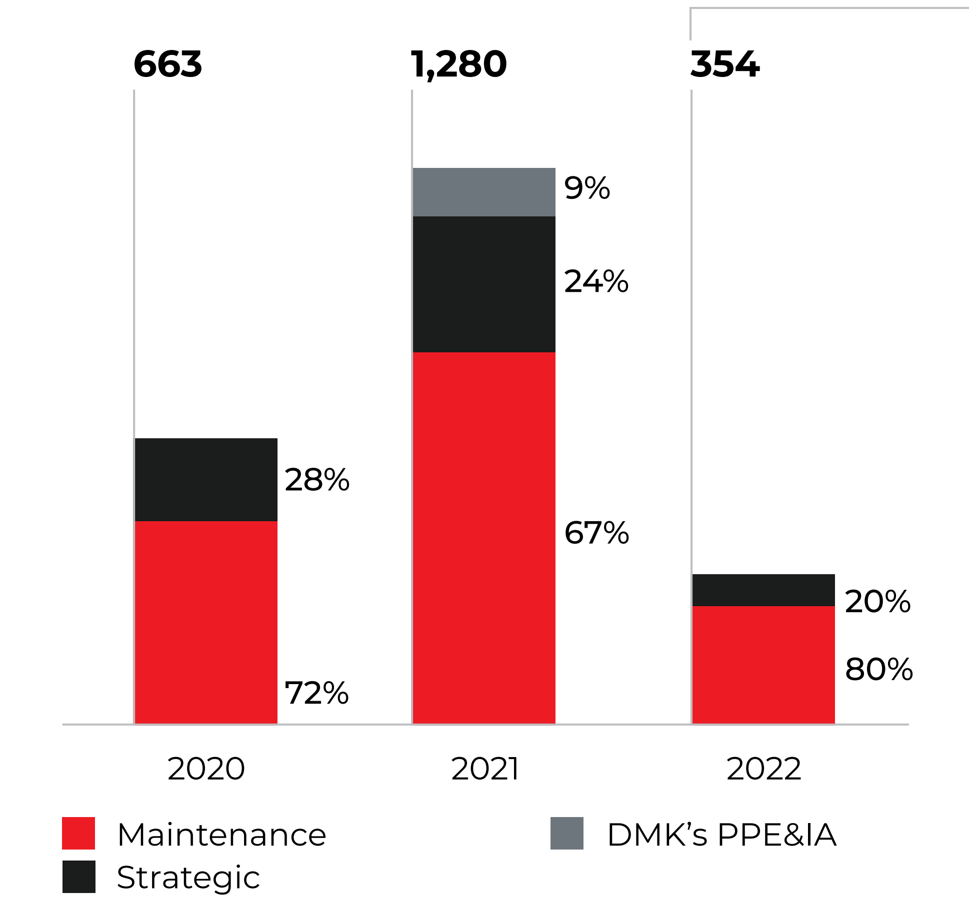
As a result, in 2022, Metinvest reduced capital expenditure by 72% year-on-year to US$354 million. Investments in maintenance declined by 67% year-on-year, while those in strategic projects fell by 77% year-on-year. This brought their shares in overall CAPEX expenditure to a respective 80% and 20% in 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.

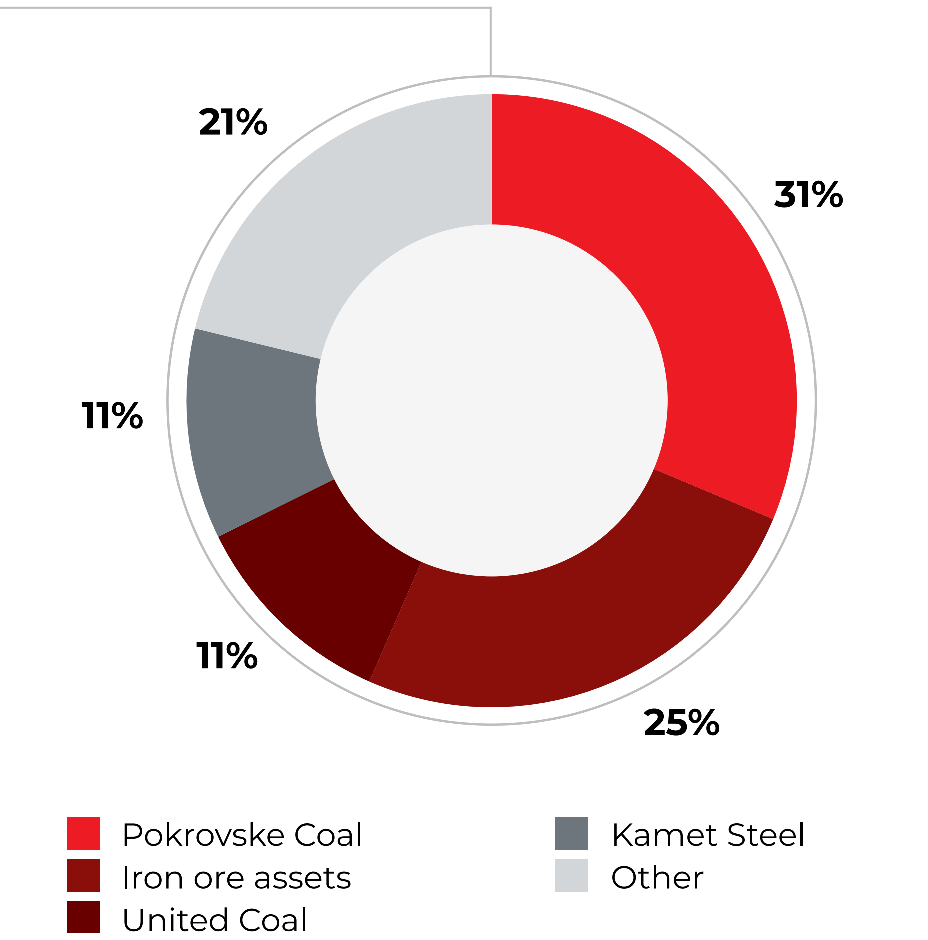
Despite the reduction in overall CAPEX, Metinvest continued to invest to bring projects at least to the feasibility stage. This proactive approach will enable the Group to move quickly to the implementation stage after the war is over.

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:

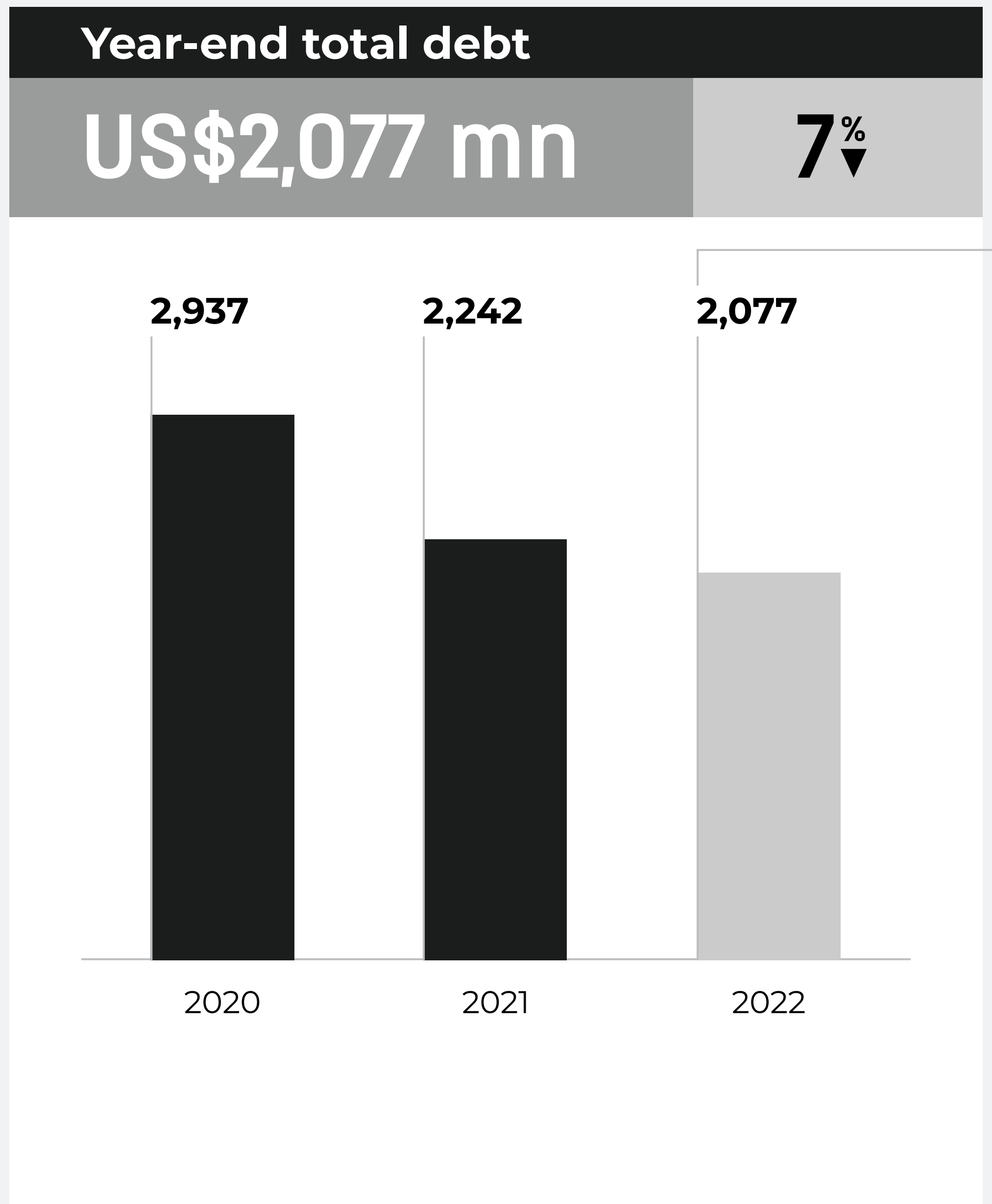
- the repurchase of around US$48 million of various series of bonds, including US$24 million of 2023 bonds via a tender offer
- the reduction of trade finance
- the optimisation of leased assets

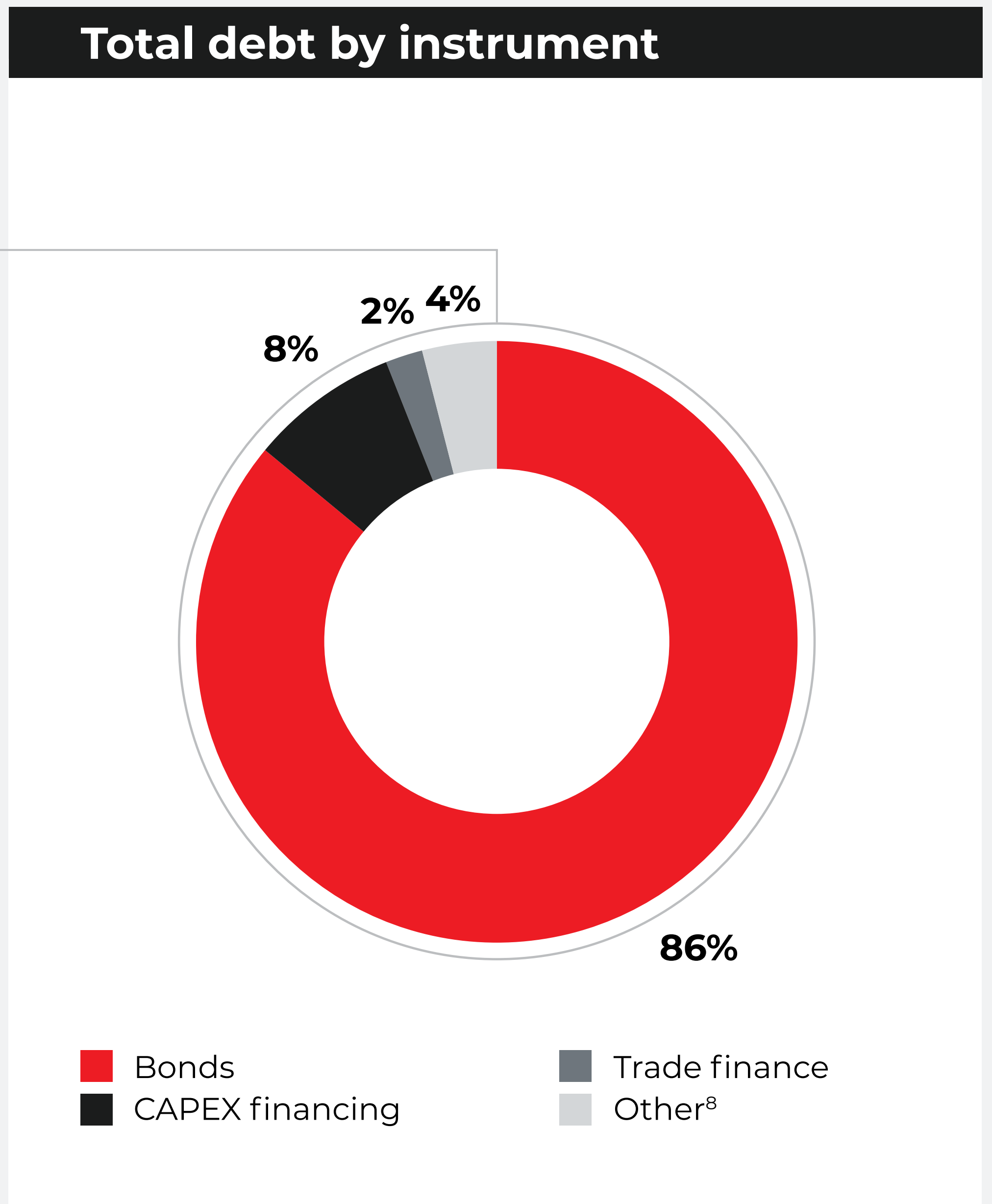
As a result, as of 31 December 2022 total debt[6] fell by 7% year-on-year to US$2,077 million. As of the year-end, bonds accounted for 86% of the total debt profile, 8% – CAPEX financing, 2% – trade financing and 4% – other debt. As of the end of the reporting period, net debt[7] was US$1,728 million, 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.

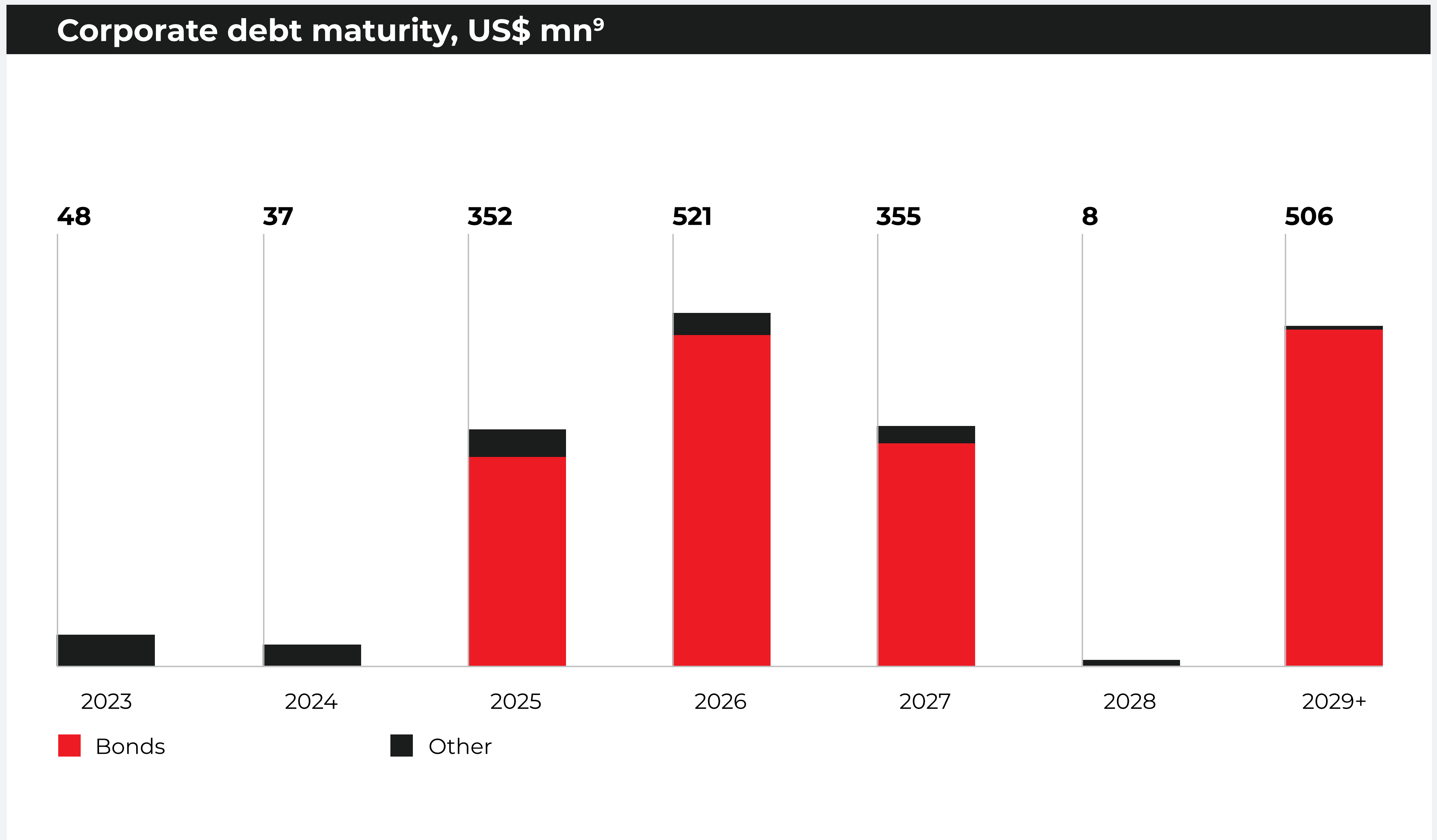
Metinvest has maintained a consistent approach to deleveraging in 2023, after the reporting period. In April, the timely repayment of its 2023 bonds was another major achievement in the context of the ongoing war in Ukraine and a significant milestone for the Ukraine-related corporate space.

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.







[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.