

Update on operations

Metinvest B.V., the parent company of a vertically integrated group of steel and mining companies (jointly referred to as “Metinvest” or “the Group”), releases an update on its operations.



On 24 February 2022, Russia launched a military invasion of Ukraine (further referred to as “the Ukrainian Events”). As at today’s date, conflict is taking place in and around several major Ukrainian cities, primarily in the south and east of the country. Casualty numbers, both civilian and military, are likely to increase further. Ukraine is suffering extensive damage to its infrastructure. Russia has blocked or occupied Ukraine’s key seaports, while limited railway capacity with Western countries cannot replace seaborne throughput. The Ukrainian Events have impacted Metinvest’s performance.

There are no significant changes to the status of the Group’s Mariupol steelmakers and Avdiivka Coke as compared to the information disclosed in the previous stock exchange announcement dated 13 May 2022.

Operations of other Ukrainian assets of Metinvest have been affected by a number of factors, including the following:

- There have been changes in logistical routes and supply chains in the country, as well as high transportation costs to deliver goods to end customers. Stocks of iron ore and steel products have accumulated throughout the Group’s supply chain, while there have been significant delays in Metinvest’s goods crossing the border with the EU.
- The production cost of steel goods has increased due to high prices for energy (in particular, natural gas) and raw materials, aggravated by a weak local demand on steel.
- Steel prices have decreased globally amid falling demand for steel and iron ore.

As a result of these factors:

- Kamet Steel has switched to operate one blast furnace, as blast furnace no. 9 has been shut down (blast furnace no.12 was shut down in April 2022).
- Metinvest continues to produce iron ore at Central GOK at reduced capacity utilisation levels, while production at Ingulets GOK and Northern GOK will be suspended from 1 July 2022 and mid-July 2022, respectively.
- Pokrovske Coal is operating at 75% of its 2021 production output.

In relation to the Group’s non-Ukrainian assets:

- Production volumes of United Coal (US) and Spartan UK (UK) have remained relatively unchanged compared to the previous market announcement.

- Promet Steel (Bulgaria) suspended its production in mid-June because of delivery delays for square billets from Kamet Steel. Metinvest expects to resume the plant's operations in early July 2022.
- Metinvest Trametel (Italy) has restarted re-rolling activities after scheduled annual maintenance, while Ferriera Valsider (Italy) is currently expected to resume operations in early July 2022.

The full extent of the impact of the Ukrainian Events on the Group's business generally is not yet known and will be largely dependent on the duration and extent of the current conflict, as well as the impact of these events on the Group's key production assets.

Metinvest provides regular updates on ongoing developments with respect to its Ukrainian assets on its website at:

<https://metinvestholding.com/en/media/news>

and

<https://metinvest.media/ua/page/operativna-situacya-v-ukran-ta-na-pdprimstvah-grupimetnvest>

. The Group will continue to review the impact of the continuing Ukrainian Events on its business and financial performance and will provide further information and updates when possible.

<https://metinvestholding.com/en/media/news/update-on-operations>