EVRAZ plc

EVRAZ PUBLISHES 2021 ANNUAL REPORT AND REPORTS FULL YEAR 2021 RESULTS

25 February 2022 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2021 ("2021 Annual Report") on its website: https://www.evraz.com/en/investors/reports-and-results/annual-reports/ and
- submitted to the UK National Storage Mechanism a copy of its 2021 Annual Report in accordance with LR 9.6.1 R.

The 2021 Annual Report will shortly be available for inspection on the National Storage Mechanism https://data.fca.org.uk/#/nsm/nationalstoragemechanism. The 2021 Annual Report and the Notice of the Company's Annual General Meeting, which will be held in June 2022, will be posted to shareholders in mid-May 2022.

FY 2021 HIGHLIGHTS

- Total segment revenues grew to US$14,159 million (FY2020: US$9,754 million)
- Total segment EBITDA amounted to US$5,015 million, compared with US$2,212 million in FY2020, boosting the EBITDA margin from 22.7% to 35.4%
- Free cash flow increased to US$2,257 million (FY2020: US$1,020 million)
- Net profit increased to US$3,107 million vs. US$858 million in FY2020
- Net debt significantly reduced: US$2,667 million (FY2020: US$3,356 million)
- Net debt to last twelve months EBITDA went down to 0.5x as at 31 December 2021 (as at 31 December 2020: 1.5x)
- Total EBITDA effect from cost-cutting and customer focus initiatives of US$590 million in 2021
- Cash-costs:
  - cash cost of slabs increased to US$308/t from US$213/t in FY2020 due to higher raw material prices (iron ore, coal, ferroalloys), and increased auxiliary, services and repairs costs
  - cash costs of coal concentrate increased to US$41/t (FY2020: US$31/t) mainly as a result of rise of mining costs
  - cash costs of iron ore products increased to US$42/t (FY2020: US$36/t) mainly by higher fixed costs as inflationary pressure intensified
- An interim dividend of US$729 million (US$0.50 per share) has been declared, reflecting the Board's confidence in the Group's financial position and outlook.
- The demerger of EVRAZ' coal business is expected to complete in late March 2022 and it is anticipated that Raspadskaya will announce a dividend according to its guidance during the publication of the consolidated IFRS financial statements for 2021 in the amount of not less than 100% of free cash flow if net debt/EBITDA is less than 1.0x and not less than 50% of free cash flow if net debt/EBITDA is above 1.0x.

FINANCIAL HIGHLIGHTS[1]

(US$ million)	FY2021	FY2020	Change, %
Total segment revenues[2]	14,159	9,754	45.2
Profit from operations	4,413	1,671	n/a
Total segment EBITDA [2,3]	5,015	2,212	n/a
Net profit	3,107	858	n/a
Earnings per share, basic (US$)	2.08	0.58	n/a
Net cash flows from operating activities	3,424	1,928	77.6
Free cash flow[4]	2,257	1,020	n/a
CAPEX[5]	920	657	40.0
	31 December 2021	**31 December 2020**	**Change, %**
Net debt[6]	2,667	3,356	(20.5)
Total assets	9,854	8,710	13.1

[1] Raspadskaya met all criteria to be classified as a disposal held for distribution to owners, as discussed in more detail in Note 2 and Note 13 of the EVRAZ consolidated financial statements, as of 31 December 2021. Consequently, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", it was accounted for as discontinued operations in the consolidated financial statements.

[2] Total segment revenues and total segment EBITDA include the contribution of discontinued operations. Revenues and EBITDA from continuing operations are US$13,486 million (2020: US$9,452 million) and US$3,692million (2020: US$1,830 million) respectively.

[3] See p.290 of EVRAZ plc Annual Report 2021 for the definition of EBITDA.

[4] See p.290 of EVRAZ plc Annual Report 2021 for the definition of free cash flow.

[5] Including payments on deferred terms recognised in financing activities and non-cash transactions.

[6] See p.291 of EVRAZ plc Annual Report 2021 for the calculation of net debt.

Commenting, EVRAZ Chief Executive Officer Aleksey Ivanov, said:

" In 2021, the steel industry was mostly driven by demand-side fluctuations. Steelmakers increased output in anticipation of more robust demand from the construction and manufacturing sectors. Unable to keep up with the accelerated pace of recovery, steel prices rose to their highest in years.

Amid the upswing on global markets, EVRAZ delivered outstanding financial results in the year, with total segment EBITDA amounting to US$5,015 million and the EBITDA margin reaching 35%. In addition, the Group continued to implement its efficiency improvement programme, which resulted in an EBITDA effect of US$590 million.

In the reporting period, we announced the demerger of Raspadskaya, our coal business, a process currently expected to complete in late March 2022. In our view, the demerger will establish a clear and focused equity story for both companies and provide greater flexibility to execute dedicated strategy for each.

In 2022, we will press ahead with further improving our ESG performance and strengthening our culture of continuous operational improvement. I strongly believe in our long-term success given the commitment of our employees, who represent the forefront of the industry.

We are conscious of the current geopolitical circumstances. We continue to monitor the situation and will keep you updated regarding any material developments that can influence our business."

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Appendix to this announcement contains additional information which has been extracted from the 2021 Annual Report for the purposes of compliance with DTR 6.3.5 only and should be read in conjunction with this announcement. Together these constitute the material required by DTR 6.3.5 and DTR 4.2.3 to be communicated to the media in unedited full text through a Regulatory Information Service. This announcement should be read in conjunction with and is not a substitute for reading the full 2021 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2021 Annual Report.

The financial information contained in this document does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Financial information for 2020 has been extracted from the audited statutory accounts for the year ended 31 December 2020 which were prepared in accordance with in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006. The auditor's report on those financial statements was unqualified with no reference to matters to which the auditor drew attention by way of emphasis and no statement under s498(2) or s498(3) of the Companies Act 2006. The financial information for the year ended 31 December 2021 will be delivered to the Registrar of Companies following the Company's annual general meeting convened in June 2022. The auditor has reported on the statutory accounts for the year ended 31 December 2021. The auditor's report was unqualified.

CONFERENCE CALL

A conference call to discuss the results, hosted by **Aleksey Ivanov**, CEO, **Nikolay Ivanov**, CFO, and **Alexander Kuznetsov**, Vice President, Corporate Strategy and Performance Management, will be held on Friday, 25 February 2022, at:

12:00 (London time)
15:00 (Moscow time)
07:00 (New York time)

To join the call, please dial:

+44 (0)330 336 9601 or **0800 279 6877 (toll free)**	UK
+7 495 646 5137 or **8 10 8002 8655011 (toll free)**	Russia
+1 646 828 8073 or **800 289 0720 (toll free)**	US

Conference ID: 2086600

To avoid any technical inconvenience, it is recommended that participants dial in 10 minutes before the start of the call.
An audio webcast will be available at the following link (registration needed): https://www.webcast-eqs.com/evraz20220225
The FY2021 results presentation will be also available on the Group's website, www.evraz.com, on Friday, 25 February 2022, at the following link:
https://www.evraz.com/en/investors/presentations/financial-results/
An MP3 recording will be available on Monday, 28 February 2022, at the following link:
https://www.evraz.com/en/investors/reports-and-results/financial-results/

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FINANCIAL REVIEW

The management have concluded that the demerger of the coal business has become highly probable within one year and that Raspadskaya Group met all criteria to be classified as a disposal held for distribution to owners, as discussed in more detail in Note 2 and Note 13 of the EVRAZ consolidated financial statements, as of 31 December 2021. Consequently, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", it was accounted for as discontinued operations in the consolidated financial statements.

During 2021 the Coal business was an integral part of the Group and was managed on this basis. Due to this the analysis presented below is based on the data disclosed in the Note 3 "Segment information" of the consolidated financial statements and follow the same logic as in all previous years.

The reconciliation of these results with the amounts presented in the consolidated statement of operations is provided in Note 13. It is limited to the presentation of the results of the coal business as discontinued operations.

STATEMENT OF OPERATIONS

In 2021, EVRAZ' total segment revenues climbed by 45.2% YoY to US$14,159 million, compared with US$9,754 million in 2020. The increase was caused primarily by higher sales prices for semi-finished and construction products, as well as greater volumes for vanadium products. This increase was also attributable to higher average realised prices and third party sales for coal.

The Group's total segment EBITDA amounted to US$5,015 million during the period, compared with US$2,212 million in 2020, boosting the EBITDA margin from 22.7% to 35.4%. The increase in EBITDA was primarily attributable to higher steel, vanadium and coal product sales prices.

Total segment revenues and total segment EBITDA include the contribution of discontinued operations. Revenues and EBITDA from continuing operations are US$13,486 million (2020: US$9,452 million) and US$3,692million (2020: US$1,830 million) respectively.

Free cash flow soared by 121.3% YoY to US$2,257 million due to better operating results.

In 2021, the Steel segment's revenues (including intersegment sales) rose by 46.2% YoY to US$10,188 million, which constitutes 66.3% of the Group's total before eliminations. The increase was mainly attributable to higher revenues from steel and vanadium products, which climbed by 45.5% and 47.6% YoY, respectively. This was primarily because average sales prices advanced by 50.4% for steel products and by 38.8% for vanadium. The effect of higher prices on the Steel segment revenues were partly offset by lower sales volumes, which edged down from 12.3 million tonnes in 2020 to 11.6 million tonnes in 2021 following planned decrease in production volumes at Russian mills.

In 2021, revenues from the Steel, North America segment rose by 30.6% YoY to US$2,324 million, driven by a 33.6% increase in sales prices. The latter was offset by a 3.0% reduction in sales volumes, primarily in the semi-finished and tubular products, but compensated by improvements in sales of flat-rolled products.

The Coal segment's revenues increased by 55.8% YoY to US$2,321 million, mainly driven by an increase of 68.8% in coal product sales prices and a decrease of 13.0% in sales volumes of coking coal products.

In 2021, higher prices for semi-finished, construction and vanadium products almost doubled the Steel segment's EBITDA, despite an increase in cost of sales.

The Steel, North America segment's EBITDA increased because of higher revenues from sales of flat-rolled, construction and railway products.

The Coal segment's EBITDA rose YoY due to higher average realised prices.

Total segment revenues
(US$ million)

Segment	2021	2020	Change	Change, %
Steel	10,188	6,969	3,219	46.2
Steel, North America	2,324	1,779	545	30.6
Coal	2,321	1,490	831	55.8
Other operations	535	410	125	30.5
Eliminations	(1,209)	(894)	(315)	35.2
Total	**14,159**	**9,754**	**4,405**	**45.2**

Total segment revenues by region
(US$ million)

Region	2021	2020	Change	Change, %
Russia	5,521	3,722	1,799	48.3
Asia	3,684	2,949	735	24.9
Americas	3,016	1,915	1,101	57.5
Europe	946	461	485	n/a
CIS (excl. Russia)	934	584	350	59.9
Africa and rest of the world	58	123	(65)	(52.8)
Total	**14,159**	**9,754**	**4,405**	**45.2**

Total segment EBITDA[1]
(US$ million)

Segment	2021	2020	Change	Change, %
Steel	3,609	1,930	1,679	86.9
Steel, North America	321	(28)	349	n/a
Coal	1,292	400	892	n/a
Other operations	19	15	4	26.6
Unallocated	(146)	(126)	(20)	15.9
Eliminations	(80)	21	(101)	n/a
Total	**5,015**	**2,212**	**2,803**	**n/a**

[1] *For the definition of EBITDA, please refer to p. 290 of the Annual Report 2021*

The following table details the effect of the Group's cost-cutting initiatives.

Effect of Group's cost-cutting initiatives in 2021, (US$ million)	
Increasing productivity and cost effectiveness	**224**
Improving auxiliary materials and service costs	**71**
Procurement efficiency	**34**
Other	**6**
Total	**335**

Revenues, cost of revenues and gross profit of segments

(US$ million)

	2021	**2020**	**Change**	**Change, %**
Steel segment				
Revenues	10,188	6,969	3,219	46.2
Cost of sales	(6,070)	(4,596)	(1,474)	32.1
Gross profit	4,118	2,373	1,745	73.5
Steel, North America segment				
Revenues	2,324	1,779	545	30.6
Cost of sales	(1,835)	(1,604)	(231)	(14.4)
Gross profit	489	175	314	n/a
Coal segment				
Revenues	2,321	1,490	831	55.8
Cost of sales	(919)	(1,027)	108	(10.5)
Gross profit	1,402	463	939	n/a
Other operations – *gross profit*	206	115	91	79.1
Unallocated – *gross profit*	(12)	(8)	(4)	50.0
Eliminations – *gross profit*	(183)	(76)	(107)	n/a
Total	**6,020**	**3,042**	**2,978**	**97.9**

Total segment gross profit, expenses and results (US$ million)				
	2021	**2020**	**Change**	**Change, %**
Gross profit	**6,020**	**3,042**	**2,978**	**97.9**
Selling and distribution costs	(907)	(840)	(67)	8.0
General and administrative expenses	(617)	(552)	(65)	11.8
Impairment of non-financial assets	(30)	(310)	280	(90.3)
Foreign-exchange gains/(losses), net	34	408	(374)	(91.7)
Social and social infrastructure maintenance expenses	(35)	(31)	(4)	12.9
Gains/(losses) on disposal of property, plant and equipment, net	(8)	(3)	(5)	n/a
Other operating income and expenses, net	(44)	(43)	(1)	2.3
Profit from operations	**4,413**	**1,671**	**2,742**	**n/a**
Interest expense, net	(227)	(322)	95	(29.5)
Share of profit/(losses) of joint ventures and associates	14	2	12	n/a
Gain/(loss) on financial assets and liabilities, net	(21)	(71)	50	(70.4)
Gain/(loss) on disposal groups classified as held for sale, net	2	1	1	100.0
Other non-operating gains/(losses), net	3	14	(11)	(78.6)
Profit before tax	**4,184**	**1,295**	**2,889**	**n/a**
Income tax expense	(1,077)	(437)	(640)	n/a
Net profit	**3,107**	**858**	**2,249**	**n/a**

In 2021, selling and distribution expenses rose by 8.0% amid increased freight transportation costs related to higher shipment volumes and freight rates. General and administrative expenses climbed by 11.8%, mostly because of the implementation of projects aimed at increasing productivity (EVRAZ Business System transformation, legal and IT) and consulting services for these projects. This was partly offset by the effect that depreciation of the average ruble exchange rate had on costs.

In 2021, EVRAZ recognised a US$30 million impairment loss in relation to certain functionally obsolete items of property, plant and equipment.

Foreign exchange gains amounted to US$34 million. They were mainly related to intra-group loans denominated in rubles and payable by Evraz Group S.A., whose functional currency is the US dollar, to the Russian subsidiaries, which have the ruble as their functional currency. The depreciation of the Russian ruble against the US dollar in 2021 led to foreign exchange gains being recognised on the income statements of non-Russian subsidiaries.

Net interest expense decreased to US$227 million in 2021, compared with US$322 million in 2020. This was mainly due to repayment of expensive debt and a lower indebtedness level during 2021. In the first quarter of 2021, the Group settled the 8.25% notes due 2021 (US$735 million principal) and 12.6% ruble-denominated bonds due 2021 (US$203 million principal at 31 December 2020). Later during 2021, the full amount of the 6.75% notes due 2022 (US$500 million principal) was repurchased early.

In the reporting period, the Group had an income tax expense of US$1,077 million, compared with US$437 million in 2020. The change mostly reflects the significant improvement in operating results.

Cash flow
(US$ million)

	2021	**2020**	**Change**	**Change, %**
Cash flows from operating activities before changes in working capital	4,000	1,593	2,407	n/a
Changes in working capital	(576)	335	(911)	n/a
Net cash flows from operating activities	**3,424**	**1,928**	**1,496**	77.6
Short-term deposits at banks, including interest	4	4	0	0.0
Purchases of property, plant and equipment and intangible assets	(910)	(647)	(263)	40.6
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	2	11	(9)	(81.8)
Other investing activities	(1)	8	(9)	n/a
Net cash flows used in investing activities	**(905)**	**(624)**	**(281)**	45.0
Net cash flows used in financing activities	**(2,707)**	**(1,107)**	**(1,600)**	n/a
including dividends paid	**(1,549)**	(872)	**(677)**	77.6
Effect of foreign exchange rate changes on cash and cash equivalents	(12)	7	(19)	n/a
Net increase/(decrease) in cash and cash equivalents	**(200)**	**204**	**(404)**	n/a

Calculation of free cash flow[1]
(US$ million)

	2021	2020	Change	Change, %
EBITDA	5,015	2,212	2,803	n/a
EBITDA excluding non-cash items	**5,042**	**2,203**	**2,839**	**n/a**
Changes in working capital	(576)	335	(911)	n/a
Income tax accrued	(1,007)	(579)	(428)	73.9
Social and social infrastructure maintenance expenses	(35)	(31)	(4)	12.9
Net cash flows from operating activities	**3,424**	**1,928**	**1,496**	**77.6**
Interest and similar payments	(248)	(269)	21	(7.8)
Capital expenditures, including recorded in financing activities and non-cash transactions	(920)	(657)	(263)	40.0
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	2	11	(9)	(81.8)
Other cash flows from investing activities	(1)	7	(8)	n/a
Free cash flow	**2,257**	**1,020**	**1,237**	**n/a**

[1] *For the definition of free cash flow, please refer to p. 290 of the Annual Report 2021.*

CAPEX AND KEY PROJECTS

During the reporting period, EVRAZ’ capital expenditures rose to US$920 million, compared with US$657 million in 2020, driven by higher development expenses. Capital expenditure projects during 2021, indicated in millions of US dollars, can be summarised as follows.

Capital expenditures in 2021

DEVELOPMENT PROJECTS, US$ million	
Steel segment	
Tashtagol iron ore mine upgrade at EVRAZ ZSMK mining site *The project aim is to increase the annual iron ore production of the Tashtagolsky deposit with a partial switch to sublevel caving using mobile equipment*	33
Sobstvenno-Kachkanarsky deposit greenfield project *The project aim is to maintain production of raw iron ore*	29
Rail and beam mill modernisation at EVRAZ NTMK *The project aim is to increase production of beams and sheet piles*	14
Construction of Vanadium processing facility at EVRAZ Uzlovaya *The strategic aims of the new unit are to increase cost efficiency in fully controlled and coordinated at all stages processing chain from slag to final product.*	13
Transfer of direct coke oven gas for cleaning in capture shop no. 3 at EVRAZ NTMK *The project aim is to decrease air emissions.*	11
Reconstruction of pig-casting machines section for blast furnace at EVRAZ NTMK *Technical re-equipment of the bottling section blast furnace machines*	9
Construction of uncompressed gas recovery turbines for blast furnace no. 7 at EVRAZ NTMK *The project aim is to increase own electricity generation*	6
Steel, North America segment	
Long rail mill at EVRAZ Pueblo *The project aim is to replace the existing rail facility and meet the needs of customers for long rail products*	146
Electric arc furnace (EAF) repowering at EVRAZ Regina *The project aim is to increase EVRAZ Regina’s prime coil and plate production and reduce electrode consumption*	7
Coal segment	
Acquisition of equipment at Alardinskaya mine *The project aim is to reduce the time required for transition from longwall to longwall and to increase annual production volumes to 3.2mt.*	17
***Acquisition of equipment* at Raspadskaya-Koksovaya mine** *Own equipment for open pit mining*	12
Acquisition of equipment at Osinnikovskaya mine *The project aim is to acquire equipment that fully complies with the mining and geological conditions to provide the projected monthly longwall load*	11
Other development projects	95
MAINTENANCE CAPEX	**517**
TOTAL	**920**

FINANCING AND LIQUIDITY

EVRAZ began 2021 with total debt of US$4,983 million.

In January, the Group repaid at maturity US$735 million in outstanding principal of its Eurobonds due in 2021. In June and August, the Group completed several transactions to repurchase, in aggregate, US$65 million in outstanding principal of its Eurobonds due in 2022 and later in October completed a make-whole call for the remaining US$435 million in outstanding principal of these Eurobonds.

In March, the Group repaid, at maturity, RUB15,000 million (roughly US$201 million) in outstanding principal of its ruble-denominated bonds due in 2021.

In March, to compensate for the reduction in liquidity, EVRAZ drew US$750 million under the committed syndicated facility that it signed with a group of international banks in early 2020.

In February, EVRAZ ZSMK signed a new credit facility with SberBank and borrowed US$67 million of the available funds.

In June, EVRAZ ZSMK signed an amendment to its existing US$100 million credit facility with ING DiBa, extending its repayment schedule until 2026 and increasing its size to US$150 million. In July, EVRAZ ZSMK utilised an additional US$50 million. In October, the Group agreed an amendment to this credit facility implementing sustainability-linked provisions, namely a pricing mechanism that became linked to the management score component of the Sustainalytics ESG rating.

In November, EVRAZ ZSMK signed a new, committed US$350 million credit facility with Intesa with an availability period of six months from the signing date. The facility remained unutilised as at 31 December 2021.

In the process of preparing for a potential demerger of its Coal assets, the Group obtained necessary creditor approvals, including a Eurobond consent solicitation from the majority of holders of its Eurobonds due in 2022, 2023 and 2024. It also took steps to rebalance its debt between the Steel and Coal divisions and refinance certain outstanding loans.

Raspadskaya received a US$200 million long-term loan from Alfa Bank and a US$200 million long-term loan from SberBank.

Steelmaking subsidiaries of the Group, EVRAZ NTMK and EVRAZ ZSMK, repaid a total of around US$619 million of their outstanding bank debt of varying maturities during 2021.

As a result of these actions, as well as scheduled repayments of bank loans and leases in 2021, total debt fell by US$889 million to US$4,094 million as at 31 December 2021.

In 2021, EVRAZ paid three interim dividends to its shareholders: US$437 million (US$0.30 per share) in April, US$292 million (US$0.20 per share) in June, and US$802 million (US$0.55 per share) in September.

On 14 December 2021, EVRAZ announced an interim dividend to its shareholders of US$292 million (US$0.20 per share), payable in January 2022.

Net debt dropped by US$689 million to US$2,667 million, compared with US$3,356 million as at 31 December 2020.

Interest expense accrued on loans, bonds and notes amounted to US$186 million during the period, compared with US$291 million in 2020. The repayment of the Eurobonds due in 2021 and 2022 and rouble bonds due in 2021, all of which had high coupon rates, together with management's efforts to reduce total debt and refinance indebtedness on favourable terms, led to the significant reduction of interest expense compared with the previous year.

The higher EBITDA amid a strong market recovery and lower net debt resulted in a significant reduction in the Group's major leverage metric, the ratio of net debt to last twelve months (LTM) EBITDA, to 0.5 as at 31 December 2021, compared with 1.5 as at 31 December 2020.

As at 31 December 2021, various bilateral facilities with a total outstanding principal of around US$1,697 million contained financial maintenance covenants tested at the level of EVRAZ plc, including a maximum net leverage and a minimum EBITDA interest cover.

New debt facilities of Raspadskaya contain financial maintenance covenants tested on the consolidated financials of Raspadskaya, including a maximum net leverage and a minimum EBITDA interest cover.

As at 31 December 2021, EVRAZ and its subsidiaries were in full compliance with the financial covenants.

As at 31 December 2021, cash and cash equivalents amounted to US$1,427 million, while short-term loans and the current portion of long-term loans amounted to US$101 million. Cash balances and committed credit facilities available to the Group (US$623 million) comfortably cover upcoming maturities.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, North America		Coal		Other	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues	10,188	6,969	2,324	1,779	2,321	1,490	535	410
EBITDA	3,609	1,930	321	(28)	1,292	400	19	15
EBITDA margin	35.4%	27.7%	13.8%	(1.6)%	55.7%	26.8%	3.6%	3.7%
CAPEX	468	401	216	92	228	154	8	10

Steel segment

Sales review

Steel segment revenues by product					
	2021		**2020**		
	US$ million	**% of total segment revenues**	**US$ million**	**% of total segment revenues**	**Change, %**
Steel products, external sales	**8,842**	**86.8**	**6,079**	**87.2**	**45.5**
Semi-finished products[1]	3,779	37.1	2,479	35.6	52.4
Construction products[2]	3,177	31.2	2,013	28.9	57.8
Railway products[3]	1,083	10.6	1,099	15.8	(1.5)
Flat-rolled products[4]	237	2.3	146	2.1	62.3
Other steel products[5]	566	5.6	342	4.9	65.5
Steel products, intersegment sales	**28**	**0.3**	**37**	**0.5**	**(24.3)**
Including sales to Steel, North America	8	0.1	26	0.4	(69.2)
Iron ore products	**234**	**2.3**	**146**	**2.1**	**60.3**
Vanadium products	**515**	**5.1**	**349**	**5.0**	**47.6**
Other revenues	**569**	**5.6**	**358**	**5.1**	**58.9**
Total	**10,188**	**100.0**	**6,969**	**100.0**	**46.2**

1 Includes billets, slabs, pig iron, pipe blanks and other semi-finished products.
2 Includes rebar, wire rods, wire, beams, channels and angles.
3 Includes rails, wheels, tyres and other railway products.
4 Includes commodity plate and other flat-rolled products.
5 Includes rounds, grinding balls, mine uprights and strips.

Sales volumes of Steel segment (thousand tonnes)	**2021**	**2020**	**Change, %**
Steel products, external sales	**11,597**	**12,197**	**(4.9)**
Semi-finished products	5,541	6,039	(8.2)
Construction products	3,905	3,944	(1.0)
Railway products	1,192	1,299	(8.2)
Flat-rolled products	245	267	(8.2)
Other steel products	714	647	10.4
Steel products, intersegment sales	**29**	**67**	**(56.7)**
Total steel products	**11,626**	**12,264**	**(5.2)**
Vanadium products (tonnes of pure vanadium)	**20,341**	**18,696**	**8.8**
Vanadium in slag	7,053	6,129	15.1
Vanadium in alloys and chemicals	13,288	12,567	5.7
Iron ore products (pellets)	**1,430**	**1,732**	**(17.4)**

Geographic breakdown of external steel product sales (US$ million)	**2021**	**2020**	**Change, %**
Russia	4,263	2,962	43.9
Asia	2,627	2,200	19.4
CIS	682	490	39.2
Europe	596	221	n/a
Africa, Americas and rest of the world	674	206	n/a
Total	**8,842**	**6,079**	**45.5**

In 2021, the Steel segment's revenues climbed by 46.2% YoY to US$10,188 million, compared with US$6,969 million in 2020. This was the result of higher sales prices, primarily for semi-finished products and construction products, as well as greater vanadium product volumes.

Revenues from external sales of semi-finished products rose by 52.4% YoY. This was driven by a 60.6% increase in average prices, which was partly offset by an 8.2% decline in sales volumes. The decrease was attributable to change in product mix and a reduction in the output following the introduction of the export duty in 2021. The primary factor was a surge of 90.0% in the average prices of slabs.

Revenues from sales of construction products to third parties jumped by 57.8% YoY amid an increase of 58.8% in average prices. This was caused mainly by higher sales prices for rebars on the Russian and CIS markets, greater beam sales prices, as well as higher sales prices for channels, primarily on the Russian market.

Revenues from external sales of railway products decreased because of reductions of 8.2% in sales volumes, which was partly offset by a 6.7% increase in sales prices. The drop in sales volumes was caused mostly by lower sales of rails amid reduced demand in Russia and the CIS.

External revenues from flat-rolled products surged by 62.3% YoY, driven by a 70.5% upswing in sales prices.

Revenues from external steel product sales in Russia climbed by 43.9% YoY, primarily because of higher prices and greater demand. The share of the Russian market in total external steel product sales decreased from 48.7% in 2020 to 48.2% in 2021. Asia's share of sales fell from 36.2% to 29.7% because of lower sales volumes for billets.

Steel segment revenues from sales of iron ore products, including intersegment sales, surged by 60.3%, driven by an 77.7% jump in sales prices and a 17.4% decline in sales volumes. The main decrease in sales volumes was caused by a shortage of iron ore, unplanned equipment downtimes and logistics restrictions.

During the reporting period, around 68.1% of EVRAZ' iron ore consumed in steelmaking came from its own operations, compared with 63.2% in 2020.

Steel segment revenues from sales of vanadium products, including intersegment sales, climbed by 47.6%, due primarily to a 38.8% increase in sales prices. Vanadium product prices followed market trends, including the London Metal Bulletin and Ryan's Notes benchmarks.

Steel segment cost of revenues

Steel segment cost of revenues

	2021		2020		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**6,070**	**59.7**	**4,596**	**65.9**	**32.1**
Raw materials	3,150	30.9	2,025	29.1	55.5
Iron ore	*776*	*7.6*	503	7.2	*54.3*
Coking coal	*1,218*	*12.0*	769	11.0	*58.4*
Scrap	*673*	*6.6*	442	6.3	*52.3*
Other raw materials	*483*	*4.7*	311	4.5	*55.3*
Auxiliary materials	328	3.2	339	4.9	(3.2)
Services	266	2.6	241	3.5	10.4
Transportation	380	3.7	407	5.8	(6.6)
Staff costs	518	5.1	477	6.8	8.6
Depreciation	256	2.5	233	3.3	9.9
Energy	416	4.1	398	5.7	4.5
Other*	756	7.4	476	6.8	58.8

** Primarily includes goods for resale, intersegment unrealised profit and certain taxes, semi-finished products and allowances for inventories*

In 2021, the Steel segment's cost of revenues increased by 32.1% YoY. The main reasons for the growth in costs were as follows:

- The cost of raw materials rose by 55.5%, primarily because of the higher cost of coking coal (up 58.4%) and iron ore (54.3%) amid price increases. Scrap costs climbed by 52.3% because of higher prices for scrap, which was driven by global market trends.

- Service costs rose by 10.4%, primarily driven by higher costs for processing costs of vanadium in slag.
- Transportation costs dropped by 6.6%, primarily because of lower railway tariffs.
- Depreciation costs increased by 9.9%, mainly because of higher depreciation at EVRAZ NTMK after fixed assets were upgraded to improve their technical condition.
- Other costs jumped by 58.8%, largely because of increase in taxes due to export duty on metal products effective from 1 August 2021 and lower cost of goods for resale amid an increase in purchase prices in 2021 compared with 2020.

Steel segment gross profit

The Steel segment's gross profit surged by 73.5% YoY and amounted to US$4,118 million in the reporting period driven primarily by higher prices for semi-finished, construction and vanadium products. This was partly offset by the negative effect of higher cost.

Steel, North America segment

Sales review

Steel, North America segment revenues by product

	2021		2020		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
Steel products	**2,227**	**95.8**	**1,684**	**94.7**	**32.2**
Semi-finished products[1]	10	0.4	109	6.1	(90.8)
Construction products[2]	268	11.5	183	10.3	46.4
Railway products[3]	392	16.9	326	18.3	20.2
Flat-rolled products[4]	900	38.7	323	18.2	178.6
Tubular and other steel products[5]	657	28.3	743	41.8	(11.6)
Other revenues[6]	97	4.2	95	5.6	2.1
Total	**2,324**	**100.0**	**1,779**	**100.0**	**30.6**

[1] Includes slabs

[2] Includes beams and rebars

[3] Includes rails and wheels

[4] Includes commodity plate, specialty plate and other flat-rolled products

[5] Includes large-diameter line pipes, ERW line pipes, seamless and welded OCTG and other steel products

[6] Includes scrap and services

Sales volumes of Steel, North America segment (thousand tonnes)	**2021**	**2020**	**Change, %**
Steel products			
Semi-finished products	-	144	(100.0)
Construction products	268	262	2.3
Railway products	383	404	(5.2)
Flat-rolled products	625	382	63.6
Tubular and other steel products	402	537	(25.1)
Total	**1,678**	**1,729**	**(2.9)**

The Steel, North America segment's revenues from the sale of steel products climbed by 32.2% YoY amid a 35.3% surge in sales prices, offset by a 2.9% decrease in sales volumes. The reduction in volumes was mainly attributable to sales of tubular and semi-finished products, which was partly compensated by increased sales of flat-rolled and construction products.

Revenues from semi-finished product sales dropped to almost zero following the fulfilment of a contract with a key customer in 2020.

Revenues from construction product sales rose by 46.4% YoY because of a 2.3% increase in volumes and a 44.1% improvement in prices. The upward trend was driven by greater market demand amid the economic recovery.

Railway product revenues increased by 20.2%, driven by a growth in sales prices of 25.4%. This was partly offset by a decrease in sales volumes of 5.2%.

Revenues from flat-rolled products soared by 178.6% amid a 63.6% jump in volumes. This was supported by rapid market improvement and a 115.0% increase in sales prices as a result of higher third-party demand in 2021 amid the rapid market recovery from the pandemic and limited supply.

Revenues from tubular and other steel product sales fell by 11.6% YoY due to a 25.1% drop in sales volumes, which was partly offset by an 13.5% uptick in sales prices. The reduction in volumes was caused by the idling of the spiral mills following the completion of 2020 orders.

Steel, North America segment cost of revenues

Steel, North America segment cost of revenues

	2021		2020		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**1,835**	**79.0**	**1,604**	**90.1**	**14.4**
Raw materials	888	38.2	454	25.5	95.6
Semi-finished products	137	5.9	238	13.4	(42.4)
Auxiliary materials	202	8.7	172	9.7	17.4
Services	135	5.8	145	8.2	(6.9)
Staff costs	240	10.3	240	13.5	-
Depreciation	89	3.8	100	5.6	(11.0)
Energy	119	5.1	90	5.1	32.2
Other[1]	25	1.1	165	9.3	(84.8)

[1] Primarily includes transportation, goods for resale, certain taxes, changes in work in progress and fixed goods and allowances for inventories

In 2021, the Steel, North America segment's cost of revenues increased by 14.4% YoY. The main drivers were as follows:

- Raw material costs surged by 95.6%, which was primarily attributable to the higher cost of scrap metal and increased consumption due to transition to increased share of internal supply of semi-finished products.
- The cost of semi-finished products dropped by 42.4% driven by a reduction of externally purchased materials and transition to internal supply.
- Auxiliary material costs rose by 17.4% following a change in classification (lime and coke to auxiliary materials, which were previously included in other raw materials).
- Service costs fell by 6.9%, mainly driven by decline in coating services due to decreased pipe sales volumes.
- Energy costs rose by 32.2%, primarily because of higher natural gas prices.
- Other costs were down for the reporting period, mainly because of changes in balances of finished goods and work in progress compared with 2020 amid higher production and prices, which were driven by global market trends.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$489 million in the reporting period, up from US$175 million in 2020. The increase was primarily driven by a significant growth in revenues amid favourable market conditions. It was partly offset by higher prices for raw materials, auxiliary materials and energy.

Coal segment

Sales review

Coal segment revenues by product

	2021		2020		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
External sales					
Coal products	**1,531**	**65.9**	**929**	**62.4**	**64.8**
Coking coal	95	4.1	74	4.9	28.4
Coal concentrate	1,436	61.9	853	57.3	68.3
Steam coal	-	-	2	0.2	(100)
Intersegment sales					
Coal products	**762**	**32.8**	**536**	**35.9**	**42.2**
Coking coal	184	7.9	101	6.8	82.2
Coal concentrate	578	24.9	435	29.2	32.9
Other segment revenues	**28**	**1.2**	**25**	**1.7**	**12.0**
Total	**2,321**	**100**	**1,490**	**100.0**	**55.8**

Sales volumes of Coal segment
(thousand tonnes)

	2021	**2020**	**Change, %**
External sales			
Coal products	**10,608**	**12,336**	**(14.0)**
Coking coal	686	2,233	(69.3)
Coal concentrate and other products	9,922	10,066	(1.4)
Steam coal		37	n/a
Intersegment sales			
Coal products	**6,197**	**6,986**	**(11.3)**
Coking coal	2,172	2,323	(6.5)
Coal concentrate	4,025	4,663	(13.7)
Total, coal products	**16,805**	**19,322**	**(13.0)**

In 2021, the Coal segment's overall revenues increased as sales prices rose in line with global market trends. As the global market recovered from the pandemic-related decline seen in 2020, demand for coal grew. Production restrictions observed since the second half of 2021 in all global producing regions also contributed to the strong increase in international prices.

Revenues from external sales of coal products increased amid a 78.8% upswing in prices. This was partly offset by an 14.0% decrease in sales volumes because of lower production of the GZh grade and a change in the product mix in favour of coking coal concentrate to meet customer needs. Revenues from external sales of coking coal and coking coal concentrate climbed by 28.4% and 68.3%, respectively, amid higher prices.

Revenues from internal sales of coal products surged by 42.2%, mainly because of a 53.5% jump in sales prices, which was partly offset by an 11.3% drop in sales volumes amid a shortage of premium K-grade coal.

In 2021, the Coal segment's sales to the Steel segment amounted to US$762 million (32.8% of total sales), compared with US$536 million (35.9%) in 2020.

During the reporting period, roughly 70.7% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 78.0% in 2020.

Coal segment cost of revenues

Coal segment cost of revenues

	2021		2020		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**919**	**39.6**	**1,027**	**68.9**	**(10.5)**
Auxiliary materials	141	6.1	110	7.4	28.2
Services	65	2.8	53	3.5	22.6
Transportation	286	12.3	294	19.7	(2.7)
Staff costs	226	9.7	200	13.4	13.0
Depreciation	164	7.1	163	10.9	0.6
Energy	46	2.0	43	2.9	7.0
Other[1]	(9)	(0.4)	164	11.0	(105.5)

[1] *Primarily includes goods for resale, certain taxes, changes in work in progress and finished goods, allowance for inventory, raw materials and inter-segment unrealised profit.*

The volume of total coal products sales decreased by 13% and caused decrease of cost of sales by 10.5% while cost of production increased due to increase of production as well as the following factors:

- The cost of auxiliary materials rose by 28.2% amid higher longwall move costs at the Alardinskaya, Osinnikovskaya, Erunakovskaya and Raspadskaya mines.
- Costs for services climbed by 22.6% because due to the high growth of the prices of contractors services in Kuzbass region.
- Staff costs were up because of higher mining volumes accompanied with insourcing new equipment and resumption of work at Razrez Raspadsky.

Coal segment gross profit

In 2021, the Coal segment's gross profit amounted to US$1,402 million, up from US$463 million a year earlier, primarily because of the surge in sales prices.

APPENDIX

DEMERGER UPDATE

Further to the Company's announcement on 8 February, the Capital Reduction has been confirmed by the UK Court and become effective, meaning the Company expects to have sufficient distributable reserves to effect the Demerger. The entitlement to receive PJSC Raspadskaya (RASP) Shares has been determined based on the respective holding of the Company's shares at 6:00pm UK on 15 February 2022 and the window for EVRAZ Shareholders entitled to receive the Demerger Dividend to submit the RASP Shares Information Form to the Company's registrar is open.

The Demerger Dividend is expected to occur on 29 March 2022 and eligible EVRAZ Shareholders will receive their RASP Shares as soon as reasonably practicable after 29 March 2022. It is currently anticipated that the settlement date for the transfer of RASP Shares to Eligible Accounts will be 7 April 2022.

Further information on the steps EVRAZ Shareholders are required to take to receive the RASP Shares to which they are entitled can be found in Section 3 of Part I (Action to be Taken) of the Shareholder Circular published by the Company on 15 December 2021 (the "Shareholder Circular"). These steps include opening or otherwise holding an account with a direct or indirect participant of a clearing institution eligible to receive RASP Shares (such as Euroclear, Clearstream or the NSD), and providing the details of such account to the Company's registrar by no later than 6:00pm UK on 15 March 2022 by returning the RASP Shares Information Form, or to the shareholders' broker or nominee at the date and by means, defined by such broker or nominee. Any EVRAZ Shareholder who fails to provide the relevant details by 15 March 2022 will be deemed to be incapable of holding RASP Shares and the RASP Shares to which they are entitled will be sold pursuant to the Share Sale Facility.

Shareholders are reminded that neither the sale price nor the sale timeframe is guaranteed under the Share Sale Facility. It is currently anticipated that the sale of the RASP Shares pursuant to the Share Sale Facility will be completed within six months following the Demerger Dividend, however the precise timeframe, as well as the realized price, will depend on the total number of RASP Shares to be sold pursuant to the Share Sale Facility and market conditions during the Sale Period. Therefore, the EVRAZ Board recommends that EVRAZ Shareholders that are capable of holding RASP Shares take the necessary action to receive RASP Shares and do not participate in the Share Sale Facility.

Capitalised terms used but not defined in this paragraph have the meaning given to such terms in the Shareholder Circular.

KEY RISKS AND UNCERTAINTIES

EVRAZ is exposed to numerous risks and uncertainties that exist in its business that may affect its ability to execute its strategy effectively in 2022 and could cause the actual results to differ materially from expected and historical results.

The Directors consider that the principal risks and uncertainties as summarised below and detailed in the EVRAZ plc 2021 Annual Report on pages 87 to 92, copies of which are available at https://www.evraz.com/en/investors/reports-and-results/annual-reports/, are relevant in 2022 and the mitigating actions described are appropriate.

Principal risks

Risk	Mitigating/ risk management actions
Global economic factors, industry conditions, industry cyclicality	This is an external risk that is largely beyond the Group's control; however, it is partly mitigated by exploring new market opportunities, focusing on expanding the share of value- added products, further downscaling inefficient assets, suspending production in low-growth regions, reducing and managing the cost base with the goal of being among the sector's lowest- cost producers, and improving the balance sheet/ gearing.
Product competition	EVRAZ mitigates this risk by expanding its product portfolio and penetrating new geographic and product markets. It is continuously developing and improving its loyalty and customer focus programmes and initiatives. The Group is also implementing quality improvement initiatives and strives to increase the share of value-added products.
Cost effectiveness: cost position vs competitors	For both the mining and steelmaking operations, EVRAZ is implementing cost reduction projects to increase asset competitiveness. The Group's focused investment policy aims to reduce and manage the cost base. EVRAZ also seeks to mitigate this risk through the control of its Russian steel distribution network, the development of high value-added products and the implementation of EVRAZ Business System transformation projects that focus on increasing efficiency and effectiveness. In addition, the Group's digital projects help to reduce risks associated with primary equipment and improve effectiveness.
Potential regulatory Actions by governments, including trade, antimonopoly, anti-dumping regulation, sanctions and other laws and regulations	EVRAZ and its executive teams are members of various national industry bodies. As a result, they contribute to the development of such bodies and, when appropriate, participate in relevant discussions with political and regulatory authorities. The Group seeks to monitor potential legislative changes before their introduction at the point when new laws are being drafted: • identification of key stakeholders among government authorities; • monitoring of the legislative agenda planned by key stakeholders; • proactive approach to building regulatory rules (acting as metals and mining experts). Further development of control over antimonopoly and anti-dumping regulation: • issuing and monitoring of the Group's trade policies; • preventing anti-dumping policies among competitors/customers — Introduction of an IT tool with a dashboard for antimonopoly risk management. Ongoing liaison with both US and Canadian governments and the American and Canadian steel associations and ongoing engagement with the Canadian government to monitor and implement anti-dumping measures.

Risk	Mitigating/ risk management actions
	Development and enhancement of internal controls in order to introduce preventive measures to monitor risks associated with duties and other negative measures against the Group. Pricing on products subject to anti-dumping duties is tightly monitored and controlled in order to ensure duties are reduced or eliminated. Taxation control function monitors planned changes to tax laws, analyses their impact on EVRAZ's operations and reports them to the Company's management on a quarterly basis. EVRAZ and its executive teams are members of various national industry bodies and, as a result, contribute to and participate in relevant discussions with political and tax authorities.
Functional currency devaluation	This is an external risk which is largely beyond the Group's control, however management is reducing the risk through proper disclosure and monitoring.
HSE: environmental	EVRAZ monitors its environmental risk matrix on a regular basis, and it develops and implements mitigation measures in response to these risks. Risk assessment is regularly reviewed within the Sustainability Committee's agenda. Senior management also devotes greater attention to the monthly monitoring of environmental risk trends and factors. EVRAZ has developed an environmental strategy until 2030 and updated its list of projects in accordance with the strategy to achieve its strategic goals regarding emissions and waste. The strategy is being implemented through dedicated programmes in each division. Most of the Group's operations are certified in accordance with ISO 14001, and work is ongoing to bring the remaining plants into compliance with this international standard. EVRAZ is currently compliant with REACH requirements. It is obtaining complex environmental permits for compliance with the new regulation. For its North American operations, EVRAZ is formulating a strategic 3-5 year plan to be competitive in reducing greenhouse gasses and its carbon footprint through utility and energy utilisation, including through such projects as Big Horn renewable energy at the Pueblo facility. EVRAZ is also involved in drafting GHG emissions regulation in Russia.
HSE: health and safety	To mitigate these risks, EVRAZ is taking the following actions: • Review of the Lockout Tagout (LOTO) procedure as the main cause of fatalities in 2021. • Further development and implementation of the occupational safety risk management programme. • Transformation of the Health & Safety operational model with the implementation of roles and responsibilities, reviewing training processes as well as monitoring and continuing improvements. • Further development/update of health and safety tools (behaviour safety observations, contractual safety, etc.) based on a regular analysis of major causes of incidents. • Introduction and development of safety audits. • Consideration of the implementation of proactive KPIs and indicators. In addition, EVRAZ is utilising the EBS rollout in order to further prompt employees to identify improvements and/or safety concerns and to increase visibility and enable the Group to prioritise, execute and communicate safety improvements and abatement measures. It also driving the utilisation of a risk matrix in the incident management system through safety initiatives, taking it down to the front line in order for supervisors to implement higher levels of safety controls and risk reduction measures and working to change the safety culture through the Leadership Development Programme. In the coal segment, EVRAZ is implementing the following programmes with a focus on the safety of its operations:

Risk	Mitigating/ risk management actions
	• Further execution of the five-year degassing programme. • Mine collapse prevention programme. • Prevention of spontaneous coal combustion in working spaces (performance control). • Dust and explosion safety of mines.
Business interruption	The Group has defined and established disaster recovery procedures that are subject to regular review. Business interruptions in mining mainly relate to production safety. Measures to mitigate these risks include methane monitoring and degassing systems, timely mining equipment maintenance, as well as employee safety training. Implementation of quick actions that reduce risks on the main equipment at mines (digital projects). Creation of the equipment maintenance and repair (TORO) system, including certain digital projects and its circulation at mines. EVRAZ performs detailed incident cause analyses to develop and implement preventive actions. Records of minor interruptions are reviewed to identify any other significant underlying issues. The repairs and maintenance process continues to undergo transformation in Siberia and the Urals.
Digital effectiveness and effective, efficient and uninterrupted IT service	Digital transformation is a part of the Group's IT strategy. EVRAZ continuously assesses and monitors information security risks, and it takes mitigation measures based on external assessments by an independent advisor. The Group conducts regular continuity testing for the most critically important IT systems. Other mitigating actions includes: • Further improvement of IT processes with a focus on fast and efficient project implementation. • Building and improving IT competences in high-demand areas: data science, back- and front-end programming, design and information security. • Realisation of the IT security improvement programme.
Capital projects and expenditures	EVRAZ reviews all proposed capital projects on a risk return basis. The current list of projects has been reviewed and updated. Each project is presented for approval against the Group's risk matrix to assess its potential downside and any possible mitigating actions. EVRAZ has created a list of typical project risks and a database of lessons learned. Project delivery is closely monitored against project plans, which allows for high-level action to manage project investment for both timely delivery and planned project expenditures. New mine development and the definition of feasibility plans are reviewed and signed off by independent mining engineers. The Group regularly revisits key assumptions for its main investment projects and performs scenario analyses, which may result in the suspension and/or postponement of certain projects. EVRAZ also uses financial modelling to define the strategy of each individual asset and the enterprise in general for the purpose of long-term FCF forecasting, including investment projects. The project management system's transformation is ongoing. A pilot project is being conducted at one mine on a long-term detailed planning of LOM (life of mine) using a 3D model and restrictions on air, gas and sinking.
Decarbonisation	Assessing, verifying, and monitoring Scope 1, 2, and 3 GHG emissions on a yearly basis. Reducing GHG emissions. Setting an internal carbon price for assessment of new investment projects. Following the decarbonisation initiatives roadmap. Assessing the financial impacts of decarbonisation on EVRAZ in 2022

EVRAZ monitors these risks and actively pursues strategies to mitigate them on an ongoing basis.

Whilst there have not been direct impacts on the Group to date, the Board continues to monitor the situation in Ukraine and the response of international governments. The Directors have considered additional scenarios for the purposes of its going concern assessment (see page 189 of Annual Report 2021) and the viability statement (see page 97 of Annual Report 2021).

Emerging risks

In addition to principal risks, management pays particular attention to threats that could become significant over a certain time, known as emerging risks. The Group defines these as events that could meaningfully impact EVRAZ' activities and results, but have a lower likelihood of materializing in the next three to five years.

They include:

- Climate-related issues.
- Liabilities incurred due to environmental impairments.
- Geopolitical instability.
- Changes in technology.
- Societal issues.
- Demographic imbalance.

Emerging risks may be transferred to the class of current risks depending on their circumstances and materialisation. Management works continuously to monitor and manage emerging risks and devise mitigation measures.

The major part of the Group is based in the Russian Federation and is consequently exposed to the economic and political effects of the policies adopted by the Russian government. Worsening situation related to Ukraine has further increased the economic uncertainty and the risk of the imposition of sanctions. These conditions and future policy changes could affect the operations of the Group and the realisation and settlement of its assets and liabilities.

Climate change risks

EVRAZ is also exposed to numerous climate change risks and opportunities. The Directors consider that climate change risks that detailed in the EVRAZ plc 2021 Annual Report on pages 92 to 96, copies of which are available at https://www.evraz.com/en/investors/reports-and-results/annual-reports/, are relevant in 2022 and the mitigating actions described are appropriate.

DIVIDENDS

Interim dividend

In consideration of EVRAZ strong performance in 2021, EVRAZ Board of Directors has announced an interim dividend. On 24 February 2022, the Board of Directors voted to disburse a total of US$729 million, or US$0.50 per share. The record date is 11 March 2022 and payment date is 30 March 2022.

The interim dividend will be paid in US Dollars, unless a shareholder elects to receive dividends in UK pounds sterling or Euros. The last date for submitting a Currency Election will be 14 March 2022. All conversions will take place on or around 16 March 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 104-108 of the Annual report confirm that to the best of their knowledge:

- the consolidated financial statements of EVRAZ plc, prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole (the 'Group');
- the management report required by DTR 4.1.8R includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Aleksey Ivanov
Chief Executive Officer
EVRAZ plc

24 February 2022

LEGAL DISCLAIMER

This press-release contains forward-looking statements concerning the financial condition, operational results, and businesses of EVRAZ plc. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current plans, goals, intentions, expectations and assumptions. They involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements. Forward-looking statements typically contain words such as "will", "may", "should", "believe", "intend", "expect", "anticipate", "target", "estimate," and words of similar import.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, as they relate to events and depend on circumstances that will or could occur in the future. They are based on numerous assumptions regarding EVRAZ's present and future business strategies and the environment in which it will operate. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside EVRAZ's control.

These include, inter alia, changes in the political, social, and regulatory framework in which EVRAZ operates; changes to economic and technological trends or conditions; the success of certain business and operating initiatives; the actions of regulators; legislative, fiscal, and regulatory developments, including regulatory measures addressing climate change; the behavior of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals, or similar transactions; the outcome of any litigation; risk inherent to doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics; and risks of unforeseeable events and force majeure conditions.

Other unknown or unpredictable factors could also cause actual results and developments to differ materially from those in forward-looking statements.

Neither EVRAZ nor any of its subsidiaries or directors, officers or advisers, provides any representation, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this press-release will actually occur.

Except as required by applicable regulations or by law, neither EVRAZ nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise. Each forward-looking statement pertains only to the date of this press-release, i.e. 24 February 2022. In light of these risks, results could differ materially from those stated, implied, or inferred from the forward-looking statements contained in this press-release. No materials contained in this press-release constitute an offer, solicitation, or recommendation to purchase or sell securities or make investments. Readers should not place undue reliance on forward-looking statements.

CONSOLIDATED STATEMENT OF OPERATIONS

(in millions of US dollars, except for per share information)

	Notes	Year ended 31 December 2021	2020*	2019*
Continuing operations				
Revenue				
Sale of goods	3	$ 13,224	$ 9,222	$ 11,117
Rendering of services	3	262	230	327
		13,486	9,452	11,444
Cost of revenue	7	(7,454)	(5,992)	(7,554)
Gross profit		6,032	3,460	3,890
Selling and distribution costs	7	(827)	(788)	(867)
General and administrative expenses	7	(545)	(493)	(536)
Social and social infrastructure maintenance expenses		(30)	(29)	(23)
Gain/(loss) on disposal of property, plant and equipment, net		(7)	(3)	6
Impairment of non-financial assets	6	(22)	(313)	(335)
Foreign exchange gains/(losses), net		11	296	(311)
Other operating income		16	19	19
Other operating expenses	7	(45)	(43)	(42)
Profit from operations		4,583	2,106	1,801
Interest income	7	4	5	7
Interest expense	7	(212)	(315)	(320)
Share of profits/(losses) of joint ventures and associates	11	14	2	9
Impairment of non-current financial assets	14	–	–	(56)
Gain/(loss) on financial assets and liabilities, net	7	(20)	(71)	17
Gain/(loss) on disposal groups classified as held for sale, net	12	2	1	29
Other non-operating gains/(losses), net		–	14	13
Profit before tax from continuing operations		4,371	1,742	1,500
Income tax expense	8	(847)	(373)	(418)
Net profit from continuing operations		3,524	1,369	1,082
Discontinued operations				
Net loss from discontinued operations	13	(417)	(511)	(717)
Net profit		3,107	$ 858	$ 365
Attributable to:				
Equity holders of the parent entity		$ 3,034	$ 848	$ 326
Non-controlling interests		73	10	39
		$ 3,107	$ 858	$ 365
Earnings per share for profit attributable to equity holders of the parent entity, US dollars:				
Basic	20	$ 2.08	$ 0.58	$ 0.23
Diluted	20	$ 2.07	$ 0.58	$ 0.22
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity, US dollars:				
Basic	20	$ 2.38	$ 0.94	$ 0.74
Diluted	20	$ 2.37	$ 0.94	$ 0.73

**The amounts shown here do not correspond to the 2020 and 2019 financial statements and reflect adjustments made in connection with the presentation of discontinued operations (Note 13).*

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of US dollars)

	Notes	Year ended 31 December 2021	2020	2019
Net profit		$ 3,107	$ 858	$ 365
Other comprehensive income/(loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax				
Exchange differences on translation of foreign operations into presentation currency		(36)	(894)	757
Accumulated translation (gains)/losses recycled to profit or loss on disposal of foreign operations	4, 12	(3)	–	31
Net gains/(losses) on cash flow hedges	25	–	–	27
Net (gains)/losses on cash flow hedges recycled to profit or loss	7, 25	–	–	(33)
		(39)	(894)	782
Effect of translation to presentation currency of the Group's joint ventures and associates	11	–	(13)	8
		–	(13)	8
Items not to be reclassified to profit or loss in subsequent periods, net of tax				
Gains/(losses) on re-measurement of net defined benefit liability	23	85	(3)	(15)
Income tax effect	8	(20)	2	(1)
		65	(1)	(16)
Total other comprehensive income/(loss), net of tax		26	(908)	774
Total comprehensive income/(loss), net of tax		$ 3,133	$ (50)	$ 1,139
Attributable to:				
Equity holders of the parent entity		$ 3,058	$ (41)	$ 1,078
Non-controlling interests		75	(9)	61
		$ 3,133	$ (50)	$ 1,139

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of US dollars)

The financial statements of EVRAZ plc (registered number 7784342) on pages were approved by the Board of Directors on 24 February 2022 and signed on its behalf by Deborah Gudgeon, director.

	Notes	31 December 2021	2020	2019
ASSETS				
Non-current assets				
Property, plant and equipment	9	**$ 3,169**	$ 4,314	$ 4,925
Intangible assets other than goodwill	10	**126**	138	185
Goodwill	5	**457**	457	594
Investments in joint ventures and associates	11	**100**	79	92
Deferred income tax assets	8	**183**	245	152
Receivables from related parties	17	**10**	–	–
Other non-current financial assets	14	**18**	26	40
Other non-current assets	14	**62**	45	55
		4,125	5,304	6,043
Current assets				
Inventories	15	**1,565**	1,085	1,480
Trade and other receivables	16	**626**	378	534
Prepayments		**96**	80	93
Loans receivable		**–**	–	32
Receivables from related parties	17	**34**	10	10
Income tax receivable		**29**	46	53
Other taxes recoverable	18	**171**	178	175
Other current financial assets	19	**12**	2	4
Cash and cash equivalents	19	**1,027**	1,627	1,423
		3,560	3,406	3,804
Assets of disposal groups classified as held for distribution to owners	13	**2,169**	–	–
		5,729	3,406	3,804
Total assets		**$ 9,854**	$ 8,710	$ 9,847
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	20	**$ 75**	$ 75	$ 75
Treasury shares	20	**(148)**	(154)	(169)
Additional paid-in capital		**2,522**	2,510	2,492
Revaluation surplus		**–**	109	109
Accumulated profits		**3,472**	2,187	2,217
Translation difference		**(1,928)**	(3,936)	(3,048)
Reserves of disposal group held for distribution to owners		**(1,939)**	–	–
		2,054	791	1,676
Non-controlling interests	32	**180**	129	252
		2,234	920	1,928
Non-current liabilities				
Long-term loans	22	**3,440**	3,759	4,599
Deferred income tax liabilities	8	**194**	253	352
Employee benefits	23	**143**	240	271
Provisions	24	**182**	272	321
Lease liabilities	25	**49**	57	83
Other long-term liabilities	25	**77**	102	40
		4,085	4,683	5,666
Current liabilities				
Trade and other payables	26	**1,539**	1,264	1,378
Contract liabilities		**250**	314	348
Short-term loans and current portion of long-term loans	22	**101**	1,078	140
Lease liabilities	25	**22**	30	34
Payables to related parties	17	**50**	38	19
Dividends payable to shareholders	20	**292**	–	–
Income tax payable		**67**	108	79
Other taxes and duties payable	27	**145**	169	153
Provisions	24	**37**	41	33
Amounts payable under put options for shares in subsidiaries	4	**–**	65	69
		2,503	3,107	2,253
Liabilities directly associated with disposal groups classified as held for distribution to owners	13	**1,032**	–	–
		3,535	3,107	2,253
Total liabilities		**7,620**	7,790	7,919
Total equity and liabilities		**$ 9,854**	$ 8,710	$ 9,847

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of US dollars)

	Notes	Year ended 31 December 2021	2020	2019
Cash flows from operating activities				
Net profit		$ 3,107	$ 858	$ 365
Adjustments to reconcile net profit to net cash flows from operating activities:				
Deferred income tax (benefit)/expense	8	70	(142)	5
Depreciation, depletion and amortisation	7	563	605	578
(Gain)/loss on disposal of property, plant and equipment, net		8	3	(3)
Impairment of non-financial assets	6	30	310	442
Foreign exchange (gains)/losses, net		(34)	(408)	341
Interest income	7	(5)	(6)	(8)
Interest expense	7	232	328	336
Share of (profits)/losses of associates and joint ventures	11	(14)	(2)	(9)
Impairment of non-current financial assets	14	–	–	56
(Gain)/loss on financial assets and liabilities, net	7	21	71	(17)
(Gain)/loss on disposal groups classified as held for sale, net	12	(2)	(1)	(29)
Other non-operating (gains)/losses, net		(3)	(14)	(14)
Allowance for expected credit losses	28	(1)	(2)	3
Changes in provisions, employee benefits and other long-term assets and liabilities		17	(17)	–
Expense arising from equity-settled awards	21	12	11	13
Other		(1)	(1)	(2)
		4,000	1,593	2,057
Changes in working capital:				
Inventories		(567)	250	61
Trade and other receivables		(332)	81	304
Prepayments		(29)	3	26
Receivables from/payables to related parties		(19)	5	(114)
Taxes recoverable		(93)	(30)	29
Other assets		(11)	–	(1)
Trade and other payables		429	(35)	219
Contract liabilities		(68)	(13)	13
Taxes payable		121	84	(155)
Other liabilities		(7)	(10)	(9)
Net cash flows from operating activities		3,424	1,928	2,430
Relating to:				
Continuing operations		3,663	2,262	2,932
Discontinued operations	13	(239)	(334)	(502)
Cash flows from investing activities				
Issuance of loans receivable to related parties		(1)	(1)	–
Issuance of loans receivable		(1)	(1)	(9)
Proceeds from repayment of loans receivable, including interest		–	1	2
Purchases of subsidiaries, net of cash acquired		–	–	(3)
Purchases of disposal groups held for sale	12	–	–	(22)
Investments in associates and joint ventures	11	(10)	–	(3)
Sale of associates	17	–	–	5
Proceeds from sale of other investments	17	–	–	32
Short-term deposits at banks, including interest		4	4	7
Purchases of property, plant and equipment and intangible assets		(963)	(667)	(767)
Proceeds from government grants related to property, plant and equipment	9	53	20	5
Proceeds from disposal of property, plant and equipment		6	6	16
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	12	2	11	44
Dividends received	11,17	3	1	9
Other investing activities, net		2	2	19
Net cash flows used in investing activities		(905)	(624)	(665)
Relating to:				
Continuing operations		(689)	(482)	(435)
Discontinued operations	13	(216)	(142)	(230)

Consolidated cash flows include amounts of discontinued operations (Note 13).

Continued on the next page

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(in millions of US dollars)

	Notes	Year ended 31 December 2021	2020	2019
Cash flows from financing activities				
Purchases of non-controlling interests	4	$ (38)	$ (66)	$ (71)
Payments for property, plant and equipment on deferred terms		(10)	(10)	–
Payments for investments on deferred terms	11	–	–	(8)
Dividends paid by the parent entity to its shareholders	20	(1,531)	(872)	(1,086)
Dividends paid by the Group's subsidiaries to non-controlling shareholders		(18)	(5)	(5)
Proceeds from bank loans and notes	22	2,325	1,218	2,805
Repayment of bank loans and notes, including interest	22	(3,403)	(1,304)	(3,035)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	22	(1)	(25)	22
Payments under covenants reset	22	(10)	–	–
Restricted deposits at banks in respect of financing activities		–	1	–
Realised gains/(losses) on derivatives not designated as hedging instruments	25	12	(11)	22
Realised gains/(losses) on hedging instruments	25	–	–	(23)
Payments under leases, including interest	25	(33)	(33)	(37)
Other financing activities, net		–	–	1
Net cash flows used in financing activities		(2,707)	(1,107)	(1,415)
Relating to:				
Continuing operations		(3,031)	(1,053)	(1,366)
Discontinued operations	13	324	(54)	(49)
Effect of foreign exchange rate changes on cash and cash equivalents		(12)	7	6
Net increase/(decrease) in cash and cash equivalents		(200)	204	356
Cash and cash equivalents at the beginning of the year	19	1,627	1,423	1,067
Decrease/(increase) in cash of disposal groups classified as held for distribution to owners	13	(400)	–	–
Cash and cash equivalents at the end of the year	19	$ 1,027	$ 1,627	$ 1,423
Supplementary cash flow information:				
Cash flows during the year:				
Interest paid		$ (243)	$ (284)	$ (283)
Interest received		4	5	7
Income taxes paid (included in operating activities)		(999)	(536)	(581)

Consolidated cash flows include amounts of discontinued operations (Note 13).

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Accumulated profits	Translation difference	Reserves of disposal group held for distribution to owners	Total	Non-controlling interests	Total equity
At 31 December 2020	$ 75	$ (154)	$ 2,510	$ 109	$ 2,187	$ (3,936)	$ –	$ 791	$ 129	$ 920
Net profit	–	–	–	–	3,034	–	–	3,034	73	3,107
Other comprehensive income/(loss)	–	–	–	–	63	(39)	–	24	2	26
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(1)	1	–	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(1)	3,098	(39)	–	3,058	75	3,133
Reclassification of cumulative income or expense recognised in other comprehensive income relating to discontinued operations	–	–	–	(108)	–	2,047	(1,939)	–	–	–
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	(19)	–	–	(19)	(19)	(38)
Reversal of derecognition of non-controlling interest in subsidiaries (Note 4)	–	–	–	–	35	–	–	35	30	65
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	6	–	–	(6)	–	–	–	–	–
Share-based payments (Note 21)	–	–	12	–	–	–	–	12	–	12
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	(1,823)	–	–	(1,823)	–	(1,823)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(35)	(35)
At 31 December 2021	$ 75	$ (148)	$ 2,522	$ –	$ 3,472	$ (1,928)	$ (1,939)	$ 2,054	$ 180	$ 2,234

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Unrealised gains and losses	Accumulated profits	Translation difference	Total	Non-controlling interests	Total equity
At 31 December 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928
Net profit	–	–	–	–	–	848	–	848	10	858
Other comprehensive income/(loss)	–	–	–	–	–	(1)	(888)	(889)	(19)	(908)
Total comprehensive income/(loss) for the period	–	–	–	–	–	847	(888)	(41)	(9)	(50)
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	7	–	–	–	–	7	(34)	(27)
Change in non-controlling interests due to reorganisation (Note 4)	–	–	–	–	–	45	–	45	(45)	–
Decrease in non-controlling interests due to put options (Note 4)	–	–	–	–	–	(35)	–	(35)	(30)	(65)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	15	–	–	–	(15)	–	–	–	–
Share-based payments (Note 21)	–	–	11	–	–	–	–	11	–	11
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(872)	–	(872)	–	(872)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2020	$ 75	$ (154)	$ 2,510	$ 109	$ –	$ 2,187	$ (3,936)	$ 791	$ 129	$ 920

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Unrealised gains and losses	Accumulated profits	Translation difference	Total	Non-controlling interests	Total equity
At 31 December 2018	$ 75	$ (196)	$ 2,480	$ 110	$ 6	$ 3,026	$ (3,820)	$ 1,681	$ 257	$ 1,938
Net profit	–	–	–	–	–	326	–	326	39	365
Other comprehensive income/(loss)	–	–	–	–	(6)	(14)	772	752	22	774
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(1)	–	1	–	–	–	–
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	–	–	(1)	–	–	1	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(1)	(1)	(6)	314	772	1,078	61	1,139
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	–	(10)	–	(10)	(61)	(71)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	27	–	–	–	(27)	–	–	–	–
Share-based payments (Note 21)	–	–	13	–	–	–	–	13	–	13
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(1,086)	–	(1,086)	–	(1,086)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928

The accompanying notes form an integral part of these consolidated financial statements.