CONSOLIDATED FINANCIAL STATEMENTS
Year Ended 31 December 2021

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)

		Year ended 31 December		
	Notes	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 180-269 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.

Notes to the consolidated financial statements Year ended 31 December 2021

1. CORPORATE INFORMATION

These consolidated financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 24 February 2022.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company limited by shares under the laws of the United Kingdom. The Company was incorporated under the Companies Act 2006 with the registered number in England 7784342. The Company's address is 2 Portman street, London, W1H 6DU, United Kingdom.

The Company is a holding company which owns steel, mining and trading companies. The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products, vanadium products and coal and iron ore mining. The Group is one of the largest steel producers globally.

At 31 December 2021, 2020 and 2019, EVRAZ plc was jointly controlled by a group of 3 shareholders: Greenleas International Holdings Limited (BVI), Abiglaze Limited (Cyprus) and Crosland Global Limited (Cyprus).

The major subsidiaries included in the consolidated financial statements of the Group were as follows at 31 December:

Subsidiary	Effective ownership interest, %			Business activity	Location
	2021	2020	2019		
EVRAZ Nizhny Tagil Metallurgical Plant ("EVRAZ NTMK")	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Consolidated West-Siberian Metallurgical Plant ("EVRAZ ZSMK")	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Inc. NA	**100.00**	100.00	100.00	Steel production	USA
EVRAZ Inc. NA Canada	**100.00**	100.00	100.00	Steel production	Canada
Raspadskaya	**93.24**	95.15*	88.17	Coal mining	Russia
Yuzhkuzbassugol	**93.24**	95.15*	100.00	Coal mining	Russia
EVRAZ Kachkanarsky Mining-and-Processing Integrated Works	**100.00**	100.00	100.00	Ore mining & processing	Russia

* In 2020, the ownership interest in Raspadskaya and Yuzhkuzbassugol reflected the potential purchase of 4.25% in Raspadskaya under the share buyback offer (Note 4 *Put Option for the Shares of Raspadskaya*).

In 2021, in connection with the highly probable demerger of Raspadskaya together with its subsidiary Yuzkuzbassugol they were classified as disposal groups held for distribution to owners (Note 13).

The full list of the Group's subsidiaries and other significant holdings as of 31 December 2021 is presented in Note 34.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards. These standards are International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"), as endorsed by the UK Endorsement Board.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. Exceptions include, but are not limited to, property, plant and equipment at the date of transition to IFRS accounted for at deemed cost, equity instruments measured at fair value, assets classified as held for sale measured at the lower of their carrying amount or fair value less costs to sell and post-employment benefits measured at present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation (continued)

Going Concern

These consolidated financial statements have been prepared on a going concern basis.

The Group's financial position at 31 December 2021 including its cash flows, liquidity position and borrowing facilities are set out in these financial statements and the Financial Review section. The Group's net debt as at 31 December 2021 was $2,667 million (31 December 2020 and 2019: $3,356 million and $3,445 million, respectively) and its cash plus committed undrawn facilities were $2,050 million (31 December 2020 and 2019: $2,564 million and $1,870 million, respectively).

As disclosed in Note 30, macroeconomic uncertainty and instability have arisen due to the COVID-19 pandemic. However, the majority of the Group's businesses were relatively unaffected with no significant issues for production, supply or shipments. Moreover, during 2021 there was a very significant increase in demand for, and prices of, almost all of the Group's products leading to the Group's strong financial performance.

The management of EVRAZ plc has considered the Group's cash flow forecasts for the period to 30 June 2023, the going concern assessment period, forecasting both liquidity and covenant compliance. It initially evaluated two financial performance scenarios, being a base case and a pessimistic case reflecting a reduction in forecast prices to the lower end of market analysts' current forecasts. Both scenarios reflect the effect of the highly probable demerger of the coal business (Note 13), the scheduled repayment of debt, most significantly $750 million of US-denominated notes due in 2023 (Note 22), and the effect of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022 (Note 30). Management has considered whether the effects of risks associated with climate change, including decarbonisation (Note 6), will impact the going concern period, concluding that they will not have any significant impact. Under both scenarios, the Group is forecast to maintain sufficient liquidity for the period to 30 June 2023 and to operate within its debt covenants. In the pessimistic case the amount of cash is assumed to be close to the minimum operating level in the first half of 2023. These scenarios do not however include actions at management's disposal to strengthen projected liquidity, including the deferral of uncommitted capital expenditure.

In order to further test the resilience of the going concern assessment to potential uncertainties, particularly with respect to the worsening situation relating to Ukraine and heightened risk of the economic sanctions, management performed a severe downside sensitivity. This assumed that capital expenditure was reduced to $500 million per annum and then determined the extent to which EBITDA could fall throughout the period, whilst maintaining an operating level of liquidity. Such a fall would reflect a highly material interruption to the Group's current business including reducing Russian export sales outside the CIS to nil throughout the going concern period combined with a further reduction in EBITDA as a result of other possible factors, including further international sanctions. The directors have also considered additional mitigating actions that would be available in such circumstances including further reductions in costs, capital expenditure and the deferral of dividends.

None of the scenarios modelled reflect any new financing beyond that currently committed. In managing the financing of the Group, management continues to monitor opportunities for future raising of finance, including as current notes mature.

The directors, having considered the scenarios above, conclude that the likelihood of a scenario that would eliminate liquidity or breach covenants is remote. Based on this analysis and other currently available facts and circumstances the directors and management have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern.

Discontinued Operations

On 31 December 2021, the criteria for the classification of Raspadskaya and its subsidiaries ("Raspadskaya Group") as a disposal group held for distribution to owners were met. Starting from this date the Group applied the classification, measurement and presentation requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to Raspadskaya Group and re-presented the statements of operations and the relevant disclosures for prior periods. More details are provided in *Significant Accounting Judgements* section below and in Note 13.

Changes in Accounting Policies

New/Revised Standards and Interpretations Adopted in 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Interest Rate Benchmark Reform, phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR (reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has a number of short-term and long-term borrowings with variable interest rates. It is expected that IBORs will be replaced by a rate based on Secured Overnight Financing Rate ("SOFR") in 2022-2023. All new loan agreements contain some fallback language.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Policies (continued)

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued But Not Yet Effective

Standards not yet effective for the financial statements for the year ended 31 December 2021	Effective for annual periods beginning on or after
• Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022*
• Amendments to IAS 16: Proceeds before intended use	1 January 2022*
• Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022*
• Amendments to Annual improvements 2018-2020	1 January 2022*
• IFRS 17 “Insurance Contracts”, including amendments	1 January 2023*
• Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023*
• Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023*
• Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023*
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024*

*Subject to UK endorsement

The Group expects that the adoption of the amendments and the standard listed above will not have a significant impact on the Group’s results of operations and financial position in the period of initial application.

Significant Accounting Judgements and Estimates

Accounting Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- In June 2020 and January 2021, the Board of directors discussed the possible demerger of a group of coal companies consolidated under Raspadskaya, which constitutes a major part of the coal segment. However, at 31 December 2020 and 30 June 2021 it remained uncertain whether this transaction would be finally approved by the directors and executed as there were a number of additional significant uncertainties and potential conditions pending, most significantly, the approval of the transaction by shareholders and bondholders, but also by the regulatory authorities of the UK and the Russian Federation. Accordingly, the classification, measurement and presentation requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” were not applied to Raspadskaya Group in the consolidated financial statements for the year ended 31 December 2020 and for the six-month period ended 30 June 2021. On 14 December 2021, the Board of directors approved the proposed demerger, and a circular containing the details of the transaction was published. The Company assessed the potential outcome of the shareholders’ voting on the demerger using an independent experts’ opinion received in late 2021. As a result, it was determined that the required votes to approve the demerger are expected to be collected. At 31 December 2021, management concluded that the demerger has become highly probable within 1 year and Raspadskaya Group meets all criteria to be classified as a disposal group held for distribution to owners and, consequently, it shall be accounted for as discontinued operations (Note 13).

- In 2019, the Group concluded a contract with Xcel Energy Inc. for the construction of a solar power plant in Pueblo (Colorado, USA) to be owned and operated by a third party and for the supply of electricity to the Group’s steel and rail mills in Pueblo for a long-term period on a take-or-pay basis. The Group determined based on the criteria in IFRS 16 “Leases” that the supply contract with Xcel Energy Inc. does not contain a lease. Management believes that this arrangement does not convey a right to the Group to use the assets as the Group does not have an ability to operate the assets or to direct other parties to operate the assets; it does not control physical access to the assets; and it is expected that more than an insignificant amount of the assets’ output will be sold to the parties unrelated to the Group. The commitments under the contract are disclosed in Note 30.

- The Group determined based on the criteria in IFRS 16 “Leases” that the supply contracts with PraxAir Rus LLC (“PraxAir Rus”) and Air Liquide Kuzbass LLC (“Air Liquide Kuzbass “) do not contain a lease. These contracts include the construction of air separation plants by PraxAir Rus and Air Liquide Kuzbass to be owned and operated by them and the supply of oxygen and other industrial gases produced by the entities to the Group’s steel plants in Russia (EVRAZ NTMK and EVRAZ ZSMK) for a long-term period on a take or pay basis. Management believes that these arrangements do not convey a right to the Group to use the assets as the Group does not have an ability to operate the assets or to direct other parties to operate the assets; it does not control physical access to the assets; and it is expected that more than an insignificant amount of the assets’ output will be sold to the parties unrelated to the Group. The commitments under the contracts are disclosed in Note 30.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgements and Estimates (continued)

Accounting Judgements (continued)

- In 2019, an independent trader entered into contracts with two of the Group's subsidiaries: for the purchase of semi-finished steel products with one subsidiary of the Steel segment and for the sale of semi-finished steel products with another subsidiary of the Steel North America segment. The Group analysed the nature of the contracts and determined that they require a separate recognition of the sales and purchase transactions as there is neither a tripartite agreement, nor a call or put option, which would require these contracts to be treated as a single arrangement. Specifically, the trader bears full inventory and market risks, and it has a full discretion in establishing prices for each contract separately based on prevailing market conditions. In 2021, the Group sold to the independent trader 144 thousand metric tonnes of slabs for $101 million (2020: 357 thousand metric tonnes of slabs for $157 million; 2019: 330 thousand metric tonnes of slabs for $161 million) and purchased from it 130 thousand metric tonnes for $98 million (2020: 308 thousand metric tonnes for $157 million; 2019: 192 thousand metric tonnes for $108 million).

- In 2021 and 2020, certain of the Group's suppliers sold their accounts receivable from the Group under factoring contracts to banks with no recourse. The Group analysed these factoring arrangements and determined that they do not significantly change the terms and conditions of payments, i.e. they do not contain a financing component and, consequently, should continue to be presented as trade payables in the consolidated statement of financial position and in cash flows from operating activities in the consolidated statement of cash flows. At 31 December 2021 and 2020, $265 million and $188 million were unpaid under these factoring liabilities.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Assessment of Recoverable Amount of Property, Plant and Equipment

At each reporting date the Group assesses whether there is any indication that an asset may be impaired or if a past impairment should be reversed. A large number of factors are considered, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable pre-tax discount rate in order to calculate the present value of these cash flows. The pre-tax discount rate reflects current market assessment of the time value of money and the risks specific to the assets. The expected future cash flows depend on the estimated volumes of production and sales, future prices, costs, growth rates, capital and maintenance expenditure, inflation, foreign exchange rates, the future impact risks associated with climate change and other factors. These estimates, including the methodologies used, may have a material impact on the value in use and, ultimately, the amount of any impairment. The principal assumptions used in determining the recoverable amounts of cash-generating units and sensitivity to changes in assumptions are disclosed in Note 6.

In 2021, 2020 and 2019, the Group recognised a net impairment reversal/(loss) of $(30) million, $(162) million and $(142) million, respectively (Notes 6 and 9).

Management has considered how the Group's identified climate risks and climate related goals (as discussed in *Climate Change and GHG Emissions* in this Annual Report) may impact the estimation of the recoverable value of cash-generating units tested for impairment.

The anticipated extent and nature of the future impact of climate on the Group's operations and future investment, and therefore estimation of recoverable value, is not uniform across all cash-generating units. In particular, this is impacted by the activity of the cash-generating unit, current technologies and production processes employed and the current level of emissions, energy efficiency and use of renewable energy. The most significant effects are expected to arise in relation to the Group's steel production in Russia. The sensitivity of the Group's impairment assessment to these factors is also impacted by the extent that estimated recoverable value exceeds the carrying value of an individual cash-generating unit -- where this is lower there is an increased risk of a future impact. Such headroom for the Group's cash-generating units in Russia is generally materially higher than that of those in North America.

The Group is in the process of identifying a range of actions and initiatives to progress towards the Group's goals, including reduction of greenhouse gas emissions, wastewater discharges and increase of waste utilisation. In certain cases the costs of such actions have been quantified and are included in the Group's forecasts which are used to estimate recoverable value for the Group's cash-generating units, most significantly sulfur dioxide (SO2) capture at a sinter plant of EVRAZ ZSMK and closed loop water systems at EVRAZ ZSMK and EVRAZ NTMK. Other actions and initiatives continue to be explored by the Group but are not sufficiently certain to be reflected in the Group's forecasts of estimated recoverable value. The most significant of these, along with related investments, are expected to relate to the Russian steel segment -- however, related assets currently benefit from significant estimated headroom.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgements and Estimates (continued)

Estimation Uncertainty (continued)

Assessment of Recoverable Amount of Property, Plant and Equipment (continued)

There is a range of inherent uncertainties in the extent that responses to climate change may impact the recoverable value of the Group's cash-generating units, with many of these being outside the Group's control. These include the impact of future changes in government policies, legislation and regulation, societal responses to climate change, the future availability of new technologies and changes in supply and demand dynamics. Most significant to the Group is expected to be the nature and timing of any future carbon taxes that may be introduced in Russia. This has been considered by way of a sensitivity in Note 6.

The Group may also be impacted by changes in demand for its products. In particular, demand for products from the Large diameter pipes and Oil Country Tubular Goods cash-generating units is driven by ongoing investment in the oil and gas industry. As a result of limited headroom of recoverable value over carrying value for these cash-generating units, a sensitivity has been performed of the impact of a future decline in demand (Note 6).

At present there are few reasonable alternatives to the use of steel in areas such as construction and automotive industries. Management has not sought to estimate any beneficial impact of future opportunities or the potential for price inflation as a result of higher costs of production.

Impairment Testing of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill at 31 December 2021, 2020 and 2019 was $457 million, $457 million and $594 million, respectively. In 2021, 2020 and 2019, the Group recognised an impairment loss in respect of goodwill in the amount of $Nil, $132 million and $300 million, respectively. More details of the assumptions used in estimating the value in use of the cash-generating units to which goodwill is allocated are provided in Note 6.

Deferred Income Tax Assets

At 31 December 2021, 2020 and 2019, the Group recognised net deferred tax assets of $183 million, $245 million and $152 million, respectively (Note 8). These assets mostly related to the US and Canadian subsidiaries and mainly consisted of the unused tax losses and tax credits. Such assets are recognised only to the extent that there are sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The assumptions about generation and likelihood of future taxable profits depend on management's estimates of future cash flows and are contained in yearly budgets and long-term forecasts. Judgements and assumptions are also required about the application of income tax legislation, expiration of tax losses carried forward and tax planning strategies. The principal assumptions used in these forecasts include operating results, profitability, an appropriate outlook period and tax rates. Assumptions underlying the forecasts of future taxable profits that support the recoverability of deferred tax assets should be consistent with assumptions underlying cash flows forecasts used in the impairment test models.

All these judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances some or all of the carrying amounts of the recognised deferred tax assets may require a material adjustment within the next year, resulting in a corresponding credit or charge to the consolidated statement of operations.

Post-Employment Benefits

The Group uses an actuarial valuation method for the measurement of the present value of post-employment benefit obligations and related current service cost. This involves the use of demographic assumptions about the future characteristics of the current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.) as well as financial assumptions (discount rate, future salary and benefit levels, expected rate of return on plan assets, etc.). More details are provided in Note 23.

Foreign Currency Transactions

The presentation currency of the Group is the US dollar because presentation in US dollars is most relevant for the major current and potential users of the consolidated financial statements.

The functional currencies of the Group's subsidiaries are the Russian rouble, US dollar, euro, Czech koruna and Canadian dollar. At the reporting date, the assets and liabilities of the subsidiaries with functional currencies other than the US dollar are translated into the presentation currency at the rate of exchange ruling at the end of the reporting period, and their statements of operations are translated at the exchange rates that approximate the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a subsidiary with functional currency other than the US dollar, the deferred cumulative amount recognised in equity relating to that particular subsidiary is recognised in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following exchange rates were used in the consolidated financial statements:

	2021		2020		2019	
	31 December	Average	31 December	average	31 December	average
USD/RUB	**74.2926**	**73.6541**	73.8757	72.1464	61.9057	64.7362
EUR/USD	**1.1326**	**1.1827**	1.2271	1.1422	1.1234	1.1195
USD/CAD	**1.2632**	**1.2537**	1.2740	1.3413	1.2968	1.3269

Transactions in foreign currencies in each subsidiary of the Group are initially recorded in the functional currency at the rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. All resulting differences are taken to the statement of operations. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Basis of Consolidation

Subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than 50% of the voting rights and over which the Group has control, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the parent's shareholders' equity.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of Subsidiaries

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

Comparative information presented for the periods before the completion of initial accounting for the acquisition is presented as if the initial accounting had been completed from the acquisition date.

Increases in Ownership Interests in Subsidiaries

The differences between the carrying values of net assets attributable to interests in subsidiaries acquired and the consideration given for such increases is either added to additional paid-in capital, if positive, or charged to accumulated profits, if negative, in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchases of Controlling Interests in Subsidiaries from Entities under Common Control

Purchases of controlling interests in subsidiaries from entities under common control are accounted for using the pooling of interests method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these financial statements at the historical cost of the controlling entity (the "Predecessor"). Related goodwill inherent in the Predecessor's original acquisition is also recorded in the financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to the shareholders' equity.

The financial statements, including corresponding figures, are presented as if a subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Put Options over Non-controlling Interests

The Group derecognises non-controlling interests if non-controlling shareholders have a put option over their holdings. The difference between the amount of the liability recognised in the statement of financial position and the carrying value of the derecognised non-controlling interests is charged to accumulated profits.

Investments in Associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and goodwill impairment charges, if any.

The Group's share of its associates' profits or losses is recognised in the statement of operations and its share of movements in reserves is recognised in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has legal or constructive obligations to make payments to, or on behalf of, the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Interests in Joint Ventures

The Group's interest in its joint ventures is accounted for under the equity method of accounting whereby an interest in jointly ventures is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of joint ventures. The statement of operations reflects the Group's share of the results of operations of joint ventures.

Property, Plant and Equipment

The Group's property, plant and equipment is stated at purchase or construction cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of plant and equipment when that cost is incurred and recognition criteria are met.

The Group's property, plant and equipment include mining assets, which consist of mineral reserves, mine development and construction costs and capitalised site restoration costs. Mineral reserves represent tangible assets acquired in business combinations. Mine development and construction costs represent expenditures on developing access to mineral reserves (after technical feasibility and commercial viability of extracting a mineral resource are demonstrable) and preparations for commercial production, including sinking shafts and underground drifts, roads, infrastructure, buildings, machinery and equipment.

At each end of the reporting period management makes an assessment to determine whether there is any indication of impairment or, where relevant, impairment reversal of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as impairment loss in the statement of operations or other comprehensive income. An impairment loss recognised for an asset in previous years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Land is not depreciated. Depreciation of property, plant and equipment, except for mining assets, is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives of items of property, plant and equipment and methods of their depreciation are reviewed, and adjusted as appropriate, at each fiscal year end.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (continued)

The table below presents the useful lives of items of property, plant and equipment.

	Useful lives (years)	Weighted average remaining useful life (years)
Buildings and constructions	15–60	18
Machinery and equipment	4–45	9
Transport and motor vehicles	7–20	9
Other assets	3–15	2

The Group determines the depreciation charge separately for each significant part of an item of property, plant and equipment.

Depletion of mining assets including capitalised site restoration costs is calculated using the units-of-production method based upon proved and probable mineral reserves. The depletion calculation takes into account future development costs for reserves which are in the production phase.

Maintenance costs relating to items of property, plant and equipment are expensed as incurred. Major renewals and improvements are capitalised, and the replaced assets are derecognised.

The Group has the title to certain non-production and social assets, primarily buildings and facilities of social infrastructure, which are carried at their recoverable amount of zero. The costs to maintain such assets are expensed as incurred.

Mineral Reserves

The Group estimates its mineral reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”). Estimation of reserves in accordance with the JORC Code involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgement and development of assumptions.

The changes in the pricing environment and geology-related risk factors may lead to a revision of mining plans, decisions to abandon or to mothball certain parts of a mine, to a reassessment of the capital expenditures required for the extraction of the proved and probable reserves, as well as to the changes in the resources classified as proved and probable reserves. These changes may have an impact on the depletion charge and impairment, which may arise as a result of a decline in the recoverable amounts of the affected mines.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures represent costs incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The expenditures include acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. These costs are expensed as incurred.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Group commences recognition of expenditures related to the development of mineral resources as assets. These assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Leases

Group as a Lessee

The determination of whether an arrangement is, or contains, a lease is done at contract inception and includes the assessment of whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term or exercise a purchase option, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Otherwise, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment. The right-of-use assets are included in the Property, plant and equipment caption of the statement of financial position (Note 9).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a Lessee (continued)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined based on the Group's borrowing rates for similar terms and currencies in an economic environment, in which the lessee operates. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of plans to purchase the underlying asset.

The lease term is a non-cancellable period for which a lessee has the right to use an underlying asset, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The lease term of cancellable or renewable leases is dependent of the enforceability of the contract beyond the date on which it can be terminated. The contract is enforceable if only one party of the lease contract has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. In this case the Group, as a lessee, assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option.

Lease payments for contracts with a duration of 12 months or less or leases for which the underlying assets are of low value are not recognised as lease liabilities. They are expensed to the statement of operations on a straight-line basis over the lease term and included in cost of revenues, selling, general and administrative expenses.

Information about lease arrangements is disclosed in Note 25.

Group as a Lessor

Finance leases, in which the Group acts as a lessor, when substantially all the risks and benefits incidental to ownership of the leased item are transferred to the lessee, are recognised as net investments in finance lease from the commencement of the lease term at the present value of the minimum lease payments. Lease payments are apportioned between the finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of receivables. Finance income is included in the interest income caption.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases (Note 9). Operating lease income is recognised within the rendering of services caption on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred for an acquisition of a subsidiary or an associate and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquiree, the difference is recognised in the consolidated statement of operations.

Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisition of an associate is included in the carrying amount of the investments in associates.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or the group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditures on internally generated intangible assets, excluding capitalised development costs, are expensed as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. Intangible assets with indefinite useful lives are not amortised, they are tested for impairment annually either individually or at the cash-generating unit level.

The table below presents the useful lives of intangible assets.

	Useful lives (years)	Weighted average remaining useful life (years)
Customer relationships	1–15	2
Contract terms	10	2
Other	5–19	4

Certain water rights and environmental permits are considered to have indefinite lives as management believes that these rights will continue indefinitely. The most part of the Group's intangible assets represents customer relationships arising on business combinations (Note 10).

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them, i.e. how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade and Other Accounts Receivable

Trade and other receivables are recognised at their transaction price as defined in IFRS 15 "Revenue" if they do not contain a significant financing component or if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

For trade and other receivables, the Group applies a simplified approach for calculating the expected credit losses. Therefore, the Group does not track changes in credit risk, but, instead, it recognises a loss allowance based on the lifetime expected credit losses at each reporting date. The Group separately determines the expected credit losses for individually significant balances or collectively for trade and other receivables that are not individually significant.

The expected credit losses for individually significant balances are estimated using debtors' historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis and includes expenditure incurred in acquiring or producing inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Value Added Tax

The tax authorities permit the settlement of sales and purchases value added tax ("VAT") on a net basis.

The Group's subsidiaries apply the accrual method for VAT recognition, under which VAT becomes payable upon invoicing and delivery of goods or rendering services as well upon receipt of prepayments from customers. VAT on purchases, even if not settled at the end of the reporting period, is deducted from the amount of VAT payable.

Where provision has been made for impairment of receivables, an impairment loss is recorded for the gross amount of the debtor, including VAT.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and deposits with an original maturity of three months or less.

Non-current Assets Held for Sale or for Distribution to Owners

The Group classifies non-current assets and disposal groups as held for sale or for distribution to owners if their carrying amounts will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups classified as held for sale/distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell/distribute. Costs to sell/distribute are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale/distribution classification is regarded as met only when the sale/distribution is highly probable, and the asset or disposal group is available for immediate sale/distribution in its present condition. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution plan will be made or that the decision to sell or to distribute to owners will be withdrawn. Management must be committed to the plan to sell/to distribute the asset and the sale/distribution is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution. Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position.

Further details are provided in Notes 2 *(Accounting Judgements)*, 12 and 13.

Discontinued Operations

A discontinued operation is a component of an entity that has been disposed of, or is classified as held for sale or distribution to owners and represents a separate major line of business or geographical area of operations.

According to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Statements of operations for prior periods are re-presented so that all operations that have been classified as discontinued by the end of the current reporting period are presented according to IFRS 5 requirements. No adjustments to comparative data are made for the assets and liabilities in the statement of financial position and statement of cash flows.

Intragroup transactions between continuing and discontinued operations are eliminated on consolidation. Only transactions with external parties are presented as discontinued operations. Consequently, the prescibed approach does not present real results of both operations, continuing and discontinued. The statement of operations for the current period and the re-presented comparatives do not reflect the amounts, which could be recognised and presented had the disposal of the discontinued operation already occurred.

In case of a subsidiary with functional currency other than the US dollar, upon its disposal the deferred cumulative amount of exchange difference recognised in equity relating to that particular subsidiary is written down to the statement of operations and recognised within the "Profit/(loss) after tax from discontinued operations" caption.

Discontinued operations are disclosed in Note 13.

Non-cash Distributions to Owners

Dividends in specie refer to a distribution to owners settled by assets other than cash. For accounting of such transactions the Group applies IFRIC 17 "Distributions of Non-cash Assets to Owners", IFRS 13 "Fair Value Measurement" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The liability to pay a dividend is recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. An entity measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed.

If an entity gives its owners a choice of receiving either a non-cash asset or a cash alternative, the entity estimates the dividend payable by calculating the fair value of each alternative and the associated probability of owners selecting each alternative.

At the end of each reporting period and at the date of settlement, the entity reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-cash Distributions to Owners (continued)

When an entity settles the dividend liability, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

Information about non-cash distributions to owners is disclosed in Note 13.

Equity

Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury Shares

Own equity instruments which are acquired by the Group (treasury shares) are deducted from equity. No gain or loss is recognised in statement of operations on the purchase, sale, issue or cancellation of the treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in additional paid-in capital.

Dividends

Dividends are recognised as a liability and deducted from equity only if they are declared before the end of the reporting period. Dividends are disclosed when they are proposed before the end of the reporting period or proposed or declared after the end of the reporting period but before the financial statements are authorised for issue.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption amount is recognised as interest expense over the period of the borrowings.

Borrowing costs relating to qualifying assets are capitalised (Note 9).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Site Restoration Provisions

The Group reviews site restoration provisions at each reporting date and adjusts them to reflect the current best estimate in accordance with IFRIC 1 “Changes in Existing Decommissioning, Restoration and Similar Liabilities”.

Provisions for site restoration costs are capitalised within property, plant and equipment.

Employee Benefits

Social and Pension Contributions

Defined contributions are made by the Group to the Russian state pension, social insurance and medical insurance funds at the statutory rates in force based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits. Its only obligation is to pay contributions as they fall due. These contributions are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits (continued)

Defined Benefit Plans

The Group companies provide pensions and other benefits to their employees (Note 23). The entitlement to these benefits is usually conditional on the completion of a minimum service period. Certain benefit plans require the employee to remain in service up to retirement age. Other employee benefits consist of various compensations and non-monetary benefits. The amounts of benefits are stipulated in the collective bargaining agreements and/or in the plan documents.

The Group involves independent qualified actuaries in the measurement of employee benefit obligations.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses on post-employment benefit obligations, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in interest income), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. It is recorded within interest expense in the consolidated statement of operations.

The Group recognises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in the consolidated statement of operations within “cost of sales”, “general and administrative expenses” and “selling and distribution expenses”.

Other Costs

The Group incurs employee costs related to the provision of benefits such as health services, kindergartens and other services. These amounts principally represent an implicit cost of employment and, accordingly, have been charged to cost of sales.

Share-based Payments

The Group has Incentive Plans (Note 21), under which certain senior executives and employees of the Group receive remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with grantees is measured by reference to the fair value of the Company’s shares at the date on which they are granted. The fair value is determined using the Black-Scholes-Merton model. In valuing equity-settled transactions, no account is taken of any conditions, other than market conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (additional paid-in capital), over the period in which service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the statement of operations for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards if EBITDA-related conditions are not satisfied or participants lose the entitlement for the shares due to the termination of their employment. Accumulated share-based expense is adjusted to reflect the number of share options that eventually vest. For market-related performance conditions, such as total shareholder return (“TSR”), if the conditions are not met and the share options do not vest, then no reversal is made for the share-based expense previously recognised.

The TSR-related vesting condition of Incentive Plans adopted in 2017-2021 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding share-based awards is reflected as additional share dilution in the computation of earnings per share (Note 20).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

The Group recognises revenues from sales of goods at the point in time when control of the asset is transferred to the customer and it is probable that the amount of consideration is collectible. The moment of transfer of control is determined by the contract terms and usually occurs at the date of shipment.

Some contracts with customers provide a right of return, trade discounts or volume rebates. The Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of the estimated returns and price concessions, trade discounts and volume rebates. The variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group enters into contracts with its customers, under which the Group provides transportation and handling services using third party providers (i.e. the Group selects suitable firms and manages the shipment and delivery). These services are provided to the customers before, or after, they obtain control over the goods. The cost of services is included in the contract price. Under IFRS 15, transportation and handling services rendered by the Group before control over the goods is transferred to the customers do not represent a separate performance obligation. Therefore, the Group recognises these services at the moment when control over the goods is passed to the customers. With respect to the contracts when the Group provides transportation and handling services after obtaining control over the goods by the customers, the Group concluded that these services represent a separate performance obligation and the Group acts as a principal rather than an agent. Consequently, the control over its services is transferred over time. Transportation and handling services rendered by the Group in contracts, in which it acts as a principal, are presented within the caption "Sales of goods" in the consolidated statement of operations.

Rendering of Services

The Group's revenues from rendering of services include electricity, transportation and other services. The pattern of revenue recognition reflects the transfer of services to customers and may occur at a point in time or over time.

Advances from Customers

The Group receives only short-term advances from its customers. The Group uses the practical expedient provided in IFRS 15, which allows not to adjust the promised amount of consideration for the effects of a significant financing component in the contracts where the Group expects, at contract inception, that the period between the Group's transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the Group does not account for a financing component even if it is significant.

Interest

Interest is recognised using the effective interest method.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Rental Income

Rental income is accounted for on a straight-line basis over the lease term on ongoing leases.

Government Grants

Government grants are recognised at their fair value, when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Grants related to non-monetary assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset and are recognised as a deduction from depreciation expense over the life of the asset. Government grants related to costs are deducted from the relevant expenses to be compensated in the same period.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised in other comprehensive income or equity and not in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Income Tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, tax legislation and tax planning strategies.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SEGMENT INFORMATION

For management purposes the Group has four reportable operating segments:

- *Steel* segment includes production of steel and related products at all mills except for those located in North America. Extraction of vanadium ore and production of vanadium products, iron ore mining and enrichment and certain energy-generating companies are also included in this segment as they are closely related to the main process of steel production.
- *Steel, North America* is a segment, which includes production of steel and related products in the USA and Canada.
- *Coal* segment includes coal mining and enrichment.
- *Other operations* include energy-generating companies, shipping and railway transportation companies.

Management and investment companies are not allocated to any of the segments. Operating segments have been aggregated into reportable segments if they show a similar long-term economic performance, have comparable production processes, customer industries and distribution channels, operate in the same regulatory environment, and are generally managed and monitored together.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group's chief operating decision maker (the Board of directors of EVRAZ plc) monitors the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA. This performance indicator is calculated based on management accounts and differs from the IFRS consolidated financial statements for the following reasons:

1) for the last month of the reporting period management accounts are prepared using a forecast for that month;

2) before 2021 certain unallocated costs were treated as segment expenses in management accounts.

Before 2020 there were additional differences between the IFRS indicators and the figures of management accounts, such as non-consolidation of certain subsidiaries in management accounts, use of the adjusted local GAAP figures and simplified methods of translation into presentation currency.

Segment revenue is revenue reported in the Group's statement of operations that is directly attributable to a segment and the relevant portion of the Group's revenue that can be allocated to it on a reasonable basis, whether from sales to external customers or from transactions with other segments.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated to it on a reasonable basis, including expenses relating to external counterparties and expenses relating to transactions with other segments. Segment expense does not include social and social infrastructure maintenance expenses.

Segment result is segment revenue less segment expense that is equal to earnings before interest, tax, depreciation and amortisation ("EBITDA") for that segment.

Segment EBITDA is determined as a segment's profit/(loss) from operations adjusted for social and social infrastructure maintenance expenses, impairment of assets, profit/(loss) on disposal of property, plant and equipment and intangible assets, foreign exchange gains/(losses) and depreciation, depletion and amortisation expense. Management believes that this measure is useful and relevant for the users and gives a better comparison with the Russian steel peers.

Segment information is presented together with the discontinued operations as this is a way how this information was reviewed by management.

3. SEGMENT INFORMATION (CONTINUED)

The following tables present measures of segment profit or loss based on management accounts.

Year ended 31 December 2021

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 10,127	$ 2,324	$ 1,555	$ 153	$ –	$ 14,159
Inter-segment sales	61	–	766	382	(1,209)	–
Total revenue	10,188	2,324	2,321	535	(1,209)	14,159
Relating to:						
Continuing operations	10,188	2,324	882	535	(443)	13,486
Discontinued operations (Note 13)	–	–	1,439	–	(766)	673
Segment result – EBITDA	$ 3,593	$ 322	$ 1,288	$ 16	$ (80)	$ 5,139

Year ended 31 December 2020

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$6,902	$ 1,779	$952	$ 121	$ –	$ 9,754
Inter-segment sales	67	–	538	289	(894)	–
Total revenue	6,969	1,779	1,490	410	(894)	9,754
Relating to:						
Continuing operations	6,969	1,779	650	410	(356)	9,452
Discontinued operations (Note 13)	–	–	840	–	(538)	302
Segment result – EBITDA	$ 1,888	$ (22)	$ 396	$ 17	$ 20	$ 2,299

Year ended 31 December 2019

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 7,903	$ 2,517	$ 1,273	$ 186	$ –	$ 11,879
Inter-segment sales	175	–	735	303	(1,213)	–
Total revenue	8,078	2,517	2,008	489	(1,213)	11,879
Relating to:						
Continuing operations	8,078	2,517	814	489	(478)	11,420
Discontinued operations (Note 13)	–	–	1,194	–	(735)	459
Segment result – EBITDA	$ 1,668	$ 38	$ 883	$ 19	$ 32	$ 2,640

Starting 2020 the Group's chief operating decision maker reviews the revenue based on IFRS accounts. The comparative information for prior periods for revenue based on management accounts has not been restated since it contains necessary reconciliation to IFRS accounts.

3. SEGMENT INFORMATION (CONTINUED)

The following table shows a reconciliation of revenue and EBITDA used by the Group's chief operating decision maker for decision making and revenue and profit or loss before tax per the consolidated financial statements prepared under IFRS.

Year ended 31 December 2021

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue per IFRS financial statements	$ 10,188	$ 2,324	$ 2,321	$ 535	$(1,209)	$ 14,159
EBITDA	$ 3,593	$ 322	$ 1,288	$ 16	$ (80)	$ 5,139
Reclassifications and other adjustments	16	(1)	4	3	–	22
EBITDA based on IFRS financial statements	$ 3,609	$ 321	$ 1,292	$ 19	$ (80)	$ 5,161
Unallocated subsidiaries						(146)
						$ 5,015
Social and social infrastructure maintenance expenses	(27)	–	(5)	–	–	(32)
Depreciation, depletion and amortisation expense	(275)	(121)	(159)	(4)	–	(559)
Impairment of assets	(13)	(9)	(8)	–	–	(30)
Gain on disposal of property, plant and equipment and intangible assets	–	(7)	(1)	–	–	(8)
Foreign exchange gains/(losses), net	(36)	6	25	–	–	(5)
	$ 3,258	$ 190	$ 1,144	$ 15	$ (80)	$ 4,381
Unallocated income/(expenses), net						32
Profit from operations						$ 4,413
Interest income/(expense), net						(227)
Share of profits/(losses) of joint ventures and associates						14
Gain/(loss) on financial assets and liabilities						(21)
Gain/(loss) on disposal groups classified as held for sale						2
Other non-operating gains/(losses), net						3
Profit before tax						$ 4,184

3. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue per IFRS financial statements	$ 6,969	$ 1,779	$ 1,490	$ 410	$(894)	$ 9,754
EBITDA	$ 1,888	$ (22)	$ 396	$ 17	$ 20	$ 2,299
Unrealised profits adjustment	(48)	(4)	–	–	1	(51)
Reclassifications and other adjustments	90	(2)	4	(2)	–	90
	42	(6)	4	(2)	1	39
EBITDA based on IFRS financial statements	$ 1,930	$ (28)	$ 400	$ 15	$ 21	$ 2,338
Unallocated subsidiaries						(126)
						$ 2,212
Social and social infrastructure maintenance expenses	(24)	–	(2)	–	–	(26)
Depreciation, depletion and amortisation expense	(261)	(147)	(189)	(3)	–	(600)
Impairment of assets	(5)	(308)	3	–	–	(310)
Gain on disposal of property, plant and equipment and intangible assets	–	(3)	–	–	–	(3)
Foreign exchange gains/(losses), net	(55)	2	122	–	–	69
	$ 1,585	$ (484)	$ 334	$ 12	$ 21	$ 1,342
Unallocated income/(expenses), net						329
Profit from operations						$ 1,671
Interest income/(expense), net						(322)
Share of profits/(losses) of joint ventures and associates						2
Gain/(loss) on financial assets and liabilities						(71)
Gain/(loss) on disposal groups classified as held for sale						1
Other non-operating gains/(losses), net						14
Profit before tax						$ 1,295

3. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 8,078	$ 2,517	$ 2,008	$ 489	$(1,213)	$ 11,879
Reclassifications and other adjustments	65	(17)	13	(6)	(29)	26
Revenue per IFRS financial statements	$ 8,143	$ 2,500	$ 2,021	$483	$(1,242)	$ 11,905
EBITDA	$ 1,668	$ 38	$ 883	$ 19	$ 32	$ 2,640
Unrealised profits adjustment	81	–	41	–	17	139
Reclassifications and other adjustments	46	–	(81)	(1)	(1)	(37)
	127	–	(40)	(1)	16	102
EBITDA based on IFRS financial statements	$ 1,795	$ 38	$ 843	$ 18	$ 48	$ 2,742
Unallocated subsidiaries						(141)
						$ 2,601
Social and social infrastructure maintenance expenses	(17)	–	(3)	–	–	(20)
Depreciation, depletion and amortisation expense	(254)	(147)	(168)	(4)	–	(573)
Impairment of assets	(26)	(309)	(107)	–	–	(442)
Gain on disposal of property, plant and equipment and intangible assets	1	4	(3)	–	–	2
Foreign exchange gains/(losses), net	(10)	46	(30)	10	–	16
	$ 1,489	$ (368)	$ 532	$ 24	$ 48	$ 1,584
Unallocated income/(expenses), net						(367)
Profit from operations						$ 1,217
Interest income/(expense), net						(328)
Share of profits/(losses) of joint ventures and associates						9
Impairment of non-current financial assets						(56)
Gain/(loss) on financial assets and liabilities						17
Gain/(loss) on disposal groups classified as held for sale						29
Other non-operating gains/(losses), net						14
Profit before tax						$ 902

The Group's EBITDA was allocated to continuing and discontinued operations as follows:

US$ million	2021	2020	2019
Continuing operations	**$ 3,692**	$ 1,830	$ 1,731
Discontinued operations (Note 13)	**1,323**	382	870
	$ 5,015	$ 2,212	$ 2,601

3. SEGMENT INFORMATION (CONTINUED)

The revenues from contracts with external customers for each group of similar products and services and rental income are presented in the following table:

US$ million	2021	2020	2019
Steel			
Construction products	**$ 3,177**	$ 2,013	$ 2,166
Flat-rolled products	**237**	146	386
Railway products	**1,083**	1,099	1,181
Semi-finished products	**3,779**	2,479	2,528
Other steel products	**566**	342	377
Other products	**449**	257	365
Iron ore	**234**	146	190
Vanadium in slag	**103**	64	109
Vanadium in alloys and chemicals	**412**	285	539
Rendering of services	**87**	71	103
	10,127	6,902	7,944
Steel, North America			
Construction products	**268**	183	200
Flat-rolled products	**900**	323	518
Railway products	**392**	326	405
Tubular products	**637**	743	1,128
Other products	**105**	170	211
Rendering of services	**22**	34	38
	2,324	1,779	2,500
Coal			
Coal	**882**	646	814
Rendering of services	**–**	4	12
	882	650	826
Other operations			
Rendering of services	**153**	121	174
	153	121	174
Continuing operations	**13,486**	9,452	11,444
Coal			
Coal	**649**	283	437
Other products	**20**	9	15
Rendering of services	**4**	10	9
Discontinued operations	**673**	302	461
	$ 14,159	$ 9,754	$ 11,905

Revenue from rendering of services included rental income, which was mainly attributable to the subsidiaries of the steel segment.

US$ million	2021	2020	2019
Revenues from contracts with customers	**$ 13,460**	$ 9,427	$ 11,412
Rental income	**26**	25	32
Continuing operations	**$ 13,486**	$ 9,452	$ 11,444

3. SEGMENT INFORMATION (CONTINUED)

Distribution of the Group's revenues by geographical area based on the location of customers for the years ended 31 December was as follows:

US$ million	2021		2020		2019	
	Continuing and discontinued operations	Continuing operations	Continuing and discontinued operations	Continuing operations	Continuing and discontinued operations	Continuing operations
CIS						
Russia	$ 5,521	$ 5,089	$ 3,722	$ 3,514	$ 4,373	$ 4,056
Kazakhstan	489	485	279	253	297	270
Ukraine	250	71	80	40	291	179
Kyrgyzstan	63	63	46	46	49	49
Belarus	47	47	58	58	71	71
Uzbekistan	43	43	63	63	81	81
Others	42	42	58	58	76	76
	6,455	5,840	4,306	4,032	5,238	4,782
America						
USA	1,441	1,441	1,060	1,060	1,701	1,701
Canada	953	953	735	735	847	847
Mexico	550	550	61	60	119	119
Others	72	72	59	55	42	42
	3,016	3,016	1,915	1,910	2,709	2,709
Asia						
Taiwan	1,084	1,084	525	525	680	680
China	712	711	1,052	1,051	478	476
Republic of Korea	435	379	255	255	282	282
Indonesia	365	365	271	271	244	244
Philippines	358	358	338	338	387	387
Japan	239	239	106	106	243	243
Vietnam	170	170	64	64	57	57
Thailand	129	129	69	69	247	247
Mongolia	81	81	77	77	61	61
United Arab Emirates	34	34	95	95	124	124
Others	77	77	97	97	90	90
	3,684	3,627	2,949	2,948	2,893	2,891
Europe						
European Union	582	581	314	304	767	764
Turkey	337	337	135	135	166	166
Others	27	27	12	12	23	23
	946	945	461	451	956	953
Africa						
Kenya	46	46	87	87	63	63
Egypt	12	12	5	5	27	27
Others	–	–	30	18	17	17
	58	58	122	110	107	107
Other countries	–	–	1	1	2	2
	$ 14,159	$ 13,486	$ 9,754	$ 9,452	$ 11,905	$ 11,444

None of the Group's customers amounts to 10% or more of the consolidated revenues.

3. SEGMENT INFORMATION (CONTINUED)

Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets were located in the following countries at 31 December:

US$ million	2021	2020	2019
Russia	**$ 2,241**	$ 3,500	$ 3,967
Canada	**638**	643	981
USA	**966**	818	827
Kazakhstan	**30**	32	38
Czech Republic	**36**	37	35
Other countries	**3**	3	3
	$ 3,914	$ 5,033	$ 5,851

In 2021, non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets do not include the assets of the discontinued operations ($1,442 million).

4. CHANGES IN THE COMPOSITION OF THE GROUP

Purchase of Non-controlling Interests

Raspadskaya

In 2021, the Group acquired an additional 2.51% ownership interest in Raspadskaya for cash consideration of $38 million. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $19 million was charged to the consolidated accumulated profits. More details are provided in Note 4 (*Put Option for the Shares of Raspadskaya*).

In 2020, the Group acquired an additional 2.73% ownership interest in Raspadskaya, a subsidiary of the Group, for cash consideration of $27 million. The excess of the carrying values of non-controlling interests acquired over consideration amounting to $7 million was credited to additional paid-in capital.

In 2019, the Group acquired an additional 1.8% ownership interest in Raspadskaya for cash consideration of $25 million. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $3 million was charged to accumulated profits.

In addition, in June 2019 Raspadskaya purchased its own shares in course of the tender offer for cash consideration of $46 million. The Group derecognised 2.53% of non-controlling interests and charged to accumulated profits $7 million representing the excess of consideration over the carrying values of non-controlling interests acquired.

In the course of the closed subscription in September 2019 Raspadskaya issued 80,285 new shares, and Evraz Group S.A. acquired 80,284 shares, thus increasing the Group's stake in the subsidiary by 0.0014%.

Mezhegeyugol

On 14 March 2017, the Group signed an option agreement with a non-controlling shareholder in respect of shares of Mezhegeyugol, a coal mining subsidiary of the Group. Under the agreement, the non-controlling shareholder had the right to sell to the Group (the put option) all its shares in Mezhegeyugol (39.9841%) for $39 million and to settle the loan payable to the Group for $25 million. As a result, the Group would hold 100% ownership interest in the subsidiary. The option could be exercised from 1 December 2019 to 1 December 2020.

In 2017, the Group determined that the terms of the option agreement give the Group the rights to the beneficial interests in Mezhegeyugol and derecognised the non-controlling interests in full and recognised a liability under the put option in the amount of $60 million. From March 2017 and until the put option exercise the Group accrued $9 million interest on this liability ($1 million and $3 million in 2020 and 2019, respectively).

In June 2020, the non-controlling shareholder sold its interest to the Group. The consideration for the purchased non-controlling interest comprised of a non-cash settlement of a loan owed to the Group with a carrying value of $30 million, which approximated the fair value, and $39 million of cash consideration, which was fully paid in 2020.

Change in Non-controlling Interests due to Reorganisation

In 2020, EVRAZ plc decided to reorganise its business structure combining all coal operations in one group consolidated under Raspadskaya.

On 30 December 2020, Nizhny Tagil Metallurgical Plant, a wholly-owned subsidiary of the Group, sold its 100% ownership interest in Yuzhkuzbassugol (which is in turn the parent entity of Mezhegeyugol) to Raspadskaya for cash consideration of RUB 67,741 million ($920 million at the date of the transaction). As a result, the Group's interest in Yuzhkuzbassugol was diluted from 100% to 90.90%. The carrying value of non-controlling interests decreased by $45 million, being the share of non-controlling shareholders in the excess of cost of acquisition of Yuzhkuzbassugol over its consolidated net assets, with a corresponding increase in the Group's accumulated profits through the consolidated statement of changes in equity.

4. CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

Put Option for the Shares of Raspadskaya

In the course of the Group's business and ownership structure reorganisation, as described above in *Change in Non-controlling Interests due to Reorganisation*, Raspadskaya followed the Russian legislation, which, in particular, required the approval of the potential acquisition of Yuzhkuzbassugol by the majority of the voted non-controlling shareholders of Raspadskaya. The non-controlling shareholders who voted against or did not vote have the right to sell their stakes to Raspadskaya at a price being the fair value determined by an independent appraiser (RUB 164 per share). At the same time the liability for the share repurchase is limited to 10% of net assets of JSC Raspadskaya, thus, the number of shares to be repurchased is proportionately reduced if all potential shareholders cannot be satisfied.

Consequently, the Group derecognised the non-controlling interests relating to the shareholders, which have a put option over their holding (4.25% of the total shares of Raspadskaya), with the carrying value of $30 million, and recognised a $65 million liability to these shareholders at fair value. The difference between the amount of the recognised liability and the carrying value of the derecognised non-controlling interests was charged to accumulated profits.

On 1 February 2021, Raspadskaya completed the collection of the share repurchase requests from eligible non-controlling shareholders. The actual number of shares to be repurchased amounted to 2.51% of Raspadskaya's share capital, which is equal to a $38 million liability. On expiry of the put option in February 2021 the related amounts recognised in 2020 were reversed and the purchase of non-controlling interests ($19 million) was recorded. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $19 million was charged to the consolidated accumulated profits.

Sale of Subsidiaries

In 2019, the Group sold EVRAZ Stratcor Inc, EVRAZ Palini e Bertoli, and Evraztrans-Ukraine. Further details of these transactions are disclosed in Note 12.

5. GOODWILL

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The table below presents movements in the carrying amount of goodwill.

US$ million	Gross amount	Impairment losses	Carrying amount
At 31 December 2018	**$ 2,221**	**$ (1,357)**	**$ 864**
Sale of subsidiaries (Note 12)	(63)	63	–
Impairment of Large diameter pipes	–	(300)	(300)
Translation difference	34	(4)	30
At 31 December 2019	**$ 2,192**	**$ (1,598)**	**$ 594**
Impairment			
Large diameter pipes	–	(65)	(65)
Oil Country Tubular Goods	–	(67)	(67)
Translation difference	7	(12)	(5)
At 31 December 2020	**$ 2,199**	**$ (1,742)**	**$ 457**
Translation difference	5	(5)	–
At 31 December 2021	**$ 2,204**	**$ (1,747)**	**$ 457**

The carrying amount of goodwill was allocated among cash-generating units as follows at 31 December:

US$ million	**2021**	2020	2019
EVRAZ Inc. NA/EVRAZ Inc. NA Canada	**$ 393**	$ 392	$ 525
Large diameter pipes	**–**	–	*68*
Oil Country Tubular Goods	***77***	*76*	*141*
Long products	***316***	*316*	*316*
EVRAZ Vanady-Tula	**27**	27	32
EVRAZ Nikom, a.s.	**34**	35	33
Others	**3**	3	4
	$ 457	$ 457	$ 594

6. IMPAIRMENT OF NON-FINANCIAL ASSETS

A summary of impairment losses recognition and reversals relating to non-financial assets is presented below.

Year ended 31 December 2021

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Consolidated West-Siberian Metallurgical Plant	**$ –**	**$ (13)**	**$ (13)**
EVRAZ Inc. NA	**–**	**(9)**	**(9)**
	–	**(22)**	**(22)**
Recognised in profit or loss from continuing operations	**–**	**(22)**	**(22)**
Discontinued operations (Note 13)	**–**	**(8)**	**(8)**
	$ –	**$ (30)**	**$ (30)**

Year ended 31 December 2020

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Inc. NA Canada	$ (148)	$ (153)	$ (301)
EVRAZ Inc. NA	–	(7)	(7)
Others, net	–	(5)	(5)
	(148)	(165)	(313)
Recognised in profit or loss from continuing operations	(148)	(165)	(313)
Discontinued operations (Note 13)	–	3	3
	$ (148)	$ (162)	$ (310)

Year ended 31 December 2019

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Inc. NA Canada	$ (300)	$ (1)	$ (301)
EVRAZ Consolidated West-Siberian Metallurgical Plant	–	(18)	(18)
EVRAZ Nizhny Tagil Metallurgical Plant	–	(11)	(11)
Others, net	–	(5)	(5)
	(300)	(35)	(335)
Recognised in profit or loss from continuing operations	(300)	(35)	(335)
Discontinued operations (Note 13)	–	(107)	(107)
	$ (300)	$ (142)	$ (442)

Impairment losses were recognised both for individual assets and for cash-generating units.

	Obsolescence or adverse changes in the extent or manner in which an asset is being used			Impairment of cash-generating units		
US$ million	**2021**	2020	2019	**2021**	2020	2019
Continuing operations	**$ (9)**	$ (7)	$ (21)	**$ (13)**	$ (306)	$ (314)
Discontinued operations	**(8)**	3	(107)	**–**	–	–
	$ (17)	$ (4)	$ (128)	**$ (13)**	$ (306)	$ (314)

In 2019-2021, the Group made a write-off of certain functionally obsolete items of property, plant and equipment. In 2019, the Group decided to postpone reopening of a coal mine MUK-96, a subsidiary of Raspadskaya. In connection with this decision the recoverable amount of mining assets relating to this mine ($84 million) was reassessed and fully impaired.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

In addition, the Group recognised impairment losses as a result of impairment testing at the level of cash-generating units.

In 2020, the Group recognised a $234 million impairment loss with respect to the Large diameter pipes cash-generating unit, which was allocated to goodwill ($65 million), intangible assets ($16 million) and property, plant and equipment ($153 million) and a $67 million impairment loss with respect to the Oil Country Tubular Goods cash-generating unit, which was allocated to goodwill. The impairment was caused by the reassessment of demand on the steel, oil and commodities markets in the USA and Canada.

In 2019, the Group recognised a $300 million impairment loss with respect to goodwill allocated to the Large diameter pipes cash-generating unit. The impairment was caused by the use of a more conservative valuation model due to the increased current market volatility.

Measurement of Recoverable Amount

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or where indicators of impairment were identified. In 2021, and in the previous years, the impairment testing was performed as of 30 September, the conclusions were reassessed at 31 December and no further impairment indicators were identified.

In 2021, the recoverable amounts for all cash-generating units have been determined based on the calculation of value-in-use. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate. Key assumptions are discussed further below.

In connection with the classification of Raspadskaya Group as a disposal group held for distribution to owners management performed an analysis of the related cash-generating units as of 31 December 2021 and concluded that based on market capitalisation of Raspadskaya Group the respective recoverable value is above the respective carrying value.

The impairment test model of EVRAZ ZSMK took into account the impact of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022, which was considered as an impairment indicator for EVRAZ ZSMK.

The impairment test models of Steel North America took into account the impact of Section 232 tariffs imposed on imports to the US and anti-dumping duties imposed by the US against Canada on large-diameter pipes (Note 30). The effect of the anti-dumping duties is expected to last until 2024 when they will be subject to a five-year (sunset) review by the US Department of Commerce. The Section 232 tariffs are not expected to be cancelled and this was considered as an indicator of impairment for Large diameter pipes and Flat-rolled products. The models were based on the assumption that these tariffs will be in place in perpetuity.

The key assumptions used by management in the impairment tests with respect to the cash-generating units to which goodwill is allocated or units containing intangible assets with indefinite useful lives are presented in the table below.

	Commodity	Period of forecast prior to applying terminal value, years		Pre-tax discount rate, %		Average price of commodity per tonne in the next reporting year		Recoverable amount of CGU at 30 September, US$ million		Carrying amount of CGU before impairment at 30 September*, US$ million	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Steel North America											
Oil Country Tubular Goods	steel products	5	5	10.36	10.17	$1,493	$1,121	293	279	278	346
Long products	steel products	5	5	9.41	10.05	$924	$799	1,114	865	689	553
EVRAZ Vanady-Tula	vanadium products	5	5	11.44	12.22	$18,504	$17,548	698	575	54	48
EVRAZ Nikom, a.s.	ferrovanadium products	5	5	13.20	13.71	$26,031	$18,569	40	39	36	34

* Carrying amounts represent the sum of net book values of property, plant and equipment, intangible assets and goodwill recorded in the balance sheets at 30 September excluding an impairment recognised in the first half of the reporting year.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

In addition, the Group determined that there were indicators of impairment in other cash generating units, which do not contain goodwill or intangible assets with indefinite useful lives, and tested them for impairment using the following assumptions.

	Period of forecast prior to applying terminal value, years	Pre-tax discount rate, %	Commodity	Average price of commodity per tonne in the next reporting year
EVRAZ ZSMK	5	9.64	steel products	$ 505
Steel North America				
Large diameter pipes	5	10.20	steel products	$ 1,553
Flat-rolled products	5	14.38	steel products	$ 1,398

The estimations of recoverable amounts are most sensitive to the following assumptions:

Discount Rates

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates have been determined using the Capital Asset Pricing Model and analysis of industry peers. Reasonably possible changes in discount rates could lead to an additional impairment at Oil Country Tubular Goods, Flat-rolled products and Nikom. If discount rates were 10% higher, this would lead to an additional impairment of $20 million.

Sales and Purchases Prices

The price assumptions for the products sold and purchased by the Group were estimated based on industry research using analysts' views published by Alfa Bank, Citi, Credit Suisse, CRU, Goldman Sachs, J.P. Morgan, Morgan Stanley and UBS during the period from July to November 2021, as well as on an internal analysis. The Group expects that the nominal prices will fluctuate with a compound annual growth rate of (4.2)-2.0% in 2022 – 2025 and 2% in 2026 and thereafter. Reasonably possible changes in sales and purchases prices could lead to an additional impairment at Nikom, Large diameter pipes, Oil Country Tubular Goods, and Flat-rolled products. If the prices assumed for 2022 and 2023 in the impairment test were 10% lower, this would lead to an additional impairment of $174 million.

Sales Volumes

Based on signed contracts and market analysis management expects that the sales volumes of steel products in 2022 will change by (39)%-37% for Oil Country Tubular Goods and Large diameter pipes, and by (9)%-10% for other cash-generating units as compared to 2021. Future dynamics will be driven by a gradual market recovery and removal of anti-dumping duties allowing the Group to utilise assets' capacities to a greater extent. Reasonably possible changes in sales volumes could lead to an additional impairment at Flat-rolled products. If the sales volumes were 10% lower than those assumed for 2022 and 2023 in the impairment test (which could be, for example, a consequence of lower oil prices), this would lead to an additional impairment of $6 million.

Costs

The recoverable amounts of cash-generating units are based on the business plans approved by management. A reasonably possible deviation in operating costs from these plans could lead to an additional impairment at Large diameter pipes, Oil Country Tubular Goods, Flat-rolled products, EVRAZ ZSMK and Nikom. If the actual costs were 10% higher than those assumed for 2022 and 2023 in the impairment test, this would lead to an additional impairment of $443 million.

Decarbonisation

Decarbonisation, a reduction of carbon dioxide (CO2) emissions resulting from human activity, has become a global commitment and a priority for governments, companies and society in recent years. Transitioning to a lower-carbon economy may trigger adverse effects in the technological, market, economic or legal environment in which the Group operates. Climate-related risks and opportunities may affect revenues, costs and capital expenditure.

The Group analysed the climate change matters and performed a stress test to assess the impact of a carbon tax. At present the countries have not yet developed a clear legislation on a carbon tax. Consequently, the Group did not include this tax in a base scenario of the impairment models. If a carbon tax is introduced in Russia and the rates for CO2 emissions approximate those in Europe, this may lead to an additional impairment of $768 million at EVRAZ ZSMK.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

The impact of reasonably possible changes in assumptions is summarised in the table below.

US$ million	Discount rates	Sales prices	Sales volumes	Costs	Carbon Tax
Nikom	$ (3)	$ –	$ –	$ (17)	$ –
EVRAZ ZSMK	–	–	–	(283)	(768)
Steel North America					
Large diameter pipes	–	(35)	–	(18)	–
Oil Country Tubular Goods	(11)	(41)	–	(38)	–
Flat-rolled products	(6)	(198)	(6)	(87)	–
	$ (20)	$ (274)	$ (6)	$ (443)	$ (768)

Sensitivity Analysis

For the cash-generating units, which were not impaired in the reporting period and for which the reasonably possible changes could lead to impairment, the recoverable amounts would become equal to their carrying amounts if any of the assumptions used to measure the recoverable amounts changed by the following percentages:

	Discount rates	Sales prices	Sales volumes	Costs
Nikom	5.8%	(10.0)%	–	2.0%
EVRAZ ZSMK	–	–	–	5.8%
Steel North America				
Flat-rolled products	2.7%	(0.3)%	(2.9)%	0.3%
Oil Country Tubular Goods	5.6%	(2.6)%	–	2.7%
Large diameter pipes	–	(5.4)%	–	6.5%

7. INCOME AND EXPENSES

Cost of revenues, selling and distribution costs, general and administrative expenses include the following for the years ended 31 December:

US$ million	2021	2020	2019
Continuing operations			
Cost of inventories recognised as expense	**$ (4,625)**	$ (3,344)	$ (4,471)
Staff costs, including social security taxes	**(1,058)**	(1,073)	(1,213)
Depreciation, depletion and amortisation	**(404)**	(416)	(410)
Taxes other than on income and duties	**(349)**	(54)	(58)
Discontinued operations			
Cost of inventories recognised as expense	**(96)**	(151)	(124)
Staff costs, including social security taxes	**(274)**	(258)	(251)
Depreciation, depletion and amortisation	**(159)**	(189)	(168)
Taxes other than on income and duties	**(22)**	(19)	(35)
Total expenses			
Cost of inventories recognised as expense	**$ (4,721)**	$ (3,495)	$ (4,595)
Staff costs, including social security taxes	**(1,332)**	(1,331)	(1,464)
Depreciation, depletion and amortisation	**(563)**	(605)	(578)
Taxes other than on income and duties	**(371)**	(73)	(93)

Taxes other than on income and duties mainly include tax on property, tax on land, tax on extraction of minerals and export duties. In 2021, an increase in the expense was connected with new duties on steel products exported outside the Eurasian Economic Union in the amount of $275 million, which were in effect from 1 August to 31 December 2021 (Note 30). These duties were mainly recorded within the “Cost of revenue” caption of the consolidated statement of operations ($271 million).

In 2021, 2020 and 2019, the Group recognised expense on allowance for net realisable value of $(2) million, $(2) million and $(4) million, respectively.

7. INCOME AND EXPENSES (CONTINUED)

The Group's costs relating to the COVID-19 pandemic included contributions to funds and hospitals, payments to employees during sick leave, laboratory testing, purchase of medical supplies and equipment. In 2021 and 2020, these costs in the total amount of $14 million and $25 million, respectively, were recorded mainly in Cost of revenue, General and administrative expenses and Social expenses. Also in 2021 and 2020 the Canadian subsidiaries received $8 million and $19 million, respectively, of the Canada Emergency Wage Subsidy. This income-related government grant reduced the amounts of staff costs and the related expense captions of the consolidated statement of operations.

Staff costs include the following:

US$ million	2021	2020	2019
Wages and salaries	**$ (937)**	$ (989)	$ (1,047)
Social insurance contributions (Note 23)	**(287)**	(257)	(274)
Net benefit expense (Note 23)	**(36)**	(37)	(41)
Share-based awards (Note 21)	**(12)**	(11)	(13)
Other compensations	**(68)**	(56)	(89)
Income-related government grants (Note 7)	**8**	19	–
	$ (1,332)	$ (1,331)	$ (1,464)
Continuing operations	**(1,058)**	(1,073)	(1,213)
Discontinued operations	**(274)**	(258)	(251)

The average number of staff employed under contracts of service was as follows:

	2021	2020	2019
Steel	**45,648**	45,332	44,512
Steel, North America	**2,777**	3,199	4,295
Coal	**15,767**	15,440	14,655
Other operations	**848**	837	927
Unallocated	**2,688**	2,531	2,345
	67,728	67,339	66,734
Continuing operations	**51,961**	51,977	52,168
Discontinued operations	**15,767**	15,362	14,566

The major components of other operating expenses were as follows:

US$ million	2021	2020	2019
Stoppage of production, including termination benefits	**$ (21)**	$ (23)	$ (17)
Restoration works and casualty compensations in connection with accidents	**(2)**	–	–
Other	**(22)**	(20)	(25)
Continuing operations	**(45)**	(43)	(42)
Discontinued operations	**(19)**	(22)	(12)
	$ (64)	$ (65)	$ (54)

Operating costs incurred during production stoppages for an extended period of time, such as preparatory works for stoppage of workshops, maintenance expenses relating to the idle assets, termination benefits for the dismissed employees or compensations to those who were on temporary leave, have been classified as "stoppage of production" costs within other operating expenses.

7. INCOME AND EXPENSES (CONTINUED)

Interest expense consisted of the following for the years ended 31 December:

US$ million	2021	2020	2019
Interest on bank and other loans	$ (51)	$ (63)	$ (60)
Interest on bonds and notes	(137)	(228)	(231)
Interest on lease liabilities (Note 25)	(4)	(6)	(8)
Net interest expense on employee benefits obligations (Note 23)	(7)	(8)	(9)
Discount adjustment on provisions	(9)	(8)	(9)
Other	(4)	(2)	(3)
Continuing operations	(212)	(315)	(320)
Discontinued operations	(20)	(13)	(16)
	$ (232)	$ (328)	$ (336)

Interest income consisted of the following for the years ended 31 December:

US$ million	2021	2020	2019
Interest on bank accounts and deposits	$ 3	$ 4	$ 6
Interest on loans and accounts receivable	–	–	1
Other	1	1	–
Continuing operations	4	5	7
Discontinued operations	1	1	1
	$ 5	$ 6	$ 8

Gain/(loss) on financial assets and liabilities included the following for the years ended 31 December:

US$ million	2021	2020	2019
Gain/(loss) on extinguishment of debts (Notes 22, 25)	$ (10)	$ 2	$ (27)
Gain/(loss) on derivatives not designated as hedging instruments (Note 25)	(4)	(69)	38
Realised gain/(loss) on hedging instruments (Note 25)	–	–	(23)
Net gains/(losses) on cash flow hedges recycled to profit or loss (Notes 22, 25)	–	–	33
Factoring fees	(6)	(4)	(4)
Continuing operations	(20)	(71)	17
Discontinued operations	(1)	–	–
	$ (21)	$ (71)	$ 17

8. INCOME TAXES

The Group’s income was subject to tax at the following tax rates:

	2021	2020	2019
Russia	20.00% and 16.50%	20.00% and 16.50%	20.00% and 16.50%
Canada	24.63%	25.09%	26.08%
Cyprus	12.50%	12.50%	12.50%
Czech Republic	19.00%	19.00%	19.00%
Italy	–	–	27.90%
Switzerland	9.08%	9.10%	9.62%
Ukraine	–	–	18.00%
United Kingdom	19.00%	19.00%	19.00%
USA	24.81%	24.57%	24.87%

In 2018, EVRAZ Nizhny Tagil Metallurgical Plant completed capital construction works, which make it eligible for an investment tax credit from the regional government. The income tax rate was reduced from 20% to 16.5% for a period from 2018 to 2022. The Group determined that the investment tax credit is in the scope of IAS 12 “Income taxes”. As a result, in 2021, 2020 and 2019, EVRAZ Nizhny Tagil Metallurgical Plant and other subsidiaries included in the group of consolidated taxpayers received a current income tax benefit amounting to $61 million, $28 million and $33 million, respectively.

8. INCOME TAXES (CONTINUED)

Major components of income tax expense attributable to continuing operations for the years ended 31 December were as follows:

US$ million	2021	2020	2019
Current income tax expense	**$ (778)**	$ (500)	$ (435)
Adjustment in respect of income tax of previous years	**7**	(3)	8
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences	**(96)**	132	8
Deferred income tax recognised directly in other comprehensive income	**20**	(2)	1
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (847)**	$ (373)	$ (418)

Income tax benefit/(expense) consisted of the following:

US$ million	2021	2020	2019
Current income tax expense	**$ (1,007)**	$ (579)	$ (532)
Continuing operations	**(771)**	(503)	(427)
Discontinued operations	**(236)**	(76)	(105)
Deferred income tax benefit/(expense) recognised in profit or loss	**(70)**	142	(5)
Continuing operations	**(76)**	130	9
Discontinued operations	**6**	12	(14)
Income tax expense	**$ (1,077)**	$ (437)	$ (537)
Attributable to:			
Continuing operations	**(847)**	(373)	(418)
Discontinued operations	**(230)**	(64)	(119)

The major part of income taxes is paid in the Russian Federation. A reconciliation of income tax expense applicable to profit before income tax using the Russian statutory tax rate to income tax expense as reported in the Group's consolidated financial statements for the years ended 31 December is as follows:

US$ million	2021	2020	2019
Profit/(loss) before income tax from continuing operations	**$ 4,371**	$ 1,742	$ 1,500
Profit/(loss) before income tax from discontinued operations	**(187)**	(447)	(598)
Profit/(loss) before income tax	**$ 4,184**	$ 1,295	$ 902
At the Russian statutory income tax rate of 20%	**(837)**	(259)	(180)
Adjustment in respect of income tax of previous years	**7**	(4)	8
Current income tax benefit from investment tax credit	**61**	28	33
Other tax credits recognised/(utilised)	**(3)**	16	–
Current tax on dividends distributed by the Group's subsidiaries	**(202)**	(213)	(178)
Change in deferred tax on undistributed earnings of the Group's subsidiaries	**(53)**	8	(19)
Effect of non-deductible expenses and other non-temporary differences	**(57)**	(95)	(96)
Unrecognised temporary differences recognition/reversal	**4**	70	(130)
Effect of the difference in tax rates in countries other than the Russian Federation	**–**	12	23
Share of profits in joint ventures and associates	**3**	–	2
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (1,077)**	$ (437)	$ (537)

As of 31 December 2021, the Group accrued deferred income taxes of $99 million (2020: $46 million, 2019: $54 million) in respect of undistributed earnings of the Group's subsidiaries. The current tax rate on intra-group dividend income varies from 0% to 15%. For those temporary differences associated with investments in subsidiaries, for which the Group is able to control the timing of the reversal of temporary differences and does not intend to reverse them in the foreseeable future, deferred tax liabilities were not recognised. At 31 December 2021, the aggregate amount of such temporary differences, for which deferred tax liabilities have not been recognised, amounted to $46 million (2020: $63 million, 2019: $59 million).

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies in the same jurisdiction, except for the companies registered in Cyprus, Russia, the USA and the United Kingdom where group relief and tax consolidation can be applied.

8. INCOME TAXES (CONTINUED)

As of 31 December 2021, unused tax losses carried forward approximated $9,738 million (2020: $10,503 million, 2019: $8,620 million). The Group recognised deferred tax assets of $197 million (2020: $275 million, 2019: $234 million) in respect of unused tax losses. This includes deferred tax assets in respect of unused tax losses in Canada which expire after 20 years if not utilised.

US$ million	2021	2020	2019
Canada	$ 125	$ 172	$ 156
USA	53	55	28
Switzerland	11	15	9
Kazakhstan	4	4	5
Russia	4	29	36
	$ 197	$ 275	$ 234

Deferred tax assets of $2,160 million (2020: $2,244 million, 2019: $1,878 million) have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset these losses. Tax losses of $8,722 million (2020: $9,071 million, 2019: $7,592 million) for which deferred tax assets were not recognised arose in companies registered in Canada, Kazakhstan, Luxembourg, Russia, the United Kingdom and the USA. Losses of $8,677 million (2020: $8,975 million, 2019: $7,499 million) are available indefinitely for offset against future taxable profits of the companies in which the losses arose and $55 million will expire within 10 years (2020: $96 million, 2019: $93 million).

Deferred income tax assets and liabilities and their movements for the years ended 31 December were as follows:

Year ended 31 December 2021

US$ million	2020	Change recognised in statement of operations	Change recognised in other comprehensive income	Transfer to disposal groups held for distribution to owners	Translation difference	Other movements	2021
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 402	(31)	–	(129)	(1)	–	$ 241
Valuation and amortisation of intangible assets	30	(5)	–	–	–	–	25
Other	96	85	–	(20)	–	–	161
	528	49	–	(149)	(1)	–	427
Deferred income tax assets:							
Tax losses available for offset	275	(67)	–	(16)	5	–	197
Accrued liabilities	115	14	(20)	(28)	–	–	81
Impairment of accounts receivable	4	2	–	(1)	–	–	5
Other	126	30	–	(19)	(4)	–	133
	520	(21)	(20)	(64)	1	–	416
Net deferred income tax asset	245	(35)	(20)	(8)	1	–	183
Net deferred income tax liability	$ 253	35	–	(93)	(1)	–	$ 194

8. INCOME TAXES (CONTINUED)

Year ended 31 December 2020

US$ million	2019	Change recognised in statement of operations	Change recognised in other comprehensive income	Change due to disposal of subsidiaries	Translation difference	Other movements	2020
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 519	(57)	–	–	(60)	–	$ 402
Valuation and amortisation of intangible assets	43	(12)	–	–	(1)	–	30
Other	146	(41)	–	–	(9)	–	96
	708	(110)	–	–	(70)	–	528
Deferred income tax assets:							
Tax losses available for offset	234	45	–	–	(4)	–	275
Accrued liabilities	129	(3)	2	–	(13)	–	115
Impairment of accounts receivable	15	(8)	–	–	(3)	–	4
Other	130	(2)	–	–	(2)	–	126
	508	32	2	–	(22)	–	520
Net deferred income tax asset	152	91	2	–	–	–	245
Net deferred income tax liability	$ 352	(51)	–	–	(48)	–	$ 253

Year ended 31 December 2019

US$ million	2018	Change recognised in statement of operations	Change recognised in other comprehensive income	Change due to disposal of subsidiaries	Translation difference	Other movements	2019
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 469	(3)	–	(6)	46	13	$ 519
Valuation and amortisation of intangible assets	50	(9)	–	–	2	–	43
Other	96	43	–	–	7	–	146
	615	31	–	(6)	55	13	708
Deferred income tax assets:						–	
Tax losses available for offset	199	29	–	(7)	13	–	234
Accrued liabilities	95	14	(1)	(1)	9	13	129
Impairment of accounts receivable	3	11	–	–	1	–	15
Other	152	(28)	–	1	5	–	130
	449	26	(1)	(7)	28	13	508
Net deferred income tax asset	92	55	(1)	(1)	7	–	152
Net deferred income tax liability	$ 258	60	–	–	34	–	$ 352

In 2019, other movements in deferred tax assets and liabilities represent adjustments in connection with the adoption of IFRS 16 “Leases” (Note 2).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including right-of-use assets, consisted of the following as of 31 December:

US$ million	2021	2020	2019
Cost			
Land	**$ 90**	$ 97	$ 102
Buildings and constructions	**1,759**	1,786	1,899
Machinery and equipment	**3,842**	4,595	4,758
Transport and motor vehicles	**288**	333	369
Mining assets	**318**	2,126	2,468
Other assets	**35**	36	34
Assets under construction	**834**	707	681
	7,166	9,680	10,311
Accumulated depreciation, depletion and impairment losses			
Buildings and constructions	**(934)**	(903)	(943)
Machinery and equipment	**(2,582)**	(3,051)	(2,904)
Transport and motor vehicles	**(195)**	(207)	(200)
Mining assets	**(178)**	(1,152)	(1,308)
Other assets	**(28)**	(26)	(25)
	(3,917)	(5,339)	(5,380)
Government grants	**(80)**	(27)	(6)
	$ 3,169	$ 4,314	$ 4,925

The movement in property, plant and equipment, including right-of-use assets, was as follows:

Year ended 31 December 2021

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2019, cost, net of accumulated depreciation	$ 97	$ 883	$ 1,544	$ 126	$ 974	$ 10	$ 680	$ 4,314
Additions	–	8	9	29	–	–	906	952
Assets put into operation	–	110	448	37	51	1	(647)	–
Disposals	(2)	(1)	(9)	–	(1)	–	(1)	(14)
Depreciation and depletion charge	–	(83)	(362)	(43)	(64)	(4)	–	(556)
Impairment losses recognised in statement of operations	–	–	(14)	–	(23)	–	(2)	(39)
Impairment losses reversed through statement of operations	–	–	1	–	8	–	–	9
Change in site restoration and decommissioning provision	–	(1)	–	–	9	–	–	8
Government grants	–	–	–	–	–	–	(53)	(53)
Transfer to assets held for distribution to owners (Note 13)	(5)	(89)	(352)	(54)	(810)	–	(126)	(1,436)
Translation difference	–	(2)	(5)	(2)	(4)	–	(3)	(16)
At 31 December 2021, cost, net of accumulated depreciation	$ 90	$ 825	$ 1,260	$ 93	$ 140	$ 7	$ 754	$ 3,169

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2020

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2019, cost, net of accumulated depreciation	$ 102	$ 956	$ 1,854	$ 169	$ 1,160	$ 9	$ 675	$ 4,925
Additions	–	–	7	2	–	–	725	734
Assets put into operation	–	128	401	24	68	3	(624)	–
Disposals	–	(1)	(7)	–	–	–	–	(8)
Depreciation and depletion charge	–	(78)	(356)	(44)	(64)	(2)	–	(544)
Impairment losses recognised in statement of operations	–	–	(163)	–	(3)	–	(3)	(169)
Impairment losses reversed through statement of operations	–	–	1	–	5	–	1	7
Change in site restoration and decommissioning provision	–	–	–	–	(3)	–	–	(3)
Government grants	–	–	–	–	–	–	(20)	(20)
Translation difference	(5)	(122)	(193)	(25)	(189)	–	(74)	(608)
At 31 December 2020, cost, net of accumulated depreciation	$ 97	$ 883	$ 1,544	$ 126	$ 974	$ 10	$ 680	$ 4,314

Year ended 31 December 2019

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2018, cost, net of accumulated depreciation	$ 100	$ 895	$ 1,655	$ 81	$ 1,086	$ 7	$ 378	$ 4,202
IFRS 16 adoption: recognition of right-of-use assets (Note 2)	–	12	40	68	–	–	–	120
At 1 January 2019, cost, net of accumulated depreciation	$ 100	$ 907	$ 1,695	$ 149	$ 1,086	$ 7	$ 378	$ 4,322
Additions	1	–	11	4	–	–	828	844
Assets put into operation	–	50	387	46	66	6	(555)	–
Assets acquired in business combinations	4	–	–	–	–	–	–	4
Disposals	(3)	(1)	(6)	–	–	–	(4)	(14)
Depreciation and depletion charge	–	(82)	(331)	(46)	(87)	(4)	–	(550)
Impairment losses recognised in statement of operations	–	(13)	(25)	–	(101)	–	(10)	(149)
Impairment losses reversed through statement of operations	–	1	2	–	1	–	3	7
Transfer to assets held for sale	(4)	(8)	(25)	(2)	–	–	–	(39)
Change in site restoration and decommissioning provision	–	12	3	–	64	–	–	79
Government grants	–	–	–	–	–	–	(6)	(6)
Translation difference	4	90	143	18	131	–	41	427
At 31 December 2019, cost, net of accumulated depreciation	$ 102	$ 956	$ 1,854	$ 169	$ 1,160	$ 9	$ 675	$ 4,925

Assets under construction include prepayments to constructors and suppliers of property, plant and equipment of $55 million, $22 million and $77 million as of 31 December 2021, 2020 and 2019, respectively.

Impairment losses were identified in respect of certain items of property, plant and equipment that were recognised as functionally obsolete or as a result of the testing at the level of cash-generating units (Note 6).

No borrowing costs were capitalised during the period from 2019 to 2021.

Government Grants Related to Assets

The Group receives government grants in the USA and Canada. In 2021, the Group received $50 million from the Pueblo Urban Renewal Authority. In return, the Group is required to comply with certain conditions relating to the operating activities of the entity, including timely completion of the rail mill construction in the City of Pueblo. The total amount of the financing to be received from the Pueblo Urban Renewal Authority is $100 million.

In 2021, the Strategic Innovation Fund of Canada provided $7 million (2020: $10 million) to the Group as partial financing of undergoing major capital projects at various Group's facilities in Canada. The Group has committed to complying with certain conditions including timely completion of the financed capital projects and maintaining determined employment levels. 50% of the financing received is repayable starting from April 2025.
The Group accounts for the non-repayable financing and the difference between the fair value of the repayable financing and the proceeds received as government grants.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-Use Assets

In 2019–2021, the movement in right-of-use assets was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Total
At 1 January 2019, assets under finance leases, cost, net of accumulated depreciation	$ 3	$ 1	$ 3	$ –	$ 7
Newly recognised right-of-use assets	–	12	40	68	120
Total right-of-use assets at 1 January 2019	$ 3	$ 13	$ 43	$ 68	$ 127
Additions	–	–	11	4	15
Purchase of right-of-use assets	(3)	(1)	–	–	(4)
Depreciation charge	–	(1)	(7)	(22)	(30)
Transfer to assets held for sale	–	–	–	(2)	(2)
Translation difference	–	–	1	8	9
At 31 December 2019, cost, net of accumulated depreciation	$ –	$ 11	$ 48	$ 56	$ 115
Additions	–	–	7	2	9
Disposals	–	–	(2)	–	(2)
Depreciation charge	–	(2)	(8)	(19)	(29)
Impairment	–	–	(2)	–	(2)
Translation difference	–	–	(1)	(8)	(9)
At 31 December 2020, cost, net of accumulated depreciation	**$ –**	**$ 9**	**$ 42**	**$ 31**	**$ 82**
Additions	**–**	**8**	**–**	**29**	**37**
Depreciation charge	**–**	**(2)**	**(6)**	**(20)**	**(28)**
Transfer to assets held for distribution to owners	**–**	**–**	**–**	**(25)**	**(25)**
At 31 December 2021, cost, net of accumulated depreciation	**$ –**	**$ 15**	**$ 36**	**$ 15**	**$ 66**

The liabilities related to the right-of-use assets are disclosed in Note 25.

Assets under Operating Leases

The Group acts as a lessor in some operating lease contracts. The carrying value of assets under operating leases at 31 December 2021, 2020 and 2019 was $18 million, $31 million and $66 million, respectively, the main part of which relates to railroad cars representing the right-of-use assets in sublease.

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Total
At 31 December 2021, cost, net of accumulated depreciation	**$ –**	**$ 5**	**$ 3**	**$ 10**	**$ 18**
At 31 December 2020, cost, net of accumulated depreciation	$ –	$ 3	$ 1	$ 27	$ 31
At 31 December 2019, cost, net of accumulated depreciation	$ 1	$ 5	$ 8	$ 52	$ 66

In 2021, 2020 and 2019, rental income amounted to $26 million, $25 million and $32 million, respectively, including $19 million, $19 million and $25 million, respectively, of income from subleasing of right-of-use assets.

At 31 December 2021, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2022	2023	2024	2025	2026	In more than 5 years	Total
Lease payments under operating leases	**$ 13**	**$ 2**	**$ 2**	**$ 2**	**$ 2**	**$ 14**	**$ 35**

At 31 December 2020, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2021	2022	2023	2024	2025	In more than 5 years	Total
Lease payments under operating leases	$ 22	$12	$ 2	$ 2	$ 2	$ 11	$ 51

At 31 December 2019, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2020	2021	2022	2023	2024	In more than 5 years	Total
Lease payments under operating leases	$ 25	$ 26	$ 15	$ 3	$ 3	$ 20	$ 92

10. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets consisted of the following as of 31 December:

US$ million	2021	2020	2019
Cost:			
Customer relationships	**$ 608**	$ 686	$ 678
Water rights and environmental permits	**57**	57	57
Contract terms	**20**	20	24
Other	**68**	64	67
	753	827	826
Accumulated amortisation and impairment:			
Customer relationships	**(562)**	(617)	(567)
Water rights and environmental permits	**(13)**	(13)	(13)
Contract terms	**(16)**	(14)	(15)
Other	**(36)**	(45)	(46)
	(627)	(689)	(641)
	$ 126	$ 138	$ 185

As of 31 December 2021, 2020 and 2019, water rights with a carrying value of $44 million relating to the Long products cash-generating unit had an indefinite useful life.

The movement in intangible assets was as follows:

Year ended 31 December 2021

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2020, cost, net of accumulated amortisation	**$ 69**	**$ 44**	**$ 6**	**$ 19**	**$ 138**
Additions	**–**	**–**	**–**	**24**	**24**
Amortisation charge	**(23)**	**–**	**(2)**	**(7)**	**(32)**
Transfer to assets held for distribution to owners	**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2021, cost, net of accumulated amortisation	**$ 46**	**$ 44**	**$ 4**	**$ 32**	**$ 126**

Year ended 31 December 2020

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2019, cost, net of accumulated amortisation	$ 111	$ 44	$ 9	$ 21	$ 185
Additions	–	–	–	7	7
Amortisation charge	(27)	–	(2)	(6)	(35)
Impairment	(16)	–	–	–	(16)
Translation difference	1	–	(1)	(3)	(3)
At 31 December 2020, cost, net of accumulated amortisation	$ 69	$ 44	$ 6	$ 19	$ 138

Year ended 31 December 2019

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2018, cost, net of accumulated amortisation	$ 131	$ 44	$ 10	$ 21	$ 206
Additions	–	–	–	6	6
Amortisation charge	(26)	–	(2)	(6)	(34)
Translation difference	6	–	1	–	7
At 31 December 2019, cost, net of accumulated amortisation	$ 111	$ 44	$ 9	$ 21	$ 185

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group accounted for investments in joint ventures and associates under the equity method.

The movement in investments in joint ventures and associates was as follows:

US$ million	Timir	Streamcore	Other associates	Total
Investment at 31 December 2018	**$ 17**	**$ 47**	**$ 10**	**$ 74**
Additional investments	–	3	–	3
Share of profit/(loss)	(1)	7	3	9
Dividends paid	–	–	(2)	(2)
Translation difference	1	6	1	8
Investment at 31 December 2019	**$ 17**	**$ 63**	**$ 12**	**$ 92**
Disposal of investments	–	–	(1)	(1)
Share of profit/(loss)	–	1	1	2
Dividends paid	–	–	(1)	(1)
Translation difference	(3)	(10)	–	(13)
Investment at 31 December 2020	**$ 14**	**$ 54**	**$ 11**	**$ 79**
Additional investments	–	–	10	10
Share of profit/(loss)	–	9	5	14
Dividends paid	–	–	(3)	(3)
Investment at 31 December 2021	**$ 14**	**$ 63**	**$ 23**	**$ 100**

Timir Iron Ore Project

In April 2013, the Group acquired a 51% ownership interest in the joint venture with Alrosa for the development of 4 iron ore deposits in the southern part of the Yakutia region in Russia. Under the joint venture agreement major operating and financial decisions are made by unanimous consent of the Group and Alrosa, and no single venturer is in a position to control the activity unilaterally. Consequently, the Group accounts for its interest in Timir under the equity method.

The Group's consideration for this stake amounted to 4,950 million roubles ($159 million at the exchange rate as of the date of the transaction) payable in instalments to 15 July 2014. The consideration was measured as the present value of the expected cash outflows. Later the payment schedule was changed by extending the payment period until 2019. From the dates of the amendments the Group incurred interest charges on the unpaid liability.

In 2019, the Group paid 480 million roubles ($8 million) of purchase consideration and $1 million of interest charges. Previously, the Group paid the principal of 4,470 million roubles ($113 million).

Subsequently the investment in Timir was impaired due to postponement of production and additionally decreased as a result of devaluation of the Russian rouble.

The table below sets out Timir's assets and liabilities as of 31 December:

US$ million	2021	2020	2019
Mineral reserves and property, plant and equipment	**$ 46**	$ 46	$ 54
Other non-current assets	**6**	6	7
Total assets	**52**	52	61
Non-current liabilities	**25**	–	–
Current liabilities	**–**	24	27
Total liabilities	**25**	24	27
Net assets	**27**	28	34
Net assets attributable to 51% ownership interest	**$ 14**	$ 14	$ 17

In 2021, 2020 and 2019, Timir's statement of operations included only other income and expenses amounting to $Nil, $Nil and $(1) million, respectively.

At 31 December 2021, 2020 and 2019 Timir owed to the Group $10 million, $9 million and $9 million, respectively, which were recorded within the receivables from related parties caption in non-current assets in 2021 and in current assets in 2020 and 2019. The amounts represent a loan bearing interest equal to the Bank of Russia key rate, which ranged from 4.25% to 8.5% per annum in 2021. In 2019-2020, the loan bore interest at a fixed rate of 6.45% per annum.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

Streamcore

The Group owns a 50% interest in Streamcore Limited (Cyprus), a joint venture established for the purpose of exercising joint control over facilities for scrap procurement and processing in Siberia, Russia.

The table below sets out Streamcore's assets and liabilities as of 31 December:

US$ million	2021	2020	2019
Property, plant and equipment	**$ 30**	$ 23	$ 25
Other non-current assets	**–**	3	–
Inventories	**135**	95	10
Accounts receivable	**169**	96	94
Total assets	**334**	217	129
Deferred income tax liabilities	**1**	1	1
Current liabilities	**207**	108	3
Total liabilities	**208**	109	4
Net assets	**126**	108	125
Net assets attributable to 50% ownership interest	**$ 63**	$ 54	$ 63

The table below sets out Streamcore's income and expenses:

US$ million	2021	2020	2019
Revenue	**$ 657**	$ 385	$ 502
Cost of revenue	**(619)**	(367)	(478)
Other expenses, including income taxes	**(20)**	(16)	(10)
Net profit	**18**	2	14
Group's share of profit of the joint venture	**9**	1	7

12. DISPOSAL GROUPS HELD FOR SALE

The table below demonstrates the carrying values of assets and liabilities, at the dates of disposal, of the subsidiaries and other business units disposed of during 2019–2021.

US$ million	2021	2020	2019
Property, plant and equipment	**$ –**	$ –	$ 39
Goodwill	**–**	–	–
Other non-current assets	**–**	–	26
Inventories	**–**	–	34
Accounts receivable	**–**	–	22
Cash and cash equivalents	**–**	–	47
Total assets	**–**	–	168
Employee benefits	**–**	–	7
Other non-current liabilities	**–**	–	13
Current liabilities	**–**	–	110
Total liabilities	**–**	–	130
Non-controlling interests	**–**	–	–
Net assets	**$ –**	$ –	$38

12. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

The net assets of disposal groups sold in 2019–2021 related to the following reportable segments:

US$ million	2021	2020	2019
Assets classified as held for sale	**$ –**	$ –	$ 168
Steel	**–**	–	155
Coal	**–**	–	–
Other operations	**–**	–	13
Liabilities directly associated with assets classified as held for sale	**–**	–	130
Steel	**–**	–	124
Coal			
Other operations	–	–	6

Cash flows on disposal of subsidiaries and other business units were as follows:

US$ million	2021	2020	2019
Net cash disposed of with subsidiaries	**$ –**	$ –	$ (47)
Cash received	**2**	12	99
Tax and transaction costs paid	**–**	(1)	(8)
Net cash inflow	**2**	11	44

The disposal groups sold during 2019–2021 and cash receipts relating to the disposed assets are described below.

Stratcor Inc.

On 11 October 2019, the Group sold its wholly-owned subsidiary EVRAZ Stratcor Inc. to a third party for cash consideration of 1 US dollar. EVRAZ Stratcor Inc. is a vanadium producer located in the USA, it was included in the steel segment of the Group's operations. The Group recognised a $19 million gain on sale of the subsidiary within the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil.

Evraztrans Ukraine

On 15 November 2019, the Group sold its wholly-owned subsidiary Evraztrans Ukraine to a third party for cash consideration of $8 million. Evraztrans Ukraine is a railway forwarder located in Ukraine, it was included in 2 segments of the Group's operations – other operations and steel.

The Group recognised a $(36) million loss on sale of the subsidiary, including $(37) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil. At 31 December 2019, the sale consideration was unsettled. In 2020, it was fully received in cash.

Yartsevo Rolling Mill

Historically, the Group was one of major creditors of a steel-rolling mill in Yartsevo located in the Smolensk region of Russia. The mill went into bankruptcy proceedings and in the 1st half of 2019 the Group impaired the non-current financial asset relating to the mill, recognising a $56 million loss, which was recorded in the Impairment of non-current financial assets caption of the consolidated statement of operations. At 30 June 2019, the resulting carrying value of the non-current financial asset was $21 million. In November 2019, the Group acquired property, plant and equipment and inventory of this rolling mill from the auction undertaken in the course of the bankruptcy proceedings for $22 million with the purpose of subsequent sale to a third party. The proceeds from the sale were used by the bankruptcy administrator to partially repay the debts of the mill, the majority of which were the debts to the Group. Upon acquisition the acquired non-current asset was classified as a disposal group held for sale. Shortly after the acquisition the Group sold the mill for cash consideration of $66 million to a third-party acquirer. The gain on sale before tax amounting to $44 million was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Income tax paid on a resale margin amounted to $8 million. At the moment of the acquisition the Group did not have any arrangement for the sale of the mill to a new purchaser, therefore, the purchase and sale transactions were not treated as linked.

Palini e Bertoli

On 2 December 2019, the Group sold its wholly-owned subsidiary EVRAZ Palini e Bertoli to a third party for cash consideration of $36 million. EVRAZ Palini e Bertoli, an Italian rolling mill, was included in the steel segment of the Group's operations.

The Group recognised a $2 million gain on sale of the subsidiary, including $(5) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations and $(1) of transaction costs. The result was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $47 million. At 31 December 2019, $3 million of the sale consideration was unsettled. In 2020, it was fully received in cash.

12. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

Strategic Minerals Corporation

In 2017, the Group sold Strategic Minerals Corporation, which owns a vanadium business in the Republic of South Africa. According to an agreement the purchaser is obliged to pay earn-out payments to the Group until 31 December 2025, if benchmark prices for ferro-vanadium are met. In 2021 and 2020, the Group received $2 million and $1 million, respectively, of earn-out payments.

13. DISCONTINUED OPERATIONS

In 2020, the Board of directors discussed the potential demerger of a group of coal companies consolidated under Raspadskaya ("Raspadskaya Group"), which constitutes a major part of the coal segment. Raspadskaya Group includes coal mines, coal processing plants and supporting services of Raspadskaya, Yuzhkuzbassugol and Mezhegeyugol. The Raspadskaya Group's business meets the criteria of a major business line, consequently, the potential demerger should be treated as discontinued operations, if all criteria for the disposal group classified as held for distribution to owners are met.

In January 2021, the Board of directors agreed that the management should proceed with investigating the options for the potential demerger of the Raspadskaya Group. During 2021 the Board of directors and management conducted a comprehensive review of the rationale and feasibility of the demerger to ensure that it serves the long-term interests of the Group'shareholders, employees, clients and other stakeholders.

In December 2021 the plan of the potential demerger was finalised and on 14 December 2021, the Board of directors approved the proposed demerger. The plan included, among other things, a voting for the relevant resolutions at the General Meeting scheduled for 11 January 2022 and a creation of sufficient distributable reserves, which requires the issue of bonus shares and subsequent capital reduction through the cancellation of bonus shares. Such capital reduction requires the UK Court's approval.

On 15 December 2021 a circular containing the details of the transaction was published for the review of shareholders, together with a notice of General Meeting. The overall reaction in late 2021 of the investment community to the proposal was positive. Three major independent agencies, which are highly rated by non-controlling shareholders, supported the demerger and gave the recommendation to vote for it, ahead of 31 December 2021. The Company hired an independent consultant to evaluate the potential outcome of the shareholders' voting on the demerger. In late December 2021 the consultant prepared and presented to management and the Audit Committee 3 potential voting scenarios using the available data and historical voting patterns. In all these scenarios the threshold required for the approval of the demerger was expected to be overcome.

Based on these facts and circumstances management concluded that Raspadskaya Group met the criteria for classification as disposal groups held for distribution to owners at 31 December 2021. Consequently, the classification, measurement and presentation requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were applied in the consolidated financial statements as at, and for the year ended, 31 December 2021.

On 11 January 2022, approximately 79.41% of EVRAZ plc's shareholders took part in the voting at the General Meeting. Almost 100% of the voters approved the demerger of Raspadskaya Group. The demerger is planned to be executed in the first half of 2022 through an interim in specie distribution of Raspadskaya's shares quoted on the Moscow Stock Exchange to EVRAZ plc's shareholders. Other subsequent developments are disclosed in Note 33.

Profit/(loss) from discontinued operations shown as a single amount in the consolidated statements of operations comprised of the following components:

US$ million	**2021**	**2020**	**2019**
Post-tax profit/(loss) of discontinued operations	**$ (409)**	$ (511)	$ (717)
Transaction costs directly attributable to the distribution of Raspadskaya Group	**(8)**	–	–
	(417)	(511)	(717)

13. DISCONTINUED OPERATIONS (CONTINUED)

Raspadskaya Group Disclosures

The statements of operations of the discontinued operations are presented below. The consolidated results of Raspadskaya Group are divided into transactions with external parties, which are classified as discontinued operations, and intra-group transactions between continuing and discontinued operations, which were eliminated in EVRAZ plc's consolidated financial statements.

US$ million	2021			2020			2019		
	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations
Revenue									
Sale of goods	$ 2,092	669	$ 1,423	$ 1,093	$ 292	$ 801	$ 1,663	$ 452	$ 1,211
Rendering of services	6	4	2	12	10	2	10	9	1
	2,098	673	1,425	1,105	302	803	1,673	461	1,212
Cost of revenue	(752)	(685)	(67)	(775)	(720)	(55)	(781)	(719)	(62)
Gross profit	1,346	(12)	1,358	330	(418)	748	892	(258)	1,150
Selling and distribution costs	(82)	(80)	(2)	(52)	(52)	–	(99)	(99)	–
General and administrative expenses	(74)	(64)	(10)	(66)	(59)	(7)	(82)	(75)	(7)
Social and social infrastructure maintenance expenses	(5)	(5)	–	(2)	(2)	–	(3)	(3)	–
Gain/(loss) on disposal of property, plant and equipment, net	(1)	(1)	–	–	–	–	(3)	(3)	–
Impairment of non-financial assets	(8)	(8)	–	3	3	–	(107)	(107)	–
Foreign exchange gains/(losses), net	23	23	–	112	112	–	(30)	(30)	–
Other operating income	4	4	–	3	3	–	3	3	–
Other operating expenses	(22)	(19)	(3)	(22)	(22)	–	(12)	(12)	–
Profit from operations	1,181	(162)	1,343	306	(435)	741	559	(584)	1,143
Interest income	2	1	1	10	1	9	9	1	8
Interest expense	(31)	(20)	(11)	(19)	(13)	(6)	(17)	(16)	(1)
Gain/(loss) on financial assets and liabilities, net	(1)	(1)	–	–	–	–	–	–	–
Other non-operating gains/(losses), net	3	3	–	–	–	–	1	1	–
Profit/(loss) before tax	1,154	(179)	1,333	297	(447)	744	552	(598)	1,150
Income tax expense	(230)	(230)	–	(64)	(64)	–	(119)	(119)	–
Net profit/(loss)	924	(409)	1,333	233	(511)	744	433	(717)	1,150
Net profit/(loss) attributable to:									
Equity holders of the parent entity	910	(423)	1,333	216	(528)	744	398	(752)	1,150
Non-controlling interests	14	14	–	17	17	–	35	35	–
	924	(409)	1,333	$ 233	$ (511)	$ 744	$ 433	$ (717)	$ 1,150

Intra-group revenues of Raspadskaya Group consisted of the following:

US$ million	2021	2020	2019
Revenues from sales to segments other than the Coal segment – inter-segment sales (Note 3)	$ 766	$ 538	$ 721
Revenues from sales to the Coal segment – intra-segment sales	659	265	491
	$ 1,425	$ 803	$ 1,212

13. DISCONTINUED OPERATIONS (CONTINUED)

Raspadskaya Group Disclosures (continued)

The cash flows of Raspadskaya Group were as follows:

US$ million	2021			2020			2019		
	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations
Net cash provided by/(used in) operating activities	**$ 869**	**$ (239)**	**$ 1,108**	$ 103	$ (334)	$ 437	$ 947	$ (502)	$ 1,449
Net cash provided by/(used in) investing activities	**(1,121)**	**(216)**	**(905)**	113	(142)	255	(272)	(230)	(42)
Net cash provided by/(used in) financing activities	**75**	**324**	**(249)**	(228)	(54)	(174)	(176)	(49)	(127)

The major classes of assets and liabilities of a disposal group held for distribution to owners, which were measured at the lower of carrying amount and fair value less costs of distribution, are presented in the table below. These assets and liabilities do not include balances of Raspadskaya Group receivable from or payable to EVRAZ plc and its other subsidiaries as they were eliminated on consolidation.

US$ million	31 December 2021
Non-current assets	
Property, plant and equipment	**$ 1,436**
Intangible assets other than goodwill	**4**
Deferred income tax assets	**8**
Other non-current assets	**3**
	1,451
Current assets	
Inventories	**104**
Accounts receivable and other current assets	**97**
Taxes receivable	**117**
Cash and cash equivalents	**400**
	718
Assets of disposal groups classified as held for distribution to owners	**2,169**
Non-current liabilities	
Long-term loans	**400**
Deferred income tax liabilities	**93**
Employee benefits	**44**
Provisions	**105**
Lease liabilities	**15**
Other non-current liabilities	**11**
	668
Current liabilities	
Trade and other payables	**123**
Income tax and other taxes payable	**197**
Provisions	**20**
Lease liabilities	**6**
Other current liabilities	**18**
	364
Liabilities directly associated with disposal groups classified as held for distribution to owners	**1,032**

Supplementary disclosures illustrating the assets, liabilities and financial results of the Group excluding Raspadskaya Group are provided in Note 35.

13. DISCONTINUED OPERATIONS (CONTINUED)

Re-presentation of Consolidated Statement of Operations of EVRAZ plc

The Group's consolidated statement of operations was prepared so that the discontinued operations would be excluded from the consolidated amounts and presented as a single amount. The comparatives in the statement of operations were re-presented in the same way. No adjustments to comparative data were made for the assets and liabilities in the statement of financial position. The consolidated amounts below represent the income statements as if Raspadskaya Group had not met the criteria of a discontinued operation at 31 December 2021.

US$ million	2021			2020			2019		
	Consolidated	Less: discontinued operations	As reported	Consolidated (as previously reported)	Less: discontinued operations	As reported	Consolidated (as previously reported)	Less: discontinued operations	As reported
Continuing operations									
Revenue									
Sale of goods	$ 13,893	(669)	$ 13,224	$ 9,514	$ (292)	$ 9,222	$ 11,569	$ (452)	$ 11,117
Rendering of services	266	(4)	262	240	(10)	230	336	(9)	327
	14,159	(673)	13,486	9,754	(302)	9,452	11,905	(461)	11,444
Cost of revenue	(8,139)	685	(7,454)	(6,712)	720	(5,992)	(8,273)	719	(7,554)
Gross profit	6,020	12	6,032	3,042	418	3,460	3,632	258	3,890
Selling and distribution costs	(907)	80	(827)	(840)	52	(788)	(966)	99	(867)
General and administrative expenses	(617)	72*	(545)	(552)	59	(493)	(611)	75	(536)
Social and social infrastructure maintenance expenses	(35)	5	(30)	(31)	2	(29)	(26)	3	(23)
Gain/(loss) on disposal of property, plant and equipment, net	(8)	1	(7)	(3)	–	(3)	3	3	6
Impairment of non-financial assets	(30)	8	(22)	(310)	(3)	(313)	(442)	107	(335)
Foreign exchange gains/(losses), net	34	(23)	11	408	(112)	296	(341)	30	(311)
Other operating income	20	(4)	16	22	(3)	19	22	(3)	19
Other operating expenses	(64)	19	(45)	(65)	22	(43)	(54)	12	(42)
Profit from operations	4,413	170	4,583	1,671	435	2,106	1,217	584	1,801
Interest income	5	(1)	4	6	(1)	5	8	(1)	7
Interest expense	(232)	20	(212)	(328)	13	(315)	(336)	16	(320)
Share of profits/(losses) of joint ventures and associates	14	–	14	2	–	2	9	–	9
Impairment of non-current financial assets	–	–	–	–	–	–	(56)	–	(56)
Gain/(loss) on financial assets and liabilities, net	(21)	1	(20)	(71)	–	(71)	17	–	17
Gain/(loss) on disposal groups classified as held for sale, net	2	–	2	1	–	1	29	–	29
Other non-operating gains/(losses), net	3	(3)	–	14	–	14	14	(1)	13
Profit before tax	4,184	187	4,371	1,295	447	1,742	902	598	1,500
Income tax expense	(1,077)	230	(847)	(437)	64	(373)	(537)	119	(418)
Net profit from continuing operations	3,107	417	3,524	858	511	1,369	365	717	1,082
Net loss from discontinued operations	–	(417)	(417)	–	(511)	(511)	–	(717)	(717)
Net profit	3,107	–	3,107	858	–	858	365	–	365
Net profit from continuing operations attributable to:									
Equity holders of the parent entity	3,034	431	3,465	848	528	1,376	326	752	1,078
Non-controlling interests	73	(14)	59	10	(17)	(7)	39	(35)	4
	3,107	417	3,524	858	511	1,369	365	717	1,082
Net loss from discontinued operations attributable to:									
Equity holders of the parent entity	–	(431)	(431)	–	(528)	(528)	–	(752)	(752)
Non-controlling interests	–	14	14	–	17	17	–	35	35
	–	(417)	(417)	–	(511)	(511)	–	(717)	(717)
Net profit attributable to:									
Equity holders of the parent entity	3,034	–	3,034	848	–	848	326	–	326
Non-controlling interests	73	–	73	10	–	10	39	–	39
	$ 3,107	$ –	$ 3,107	$ 858	$ –	$ 858	$ 365	$ –	$ 365

*including $8 million of transaction costs directly attributable to the distribution of Raspadskaya Group

Supplementary disclosures illustrating the assets, liabilities and financial results of the Group excluding Raspadskaya Group are provided in Note 35.

14. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as of 31 December:

Non-current Financial Assets

US$ million	2021	2020	2019
Derivatives not designated as hedging instruments (Note 25)	**$ 2**	$ 2	$ 17
Trade and other receivables	**12**	18	16
Loans receivable	**–**	–	1
Restricted deposits	**4**	6	6
	$ 18	$ 26	$ 40

Other Non-current Assets

US$ million	2021	2020	2019
Safety stock inventories	**$ 22**	$ 28	$ 29
Defined benefit asset (Note 23)	**25**	–	12
Income tax receivable	**8**	8	6
Other	**7**	9	8
	$ 62	$ 45	$ 55

15. INVENTORIES

Inventories consisted of the following as of 31 December:

US$ million	2021	2020	2019
Raw materials and spare parts	**$ 686**	$ 542	$ 811
Work-in-progress	**237**	136	185
Finished goods	**642**	407	484
	$ 1,565	$ 1,085	$ 1,480

All respective inventory lines presented above are shown at lower of cost and net realisable value. As of 31 December 2021, 2020 and 2019, the net realisable value allowance was $24 million, $29 million and $39 million, respectively.

As of 31 December 2021, 2020 and 2019, certain items of inventory with an approximate carrying amount of $556 million, $414 million and $512 million, respectively, were pledged to banks as collateral against loans provided to the Group (Note 22).

16. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as of 31 December:

US$ million	2021	2020	2019
Trade accounts receivable	**$ 612**	$ 345	$ 481
Other receivables	**45**	70	99
	657	415	580
Allowance for expected credit losses	**(31)**	(37)	(46)
	$ 626	$ 378	$ 534

Ageing analysis and movement in allowance for expected credit losses are provided in Note 28.

17. RELATED PARTY DISCLOSURES

Related parties of the Group include associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel and the Group's ultimate controlling parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Amounts owed by/to related parties, included in current and non-current assets and liabilities, at 31 December were as follows:

	Amounts due from related parties			Amounts due to related parties		
US$ million	2021	2020	2019	2021	2020	2019
Loans						
Timir (Note 11)	$ 10	$ 9	$ 9	$ –	$ –	$ –
Sale of investments						
Streamcore	–	–	–	–	–	5
Trade balances						
Nakhodka Trade Sea Port	–	–	–	4	10	7
Vtorresource-Pererabotka	30	–	1	44	28	5
Other entities	4	1	–	2	–	2
	44	10	10	50	38	19
Less: allowance for expected credit losses	–	–	–	–	–	–
	$ 44	$ 10	$ 10	$ 50	$ 38	$ 19

In 2019–2021, the Group did not recognise any expense or income in relation to the expected credit losses of related parties.

Transactions with related parties were as follows for the years ended 31 December:

	Sales to related parties			Purchases from related parties		
US$ million	2021	2020	2019	2021	2020	2019
Allegro	$ 5	$ –	$ 4	$ –	$ –	$ –
Genalta Recycling Inc.	–	–	–	11	8	10
Nakhodka Trade Sea Port	–	–	–	67	77	72
Vtorresource-Pererabotka	4	3	6	653	376	498
Yuzhny GOK	13	7	28	–	–	77
Other entities	1	1	1	2	2	1
	$ 23	$ 11	$ 39	$ 733	$ 463	$ 658

In addition to the disclosures presented in this note, some of the balances and transactions with related parties are disclosed in Note 11.

Allegro is a Group's joint venture, which will produce railway wheels once the current construction of plant is completed. In 2021, the Group sold constructon steel products to Allegro. In 2021, the Group invested $10 million in cash in the share capital of Allegro. In addition, the Group issued a guarantee in respect of the bank loan received by Allegro (Note 30).

Genalta Recycling Inc. is a joint venture of a Canadian subsidiary of the Group. It sells scrap metal to the Group.

Lanebrook Limited (Cyprus) is an entity under common control with EVRAZ plc. The Group had other receivables from Lanebrook Limited, amounting to $32 million, in connection with the acquisition of a 1% ownership interest in Yuzhny GOK in 2008. In 2019, these receivables were settled by cash.

Nakhodka Trade Sea Port ("NTSP") is an entity under common control with EVRAZ plc. NTSP is located at the Far East of Russia, in a bay of the Sea of Japan, and it renders handling services to the Group.

Streamcore Limited ("Streamcore") is a joint venture of the Group (Note 11). In 2019, the Group received from Streamcore an advance payment for the sale of another associate of the Group, RVK Limited, to Streamcore for $5 million. At the end of 2019 this transaction was not completed. In 2020, the share in RVK Limited was transferred to Streamcore and the Group recognised a $5 million gain on sale, which was recorded within the Other non-operating expense caption of the consolidated statement of operations.

Vtorresource-Pererabotka is a subsidiary of Streamcore, the Group's joint venture (Note 11). It sells scrap metal to the Group and provides scrap processing and other services. In 2021, 2020 and 2019, the purchases of scrap metal from Vtorresource-Pererabotka amounted to $621 million (1,618,871 tonnes), $344 million (1,378,211 tonnes) and $424 million (1,640,750 tonnes), respectively. Vtorresource-Pererabotka also provides to the Group services, such as scrap cutting, slag processing, cleaning of slag ladles. At 31 December 2021, 2020 and 2019, $187 million, $131 million and $156 million payable by the Group to Vtorresource-Pererabotka were classified as trade payables to third parties as Vtorresource-Pererabotka sold its receivables under factoring contracts to several banks with no recourse (Note 26). In addition, at 31 December 2020, $10 million receivable by the Group from Vtorresource-Pererabotka was classified as trade receivables from third parties due to factoring arrangements.

17. RELATED PARTY DISCLOSURES (CONTINUED)

Yuzhny GOK, an ore mining and processing plant, is an associate of an entity, which is under common control with EVRAZ plc. The Group sold steel products to Yuzhny GOK and purchased sinter from the entity. In 2019 and 2018, the Group recognised dividend income from Yuzhny GOK amounting to $3 million and $4 million, respectively, within the other non-operating gains/(losses) caption in the consolidated statement of operations. All these dividends were received by the Group in 2019.

The transactions with related parties were based on prevailing market terms.

Compensation to Key Management Personnel

Key management personnel include the following positions within the Group:

- directors of the Company,
- vice presidents,
- senior management of major subsidiaries.

In 2021, 2020 and 2019, key management personnel totalled 28, 28 and 30 people, respectively. Total compensation to key management personnel were included in general and administrative expenses in the consolidated statement of operations and consisted of the following:

US$ million	**2021**	**2020**	**2019**
Salary	**$ 12**	$ 13	$ 14
Performance bonuses	**12**	7	12
Social insurance contributions	**3**	3	4
Share-based payments (Note 21)	**6**	7	7
Termination benefits	**1**	1	1
	$ 34	$ 31	$ 38

Other disclosures on directors' remuneration required by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts & Reports) regulations 2008 are included in the Directors' Remuneration Report.

18. OTHER TAXES RECOVERABLE

Taxes recoverable consisted of the following as of 31 December:

US$ million	**2021**	**2020**	**2019**
Input VAT	**$ 39**	$ 45	$ 73
Other taxes	**132**	133	102
	$ 171	$ 178	$ 175

Input VAT, representing amounts payable or paid to suppliers, is recoverable from the tax authorities via offset against VAT payable to the tax authorities on the Group's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable within one year.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, mainly consisting of cash at banks, were denominated in the following currencies as of 31 December:

US$ million	**2021**	**2020**	**2019**
US dollar	**$ 884**	$ 1,461	$ 774
Euro	**36**	34	484
Russian rouble	**74**	124	134
Other	**33**	8	31
	$ 1,027	$ 1,627	$ 1,423

At 31 December 2021, the assets of disposal groups classified as held for distribution to owners included cash amounting to $400 million.

19. CASH AND CASH EQUIVALENTS (CONTINUED)

In addition, the Group had bank deposits with restrictions on their use, which are presented within the Other current financial assets caption of the consolidated statement of financial position. They include either cash advances received from customers, which cannot be used by the Group until fulfilment of contracts, or cash blocked under guarantees for tenders and guaranteed quality of products.

US$ million	2021	2020	2019
Restricted deposits	**$ 12**	$ 2	$ 4

20. EQUITY

Share Capital

		31 December	
Number of shares	2021	2020	2019
Ordinary shares, issued and fully paid	**1,506,527,294**	1,506,527,294	1,506,527,294

Treasury Shares

		31 December	
Number of shares	2021	2020	2019
Treasury shares	**47,837,582**	49,654,691	54,620,233

In 2015, EVRAZ plc repurchased 108,458,508 of its own shares ($336 million). Since that time treasury shares were used only in the Company's Incentive Plans for employees (Note 21).

In 2021, 2020 and 2019, 1,817,109 shares, 4,965,542 shares and 8,556,954 shares, respectively, were transferred to the participants of Incentive Plans. The cost of treasury shares transferred to the participants of Incentive Plans, amounted to $6 million, $15 million and $27 million in 2021, 2020 and 2019, respectively.

Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021	2020	2019
Weighted average number of ordinary shares outstanding during the period	**1,458,027,587**	1,455,054,617	1,448,789,048
Effect of dilution: share options	**6,858,318**	7,949,696	11,996,310
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,464,885,905**	1,463,004,313	1,460,785,358
Net profit for the year attributable to equity holders of the parent, US$ million	**$ 3,034**	$ 848	$ 326
of which net profit from continuing operations (Note 13)	**3,465**	1,376	1,078
of which net loss from discontinued operations (Note 13)	**(431)**	(528)	(752)
Earnings/(losses) per share:			
from continuing operations			
- basic	**$ 2.38**	$ 0.94	$ 0.74
- diluted	**$ 2.37**	$ 0.94	$ 0.73
from discontinued operations			
- basic	**$ (0.30)**	$ (0.36)	$ (0.51)
- diluted	**$ (0.30)**	$ (0.36)	$ (0.51)
from continuing and discontinued operations			
- basic	**$ 2.08**	$ 0.58	$ 0.23
- diluted	**$ 2.07**	$ 0.58	$ 0.22

20. EQUITY (CONTINUED)

Dividends

Dividends declared by EVRAZ plc during 2019–2021 were as follows:

Date of declaration	To holders registered at	Dividends declared, US$ million	US$ per share
27/02/2019	08/03/2019	577.3	0.40
07/08/2019	16/08/2019	508.2	0.35
26/02/2020	06/03/2020	580.8	0.40
05/08/2020	21/08/2020	291.3	0.20
24/02/2021	12/03/2021	437.1	0.30
15/04/2021	28/05/2021	291.7	0.20
04/08/2021	13/08/2021	802.3	0.55
14/12/2021	24/12/2021	291.7	0.20

21. SHARE-BASED PAYMENTS

In 2019-2021, the Group had a number of Incentive Plans under which certain senior executives and employees (“participants”) could be awarded shares of the parent company upon vesting. These plans were adopted on 26 October 2015, 15 September 2016, 25 September 2017, 26 September 2018, 25 September 2019, 28 September 2020 and 20 September 2021.

The vesting under Incentive Plans adopted before 2017 does not depend on the achievement of any performance conditions. The new Plans adopted in 2017 and later provide that the number of shares transferred to participants upon vesting is dependent on the Group’s performance versus a selected group of peers. EBITDA and total shareholder return (“TSR”) are used as the key performance indicators. If the Group’s EBITDA achieves a specific ranking in the peer group (not lower than the 7th place in terms of EBITDA dynamics), then 50% of the shares of a particular tranche become vested, otherwise they are forfeited. If the Group’s TSR is not lower than the 7th place in the peer group, then the other 50% of the shares of a particular tranche become vested, otherwise they are forfeited. Subject to the resolution of the Remuneration Committee, EBITDA can become the only metric in the performance evaluation (in case if the net debt to EBITDA ratio is equal to 3 or higher). The TSR-related vesting condition was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. The vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this is taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

The vesting date for each tranche occurs within the 90-day period after announcement of the annual results. The expected vesting dates of the awards outstanding at 31 December 2021 are presented below:

Number of Shares of EVRAZ plc	Total	Incentive Plan 2021	Incentive Plan 2020	Incentive Plan 2019	Incentive Plan 2018
March 2022	2,650,867	493,793	909,289	621,163	626,622
March 2023	2,478,996	493,793	1,363,942	621,261	–
March 2024	2,104,643	740,677	1,363,966	–	–
March 2025	740,676	740,676	–	–	–
	7,975,182	2,468,939	3,637,197	1,242,424	626,622

The plans are administered by the Board of Directors of EVRAZ plc. The Board of Directors has the right to accelerate vesting of the grant. In the event of a participant’s employment termination, unless otherwise determined by the Board or by a decision of the authorised person, a participant loses the entitlement for the shares that were not awarded up to the date of termination.

There have been no modifications or cancellations to the plans during 2019–2021.

The Group accounted for share-based compensation at fair value pursuant to the requirements of IFRS 2 “Share-based Payment”. The weighted average fair value of share-based awards granted in 2021, 2020 and 2019 was $5.76, $3.23 and $4.25 per share, respectively. The fair value of these awards was estimated at the date of grant and measured at the market price of the shares of the parent company reduced by the present value of dividends expected to be paid during the vesting period. The following inputs, including assumptions, were used in the valuation of Incentive Plans, which were effective during 2018-2020:

	Incentive Plan 2021	Incentive Plan 2020	Incentive Plan 2019	Incentive Plan 2018	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015
Dividend yield (%)	1.7 – 2.25	3.2 – 4.1	2.3 – 3.0	1.8 – 2.3	2.1 – 2.9	n/a	7.3 – 9.1
Expected life (years)	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.6 – 3.6
Market prices of the shares of EVRAZ plc at the grant dates	$7.73	$4.31	$5.75	$7.36	$3.86	$1.73	$1.36

21. SHARE-BASED PAYMENTS (CONTINUED)

The following table illustrates the number of, and movements in, share-based awards during the years.

Number of shares	2021	2020	2019
Outstanding at 1 January	**9,922,485**	10,771,774	17,755,977
Granted during the year	**2,468,939**	5,100,822	2,578,803
Forfeited during the year	**(2,599,133)**	(984,569)	(1,006,052)
Vested and exercised during the year	**(1,817,109)**	(4,965,542)	(8,556,954)
Outstanding at 31 December	**7,975,182**	9,922,485	10,771,774

The weighted average share price at the dates of exercise was $9.46, $2.97 and $7.21 in 2021, 2020 and 2019, respectively. The weighted average remaining contractual life of the share-based awards outstanding as of 31 December 2021, 2020 and 2019 was 1.4, 1.4 and 1.1 years, respectively.

In the years ended 31 December 2021, 2020 and 2019, the expense arising from the equity-settled share-based compensations was as follows:

US$ million	2021	2020	2019
Expense arising from equity-settled share-based payment transactions	**$ 12**	$ 11	$ 13

22. LOANS AND BORROWINGS

The Group had the following loans and borrowings as of 31 December:

	2021			2020			2019		
US$ million	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Bank loans	**$ 1,756**	**$ 1,697**	**$ 59**	$ 1,550	$ 1,506	$ 44	$ 1,342	$ 1,300	$ 42
Other loans	**51**	**41**	**10**	58	48	10	62	52	10
US dollar-denominated									
8.25% notes due 2021	**–**	**–**	**–**	735	–	735	750	750	–
6.75% notes due 2022	**–**	**–**	**–**	500	500	–	500	500	–
5.375% notes due 2023	**750**	**750**	**–**	750	750	–	750	750	–
5.25% notes due 2024	**700**	**700**	**–**	700	700	–	700	700	–
Rouble-denominated									
12.95% rouble bonds due 2019	**–**	**–**	**–**	–	–	–	–	–	–
12.60% rouble bonds due 2021	**–**	**–**	**–**	203	–	203	242	242	–
7.95% rouble bonds due 2024	**269**	**269**	**–**	271	271	–	323	323	–
Unamortised debt issue costs	**(17)**	**(17)**	**–**	(16)	(16)	–	(18)	(18)	–
Interest payable	**32**	**–**	**32**	86	–	86	88	–	88
	$ 3,541	**$ 3,440**	**$ 101**	$ 4,837	$ 3,759	$ 1,078	$ 4,739	$ 4,599	$ 140

At 31 December 2021, the borowings relating to Raspadskaya Group amounted to $400 million of long-term loans. In the statement of financial position at 31 December 2021 they were included in liabilities directly associated with disposal groups classified as held for distribution to owners (Note 13).

The average effective annual interest rates were as follows at 31 December:

	Long-term borrowings			Short-term borrowings		
	2021	2020	2019	2021	2020	2019
US dollar	**3.73%**	4.76%	5.74%	**–**	8.00%	3.31%
Russian rouble	**7.80%**	7.22%	9.94%	**–**	12.59%	7.83%
Euro	–	2.23%	2.39%	**0.54%**	1.03%	0.70%
Canadian dollar	**0%**	2.56%	4.08%	**–**	–	–

The liabilities are denominated in the following currencies at 31 December:

US$ million	2021	2020	2019
US dollar	**$ 3,186**	$ 3,993	$ 4,027
Russian rouble	**346**	761	586
Canadian dollar	**13**	75	120
Euro	**13**	24	24
Unamortised debt issue costs	**(17)**	(16)	(18)
	$ 3,541	$ 4,837	$ 4,739

22. LOANS AND BORROWINGS (CONTINUED)

The movement in loans and borrowings was as follows:

US$ million	2021	2020	2019
1 January	**$ 4,837**	$ 4,739	$ 4,563
Cash changes:			
Cash proceeds from bank loans and notes, net of debt issues costs	**2,325**	1,218	2,805
Repayment of bank loans and notes, including interest	**(3,403)**	(1,304)	(3,035)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(1)**	(25)	22
Covenants reset charges	**(10)**	–	–
Non-cash changes:			
Interest and other charges expensed relating to continuing operations (Note 7)	**188**	291	291
Interest and other charges expensed relating to discontinued operations (Note 7)	**8**	–	–
Accrual of premiums and other charges on early repayment of borrowings (Note 7)	**9**	–	27
Transfer to disposal groups held for distribution (Note 13)	**(400)**	–	–
Effect of exchange rate changes	**(12)**	(82)	66
31 December	**$ 3,541**	$ 4,837	$ 4,739

Pledged Assets

The Group's pledged assets at carrying value included the following at 31 December:

US$ million	2021	2020	2019
Property, plant and equipment	**$ 55**	$ 47	$ 72
Inventory	**556**	414	512

Issuer Substitution

On 13 March 2019, EVRAZ plc assumed the liabilities of Evraz Group S.A. as the issuer of all outstanding US dollar-denominated notes with the total nominal value of $2,700 million.

Issue of Notes and Bonds

In April 2019, EVRAZ plc issued 5.25% US dollar-denominated notes due 2024 in the amount of $700 million. The proceeds from the issue of the notes were used to finance the purchase of 6.50% notes due 2020 at the tender offer in April 2019 and make whole call in May 2019.

In August 2019, EvrazHolding Finance, the Group's subsidiary, issued 7.95% rouble-denominated bonds due 2024 in the amount of 20,000 million roubles ($317 million at the exchange rate at the date of the transaction).

Repurchase of Notes and Bonds

In January and March 2021, the Group fully settled its 8.25% notes and 12.6% rouble-denominated bonds, respectively, which were due in 2021. There was no gain or loss on these transactions.

In addition, in June and August 2021 the Group partially repurchased the 6.75% notes, which were due in 2022, and in October 2021 fully settled the remaining liabilities under these notes, which resulted in a $9 million loss included in the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In November 2020, the Group partially repurchased its 8.25% notes due 2021 ($15 million). There was no gain or loss on the transaction.

In April and May 2019, the Group fully settled its 6.50% notes due 2020 ($700 million). The premium over the carrying value on the repurchase and other costs relating to the transaction in the total amount of $26 million were charged to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In June 2019, the Group fully settled its 12.95% rouble bonds due 2019, there was no gain or loss on this transaction. Upon repayment of these bonds, the related swap contracts matured and the Group recycled $33 million of the accumulated unrecognised gains on cash flow hedges from other comprehensive income to the statement of operations.

Compliance with Financial Covenants

Some of the loan agreements and terms and conditions of notes provide for certain covenants in respect of EVRAZ plc and its subsidiaries. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness. EBITDA used for covenants compliance calculations is determined based on the definitions of the respective loan agreements and may differ from that used by management for evaluation of performance.

22. LOANS AND BORROWINGS (CONTINUED)

Several bank credit facilities totalling $1,697 million contain certain financial maintenance covenants. These covenants require EVRAZ plc to maintain two key ratios, consolidated net indebtedness to 12-month consolidated EBITDA and 12-month consolidated EBITDA to adjusted 12-month consolidated interest expense, within certain limits. A breach of one or both of these ratios would constitute an event of default under the facilities, which in turn may trigger cross default events under other debt instruments of the Group. The terms of certain facilities also set certain limitations on acquisitions and disposals by EVRAZ plc.

At 31 December 2021 notes due in 2023 and 2024, totalling $1,450 million have covenants restricting the incurrence of indebtedness by the issuer and its consolidated subsidiaries conditional on a gross leverage ratio. While the ratio level itself does not constitute a breach of covenants, exceeding the threshold of 3.5 times triggers a restriction on incurrence of consolidated indebtedness, which is removed once the ratio goes back below the threshold. The effect of the restriction is such that EVRAZ plc and its subsidiaries would not be allowed to increase the consolidated indebtedness, but are allowed to refinance existing indebtedness subject to certain conditions. As of 31 December 2021, the Group’s gross leverage ratio was below 3.5.

Two bank credit facilities of Raspadskaya totalling $400 million contain financial maintenance covenants based on the consolidated financial statements of Raspadskaya. These covenants require Raspadskaya to maintain 2 key ratios within certain limits (consolidated net indebtedness to 12-month consolidated EBITDA and 12-month consolidated EBITDA to adjusted 12-month consolidated interest expense). A breach of one or both of these ratios would constitute an event of default under the facilities, which in turn may trigger cross default events under other debt instruments of the Group. If Raspadskaya Group ceases to be a subsidiary of EVRAZ plc as a result of the potential demerger (Notes 2 and 13), a breach of covenants under these facilities will not trigger a cross default event under the debt instruments of EVRAZ plc and its other subsidiaries.

Several bank credit facilities totalling $83 million provide for certain covenants restricting the incurrence of indebtedness by EVRAZ North America plc and its subsidiaries conditional on a fixed charge ratio. Once the threshold for the ratio is exceeded, it triggers restrictions on incurrence of additional indebtedness by EVRAZ North America plc and its subsidiaries.

The incurrence covenants are in line with the Group’s financial strategy and, therefore, do not constitute any excessive restriction on its operations.

During 2021 the Group was in compliance with all financial and non-financial covenants. In 2021, in connection with the noteholders’ and lenders’ consent to the potential demerger of Raspadskaya Group (Note 13) and the related amendments of the notes and bank loans' terms the Group paid $10 million. These charges will be amortised during the term of the respective notes and bank loans.

Unamortised Debt Issue Costs

Unamortised debt issue costs represent bank fees and transaction costs paid by the Group in relation to the arrangement and reset of loans and notes.

Unutilised Borrowing Facilities

The Group had the following unutilised borrowing facilities as of 31 December:

US$ million	2021	2020	2019
Committed	**623**	937	447
Uncommitted	**848**	424	1,165
Total unutilised borrowing facilities	**$ 1,471**	$ 1,361	$ 1,612

23. EMPLOYEE BENEFITS

Russian Plans

Certain Russian subsidiaries of the Group provide regular lifetime pension payments and lump-sum amounts payable at retirement date. These benefits generally depend on years of service, level of remuneration and amount of pension payment under the collective bargaining agreements. Other post-employment benefits consist of various compensations and certain non-cash benefits. The Group funds the benefits when the amounts of benefits fall due for payment.

In addition, some subsidiaries have defined benefit plans under which contributions are made to a separately administered non-state pension fund. The Group matches 100% of the employees' contributions to the fund up to 4% of their monthly salary. The Group's contributions become payable at the participants' retirement dates. At the end of the reporting year the benefit obligation was valued based on the terms of the pension plan assuming that all defined benefit plan participants will continue to participate in the plan.

Defined contribution plans represent payments made by the Group to the Russian state pension, social insurance and medical insurance funds at the statutory rates in force, based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits.

US and Canadian Plans

The Group's subsidiaries in the USA and Canada have defined benefit pension plans that cover specified eligible employees. Benefits are based on pensionable years of service, pensionable compensation, or a combination of both depending on the individual plan. The subsidiaries also have U.S. and Canadian supplemental retirement plans ("SERP's"), which are non-qualified plans designed to maintain benefits for eligible employees at the plan formula level. The subsidiaries provide other unfunded post-retirement medical and life insurance plans ("OPEB's") for certain of their eligible employees upon retirement after completion of a specified number of years of service. For the pension plans, SERP's and OPEB's, the subsidiaries use a measurement date for plan assets and obligations of 31 December.

Certain employees that were hired after specified dates are no longer eligible to participate in the defined benefit pension plans. Those employees are instead enrolled in defined contribution plans and receive a contribution funded by the Group's subsidiaries equal to 3–7% of annual wages, including applicable bonuses. The defined contribution plans are funded throughout the year and, depending on their work location, participants' benefits vesting dates range from immediate to after three years of service. In two Canadian locations, employees hired after a specific date participate in hybrid defined benefit/defined contribution pension plans. The benefits in the hybrid pension plans are at a reduced benefit for the defined benefit, and the defined contribution portion is funded at 1.5-1.6% of annual wages. In addition, the subsidiaries have defined contribution plans available for eligible U.S. and Canadian-based employees in which the subsidiaries generally match a percentage of the participants' contributions.

Some Canadian employees participate in a retirement savings plan. For these employees, the participation may be voluntary, employee contributions are matched by the employer at 1-1.5% of annual wages, including applicable bonuses, and depending on the group of employees, are funded either annually or throughout the year.

Other Plans

Defined benefit pension plans and defined contribution plans are maintained by the subsidiaries located in Europe.

Defined Contribution Plans

The Group's expenses under defined contribution plans were as follows:

US$ million	**2021**	**2020**	**2019**
Expense under defined contribution plans	**$ 287**	$ 257	$ 274
Continuing operations	**212**	191	204
Discontinued operations	**75**	66	70

Defined Benefit Plans

The Russian and other defined benefit plans were mostly unfunded and the US and Canadian plans were partially funded.

Except as disclosed above in 2021 there were no significant plan amendments, curtailments or settlements.

The Group's defined benefit plans are exposed to the risks of unexpected growth in benefit payments as a result of increases in life expectancy, inflation, and salaries. As the plan assets include significant investments in quoted and unquoted equity shares, corporate and government bonds and notes, the Group is also exposed to equity market risk.

The components of net benefit expense recognised in the consolidated statement of operations for the years ended 31 December 2021, 2020 and 2019 and amounts recognised in the consolidated statement of financial position as of 31 December 2021, 2020 and 2019 for the defined benefit plans were as follows:

23. EMPLOYEE BENEFITS (CONTINUED)

Net benefit expense (recognised in the statement of operations within cost of sales and selling, general and administrative expenses and interest expense)

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (2)	$ (19)	$ –	$ (21)
Net interest expense	(4)	(3)	–	(7)
Other	–	(3)	–	(3)
Continuing operations	$ (6)	$ (25)	$ –	$ (31)
Discontinued operations	(5)	$ –	–	(5)
Net benefit expense	$ (11)	$ (25)	$ –	$ (36)

In 2021, net benefit expense relating to the discontinued operations includes $(1) million of current service cost, $(2) million of net interest expense and $(2) million of net actuarial losses on other long-term employee benefits obligation.

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (2)	$ (18)	$ –	$ (20)
Net interest expense	(4)	(4)	–	(8)
Past service cost	(2)	–	–	(2)
Other	–	(3)	–	(3)
Continuing operations	$ (8)	$ (25)	$ –	$ (33)
Discontinued operations	(4)	–	–	(4)
Net benefit expense	$ (12)	$ (25)	$ –	$ (37)

In 2020, net benefit expense relating to the discontinued operations includes $(1) million of current service cost and $(3) million of net interest expense.

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (1)	$ (17)	$(1)	$ (19)
Net interest expense	(4)	(5)	–	(9)
Past service cost	(1)	–	–	(1)
Other	–	(3)	–	(3)
Continuing operations	$ (6)	$ (25)	$ (1)	$ (32)
Discontinued operations	(9)	–	–	(9)
Net benefit expense	$ (15)	$ (25)	$ (1)	$ (41)

In 2019, net benefit expense relating to the discontinued operations includes $(1) million of current service cost, $(4) million of net interest expense and $(4) million of net actuarial losses on other long-term employee benefits obligation.

23. EMPLOYEE BENEFITS (CONTINUED)

Gains/(losses) recognised in other comprehensive income

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$ 31	$ –	$ 31
Net actuarial gains/(losses) on post-employment benefit obligation	1	54	–	55
Effect of asset ceiling	–	(1)	–	(1)
	$ 1	$ 84	$ –	$ 85

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$63	$ –	$63
Net actuarial gains/(losses) on post-employment benefit obligation	6	(74)	–	(68)
Effect of asset ceiling	–	2	–	2
	$ 6	$ (9)	$ –	$ (3)

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$ 84	$ –	$ 84
Net actuarial gains/(losses) on post-employment benefit obligation	(15)	(81)	(3)	(99)
	$ (15)	$ 3	$ (3)	$ (15)

Actual return on plan assets was as follows:

US$ million	2021	2020	2019
Actual return on plan assets	$ 46	$ 82	$ 105
including:			
US & Canadian plans	46	82	105
Russian plans	–	–	–

Net defined benefit liability

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 59	$ 802	$ 10	$ 871
Plan assets	–	(746)	(7)	(753)
Net defined benefit asset (Note 14)	–	25	–	25
Net defined benefit liability	$ 59	$ 81	$ 3	$ 143

23. EMPLOYEE BENEFITS (CONTINUED)

Net defined benefit liability (continued)

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 102	$858	$ 10	$ 970
Plan assets	–	(724)	(6)	(730)
Net defined benefit asset (Note 14)	–	–	–	–
Net defined benefit liability	$ 102	$ 134	$ 4	$ 240

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 123	$ 785	$ 11	$ 919
Plan assets	–	(653)	(7)	(660)
Net defined benefit asset (Note 14)	–	12	–	12
Net defined benefit liability	$ 123	$ 144	$ 4	$ 271

Movements in net defined benefit liability/(asset)

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ 91**	**$ 132**	**$ –**	**$ 223**
Net benefit expense recognised in the statement of operations	15	25	1	41
Contributions by employer	(10)	(15)	–	(25)
(Gains)/losses recognised in other comprehensive income	15	(3)	3	15
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(7)	–	(7)
Translation difference	12	–	–	12
At 31 December 2019	**$ 123**	**$ 132**	**$ 4**	**$ 259**
Net benefit expense recognised in the statement of operations	12	25	–	37
Contributions by employer	(7)	(33)	(1)	(41)
(Gains)/losses recognised in other comprehensive income	(6)	9	–	3
Translation difference	(20)	1	1	(18)
At 31 December 2020	**$ 102**	**$ 134**	**$ 4**	**$ 240**
Net benefit expense recognised in the statement of operations	11	25	–	36
Contributions by employer	(8)	(20)	–	(28)
(Gains)/losses recognised in other comprehensive income	(1)	(84)	–	(85)
Reclassification to liabilities directly associated with disposal groups classified as held for distribution to owners	(44)	–	–	(44)
Translation difference	(1)	1	(1)	(1)
At 31 December 2021	**$ 59**	**$ 56**	**$ 3**	**$ 118**

23. EMPLOYEE BENEFITS (CONTINUED)

Movements in benefit obligation

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ 91**	**$ 687**	**$ –**	**$ 778**
Interest cost on benefit obligation	8	26	–	34
Current service cost	2	17	1	20
Past service cost	1	–	–	1
Benefits paid	(10)	(36)	(1)	(47)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	3	(2)	–	1
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	15	83	3	101
Actuarial (gains)/losses on benefit obligation related to experience adjustments	1	–	–	1
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(8)	–	(8)
Other	–	–	8	8
Translation difference	12	18	–	30
At 31 December 2019	**$ 123**	**$ 785**	**$ 11**	**$ 919**
Interest cost on benefit obligation	7	23	–	30
Current service cost	3	18	–	21
Past service cost	2	–	–	2
Benefits paid	(7)	(51)	(4)	(62)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	1	(6)	–	(5)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	(1)	84	–	83
Actuarial (gains)/losses on benefit obligation related to experience adjustments	(6)	(4)	–	(10)
Effect of asset ceiling	–	(2)	–	(2)
Other	–	1	2	3
Translation difference	(20)	10	1	(9)
At 31 December 2020	**$ 102**	**$ 858**	**$ 10**	**$ 970**
Interest cost on benefit obligation	6	18	–	24
Current service cost	3	19	–	22
Benefits paid	(8)	(44)	–	(52)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	–	(7)	–	(7)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	1	(48)	–	(47)
Actuarial (gains)/losses on benefit obligation related to experience adjustments	–	1	–	1
Effect of asset ceiling	–	1	–	1
Reclassification to liabilities directly associated with disposal groups classified as held for distribution to owners	(44)	–	–	(44)
Translation difference	(1)	4	–	3
At 31 December 2021	**$ 59**	**$ 802**	**$ 10**	**$ 871**

The weighted average duration of the defined benefit obligation was as follows:

Years	2021	2020	2019
Russian plans	**10.7**	11.0	10.9
US & Canadian plans	**14.4**	15.0	14.3
Other plans	**18.3**	20.4	20.3

23. EMPLOYEE BENEFITS (CONTINUED)

Changes in the fair value of plan assets

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ –**	**$ 555**	**$ –**	**$ 555**
Interest income on plan assets	–	21	–	21
Return on plan assets (excluding amounts included in net interest expense)	–	84	–	84
Contributions of employer	10	15	–	25
Benefits paid	(10)	(36)	(1)	(47)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(1)	–	(1)
Other	–	(3)	8	5
Translation difference	–	18	–	18
At 31 December 2019	**$ –**	**$ 653**	**$ 7**	**$ 660**
Interest income on plan assets	–	19	–	19
Return on plan assets (excluding amounts included in net interest expense)	–	63	–	63
Contributions of employer	7	33	1	41
Benefits paid	(7)	(51)	(4)	(62)
Other	–	(2)	2	–
Translation difference	–	9	–	9
At 31 December 2020	**$ –**	**$ 724**	**$ 6**	**$ 730**
Interest income on plan assets	–	15	–	15
Return on plan assets (excluding amounts included in net interest expense)	–	31	–	31
Contributions of employer	8	20	–	28
Benefits paid	(8)	(44)	–	(52)
Other	–	(3)	–	(3)
Translation difference	–	3	1	4
At 31 December 2021	**$ –**	**$ 746**	**$ 7**	**$753**

The amount of contributions expected to be paid to the defined benefit plans during 2022 approximates $37 million.

The major categories of plan assets as a percentage of total plan assets were as follows at 31 December:

	2021		2020		2019	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
US & Canadian plans:						
Equity funds and investment trusts	**43%**	**–**	45%	–	48%	34%
Governmental bonds	**22%**	**–**	17%	–	–	–
Corporate bonds and notes	**21%**	**–**	24%	–	14%	–
Cash	**3%**	**–**	3%	–	3%	–
Other	**3%**	**8%**	3%	8%	–	1%
	92%	**8%**	92%	8%	65%	35%

23. EMPLOYEE BENEFITS (CONTINUED)

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

	2021			2020			2019		
	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans
Discount rate	6.7%	2.4-3%	0.25%	6.2%	2-2.6%	0.2%	7%	3.3-3.4%	0.2%
Future benefits increases	4-7.5%	–	1%	4-7%	–	1%	5%	–	–
Future salary increase	4-7.5%	3%	1%	4-7%	3%	1%	5%	3%	1%
Average life expectation, male, years	71	87	89	71	86.5	88	70	86	88
Average life expectation, female, years	80	88.5	91	80	88.5	91	80	88.5	90
Healthcare costs increase rate	–	6.3%	–	–	6.5%	–	–	5-6.8%	–

The following table demonstrates the sensitivity analysis of reasonable changes in the significant assumptions used for the measurement of the defined benefit obligations, with all other variables held constant.

		Impact on the defined benefit obligation at 31 December 2021, US$ million			Impact on the defined benefit obligation at 31 December 2020, US$ million			Impact on the defined benefit obligation at 31 December 2019, US$ million		
	Reasonable change in assumption	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans
Discount rate	10%	$ (7)	$ (33)	$ –	$ (8)	$ (32)	$ (1)	$ (8)	$ (34)	$ (1)
	(10%)	7	35	–	9	33	1	9	36	1
Future benefits increases	10%	4	–	–	7	–	–	6	–	–
	(10%)	(4)	–	–	(6)	–	–	(9)	–	–
Future salary increase	10%	1	1	–	1	1	–	1	1	–
	(10%)	(1)	(1)	–	(1)	(1)	–	(1)	(1)	–
Average life expectation, male, years	1	1	14	–	1	14	–	1	12	–
	(1)	(1)	(13)	–	(1)	(14)	–	(1)	(12)	–
Average life expectation, female, years	1	1	8	–	1	9	–	1	7	–
	(1)	(1)	(8)	–	(1)	(9)	–	(1)	(7)	–
Healthcare costs increase rate	10%	–	1	–	–	1	–	–	–	–
	(10%)	–	(1)	–	–	(1)	–	–	–	–

24. PROVISIONS

At 31 December the provisions were as follows:

US$ million	2021		2020		2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Site restoration and decommissioning costs	**$ 182**	**$ 18**	$ 272	$ 24	$ 321	$ 21
Other provisions	**–**	**19**	–	17	–	12
	$ 182	**$ 37**	$ 272	$ 41	$ 321	$ 33

In the years ended 31 December 2021, 2020 and 2019, the movement in provisions was as follows:

US$ million	Site restoration and decommissioning costs	Other provisions	Total
At 31 December 2018	$ 244	$ 13	$ 257
Additional provisions	31	21	52
Increase from passage of time	18	–	18
Effect of change in the discount rate	73	–	73
Effect of changes in estimated costs and timing	(20)	–	(20)
Utilised in the year	(21)	(10)	(31)
Unused amounts reversed	–	(4)	(4)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(9)	(8)	(17)
Translation difference	26	–	26
At 31 December 2019	$ 342	$ 12	$ 354
Additional provisions	5	18	23
Increase from passage of time	17	–	17
Effect of changes in estimated costs and timing	1	–	1
Utilised in the year	(10)	(4)	(14)
Unused amounts reversed	(10)	(8)	(18)
Translation difference	(49)	(1)	(50)
At 31 December 2020	$ 296	$ 17	$ 313
Additional provisions	14	24	38
Increase from passage of time	17	–	17
Effect of changes in estimated costs and timing	5	–	5
Utilised in the year	(11)	(14)	(25)
Unused amounts reversed	–	(3)	(3)
Reclassification to disposal groups held for distribution to owners (Notes 2 and 13)	(119)	(6)	(125)
Translation difference	(2)	1	(1)
At 31 December 2021	**$ 200**	**$ 19**	**$ 219**

Site Restoration Costs

The major part of the provision for site restoration and decommissioning costs relates to the Russian subsidiaries. The Land Code, the Forest Code of the Russian Federation, Federal Law on environmental protection, Resolution of the Government of the Russian Federation on restoration and conservation of land define the legal basis and state policy in the field of environmental protection. Under this legislation, mining companies and steel mills have obligations to restore mining sites and contaminated land. The majority of costs are expected to be paid after 2038.

At 31 December the respective liabilities were measured based on estimates of restoration costs, which are expected to be incurred in the future discounted at the following annual rates:

	2021	2020	2019
Russia	**7%**	7%	7%
USA	**2%**	2%	2%

25. LEASE AND OTHER LONG-TERM LIABILITIES

Lease Liabilities

The Group has a number of lease contracts, under which it leases railroad cars, coating equipment, warehouses, offices and other machinery and equipment (Note 9). The movement in lease liabilities is disclosed in the table below:

US$ million	2021 Total	2021 Non-current lease liabilities	2021 Current portion of lease liabilities	2020 Total	2020 Non-current lease liabilities	2020 Current portion of lease liabilities	2019 Total	2019 Non-current lease liabilities	2019 Current portion of lease liabilities
1 January	$ 87	$ 57	$ 30	$ 117	$ 83	$ 34	$ 124	$ 90	$ 34
Recognition of liabilities under new contracts	33	26	7	9	8	1	15	14	1
Sale of subsidiaries	–	–	–	–	–	–	(2)	–	(2)
Interest accrued	5	2	3	6	4	2	8	6	2
Payment of principal	(30)	–	(30)	(31)	–	(31)	(35)	–	(35)
Payment of interest	(3)	–	(3)	(2)	–	(2)	(2)	–	(2)
Termination of lease arrangements	–	–	–	(2)	(1)	(1)	–	–	–
Reclassification into short-term portion	–	(21)	21	–	(31)	31	–	(33)	33
Reclassification to disposal groups held for distribution to owners	(21)	(15)	(6)	–	–	–	–	–	–
Translation difference	–	–	–	(10)	(6)	(4)	9	6	3
31 December	$ 71	$ 49	$ 22	$ 87	$ 57	$ 30	$ 117	$ 83	$ 34

Total expenses under lease contracts are summarised in the table below.

US$ million	2021	2020	2019
Interest accrued under lease liabilities	$ 4	$ 6	$ 8
Expense relating to variable lease payments not included in the measurement of opening lease liabilities	5	7	7
Expense relating to leases, which were not recognised as lease liabilities (leases of low-value assets and short-term leases)	12	11	12
Continuing operations	$ 21	$ 24	$ 27
Discontinued operations	1	–	–
	$ 22	$ 24	$ 27

The maturity of contractual undiscounted and discounted cash flows under lease payments at 31 December was as follows:

US$ million	2021 Lease payments	2021 Present value of lease payments	2020 Lease payments	2020 Present value of lease payments	2019 Lease payments	2019 Present value of lease payments
Not later than 1 year from the reporting date	$ 22	$ 22	$ 31	$ 30	$ 35	$ 34
Later than 1 year and not later than 2 years	24	19	34	29	38	34
Later than 2 years and not later than 5 years	18	15	18	15	40	34
Later than 5 years and not later than 10 years	13	9	12	9	14	10
Later than 10 years	11	6	6	4	8	5
Total lease payments	88	71	101	87	135	117
Less: amounts representing finance charges	(17)	–	(14)	–	(18)	–
31 December	$ 71	$ 71	$ 87	$ 87	$ 117	$ 117

25. LEASE AND OTHER LONG-TERM LIABILITIES (CONTINUED)

Other Long-Term Liabilities

Other liabilities consisted of the following as of 31 December:

US$ million	2021	2020	2019
Financial liabilities			
Derivatives not designated as hedging instruments	$ 66	$ 49	$ 6
Long-term trade and other payables	11	34	44
	77	83	50
Less: current portion (Note 26)	(4)	(10)	(24)
	73	73	26
Non-financial liabilities			
Tax liabilities	–	16	4
Other non-financial liabilities	5	16	13
	5	32	17
Less: current portion (Note 26)	(1)	(3)	(3)
	4	29	14
	$ 77	$ 102	$ 40

Derivatives Not Designated as Hedging Instruments

In 2019-2021 derivatives not designated as hedging instruments comprised of those swap contracts, which either were not designated as cash flow or fair value hedges or ceased to be effective, and forward contracts.

The aggregate amounts under swap contracts translated at the year end exchange rates are summarised in the table below.

US$ million	2021	2020	2019
Bonds and loans, principal	$ 337	$ 338	$ 323
Hedged amount	337	338	323
Swap amount	381	381	317

To manage the currency exposure on the rouble-denominated bonds, the Group partially economically hedged these transactions. In 2020, the Group concluded a currency and interest rate swap contract under which it agreed to deliver US dollar-denominated interest payments at a fixed rate of 3.335% rate per annum plus the US dollar notional amount, in exchange for variable rouble-denominated CBR key rate-based interest payments plus the rouble notional amount during a period of 3 years until 27 March, 2023. The exchange is exercised on approximately the same dates as the payments under the bank loan.

In 2019, the Group concluded a currency and interest rate swap contract under which it agreed to deliver US dollar-denominated interest payments at a fixed rate of 3.75% per annum plus the US dollar notional amount, in exchange for fixed rouble-denominated interest payments plus the rouble notional amount during a period of 5 years until 25 July, 2024. The exchange is exercised on approximately the same dates as the payments under the bonds.

The swap contracts, which were effective at 31 December 2021, 2020 and 2019, are summarised in the table below.

	Year of issue	Borrowings principal, millions of roubles	Hedged amount, millions of roubles	Swap amount, US$ million	Interest rates on the swap amount
7.95 per cent bonds due 2024	2019	20,000	20,000	317	3.75%
EVRAZ ZSMK bank loan agreement due 2023	2020	5,000	5,000	64	3.335%

The discount rates used in the valuation were the non-deliverable forward rate curve and the interest rate swap curve for US dollar at the reporting dates.

In 2021, 2020 and 2019, a change in fair value of these derivatives of $(16) million, ($64) million and $20 million, respectively, together with a realised gain/(loss) on the swap transactions, amounting to $12 million, $13 million and $8 million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

In 2019-2020, the Group had EUR/USD forward contracts, which were accounted for at fair value. In 2020 and 2019, the change in fair value of the derivatives of $6 million and $(4) million, respectively, together with a realised gain/(loss) on the currency forward transactions, amounting to $(24) million and $14 million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

25. LEASE AND OTHER LONG-TERM LIABILITIES (CONTINUED)

Hedging Instruments

In July 2015, the Group issued bonds in the total amount of 15,000 million Russian roubles ($269 million at the issue date), which bore interest of 12.95% per annum and had a put date in June 2019. The Group used an intercompany loan to transfer the proceeds from the bonds within the Group. To manage the currency exposure, the Group entered into a series of cross currency swap contracts with several banks under which it agreed to deliver US-dollar denominated interest payments at rates ranging from 5.90% to 6.55% per annum plus the notional amount, totaling approximately $265 million, in exchange for rouble-denominated interest payments at the rate of 12.95% per annum plus notional, totaling 14,948 million roubles ($268 million at the date of the bonds issue).

	Year of issue	Bonds principal, millions of roubles	Hedged amount, millions of roubles	Swap amount, US$ million	Interest rates on the swap amount
12.95 per cent bonds due 2019	2015	15,000	13,310	239	5.90% - 6.55%

The Group accounted for these swap contracts as cash flow hedges. In 2017, one of these swap contracts with the notional amount of $26 million did not meet the criteria for efficiency and ceased to be classified as hedging instruments. In 2019, the change in fair value of these derivatives amounted to $46 million. The realised gain/(loss) on the swap transactions amounting to $(23) million was related to the interest portion of the change in fair value of the swap.

Under IFRS the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge is recognised in other comprehensive income and the remaining loss on the hedging instrument is recorded through the statement of operations. In 2019, the Group recognised a gain/(loss) in other comprehensive income amounting to $27 million. Most of the swaps were assessed as effective. Those swaps, which ceased to be effective, were reclassified into Derivatives Not Designated as Hedging Instruments. In 2019, $19 million were recorded in the Foreign exchange gains/(losses) caption in the consolidated statement of operations. In June 2019, upon repayment of the 12.95% rouble bonds, the related swap contracts matured and the Group recycled $33 million of the accumulated unrecognised gains on cash flow hedges from other comprehensive income to the statement of operations.

26. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following as of 31 December:

US$ million	**2021**	2020	2019
Trade accounts payable	**$ 1,228**	$ 844	$ 982
Liabilities for purchases of property, plant and equipment, including VAT	**135**	200	132
Accrued payroll	**145**	157	162
Other payables	**26**	50	75
Other long-term obligations with current maturities (Note 25)	**5**	13	27
	$ 1,539	$ 1,264	$ 1,378

The maturity profile of the accounts payable is shown in Note 28.

At 31 December 2021, 2020 and 2019, trade accounts payable included $187 million, $131 million and $156 million, respectively, owed by the Group for purchases of scrap from Vtorresource-Pererabotka, a related party (Note 17). These amounts were classified as trade payables to third parties as Vtorresource-Pererabotka sold its receivables from the Group under factoring contracts to several banks with no recourse.

27. OTHER TAXES AND DUTIES PAYABLE

Other taxes and duties payable were mainly denominated in roubles and consisted of the following as of 31 December:

US$ million	**2021**	2020	2019
VAT	**$ 72**	$ 89	$ 67
Social insurance contributions (Note 23)	**37**	47	48
Property tax	**7**	8	7
Land tax	**5**	6	6
Personal income tax	**5**	7	8
Export and import duties	**13**	–	7
Other taxes, fines and penalties	**6**	12	10
	$ 145	$ 169	$ 153

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and trade accounts receivable.

To manage credit risk related to cash, the Group maintains its available cash, mainly in US dollars and euros, in reputable international banks and major Russian banks. Management periodically reviews the creditworthiness of the banks in which it deposits cash.

The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. There are no significant concentrations of credit risk within the Group. The Group defines counterparties as having similar characteristics if they are related entities. In 2021, the major customers were Russian Railways (3.8% of total sales), Ternium Procurement SA (3.8%) and Shang Chen Steel Co (3.3%).

Part of the Group's sales is made on terms of letter of credit. In addition, the Group requires prepayments from certain customers. The Group does not require collateral in respect of trade and other receivables, except when a customer applies for credit terms which are longer than normal. In this case, the Group requires bank guarantees or other collateral. The Group has developed standard credit terms and constantly monitors the status of accounts receivable collection and the creditworthiness of the customers.

Certain of the Group's long-standing Russian customers for auxiliary products, such as heat and electricity, represent municipal enterprises and governmental organisations that experience financial difficulties. The significant part of allowance for expected credit losses consists of receivables from such customers. The Group has no practical ability to terminate the supply to these customers and negotiates with regional and municipal authorities the terms of recovery of these receivables.

At 31 December the maximum exposure to credit risk is equal to the carrying amount of financial assets, which is disclosed below.

US$ million	2021	2020	2019
Restricted deposits at banks (Notes 14 and 19)	**$ 16**	$ 8	$ 10
Financial instruments included in other non-current and current assets (Note 14)	**2**	2	17
Trade and other receivables (Notes 14 and 16)	**638**	396	550
Loans receivable	**–**	–	33
Receivables from related parties (Notes 14 and 17)	**44**	10	10
Cash and cash equivalents (Note 19)	**1,027**	1,627	1,423
	$ 1,727	$ 2,043	$ 2,043

The ageing analysis of trade and other receivables, loans receivable and receivables from related parties at 31 December is presented in the table below.

US$ million	2021		2020		2019	
	Gross amount	Impairment	Gross amount	Impairment	Gross amount	Impairment
Not past due	**$ 612**	**$ (2)**	$ 343	$ (1)	$ 446	$ (1)
Past due	**104**	**(32)**	100	(36)	193	(45)
less than 6 months	**69**	**–**	46	–	107	(1)
between 6 months and 1 year	**3**	**(1)**	5	(2)	31	–
over 1 year	**32**	**(31)**	49	(34)	55	(44)
	$ 716	**$ (34)**	$ 443	$ (37)	$ 639	$ (46)

In the years ended 31 December 2021, 2020 and 2019, the movement in allowance for expected credit losses was as follows:

US$ million	2021	2020	2019
At 1 January	**$ (37)**	$ (46)	$ (42)
Charge for the year	**1**	2	(3)
Utilised	**1**	2	2
Transfer to disposal groups held for distribution to owners	**1**	–	–
Translation difference	**–**	5	(3)
At 31 December	**$ (34)**	$ (37)	$ (46)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

The Group prepares a rolling 12-month financial plan which ensures that the Group has sufficient cash on demand to meet expected operational expenses, financial obligations and investing activities as they arise. The Group exercises a daily monitoring of cash proceeds and payments. The Group maintains credit lines and overdraft facilities that can be drawn down to meet short-term financing needs. If necessary, the Group refinances its short-term debt by long-term borrowings. The Group also uses forecasts to monitor potential and actual financial covenants compliance status (Note 22). Where compliance is at risk, the Group considers options including debt repayment, refinancing or covenant reset. The Group has developed standard payment periods in respect of trade accounts payable and monitors the timeliness of payments to its suppliers and contractors.

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest payments.

31 December 2021

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 5	$ 5	$ 760	$ 986	$ –	$ 1,756
Interest	–	31	68	78	40	–	217
Lease liabilities	–	8	14	24	18	24	88
Other long-term financial liabilities	–	2	2	4	74	–	82
Total fixed-rate debt	–	46	89	866	1,118	24	2,143
Variable-rate debt							
Loans and borrowings							
Principal	–	–	59	67	1,630	–	1,756
Interest	–	11	33	34	43	–	121
Total variable-rate debt	–	11	92	101	1,673	–	1,877
Non-interest bearing debt							
Loans and borrowings							
Principal	–	–	–	–	4	10	14
Trade and other payables	181	1,075	133	–	–	–	1,389
Payables to related parties	2	47	–	–	–	–	49
Dividends payable	–	292	–	–	–	–	292
Total non-interest bearing debt	183	1,414	133	–	4	10	1,744
	$ 183	$ 1,471	$ 314	$ 967	$ 2,795	$ 34	$ 5,764

31 December 2020

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 943	$ 5	$ 510	$ 1,748	$ –	$ 3,206
Interest	–	92	85	116	120	–	413
Lease liabilities	–	7	24	34	18	18	101
Other long-term financial liabilities	–	3	7	11	67	–	88
Total fixed-rate debt	–	1,045	121	671	1,953	18	3,808
Variable-rate debt							
Loans and borrowings							
Principal	–	3	41	350	1,157	–	1,551
Interest	–	12	47	53	54	–	166
Total variable-rate debt	–	15	88	403	1,211	–	1,717
Non-interest bearing debt							
Loans and borrowings	–	–	–	–	1	9	10
Trade and other payables	195	890	9	–	–	–	1,094
Payables to related parties	1	33	–	–	–	–	34
Amounts payable under put options for shares in subsidiaries	–	65	–	–	–	–	65
Total non-interest bearing debt	196	988	9	–	1	9	1,203
	$ 196	$ 2,048	$ 218	$ 1,074	$ 3,165	$ 27	$ 6,728

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

31 December 2019

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 5	$ 5	$ 1,002	$ 2,304	$ 10	$ 3,326
Interest	–	97	134	184	249	–	664
Lease liabilities	–	9	26	38	40	22	135
Other long-term financial liabilities	–	16	8	11	16	–	51
Amounts payable under put options for shares in subsidiaries	–	–	69	–	–	–	69
Total fixed-rate debt	–	127	242	1,235	2,609	32	4,245
Variable-rate debt							
Loans and borrowings							
Principal	–	26	16	30	386	885	1,343
Interest	–	14	45	59	125	16	259
Total variable-rate debt	–	40	61	89	511	901	1,602
Non-interest bearing debt							
Trade and other payables	228	883	78	–	–	–	1,189
Payables to related parties	1	13	–	–	–	–	14
Total non-interest bearing debt	229	896	78	–	–	–	1,203
	$ 229	$ 1,063	$ 381	$ 1,324	$ 3,120	$ 933	$ 7,050

Payables to related parties in the tables above do not include contract liabilities in the amount of $1 million, $4 million and $5 million as of 31 December 2021, 2020 and 2019, respectively.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures, while optimising the return on risk.

Interest Rate Risk

The Group borrows on both a fixed and variable rate basis and has other interest-bearing liabilities, such as finance lease liabilities and other obligations.

The Group incurs interest rate risk on liabilities with variable interest rates. The Group's treasury function performs analysis of current interest rates. In case of changes in market fixed or variable interest rates management may consider the refinancing of a particular debt on more favourable terms.

The Group does not have any financial assets with variable interest rates.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the Group's profits.

The Group does not account for any fixed rate financial assets as assets available for sale. Therefore, a change in interest rates at the reporting date would not affect the Group's equity.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Interest Rate Risk (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

Based on the analysis of exposure during the years presented, reasonably possible changes in floating interest rates at the reporting date would affect profit before tax ("PBT") by the amounts shown below. There is no impact on the Group's equity other than the equivalent change in accumulated profits. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In estimating reasonably possible changes the Group assessed the volatility of interest rates during the reporting periods.

US$ million	2021		2020		2019	
	Basis points	Effect on PBT	Basis points	Effect on PBT	Basis points	Effect on PBT
		US$ millions		*US$ millions*		*US$ millions*
Liabilities denominated in US dollars						
Decrease in LIBOR	(10)	2	(18)	2	(17)	2
Increase in LIBOR	10	(2)	18	(2)	17	(2)
Liabilities denominated in euro						
Decrease in EURIBOR	(6)	–	(32)	–	(6)	–
Increase in EURIBOR	6	–	32	–	6	–
Liabilities denominated in roubles						
Decrease in Bank of Russia key rate	(164)	1	(75)	–	(75)	–
Increase in Bank of Russia key rate	75	(1)	75	–	50	–

Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective Group's subsidiaries. The currencies in which these transactions are denominated are primarily US dollars, Canadian dollars and euro. The Group does not have formal arrangements to mitigate currency risks of the Group's operations. However, management believes that the Group is partly secured from currency risks as foreign currency denominated sales are used to cover repayment of foreign currency denominated borrowings.

The Group's exposure to currency risk determined as the net monetary position in the respective currencies was as follows at 31 December:

US$ million	2021	2020	2019
USD/RUB	$ 2,729	$ 2,230	$ 2,750
EUR/RUB	8	(71)	467
EUR/USD	(14)	16	(77)
USD/CAD	(467)	(614)	(907)
EUR/CZK	(13)	(14)	(11)
USD/CZK	20	24	17
USD/KZT	1	1	(164)
RUB/KZT	(141)	(168)	–

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Currency Risk (continued)

Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes in the respective currencies, with all other variables held constant, of the Group's profit before tax. In estimating reasonably possible changes the Group assessed the volatility of foreign exchange rates during the reporting periods. There is no impact on the Group's equity other than the equivalent change in accumulated profits.

	2021		2020		2019	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	*US$ millions*	%	*US$ millions*	%	*US$ millions*
USD/RUB	(9.51)	(286)	(16.88)	(478)	(7.78)	(230)
	9.51	238	16.88	304	7.78	200
EUR/RUB	(8.83)	(1)	(17.10)	12	(7.50)	(35)
	8.83	1	17.10	(12)	7.50	35
CAD/RUB	(11.61)	–	(18.91)	–	(8.84)	–
	11.61	–	18.91	–	8.84	–
EUR/USD	(5.29)	1	(7.79)	(1)	(5.02)	4
	5.29	(1)	7.79	1	5.02	(4)
USD/CAD	(7.39)	35	(8.13)	50	(4.58)	42
	7.39	(35)	8.13	(50)	4.58	(42)
EUR/CZK	(3.93)	1	(7.56)	1	(2.23)	–
	3.93	(1)	7.56	(1)	2.23	–
USD/CZK	(7.34)	(1)	(11.48)	(3)	(5.98)	(1)
	7.34	1	11.48	3	5.98	1
USD/KZT	(3.84)	–	(10.02)	–	(4.20)	7
	3.84	–	10.02	–	4.20	(7)
RUB/KZT	(9.56)	13	(14.86)	25	–	–
	9.56	(13)	14.86	(25)	–	–

In addition to the effects of changes in the exchange rates disclosed above, the Group is exposed to currency risk on derivatives (Note 25). The impact of currency risk on the fair value of these derivatives is disclosed below.

	2021		2020		2019	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	*US$ millions*	%	*US$ millions*	%	*US$ millions*
USD/RUB	(9.51)	35	(16.88)	74	(7.78)	30
	9.51	(29)	16.88	(52)	7.78	(25)

Fair Value of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

The carrying amounts of financial instruments, such as cash, short-term and long-term investments, short-term accounts receivable and payable, short-term loans receivable and payable and promissory notes, approximate their fair value.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair Value of Financial Instruments (continued)

At 31 December the Group held the following financial instruments measured at fair value:

	2021			2020			2019		
US$ million	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value									
Derivatives not designated as hedging instruments (Notes 14 and 25)	–	2	–	–	2	–	–	17	–
Liabilities measured at fair value									
Derivatives not designated as hedging instruments (Note 25)	–	66	–	–	49	–	–	6	–

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows financial instruments for which carrying amounts differ from fair values at 31 December.

US$ million	2021		2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term fixed-rate bank loans	**$ 29**	**$ 36**	$ 38	$ 47	$ 56	$ 57
Long-term variable-rate bank loans	**1,747**	**1,707**	1,542	1,531	1,309	1,330
Long-term zero-rate loans	**14**	**12**	9	7	–	–
USD-denominated						
8.25% notes due 2021	**–**	**–**	762	767	776	825
6.75% notes due 2022	**–**	**–**	514	543	513	555
5.375% notes due 2023	**758**	**790**	761	818	759	819
5.25% notes due 2024	**703**	**746**	707	778	705	770
Rouble-denominated						
12.60% rouble bonds due 2021	**–**	**–**	210	213	250	268
7.95% rouble bonds due 2024	**278**	**272**	279	297	333	346
	$ 3,529	**$ 3,563**	$ 4,822	$ 5,001	$ 4,701	$ 4,970

The fair value of the non-convertible bonds and notes was determined based on market quotations (Level 1). The fair value of long-term bank loans was calculated based on the present value of future principal and interest cash flows, discounted at the Group's market rates of interest at the reporting dates (Level 3). The discount rates used for valuation of financial instruments were as follows:

Currency in which financial instruments are denominated	2021	2020	2019
USD	**2 – 2.6%**	1.6 – 2.6%	2.5 – 3.8%
EUR	**–**	2.2%	–
RUB	**7.2%**	4.9 – 7.2%	–

Capital Management

Capital includes equity attributable to the equity holders of the parent entity. Revaluation surplus which is included in capital is not subject to capital management because of its nature.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the return to shareholders. The Board of Directors reviews the Group's performance and establishes key performance indicators. There were no changes in the objectives, policies and processes during 2021.

The Group manages its capital structure and makes adjustments to it by the issue of new shares, dividend payments to shareholders, and the purchase of treasury shares. In addition, the Group monitors distributable profits on a regular basis and determines the amounts and timing of dividend payments taking into account cashflow and other constraints.

29. NON-CASH TRANSACTIONS

Transactions that did not require the use of cash or cash equivalents, not disclosed in the notes above, were as follows in the years ended 31 December:

US$ million	2021	2020	2019
Liabilities for purchases of property, plant and equipment, excluding VAT	**$ 127**	$ 194	$ 142

30. COMMITMENTS AND CONTINGENCIES

Operating Environment of the Group

The Group is one of the largest vertically integrated steel producers globally and the largest steel producer in Russia. The Group's major subsidiaries are located in Russia, the USA and Canada. Russia is considered to be a developing market with higher economic and political risks.

The unrest in the Southeastern region of Ukraine and the economic sanctions imposed by the USA and the European Union on Russia in 2014 and later on caused economic slowdown in Russia and reduced access to international capital markets. Further sanctions imposed on Russia could have an adverse impact on the Group's business.

Steel consumption is affected by the cyclical nature of demand for steel products and the sensitivity of that demand to worldwide general economic conditions.

The coronavirus (COVID-19) pandemic outbreak has significantly affected the world economy, including steel production, oil and gas, and construction industry. However, the majority of the Group's businesses were relatively unaffected with no significant issues for production, supply or shipments.

The recovery of the global steel market observed since the second half of 2020 accelerated in 2021 as the ongoing influx of monetary and fiscal stimulus helped the global economy to continue its recovery from the impact of COVID-19. In 2021, steel prices have continued to increase to multi-year highs together with related raw materials prices.

From 1 August 2021, after a sharp rise in prices for steel products, iron ore and coal, the Russian government imposed duties on ferrous metals consisting of a 15% base rate and also a metal-specific rate per tonne of steelmaking raw materials, semi-finished and rolled steel products, which are exported outside the Eurasian Economic Union. The duties were in effect until the end of 2021. Starting from 1 January 2022 the excise tax on liquid steel was introduced. The new excise tax is payable on every tonne of steel produced, including unsold volumes. Unless slab price falls below $300/mt, the tax rate is 2.7%. In addition, from 1 January 2022 mineral extraction tax rates for iron ore and coal became variable (instead of previous fixed rates) and now are based on formulas linking to commodity prices and the rouble exchange rates. As a result, in 2022, if prices remain near the 2021 levels, the tax expense will significantly increase.

The increased market volatility may have an impact on the Group's financial position, earnings and cash flows in 2022 and beyond. Management closely monitors the development of the economic situation and undertakes all necessary measures to maintain the sustainability of the Group's business in the current circumstances.

The global economic climate continues to be unstable and this may negatively affect the Group's results and financial position in a manner not currently determinable.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Group's entities may not coincide with that of management. As a result, tax authorities may challenge transactions and the Group's entities may be assessed for additional taxes, penalties and interest. In Russia the periods remain open to review by the tax and customs authorities with respect to tax liabilities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on its best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these financial statements could be up to approximately $31 million.

30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments

At 31 December 2021, 2020 and 2019, the Group had the following contractual commitments for the purchase of production equipment and construction works (including VAT):

US$ million	2021	2020	2019
Continuing operations	**$ 770**	$ 432	$ 274
Discontinued operations	**136**	30	105
	$ 906	$ 462	$ 379

These commitments include $326 million (31 December 2020: $202 million) relating to the Palmer project – a construction of a new rail mill in Pueblo (Colorado, USA) with an expected completion date in the 2nd quarter of 2023.

In 2010, the Group concluded a contract with PraxAir Rus (Note 2, *Accounting Judgements*) for the construction of an air separation plant and for the supply of oxygen and other gases produced by PraxAir Rus at this plant to EVRAZ NTMK for a period of 20 years (extended to 25 years in 2015, when the construction was completed). This supply contract does not fall within the scope of IFRS 16 “Leases”. At 31 December 2021, the Group has committed expenditure of $490 million over the life of the contract.

In 2018, the Group concluded a contract with Air Liquide Kuzbass (Note 2, *Accounting Judgements*) for the construction of an air separation plant and for the supply of oxygen and other gases produced by Air Liquide Kuzbass at this plant to EVRAZ ZSMK for a period of 20 years. The contractual price comprises a fixed component and a variable component. The total amount of the fixed component approximates $473 million, which is payable within 20 years starting upon commencement of production in 2021 in proportion to the amounts of the variable component. The variable component is determined based on the actual purchase of gases and is estimated at $347 million during the life of the contract. Based on management’s assessment this supply contract does not fall within the scope of IFRS 16 “Leases” as the Group has no access to the equipment and has no rights either to operate the assets, or to design them in order to predetermine the way of their usage. Also it is expected that more than an insignificant amount of the assets’ output will be sold to the parties unrelated to the Group. In 2021, the construction was completed and the supply of oxygen and other gases started from September 2021. In addition, Air Liquide Kuzbass constructed the system of trunk and auxiliary pipelines, distribution stations and other equipment for products delivery, which are leased by the Group from 1 July 2021 for a period of 20 years and accounted for under IFRS 16. The discounted lease payments are estimated at $8 million.

In 2019, the Group concluded a contract with Xcel Energy Inc. for the supply of electricity to a Group’s steel mill (CF&I Steel LP) and a rail mill (Palmer North America LLC), both located in Pueblo (Colorado, USA), for a period of 22 years. The Group is committed to purchase from 1 January 2022 at least 500,000 MWh annually on a take-or-pay basis at rates ranging from 3.90 to 4.90 cents/kWh. The rates can be adjusted for gas prices.
At 31 December 2021, the total amount of this commitment at the unadjusted rates approximates $440 million.

Social Commitments

The Group is involved in a number of social programmes aimed to support education, healthcare and social infrastructure development in towns where the Group’s assets are located. The Group budgeted to spend approximately $35 million under these programmes in 2022.

Environmental Protection

In the course of its operations, the Group may be subject to environmental claims and legal proceedings. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, improvements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement.

The Group has a number of environmental claims and proceedings which are at a stage of investigation. Environmental provisions in relation to these proceedings that were recognised at 31 December 2021 amounted to $23 million.

Preliminary estimates available of the incremental costs indicate that such costs could be up to $190 million. The Group has insurance agreements, which will provide reimbursement of the costs to be actually incurred up to $228 million, of which $23 million relate to the accrued environmental provisions and have been recognised in receivables at 31 December 2021. Management believes that an economic outflow of the additional costs is not probable and any pending environmental claims or proceedings will not have a material adverse effect on its financial position and results of operations.

In addition, the Group has committed to various environmental protection programmes covering periods from 2022 to 2026, under which the Group will perform works aimed at reductions in environmental pollution and contamination. As of 31 December 2021, the costs of implementing these programmes are estimated at $198 million, including $17 million relating to the discontinued operations.

30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Proceedings

The Group has been and continues to be the subject of legal proceedings, none of which has had, individually or in aggregate, a significant effect on its operations or financial position.

The Group exercises judgement in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. As of 31 December 2021, possible legal risks approximate $16 million. Probable risks were recorded within the relevant captions of the consolidated statement of financial position, mostly in provisions (Note 24).

Issued Guarantees

In 2021, the Group guaranteed 50% of liabilities of its joint venture Allegro (Note 17) under a bank loan facility of RUB 9 billion (approximately $121 million). The guarantee expires in February 2033. In addition, the Group's share in the joint venture (50%) was pledged as collateral for this loan.

In June 2018, EVRAZ plc and EVRAZ West-Siberian Metallurgical Plant issued a joint guarantee in the amount of up to 30 billion roubles ($478 million at the exchange rate at the transaction date) to 9 companies owned by Sibuglemet to compensate any direct losses caused by the failure to perform the agreed management services provided by one the Group's subsidiaries to these entities. Sibuglemet is a producer of coking coal and operator of coal refineries in the Kemerovo region of Russia. The management company committed to perform all management functions including, inter alia, all the decisions required to carry out the day-to-day operations of these coal companies, their investment and procurement activities. The maturity of the guarantee was set for 31 December 2030. On 15 November 2020, the Group terminated the management services contract. The guarantee will continue to be effective 3 years after the date of termination.

31. AUDITOR'S REMUNERATION

The remuneration of the Group's auditor in respect of the services provided to the Group was as follows.

US$ million	2021	2020	2019
Audit of the parent company of the Group	$ 1	$ 1	$ 1
Audit of the subsidiaries	2	2	2
Total audit fees	3	3	3
Other services	1	–	1
	$ 4	$ 3	$ 4

32. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below.

		Non-controlling interests at 31 December		
Subsidiary	Country of incorporation	2021	2020	2019
Raspadskaya	Russia	6.76%	4.85%	11.83%
New CF&I (subsidiary of EVRAZ Inc NA)	USA	10.00%	10.00%	10.00%

32. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

US$ million	2021	2020	2019
Accumulated balances of material non-controlling interests			
Raspadskaya	**$ 83**	$ 44	$ 162
New CF&I (subsidiary of EVRAZ Inc NA)	**107**	105	105
Others	**(10)**	(20)	(15)
	180	129	252
Profit allocated to material non-controlling interests			
Raspadskaya	**65**	17	35
New CF&I (subsidiary of EVRAZ Inc NA)	**2**	–	2
Others	**6**	(7)	2
	$ 73	$ 10	$ 39

The summarised financial information regarding these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. As described in Note 4, at the end of 2020 Raspadskaya acquired Yuzhkuzbassugol. Consequently, the consolidated statement of financial position of Raspadskaya at 31 December 2020 and 2021 and the statement of operations and cash flow information for 2021 include, among others, Yuzhkuzbassugol and its subsidiaries, and the consolidated statement of financial position of Raspadskaya at 31 December 2019, the statement of operations and cash flow information for 2020 and 2019 do not include the acquired entities. At 31 December 2020, the share of non-controlling shareholders took into account the potential buyback of 4.25% of Raspadskaya's shares (Note 4).

Summarised statements of operations

Raspadskaya

US$ million	2021	2020	2019
Revenue	**$ 2,098**	$ 627	$ 996
Cost of revenue	**(752)**	(441)	(509)
Gross profit	**1,346**	186	487
Operating costs	**(180)**	(77)	(96)
Impairment of non-financial assets	**(8)**	–	(92)
Foreign exchange gains/(losses), net	**23**	94	(24)
Profit from operations	**1,181**	203	275
Non-operating gains/(losses)	**(27)**	4	23
Profit before tax	**1,154**	207	298
Income tax benefit/(expense)	**(230)**	(43)	(64)
Net profit	**$ 924**	$ 164	$ 234
Other comprehensive income/(loss)	**(14)**	(242)	150
Total comprehensive income/(loss)	**910**	(78)	384
attributable to non-controlling interests	**63**	(8)	56
dividends declared to non-controlling interests	**(35)**	(5)	(3)

New CF&I

US$ million	2021	2020	2019
Revenue	**$ 739**	$ 561	$ 757
Cost of revenue	**(653)**	(496)	(654)
Gross profit	**86**	65	103
Operating costs	**(94)**	(82)	(93)
Impairment of assets	**(9)**	–	–
Profit/(loss) from operations	**(17)**	(17)	10
Non-operating gains/(losses)	**18**	22	20
Profit before tax	**1**	5	30
Income tax benefit/(expense)	**–**	(1)	(7)
Net profit	**$1**	$ 4	$ 23
Other comprehensive income/(loss)	**20**	(1)	(6)
Total comprehensive income/(loss)	**21**	3	17
attributable to non-controlling interests	**2**	–	2
dividends declared to non-controlling interests	**–**	–	–

32. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

Summarised statements of financial position as at 31 December

Raspadskaya

US$ million	2021	2020	2019
Property, plant and equipment	**$ 1,436**	$ 1,452	$ 870
Investments in associates	**15**	–	–
Other non-current assets (Note 13)	**15**	24	9
Accounts receivable from the Group's subsidiaries	**354**	174	307
Other current assets (Note 13)	**718**	732	775
Total assets	**2,538**	2,382	1,961
Long-term loans	**400**	–	–
Deferred income tax liabilities	**93**	96	82
Non-current liabilities (Note 13)	**175**	184	76
Accounts payable to the Group's subsidiaries	**295**	1,026	212
Other current liabilities (Note 13)	**364**	216	115
Total liabilities	**1,327**	1,522	485
Total equity	**1,211**	860	1,476
attributable to:			
equity holders of parent	**1,128**	816	1,314
non-controlling interests	**83**	44	162

New CF&I

US$ million	2021	2020	2019
Property, plant and equipment	**$ 400**	$ 228	$ 205
Other non-current assets	**807**	1,022	1,038
Current assets	**258**	149	152
Total assets	**1,465**	1,399	1,395
Deferred income tax liabilities	**19**	17	16
Non-current liabilities	**81**	110	128
Current liabilities	**294**	222	204
Total liabilities	**394**	349	348
Total equity	**1,071**	1,050	1,047
attributable to:			
equity holders of parent	**964**	945	942
non-controlling interests	**107**	105	105

Summarised cash flow information

Raspadskaya

US$ million	2021	2020	2019
Operating activities	**$ 869**	$ 89	$ 386
Investing activities	**(1,121)**	(47)	194
Financing activities	**75**	(56)	(72)

New CF&I

US$ million	2021	2020	2019
Operating activities	**$ (57)**	$ 22	$ 76
Investing activities	**62**	(2)	(70)
Financing activities	**(6)**	(19)	(6)

33. SUBSEQUENT EVENTS

Repurchase of Notes

In January 2022, the Group settled a principal of $46 million under the 5.375% notes due 2023.

Approval of the Demerger

On 11 January 2022, a General Meeting of the Company was held. Approximately 79.41% of EVRAZ plc's shareholders took part in the voting. Almost 100% of the voters approved the demerger of Raspadskaya Group in the form of dividends in specie, the issue of bonus shares and the capital reduction.

Bonus Shares

On 1 February 2022, according to the shareholders' decision taken at the Shareholders' Meeting dated 11 January 2022 in connection with the demerger of Raspadskaya Group, the Company issued 848,188,421 bonus ordinary shares with a par value of $9.66766321843 each at no cost for the shareholders who elected to receive bonus shares. This transaction led to a reclassification between share capital and accumulated profits.

Following the receipt of the UK Court approval on 8 February 2022, the bonus shares were cancelled on the same date. The amount of the cancelled share capital ($8,200 million) became distributable reserves.

Greenleas International Holdings Limited

On 16 February 2022, one of the Group's major shareholders, Greenleas International Holdings Limited (Note 1), which is controlled by Mr Roman Abramovich, transferred all its shares in EVRAZ plc to the direct ownership of Mr Roman Abramovich.

Dividends

On 24 February 2022, the Board of directors of EVRAZ plc declared dividends in the amount of $729.3 million, which represents $0.50 per share.

Political Environment

In recent days the situation with respect to Ukraine has significantly worsened. The future responses of international governments are currently not known. The Board of directors continues to monitor this situation but future actions and policy changes could affect the operations of the Group and the realisation and settlement of its assets and liabilities. The Board's consideration of the impacts of reasonably possible downside scenarios on going concern is detailed in Note 2.

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Canada	Evraz Canada Holding Company Ltd	indirect subsidiary	100.00%	suite 2500, 450 – 1st Street S.W.Calgary, Alberta, T2P 5H1	
Canada	EVRAZ Inc. NA Canada	indirect subsidiary	100.00%	100 Armour Road P.O. Box 1670 Regina, Saskatchewan, S4P 3C7	
Canada	EVRAZ Materials Recycling Inc.	indirect subsidiary	100.00%	100 Armour Road P.O. Box 1670 Regina, Saskatchewan, S4P 3C7	
Canada	EVRAZ Recycling	indirect subsidiary	100.00%	135 Bismarck Street, Springfield, Manitoba, R2C 2Z2	
Canada	EVRAZ Wasco Pipe Protection Corporation	indirect subsidiary	51.00%	181 Bay Street, Suite 2100, Toronto, Ontario, M5J 2T3	
Canada	Genalta Recycling Inc.	joint venture	50.00%	9301 -34th Street Sherwood Park, Alberta, T8H 2T1	
Canada	Kar-basher Manitoba Ltd	joint venture	50.00%	855 -49th Street East Brandon, Manitoba, R7A 7R2	
Canada	King Crusher Inc.	joint venture	50.00%	5857 -12th Street SE Calgary, Alberta, T2H 2G7	
Cyprus	Actionfield Limited	indirect subsidiary	96.30%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Appleglow Limited	indirect subsidiary	93.24%	3 Themistokli Dervi, Julia House, 1066, Nicosia	discontinued operations
Cyprus	East Metals Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Malvero Holdings Limited	indirect subsidiary	-	3 Themistokli Dervi, Julia House, 1066, Nicosia	100% controlled through put option for the purchase of shares
Cyprus	Mastercroft Finance Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Nafkratos Limited	indirect subsidiary	100.00%	Themistokli Dervi, 3, Julia House, P.C. 1066, Nicosia, Cyprus	in process of liquidation
Cyprus	RVK Invest Limited	associate	21.31%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Sinano Shipmanagement Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	in process of liquidation
Cyprus	Steeltrade Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	liquidated
Cyprus	Streamcore Limited	joint venture	50.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Unicroft Limited	indirect subsidiary	100.00%	Leoforos Archiepiskopou Makariou III, 135, EMELLE Building, flat/office 22, 3021, Limassol	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Czech Republic	EVRAZ Nikom, a.s.	indirect subsidiary	100.00%	Mnisek pod Brdy, c. 900, 25210	
Kazakhstan	Evraz Caspian Steel	indirect subsidiary	65.00%	41, ul. Promyshlennaya, Kostanai, 110000	
Kazakhstan	EvrazMetall Kazakhstan	indirect subsidiary	100.00%	office 411; 29, prospekt Jenis, Saryarka district, Nur-Sultan, 010000	
Luxembourg	Evraz Group S.A.	direct subsidiary	100.00%	13, avenue Monterey, L-2163, Luxembourg	
Mexico	EVRAZ NA Mexico	indirect subsidiary	100.00%	Frida Kahlo 195-709, Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, 66269	
Netherlands	ECS Holdings Europe B.V.	indirect subsidiary	65.00%	Hoogoorddreef 15, 1101 BA Amsterdam	
Republic of S.Africa	EVRAZ Highveld Steel and Vanadium Limited	indirect subsidiary	85.11%	Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS eMalahleni (Witbank)	deconsolidated in 2015
Republic of S.Africa	Mapochs Mine (Proprietary) Limited	indirect subsidiary	62.98%	Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS eMalahleni (Witbank)	deconsolidated in 2015
Republic of S.Africa	Mapochs Mine Community Trust	indirect subsidiary	-	Portion 93 of the farm Schoongezicht No.308 JS, eMalahleni	deconsolidated in 2015
Russia	Aktiv-Media	indirect subsidiary	100.00%	office 6; 35, ul. Ordzhonikidze, Novokuznetsk, Kemerovskaya obl., 654007	
Russia	Allegro	joint venture	50.00%	office 2/2, bld.2, ul. Vladislava Tetyukhina, Verhnyaya Salda, Sverdlovskaya obl., 624760	
Russia	ATP Yuzhkuzbassugol	indirect subsidiary	93.24%	20, Silikatnaya, Novokuznetsk, Kemerovskaya obl., 654086	discontinued operations
Russia	AVT-Ural	indirect subsidiary	51.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Blagotvoritelniy fond Evraza - Sibir	indirect subsidiary - non-commercial	-	1, ul. Ploshad Pobedy, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Blagotvoritelniy fond Evraza - Ural	indirect subsidiary - non-commercial	-	office 4, 39, ul. Karl Marks, Nizhny Tagil, Sverdlovskaya obl., 622001	
Russia	Brianskmetallresursy	indirect subsidiary	99.96%	14, ul. Staleliteinaya, Bryansk, 241035	
Russia	Centr kultury i iskusstva NTMK	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Centr podgotovki personala Evraz-Ural	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Centr Servisnykh Resheniy	indirect subsidiary	100.00%	1, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654063	
Russia	Centralnaya Obogatitelnaya Fabrika Abashevskaya	indirect subsidiary	85.87%	12, Tupik Strelochny, Novokuznetsk, Kemerovskaya obl., 654086	discontinued operations
Russia	Centralnaya Obogatitelnaya Fabrika Kuznetskaya	indirect subsidiary	93.24%	16, Shosse Severnoe, Novokuznetsk, Kemerovskaya obl., 654043	discontinued operations
Russia	EVRAZ Consolidated West-Siberian metallurgical Plant	indirect subsidiary	100.00%	16, ul. Shosse Kosmicheskoe, Novokuznetsk, Kemerovskaya obl., 654043	
Russia	EVRAZ Kachkanarsky Ore Mining and Processing Plant	indirect subsidiary	100.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Evraz LLC	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	former EvrazHolding LLC (renamed)
Russia	EVRAZ Market	indirect subsidiary	100.00%	9, ul. Khimicheskaya, Taganrog, Rostovskaya obl., 347913	former EVRAZ Metall Inprom (renamed)
Russia	EVRAZ Nizhny Tagil Metallurgical Plant	direct subsidiary	100.00%	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	EVRAZ Steel Building	indirect subsidiary	78.34%	office 402A, floor 4, 6, bld. 1, 1st Nagatinsky proezd, Moscow, 117105	former Ferro-Building (renamed)
Russia	EVRAZ Steel Box	indirect subsidiary	80.00%	office 417, floor 4, 60B, ul. Dorozhnaya, Moscow, 117405	
Russia	EVRAZ Trade Company	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	former Trade Company EvrazHolding (renamed)
Russia	EVRAZ Uzlovaya	indirect subsidiary	100.00%	4, ul.Entuziastov, kvartal 5 Pyatiletka, Uzlovaya, Tulskaya obl., 301600	
Russia	EVRAZ Vanady Tula	indirect subsidiary	100.00%	1, ul. Przhevalskogo, Tula, 300016	
Russia	EVRAZ Yuzhny Stan	indirect subsidiary	100.00%	8, ul. Naberezhnaya, rabochy poselok Ust-Donetsky, g.p. Ust-Donetskoye, Ust-Donetsky raion, Rostovskaya obl., 346550	
Russia	Evrazenergotrans	indirect subsidiary	50.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	EvrazHolding Finance	indirect subsidiary	100.00%	office 14; 62, ul. Internationalnaya, Kyzyl, Tyva Republic, 667000	
Russia	EvrazService	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Evraztekhnika	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Evraztekhnika IS	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Gurievsky rudnik	indirect subsidiary	100.00%	1, ul. Zhdanova, Gurievsk, Kemerovskaya obl., 652780	
Russia	Industrialnaya Vostochno-Evropeiskaya company	indirect subsidiary	100.00%	floor 5, office 1, 9, ul. Khimicheskaya, Taganrog, Rostovskaya obl., 347913	
Russia	KachkanarEnergoTrans	indirect subsidiary	50.00%	office 115; 2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	Kachkanarskaya teplosnabzhauschaya company	indirect subsidiary	100.00%	17, 8 microraion, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Kulturno-sportivniy centr metallurgov	indirect subsidiary - non-commercial	-	20, Prospect Metallurgov, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Kuznetskpogruztrans	indirect subsidiary	88.11%	18, ul. Promyshlennaya, Novokuznetsk, Kemerovskaya obl., 654029	discontinued operations
Russia	Kuznetskteplosbyt	indirect subsidiary	100.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Magnit	indirect subsidiary	-	4, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Managing Company EVRAZ Mezhdurechensk	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Medsanchast Vanady	indirect subsidiary	100.00%	1, Zeleny Mys district, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Metallenergofinance	indirect subsidiary	100.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Metservice	indirect subsidiary	100.00%	90, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622000	liquidated
Russia	Mezhegeyugol Coal Company	indirect subsidiary	93.24%	62, ul. Internationalnaya, Kyzyl, Tyva Republic, 667000	discontinued operations

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Mine Abashevskaya	indirect subsidiary	93.24%	5, ul. Kavkazskaya, Novokuznetsk, Kemerovskaya obl., 654013	discontinued operations
Russia	Mine Alardinskaya	indirect subsidiary	93.24%	56, ul. Ugolnaya, Malinovka, Kaltan, Kemerovskaya obl., 652831	discontinued operations
Russia	Mine Esaulskaya	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Mine Osinnikovskaya	indirect subsidiary	93.24%	3, ul. Shakhtovaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Mine Uskovskaya	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Mining Metallurgical Company "Timir"	joint venture	51.00%	4, Prospect Geologov, Neryungri, Republic of Saha (Yakutia), 678960	
Russia	Montazhnik Raspadskoy	indirect subsidiary	93.24%	office 408; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Mordovmetallotorg	indirect subsidiary	99.90%	39, Aleksandrovskoe Shosse, Saransk, Respublica Mordovia, 430006	
Russia	MU-Invest	indirect subsidiary	93.24%	4, ul. Belovezhskaya, Moscow, 121353	liquidated
Russia	Nizhny Tagil Telecompany Telecon	indirect subsidiary	-	74, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622034	
Russia	Novokuznetskmetallopttorg	associate	48.51%	16, ul. Chaikinoi, Novokuznetsk, Kemerovskaya obl., 654005	
Russia	Ohothichie hozyaistvo	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Olzherasskoye shakhtoprokhodcheskoye upravlenie	indirect subsidiary	93.24%	office 331; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Osinnikovsky remontno-mekhanichesky zavod	indirect subsidiary	78.72%	1/2, ul. Pervogornaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Promuglepoject	indirect subsidiary	93.24%	4, ul. Nevskogo, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Publishing House IKaR	indirect subsidiary	-	4, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Raspadskaya	direct subsidiary	93.24%	106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Raspadskaya Coal Company	indirect subsidiary	93.24%	office 201; 33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Raspadskaya Preparation Plant	indirect subsidiary	93.24%	office 203; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Raspadskaya-Koksovaya	indirect subsidiary	93.24%	office 424; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Razrez Raspadskiy	indirect subsidiary	93.24%	office 213; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Regional Media Company	indirect subsidiary	-	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Regionalniy Centr podgotovki personala Evraz-Sibir	indirect subsidiary - non-commercial	-	4, ul. Nevskogo, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Rembytcomplex	indirect subsidiary	100.00%	8, 8 microraion, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Sanatoriy-porfilactory Lenevka	indirect subsidiary - non-commercial	-	Nikolopoltavskoye post-office, Lenevka, Prigorodny district, Sverdlovskaya obl., 622911	
Russia	Sfera	indirect subsidiary	100.00%	office 315; 205, ul. 8 Marta, Ekaterinburg, Sverdlovskaya obl., 620085	
Russia	Sibir-VK	joint venture	50.00%	office 302, 37A, ul. Kutuzova, Novokuznetsk, Kemerovskaya obl., 654041	
Russia	Sibmetinvest	indirect subsidiary	100.00%	office 10; 1, 1st km of Rublevo-Uspenskoye shosse, der. Razdory, Odintsovo, Moscow region, 143082	
Russia	Specializirovannoye Shakhtomontazhno-naladochnoye upravlenie	indirect subsidiary	46.29%	28, proezd Zaschitny, Novokuznetsk, Kemerovskaya obl., 654034	discontinued operations, controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	Sportivniy complex Uralets	indirect subsidiary - non-commercial	-	36, Gvardeisky bulvar, Nizhny Tagil, Sverdlovskaya obl., 622005	
Russia	Sportivno-Ozdorovitelny complex Metallurg-Forum	indirect subsidiary - non-commercial	-	office 26; 61, ul. Krasnogvardeiskaya, Nizhny Tagil, Sverdlovskaya obl., 622013	
Russia	Tagilteplosbyt	indirect subsidiary	100.00%	78A, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622059	
Russia	Tomusinskoye pogruzochno-transportnoye upravlenie	indirect subsidiary	54.63%	office 209; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	TV-Most	indirect subsidiary	-	office 164, 31, Moscovsky prospect, Kemerovo, 650065	
Russia	TVN	indirect subsidiary	-	office 16; 35, ul. Ordzhonikidze, Novokuznetsk, Kemerovskaya obl., 654007	
Russia	Uliyanovskmetall	indirect subsidiary	99.37%	20, 11 proezd Inzhenerny, Ulyanovsk, 432072	
Russia	United Coal Company Yuzhkuzbassugol	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Upravlenie po montazhu, demontazhu i remontu gornoshakhtnogo oborudovaniya	indirect subsidiary	93.24%	3, ul. Shakhtovaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Vanady-transport	indirect subsidiary	100.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Vladimirmetallopttorg	indirect subsidiary	95.64%	57, ul. P. Osipenko, Vladimir, 600009	
Russia	Vtorresurs-Pererabotka	joint venture	50.00%	1, korp. 233, pl. Pobed, Novokuznetsk, Kemerovskaya obl., 654006	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Yuzhno-Kuzbasskoye geologorazvedochnoye upravlenie	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	ZAO Irkutsk--Vtorchermet	associate	21.31%	office 212, bld. ZAO Vtorchermet, ul. Severny Promuzel, Irkutsk, 664053	
Russia	ZAO Vtorchermet	associate	21.31%	office 211, bld. ZAO Vtorchermet, ul. Severny promuzel, Irkutsk, 664053	
Russia	Zapadnye Vorota	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Zavod metallurgicheskih reagentov	associate	50.00%	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Switzerland	East Metals A.G.	indirect subsidiary	100.00%	Baarerstrasse 131, 6300 Zug	
Switzerland	East Metals Shipping A.G.	indirect subsidiary	100.00%	Baarerstrasse 131, 6300 Zug	
United Kingdom	EVRAZ North America plc	indirect subsidiary	100.00%	Suite 1, 3rd Floor, 11-12 St James's Square London SW1 4LB	
USA	CF&I Steel LP	indirect subsidiary	90.00%	1612 E Abriendo Pueblo, Colorado, 81004	
USA	Colorado and Wyoming Railway Company	indirect subsidiary	90.00%	2100 S. Freeway Pueblo, Colorado, 81004	
USA	East Metals North America, LLC	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Claymont Steel, Inc.	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Inc. NA	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Trade NA LLC	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	Fremont County Irrigating Ditch Co.	investment	13.50%	113 W. 5th Street Florence, Colorado, 81226	
USA	General Scrap Inc.	indirect subsidiary	100.00%	3101 Valley Street, Minot, North Dakota, 58702	
USA	New CF&I Inc.	indirect subsidiary	90.00%	1612 E Abriendo, Pueblo, Colorado, 81004	
USA	Oregon Ferroalloy Partners	indirect subsidiary	60.00%	14400 Rivergate Blvd. Portland, Oregon, 97203	
USA	Oregon Steel Mills Processing Inc.	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	Palmer North America LLC	indirect subsidiary	90.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	The Union Ditch and Water Co.	indirect subsidiary	57.59%	113 W. 5th Street Florence, Colorado, 81226	

35. SUPPLEMENTARY FINANCIAL INFORMATION ON DEMERGER

The purpose of this supplementary information is to provide users with information that is useful for their decision making that has not been included in the basic financial statements.

The financial information in the table below illustrates what would the Group's consolidated statements of operations look like if EVRAZ plc had not consolidated Raspadskaya Group. In contrast with the statements of operations presented on the face of these consolidated financial statements intra-group transactions with Raspadskaya Group are not eliminated, instead they are treated as transactions with a related party. Unrealised profits or losses of Raspadskaya Group are excluded from the consolidated financial results of EVRAZ plc.

Year ended 31 December 2021

US$ million	**2021**	**2020**	**2019**
Revenue			
Sale of goods	$ 13,244	$ 9,232	$ 11,364
Rendering of services	324	283	379
	13,568	9,515	11,743
Cost of revenue	(8,756)	(6,814)	(9,020)
Gross profit	4,812	2,701	2,723
Selling and distribution costs	(827)	(788)	(867)
General and administrative expenses	(553)	(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	(22)	(313)	(335)
Foreign exchange gains/(losses), net	11	296	(311)
Other operating income	17	19	19
Other operating expenses	(46)	(43)	(42)
Profit from operations	3,355	1,347	634
Interest income	15	9	8
Interest expense	(213)	(322)	(328)
Share of profits/(losses) of joint ventures and associates	14	2	9
Impairment of non-current financial assets	–	–	(56)
Gain/(loss) on financial assets and liabilities, net	(20)	(71)	17
Gain/(loss) on disposal groups classified as held for sale, net	2	1	29
Other non-operating gains/(losses), net	–	14	13
Profit before tax	3,153	980	326
Income tax expense	(872)	(369)	(413)
Net profit	2,281	611	(87)
attributable to:			
equity holders of parent	2,225	618	(109)
non-controlling interests	56	(7)	22
	2,281	611	(87)
Depreciation, depletion and amortisation expense	(404)	(416)	(410)
EBITDA	3,807	1,812	1,707

35. SUPPLEMENTARY FINANCIAL INFORMATION ON DEMERGER (CONTINUED)

The financial information below represents consolidated statements of financial position of EVRAZ plc as if Raspadskaya Group was not consolidated. In contrast with the statements of financial position presented on the face of these consolidated financial statements intra-group balances with Raspadskaya Group are not eliminated, instead they are treated as balances with a related party. In addition, each caption of the consolidated statements of financial position is adjusted to exclude the amounts of Raspadskaya Group. Unrealised profits or losses of Raspadskaya Group are excluded from the consolidated inventory balances and accumulated profits of EVRAZ plc.

	31 December 2021		
US$ million	2021	2020	2019
Non-current assets			
Property, plant and equipment	$ 3,169	$ 2,862	$ 3,229
Goodwill	457	457	594
Receivables from related parties	–	–	1,177
Other non-current assets	499	524	513
	4,125	3,843	5,513
Current assets			
Inventories	1,705	1,031	1,304
Receivables from related parties	95	1,036	281
Accounts receivable and other current assets	934	601	755
Cash and cash equivalents	1,027	1,049	850
	3,761	3,717	3,190
Total assets	7,886	7,560	8,703
Non-current liabilities			
Non-current loans and borrowings	3,440	3,759	4,599
Payables to related parties	–	–	261
Deferred income tax liabilities	219	154	218
Employee benefits	143	198	216
Other non-current liabilities	308	289	280
	4,110	4,400	5,574
Current liabilities			
Current loans and borrowings	101	1,078	140
Payables to related parties	404	212	49
Trade payables and other current liabilities	2,352	1,710	1,822
	2,857	3,000	2,011
Total liabilities	$ 6,967	$ 7,400	$ 7,585
Total equity	919	160	1,118
attributable to:			
equity holders of parent	807	60	1,030
non-controlling interests	112	100	88