

## REVIEW OF OPERATIONS BY SEGMENT

(US\$ MILLION)	STEEL		STEEL, NORTH AMERICA		COAL		OTHER	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	10,188	6,969	2,324	1,779	2,321	1,490	535	410
EBITDA	3,609	1,930	321	(28)	1,292	400	19	15
EBITDA margin	35.4%	27.7%	13.8%	(1.6)%	55.7%	26.8%	3.6%	3.7%
CAPEX	468	401	216	92	228	154	8	10

### Steel segment

#### Sales review

##### Steel segment revenues by product

	2021		2020		CHANGE, %
	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	
Steel products, external sales	8,842	86.8	6,079	87.2	45.5
Semi-finished products <sup>1</sup>	3,779	37.1	2,479	35.6	52.4
Construction products <sup>2</sup>	3,177	31.2	2,013	28.9	57.8
Railway products <sup>3</sup>	1,083	10.6	1,099	15.8	(1.5)
Flat-rolled products <sup>4</sup>	237	2.3	146	2.1	62.3
Other steel products <sup>5</sup>	566	5.6	342	4.9	65.5
Steel products, intersegment sales	28	0.3	37	0.5	(24.3)
Including sales to Steel, North America	8	0.1	26	0.4	(69.2)
Iron ore products	234	2.3	146	2.1	60.3
Vanadium products	515	5.1	349	5.0	47.6
Other revenues	569	5.6	358	5.1	58.9
<b>TOTAL</b>	<b>10,188</b>	<b>100.0</b>	<b>6,969</b>	<b>100.0</b>	<b>46.2</b>

1. Includes billets, slabs, pig iron, pipe blanks and other semi-finished products

2. Includes rebars, wire rods, wire, beams, channels and angles

3. Includes rails, wheels, tyres and other railway products

4. Includes commodity plate and other flat-rolled products

5. Includes rounds, grinding balls, mine uprights and strips, and tubular products

**Sales volumes of Steel segment, thousand tonnes**

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

**Geographic breakdown of external steel product sales, US\$ million**

	2021	2020	CHANGE, %
Russia	4,263	2,962	43.9
Asia	2,627	2,200	19.4
CIS	682	490	39.2
Europe	596	221	n/a
Africa, Americas and rest of the world	674	206	n/a
<b>TOTAL</b>	<b>8,842</b>	<b>6,079</b>	<b>45.5</b>

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

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

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

greater beam sales prices, as well as higher sales prices for channels, primarily on the Russian market.

Revenues from external sales of railway products decreased because of reductions of 8.2% in sales volumes, which was partly offset by a 6.7% increase in sales prices.

The drop in sales volumes was caused mostly by lower sales of rails amid reduced demand in Russia and the CIS.

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

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

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

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

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

## Steel segment cost of revenues

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

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

- The cost of raw materials rose by 55.5%, primarily because of the higher cost of coking coal (up 58.4%) and iron ore (54.3%) amid price increases. Scrap costs climbed by 52.3% because of higher prices for scrap, which was driven by global market trends.
- Service costs rose by 10.4%, primarily driven by higher costs for processing costs of vanadium in slag.
- Transportation costs dropped by 6.6%, primarily because of lower railway tariffs.
- Depreciation costs increased by 9.9%, mainly because of higher depreciation at EVRAZ NTMK after fixed assets were upgraded to improve their technical condition.
- Other costs jumped by 58.8%, largely because of increase in taxes due to export duty on metal products effective from 1 August 2021 and lower cost of goods for resale amid an increase in purchase prices in 2021 compared with 2020.

### Steel segment gross profit

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

## Steel, North America segment

### Sales review

#### Steel, North America segment revenues by product

	2021		2020		CHANGE, %
	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	
Steel products	2,227	95.8	1,684	94.7	32.2
Semi-finished products <sup>2</sup>	10	0.4	109	6.1	(90.8)
Construction products <sup>3</sup>	268	11.5	183	10.3	46.4
Railway products <sup>4</sup>	392	16.9	326	18.3	20.2
Flat-rolled products <sup>5</sup>	900	38.7	323	18.2	178.6
Tubular and other steel products <sup>6</sup>	657	28.3	743	41.8	(11.6)
Other revenues <sup>7</sup>	97	4.2	95	5.6	2.1
<b>TOTAL</b>	<b>2,324</b>	<b>100.0</b>	<b>1,779</b>	<b>100.0</b>	<b>30.6</b>

#### Sales volumes of Steel, North America segment, thousand tonnes

	2021	2020	CHANGE, %
<i>Steel products</i>			
Semi-finished products	-	144	(100.0)
Construction products	268	262	2.3
Railway products	383	404	(5.2)
Flat-rolled products	625	382	63.6
Tubular and other steel products	402	537	(25.1)
<b>TOTAL</b>	<b>1,678</b>	<b>1,729</b>	<b>(2.9)</b>

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

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

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

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

Revenues from flat-rolled products soared by 178.6% amid a 63.6% jump in volumes. This was supported by rapid market

improvement and a 115.0% increase in sales prices as a result of higher third-party demand in 2021 amid the rapid market recovery from the pandemic and limited supply.

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

2. Includes slabs

3. Includes beams and rebars

4. Includes rails and wheels

5. Includes commodity plate, specialty plate and other flat-rolled products

6. Includes large-diameter line pipes, ERW line pipes, seamless and welded OCTG and other steel products

7. Includes scrap and services

## Steel, North America segment cost of revenues

Steel, North America segment cost of revenues					
	2021		2020		CHANGE, %
	US\$ MILLION	% OF SEGMENT REVENUES	US\$ MILLION	% OF SEGMENT REVENUES	
Cost of revenues	1,835	79.0	1,604	90.1	14.4
Raw materials	888	38.2	454	25.5	95.6
Semi-finished products	137	5.9	238	13.4	(42.4)
Auxiliary materials	202	8.7	172	9.7	17.4
Services	135	5.8	145	8.2	(6.9)
Staff costs	240	10.3	240	13.5	-
Depreciation	89	3.8	100	5.6	(11.0)
Energy	119	5.1	90	5.1	32.2
Other <sup>1</sup>	25	1.1	165	9.3	(84.8)

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

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

higher production and prices, which were driven by global market trends.

### Steel, North America segment gross profit

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

## Coal segment

### Sales review

Coal segment revenues by product					
	2021		2020		CHANGE, %
	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	US\$ MILLION	% OF TOTAL SEGMENT REVENUES	
<i>External sales</i>					
Coal products	1,531	65.9	929	62.4	64.8
Coking coal	95	4.1	74	4.9	28.4
Coal concentrate	1,436	61.9	853	57.3	68.3
Steam coal	-	-	2	0.2	(100)
<i>Intersegment sales</i>					
Coal products	762	32.8	536	35.9	42.2
Coking coal	184	7.9	101	6.8	82.2
Coal concentrate	578	24.9	435	29.2	32.9
<i>Other segment revenues</i>	28	1.2	25	1.7	12.0
<b>TOTAL</b>	<b>2,321</b>	<b>100</b>	<b>1,490</b>	<b>100.0</b>	<b>55.8</b>

### Sales volumes of Coal segment, thousand tonnes

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

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

Revenues from external sales of coal products increased amid a 78.8% upswing in prices. This

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

Revenues from internal sales of coal products surged by 42.2%, mainly because of a 53.5% jump in sales prices, which was partly offset

by an 11.3% drop in sales volumes amid a shortage of premium K-grade coal.

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

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

### Coal segment cost of revenues

	2021		2020		CHANGE, %
	US\$ MILLION	% OF SEGMENT REVENUES	US\$ MILLION	% OF SEGMENT REVENUES	
Cost of revenues	919	39.6	1,027	68.9	(10.5)
Auxiliary materials	141	6.1	110	7.4	28.2
Services	65	2.8	53	3.5	22.6
Transportation	286	12.3	294	19.7	(2.7)
Staff costs	226	9.7	200	13.4	13.0
Depreciation	164	7.1	163	10.9	0.6
Energy	46	2.0	43	2.9	7.0
Other <sup>1</sup>	(9)	(0.4)	164	11.0	(105.5)

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

- The cost of auxiliary materials rose by 28.2% amid higher longwall move costs at the Alardinskaya,

Osinnikovskaya, Erunakovskaya and Raspadskaya mines.

- Costs for services climbed by 22.6% due to the high growth of the prices of contractors services in Kuzbass region.
- Staff costs were up because of higher mining volumes accompanied with insourcing new equipment

and resumption of work at Razrez Raspadsky.

### Coal segment gross profit

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

1. Primarily includes goods for resale, certain taxes, changes in work in progress and finished goods, allowance for inventory, raw materials and intersegment unrealised profit