

**Raspadskaya PJSC announces IFRS results for 2022**

**Moscow, 16 March 2023** – PJSC Raspadskaya (MOEX: RASP; “Raspadskaya” or “the Company”) today announces its consolidated IFRS results for 2022.

<b>Financial performance</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>US\$ million</i>			
Revenue	2,842	2,098	744	35
Cost of sales	(1,102)	(807)	(295)	37
<b>Gross profit</b>	<b>1,740</b>	<b>1,291</b>	<b>449</b>	<b>35</b>
Selling and distribution expenses	(542)	(82)	(460)	n/a
General and administrative expenses	(106)	(74)	(32)	43
Social expenses	(7)	(4)	(3)	75
Gain/(loss) on disposal of property, plant and equipment	(8)	(5)	(3)	60
Impairment of assets	(24)	(11)	(13)	n/a
Foreign exchange gains/(losses)	(51)	23	(74)	n/a
Other operating income	9	10	(1)	(10)
Other operating expenses	(11)	(27)	16	(59)
<b>Operating profit</b>	<b>1,000</b>	<b>1,121</b>	<b>(121)</b>	<b>(11)</b>
Interest income	20	2	18	n/a
Interest expense	(22)	(33)	11	(33)
Share of profits in associates	1	-	1	100
<b>Profit before income tax</b>	<b>999</b>	<b>1,090</b>	<b>(92)</b>	<b>(8)</b>
Income tax expense	(217)	(215)	2	1
<b>Profit for the period</b>	<b>782</b>	<b>875</b>	<b>(93)</b>	<b>(11)</b>
<i>Net profit margin</i>	<i>27%</i>	<i>42%</i>		
<b>Earnings per share, cents</b>	<b>117.2</b>	<b>130.8</b>	<b>(14)</b>	<b>(10)</b>
<b>EBIT</b>	<b>1,090</b>	<b>1,118</b>	<b>(28)</b>	<b>(3)</b>
<b>EBITDA</b>	<b>1,295</b>	<b>1,332</b>	<b>(37)</b>	<b>(3)</b>
<b>Capital expenditure (CAPEX)</b>	<b>231</b>	<b>228</b>	<b>3</b>	<b>1</b>
	<b>31 December</b>	<b>31 December</b>		
	<b>2022</b>	<b>2021</b>		
<b>Debt</b>	<b>23</b>	<b>421</b>	<b>(398)</b>	<b>(95)</b>
<b>Cash and cash equivalents</b>	<b>385</b>	<b>400</b>	<b>(15)</b>	<b>(4)</b>

## **EXTERNAL CHALLENGES AND THEIR IMPACT ON THE COMPANY**

- The economic sanctions imposed by the US, the EU and other countries against many Russian state and commercial organisations, including banks, certain economy sectors and individuals, caused Russia's economy to slow down and fenced off from global capital markets.
- Many foreign enterprises announced the suspension of operations in or the termination of deliveries to Russia. The EU and the UK banned imports of certain metal products and coal from Russia.
- The Russian metals and mining sector in general, and the Group in particular, have been adversely affected by international sanctions and are facing difficulties in selling their products globally.
- Export and import restrictions, limited access to international capital markets and technologies, restrictions on cross-border dividend payments and borrowings altogether produce a negative impact on the Group's operations.
- As a result of supply chain disruptions, the Company was forced to create extra stocks of spare parts and materials, which boosted the need for working capital.
- A spike in inflation as in Russia, so abroad and stronger rouble have negatively affected the costs.
- The global macro economic environment remains volatile and its impact on the Group's performance and financial position is currently unpredictable.

## **OUR RESPONSE**

- The management is closely monitoring the economic situation and doing its best to make the operations more resilient.
- The Company is adapting export channels to the ongoing developments to ensure timely revenue inflows by actively tapping into the Indian market and diverting European exports to the Asia-Pacific.
- The Group has moulded a strategy to switch to alternative suppliers, all the necessary deliveries are being carried out.
- The Company is running a cost-cutting programme, while also actively implementing digital technologies to increase efficiency.

## **DIVIDENDS**

- The Board of Directors has decided not to recommend the payment of dividend for 2022.

## OPERATIONAL PERFORMANCE IN 2022

- Due to the change in delivery terms and higher selling prices on coal products, the revenue increased to US\$2,842 million, up US\$744 million from 2021.
- EBITDA came in at US\$1,295 million as compared to US\$1,332 million in 2021.
- Net operating cash flow amounted to US\$915 million as compared to US\$869 million in 2021.
- The Company generated net profit of US\$782 million vs US\$875 million in 2021. Earnings per share totalled US\$117.2 cents.
- Net profit margin declined from 42% in 2021 to 28% in the reporting period.
- The output of raw coking coal of all grades was 21.5 mt in comparison to 22.8 mt in 2021.
- Working capital increased by US\$385 million y-o-y, following changes in the sales chain and an increase of payments processing time for export deliveries.
- Selling and distribution expensed increased by US\$460 million y-o-y due to the start of FOB, CIF and CFR terms deliveries, most part of this increase was also recognised in revenue.
- The cash cost per tonne of concentrate increased by 69% (US\$27) y-o-y to US\$66 per tonne.
- CAPEX amounted to US\$231 million vs US\$228 million in 2021.
- The Company has fully repaid the bank loans which were received in 2021.
- As of 31 December 2022, cash and cash equivalents totalled US\$385 million.

Ilya Shirokobrod, CEO of Raspadskaya Coal Company, commented:

“Last year was one of the most challenging period in the Company’s history. The Group was materially impacted by the increased geopolitical tension, global economic slowdown, weaker demand for coking coal amid a slump in steel production, and increased competition in Russia driven by export restrictions.

However, we demonstrated robust financial results on the back of higher coal prices, with revenue reaching US\$2.8 billion and EBITDA coming in at US\$1.3 billion. In 2022, we paid US\$247 million in dividends, and also used about US\$400 million to pay off debt. At the same time, operational performance in 2022 did not live up to our expectations.

Needless to mention that last year we drafted a new development strategy for the Company and sought to standardise our key production processes as a way to ensure successful growth and higher production volumes amid unprecedented market volatility.

Despite the challenges, we don’t hold back on our commitment to sustainability and ESG principles, so the health and safety of our own and contractor employees remain the Company’s key priority. Even though we have brought our lost-time injury frequency rate (LTIFR) down to 2.76 in the reporting period, our assets have recorded four fatalities, which is unacceptable. Evidently, there is still a room for improvement of safety controls and prevention measures.

In addition to safety enhancement efforts, in 2022 the Company kept working to meet its 2030 environmental targets and develop its ESG strategy.

Despite the robust financial performance, the Board of Directors does not currently consider the payment of dividends for 2022 to be in the best interests of the Company and its shareholders given the persistently high volatility in key sales markets, geopolitical developments, existing restrictions and the Company’s business growth plans.

In 2023, saving the team and ensuring business continuity will remain our top priority. The Company’s management and me personally are focusing on keeping our business resilient, streamlining production, and delivering of our plans to ramp up mining volumes. I am confident that our commitment and teamwork will help us tackle all challenges head-on.”

## **Management discussion and analysis (MD&A) of the financial condition and results of operations for 2022**

*This MD&A should be read in conjunction with the IFRS consolidated financial statements of PJSC Rospadskaya for 2022.*

*This MD&A contain forward-looking statements that involve risks and uncertainties. The actual results may differ materially from those projected in the forward-looking statements due to various factors.*

**Rospadskaya is a group of integrated companies that specialises in coking coal production and sales and has leading positions in the Russian coal market. Our operations are located in the Kemerovo Region (Mezhdurechensk and Novokuznetsky District) and in the Tyva Republic.**

**The Rospadskaya group comprises the following assets: Rospadskaya, Rospadskaya-Koksovaya, Uskovskaya, Erunakovskaya-VIII, Alardinskaya, Osinnikovskaya, Yesaulskaya and Mezhegeyugol mines, Rospadsky and Koksovy open pits, three coal washing plants, several production and transportation companies, and RUK, trading and management company.**

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## Mineral reserves and resources

Raspadskaya reserves include 1.8 billion tonnes of premium semi-hard Zh- and GZh-grade coking coal and hard coking coal of K, KO and OS grades. The Company has a reserves-to-production ratio of over 90 years.

In 2021, Raspadskaya had its reserves audited in accordance with the JORC Code. The audit was conducted by IMC Montan as of 1 July 2021.

The table below shows Raspadskaya's JORC reserves of coking coal as of 31 December 2022.

### *Mezhdurechensk site*

<b>Mine</b>	<b>Proven and probable</b>
	<i>mt</i>
Raspadskaya (including MUK-96's reserves planned for development)	901
Raspadskaya-Koksovaya	144
Raspadsky open pit	92
Koksovy open pit	21
<b>Total</b>	<b>1,158</b>

### *Novokuznetsk site*

<b>Mine</b>	<b>Proven and probable</b>
	<i>mt</i>
Uskovskaya	180
Alardinskaya	124
Erunakovskaya-VIII	111
Osinnikovskaya	69
Tomsky-Yuzhny open pit	54
Yesaulskaya	7
<b>Total</b>	<b>546</b>

### *Tyva site*

<b>Mine</b>	<b>Proven and probable</b>
	<i>mt</i>
Mezhegeyugol	86
<b>Total</b>	<b>86</b>

In 2022, the Company produced 21.5 million tonnes of coking coal.

## **Key factors and risks affecting our business**

### ***Global economic and geopolitical factors, industry conditions and cost effectiveness***

With a prevailing share of fixed costs in its operations, Raspadskaya is exposed to various risks and is heavily dependent on the global geopolitical and macro environment as well as economic conditions which significantly affect sales prices and volumes. Risk mitigation is a key element of the Company's strategy and day-to-day activities.

The geopolitical events of 2022 and the ensuing international sanctions imposed against Russia have exacerbated the risks and created new predicaments for the Company

Trading in the shares of EVRAZ plc, the Company's major shareholder, was suspended on the London Stock Exchange, the UK imposed sanctions on EVRAZ plc, and some countries banned the imports of the EVRAZ group products. The planned demerger of EVRAZ's coal assets consolidated by PJSC Raspadskaya had to be cancelled due to technical infeasibility.

The Company is responding to international restrictions and Russia's retaliatory measures by doing everything possible to minimise the negative impact of these developments on its operations. The present situation is hard to predict and poses substantial economic risks to the Company's future sales prices and volumes.

The heightened risks the Group faces due to geopolitics and actions of national governments include termination or suspension of business with suppliers and customers, disrupted/overloaded logistics chains, inaccessibility or higher costs of some materials and equipment, shipping insurance difficulties, currency volatility, and financial market restrictions. A stronger Russian rouble, weaker demand for our products and increased competition in traditional markets have also created additional uncertainty.

The Company also faces a number of market risks related to foreign-exchange payments, lack of ships willing to go to Russian ports, which increases freight costs, as well as consumers potentially refusing to buy Russian coal, including the Group's coal products.

All necessary efforts are being made by the management to ensure business stability and efficiency amid the deteriorating economic backdrop, external pressures, and a rapidly changing operating environment.

Raspadskaya has a programme in place aimed to minimise costs and increase cost efficiency. We are actively cutting costs to sharpen our competitive edge. We are also increasingly digitalising our production processes to boost their efficiency. Considering the current macro landscape and crises in the Company's markets, we have had to adjust the deadlines of our investment projects related to Raspadskaya development.

Despite the current challenges, we remain committed to the sustainable development of our business.

### ***Health, safety and environmental (HSE) issues***

To prevent catastrophic risks across our operations, we are constantly implementing initiatives to introduce advanced technologies and equipment and develop software for automated data analysis and remote monitoring of critical safety parameters.

Corporate initiatives to improve safety in coal mines focus on ventilation, gas drainage and monitoring, spontaneous combustion and dynamic phenomena prevention, dust explosion proofing and emergency shutdowns. Progress is reviewed at regular meetings of the Board of Directors' dedicated committee and monthly committee meetings involving senior management.

To improve gas monitoring, the Company is introducing digital methane sensors equipped with gyroscopes pinpointing the exact location of methane concentrations within the mine. The Group has made significant progress in providing atmospheric safety workers with lights featuring video cameras to enhance video surveillance capabilities in mines. Furthermore, we have implemented dedicated software for underground smartphones by installing applications enabling the real-time transfer of gas dynamics forecasts to the responsible manager and dispatcher.

As part of the programme to prevent spontaneous coal combustion, continuous real-time atmospheric monitoring has been implemented in the risk zones of active and mined-out longwalls. To this end, all mines have been supplied with air monitoring stations. Each longwall on a rockbed subject to spontaneous combustion is equipped with a nitrogen plant to supply gaseous nitrogen into the risk zone of these longwalls from the surface through boreholes to reduce the oxygen content.

An IT programme has been developed and implemented to automatically monitor the irrigation performance of explosion suppression sprinklers installed on roadheaders and shearers.

The Company is actively using digital technologies to upgrade the existing work permit system. By introducing the Digital Work Permits solution, we have improved the quality of issued work permits, reduced execution and approval times, and enhanced employee responsibility.

The Group continues to implement comprehensive assessment of industrial safety based on a scoring system for key safety processes and critical risks. This approach enables us to identify areas for improvement and take relevant corrective action.

To ensure the safety of open-pit vehicles, we are running a dedicated programme called SOWA, which provides video surveillance and analytical capabilities to prevent unsafe driving behaviour. In 2022, 43 open-pit vehicles were equipped with such capabilities.

As a way to reduce the number of workplace injuries, each month the Company distributes personal protective items (PPE) to its employees through vending machines, and provides them with skin protecting and regenerating creams available through a dispenser system. In the reporting period, we introduced a new PPE item for our underground workers – protective impact resistant gloves made of leather.

Based on the injury data analysis, the Company has prepared and is implementing programmes to train staff and develop their safety culture. In 2022, LTIFR declined to 2.76 (from 2.99 in 2021) driven by such projects as Risk Management and Improving Safety Culture, in addition to several digitalisation projects.

In the reporting period, we continued to implement measures aimed at meeting our environmental targets set for 2030, namely a 75% reduction in methane emissions from gas drainage and a 1.5x cut in dust emissions from coal transportation and storage. A total of 13.2 thousand tonnes of methane, or 10%, of drained methane was flared.

The Group is also progressing with its dust suppression efforts at coal depots: in 2022, we bought and installed six dust suppression units.

### ***Potential government action***

Raspadskaya operates in Russia, and there is a risk that the national government or its agencies may adopt new laws and regulations or impose duties that may affect the Company's operations. New laws, regulations, temporary restrictions or other requirements may impact the Company's activities, i.e. limit its ability to raise funds in international markets, sell products or purchase equipment.

Compliance with regulatory requirements is continuously monitored, regulatory changes are tracked, and control procedures are developed as necessary.

### ***Financial risks***

In its activities, the Company faces various financial risks, including foreign exchange, liquidity, credit access and tax compliance risks.

#### ***Foreign-exchange and interest rate risks***

Fluctuations in currency exchange and interest rates may negatively affect the Company's financials. In 2022, Raspadskaya made an early repayment of its large loans denominated in US dollars.

#### ***Liquidity risks***

The liquidity risk relates directly to the Company's cash flow. It arises if the Company is unable to fulfil its payment obligations in a timely manner. This risk is often related to inflation, foreign-exchange and interest rate risks. For effective liquidity risk management, the Company needs to maintain sufficient cash and cash equivalents and be able to quickly raise financing through existing credit facilities.

In the current environment, foreign banks refuse to issue letters of credit or provide trade financing to Russian companies, so Raspadskaya has to divert (freeze) significant working capital funds on a prolonged basis and faces increased liquidity risks.

Additionally, Russian and foreign banks follow stringent compliance procedures to minimise their own risks of being targeted with secondary sanctions and severed from the global financial system. That is why banks may block any transactions they view as potentially suspicious even in absence of reasonable grounds. To make sure the transaction is not toxic, banks may request an unlimited number of documents and information. All this forces the Company to divert funds away from other working capital needs on a prolonged basis and heightens liquidity risks.

### Credit risks

These are risks of an increase in overdue receivables under coal supply contracts with Russian and foreign counterparties. They are closely linked with liquidity risks. Higher exposure to credit risks is due to an extended payment compliance procedure for coking coal products in banks, as well as financial restrictions related to issuing letters of credit.

Risk mitigation measures include:

- for internal customers – factoring arrangements;
- for external customers – maintaining a dialogue with the regulators in the Asia-Pacific capital markets to use letters of credit issued by banks of exporting countries as a guarantee of timely payments;
- including prepayment as a preferred payment option in supply contracts (if possible).

### Other financial risks

As a result of the restrictions imposed on Russia and a growing economic uncertainty, including greater volatility in capital markets, fluctuations in the Russian rouble exchange rate, reduced foreign and domestic direct investment and a significant decrease in the availability of debt capital sources, Russia may impose temporary restrictive measures to protect its economy and financial stability. Such measures may include restrictions on using foreign currency denominated export revenue and those related to capital flows, including transactions with non-residents, debt payments and other actions. The long-term effects of such international and domestic restrictions, as well as the threat of new restrictions, are difficult to predict.

In addition, sharp growth in inflation and a volatile rouble may adversely affect the Company's operating costs and free cash flow. This risk is managed by programmes to optimise net working capital, CAPEX and costs. The Company is assessing the impact of these market changes on its financial position and results and future cash flows.

Supply chain disruptions have created the need to expand the inventory of spare parts and materials, which requires additional working capital.

### ***Business disruptions***

Prolonged downtime or production delays may have a material adverse effect on Raspadskaya's operating performance, financial standing, and business prospects. In addition, long-term business disruptions may result in a loss of customers and competitive advantages, as well as damage to the Company's reputation.

To mitigate such risks, Raspadskaya implements and regularly reviews and improves measures to ensure its continuous operation. These include rolling out methane monitoring and drainage systems, enhancing geodynamic monitoring, ensuring uninterrupted power supply and timely maintenance and repairs of mining equipment, providing enough human and material resources to develop the reserves, ensuring safety in mines, and continuously improving employees' safety culture. The causes of disruptions are thoroughly analysed to develop and implement remedial and preventive measures. Records of minor disruptions are regularly reviewed to identify potentially more significant issues.

### ***Risks related to information security, IT system availability, and efficient use of information technology***

Failure to actively use IT capabilities to improve business process efficiency may lead to a loss of competitive advantages and profit.

Risks related to IT systems and information security may also potentially affect production activities and industrial safety.

Part of the IT strategy, digital transformation aims to enhance the efficiency of procedures in the Company and reduce the risks of inefficient use of IT capabilities. To reduce information security risks, they regularly undergo external and internal assessments, with response measures developed and their implementation monitored. The most critical IT systems are tested on an ongoing basis, employees are trained in information security, and effective remote work arrangements for office employees are in place. The Company works to proactively identify and eliminate vulnerabilities that may result in financial losses, downtime, and safety and other risks.

Management is continuously developing and implementing additional measures aimed at minimising IT risks. We continue to enhance operating efficiency, including through the use of digital tools and mobile applications to monitor operations online.

As an energy company, we comply with Federal Law No. 187 On the Security of Critical Information Infrastructure of the Russian Federation dated 27 June 2017.

The Company regularly holds cyber security drills to test preparedness for both unauthorised entry into its facilities and attacks on its IT infrastructure. The existing IT solutions undergo vulnerability testing. Following drills and testing, the Company develops mitigation plans.

Given the current geopolitical situation, maintenance and support of Rapsadskaya's existing information systems may be disrupted. The Company has been exploring alternative sources for purchasing and maintaining IT systems. At present, it is difficult to assess the impact of these restrictions on the Company's production activities and safety.

### ***Logistic risks***

Limitation of the volume of rail transportation to the Far East, railway tariffs as well as transshipment and freight costs have a significant impact on the competitiveness of Russian coal exports. In case of a substantial increase in coal logistic costs, exports may become unprofitable, which will lead to a decrease in production.

Due to sanctions and related potential risks to ship owners, fewer vessels are now ready to enter Russian ports. Coupled with reluctance of insurance companies to bear costs that may arise in connection with services to ship owners, this hinders Russian coal exports.

Besides, as Russia has no bulker fleet of its own, there is a risk that coal exporters will have limited opportunities to ship their products from Russian ports in case of restrictions on the part of ship owning countries.

### ***Other risks***

To minimise the risk of adverse developments related to COVID-19, the Company has developed a set of measures to reduce infection rates and quickly identify and isolate affected employees. All of the necessary equipment and materials were bought, and new rules and processes were introduced. Despite the fact that Russia has lifted pandemic-related restrictions, our office employees continue to work partly remotely to reduce the risk of contracting the virus.

The Company's management continues to monitor and evaluate risks and factors not cited above that may affect our performance. These include corruption risks and risks related to the availability of sufficiently qualified personnel and ability to maintain consistent product quality.

### ***Exchange rates***

When reviewing this MD&A, it is important to consider fluctuations in the exchange rates of foreign currencies to RUB. Rapsadskaya's performance may be significantly affected by these. The Company's functional currency is the Russian rouble, and its assets, liabilities, revenue and expenses are denominated mostly in roubles, while the reporting currency is the US dollar.

The table below shows some exchange rates used to prepare Rapsadskaya's consolidated financial information.

	<b>2022</b>	<b>2021</b>	<b>Change, %</b>
Average exchange rate, RUB/US\$	68.5494	73.6541	(7)
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>Change, %</b>
Exchange rate, RUB/US\$	70.3375	74.2926	(5)

### ***Production capacity***

The production capacity of Rapsadskaya mines sets an upper limit for production and, consequently, sales volumes. Many factors influence the Company's production capacity, including equipment productivity and mining conditions.

Rapsadskaya business depends on its ability to maintain a stable production level. The availability and preparation of mineral reserves, quality of maintenance performed on mining equipment and facilities as a whole, and the provision of safe working conditions significantly affect the Company's performance.

## ***Coking coal supply and demand***

Raspadskaya operating and financial results are highly dependent on the balance of coking coal supply and demand in the domestic and international markets. This balance determines coking coal prices, affects sales volumes, and is largely driven by fluctuations in steel and coke production volumes, changes in coal production capacities and factors that depend on domestic and global economic conditions.

The Company's end customers are large domestic and foreign steel and coke producers, which means that Raspadskaya's sales are influenced by Russian and international markets for ferrous metals. Domestic sales remain our priority.

The supply and demand balance has been affected by such factors as Indonesia's ban on coal exports introduced in January 2022, unfavourable weather conditions in Indonesia and Australia, global geopolitical tensions, supply chain disruptions, high natural gas and lower steel prices, and pandemic-related restrictions in China.

The activities of our competitors impact the market balance on the supply side.

Raspadskaya intends to remain competitive primarily by implementing cost cutting programmes, maintaining an optimal price to quality ratio, concluding long-term contracts and developing its relations with existing and prospective customers.

## ***Coking coal selling prices***

Both domestic and export prices for coking coal have a material impact on Raspadskaya's revenue and therefore its financial results.

Coking coal is sold either under long-term contracts or on spot markets. Coal prices depend on the product's widely varying coking characteristics. The Company's export prices are in line with regional market trends.

Raspadskaya's contract prices are set in Russian roubles for domestic sales and US dollars and Chinese renminbi for export sales.

In 2022, the Company supplied coking coal products to its main Russian customers under long-term contracts.

Our export prices in 2022 depended on international quarterly and spot benchmarks for hard and semi-soft coking coal with appropriate premiums or discounts applied.

Shipments within Russia were either FCA or CPT, while exports were FCA, FOB, CFR or DAP. Except for FCA shipments, transportation and other related costs are included in the contract price.

## **Sales volumes**

The table below shows a breakdown of the Company's coking coal concentrate and raw coking coal sales by market.

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>'000 tonnes</i>			
<b>Coking coal concentrate, Russia</b>	<b>5,739</b>	<b>7,055</b>	<b>(1,316)</b>	<b>(19)</b>
<i>Including EVRAZ</i>	<i>3,851</i>	<i>3,966</i>	<i>(145)</i>	<i>(4)</i>
<b>Coking coal concentrate, export</b>	<b>6,697</b>	<b>7,418</b>	<b>(721)</b>	<b>(10)</b>
Europe	344	1,461	(1,117)	(76)
Asia-Pacific	6,353	5,957	396	7
<b>Coking coal concentrate, total</b>	<b>12,436</b>	<b>14,473</b>	<b>(2,036)</b>	<b>(14)</b>
Raw coking coal, Russia	1,762	2,353	(591)	(25)
<i>Including EVRAZ</i>	<i>1,720</i>	<i>2,172</i>	<i>(452)</i>	<i>(21)</i>
Raw coking coal, export	65	131	(66)	(50)
<b>Coking coal concentrate and raw coking coal</b>	<b>14,263</b>	<b>16,957</b>	<b>(2,694)</b>	<b>(16)</b>

In 2022, overall coal product sales declined by 16% y-o-y to 14.3 million tonnes. The 2.7 million tonnes decrease was mainly due to lower coking coal concentrate sales, which shed 2.0 million tonnes as Russian coal supplies to Europe were banned, amid logistics restrictions in the Far East and demand from Russia's metals industry weakened due to geopolitical turmoil. Lower output of the KS grade raw coking coal in the reporting period put additional downward pressure on the sales.

Coking coal concentrate sales in Russia totalled 5.7 million tonnes in the reporting period, down 19% y-o-y mainly due to lower shipments outside EVRAZ.

Exports accounted for 54%, or 6.7 million tonnes, of total concentrate sales. In 2022, shipments to Europe dropped dramatically by 74% y-o-y following restrictions on Russian coal imports, while sales to the Asia-Pacific added 7% y-o-y.

The share of coal products shipped to EVRAZ was 39% of total coal sales. Rapsadskaya sells coal to EVRAZ companies on an arm's length at market related pricing, including coal grade discounts or premiums.

## Revenue

The table below shows a breakdown of the Company's revenue.

	2022	2021	Change	Change, %
	<i>US\$ million</i>			
Coking coal concentrate, Russia	1,064	936	128	14
Coking coal concentrate, export	1,005	844	161	19
	<b>2,069</b>	<b>1,780</b>	<b>289</b>	<b>16</b>
Raw coking coal, Russia <sup>(1)</sup>	229	202	27	13
Raw coking coal, export <sup>(1)</sup>	13	12	1	8
	<b>2,311</b>	<b>1,994</b>	<b>317</b>	<b>16</b>
Transportation costs in the selling price <sup>(2)</sup>	501	74	427	n/a
Sales of other goods	23	24	(1)	(4)
Rendering of services	7	6	1	17
<b>Revenue</b>	<b>2,842</b>	<b>2,098</b>	<b>744</b>	<b>35</b>

(1) Excluding sales of associated coal of 183 thousand tonnes in 2022 and 327 thousand tonnes in 2021.

(2) Consists of railway costs, handling and other services in ports, chartering and freight forwarding services included in the selling price of the Company's coking coal concentrate shipped on delivery terms other than FCA.

In 2022, revenue from coal products rebased to common delivery terms (FCA) increased by US\$317 million, or 16%, y-o-y thanks to a growth in prices (FCA) of 35% on average.

Transportation costs in the selling price increased by US\$427 million y-o-y due to the start of FOB, CIF and CFR deliveries, which were absent a year ago.

Amid higher revenue from coal products (FCA), total revenue increased by US\$744 million in 2022 vs 2021.

## Production volumes

The Company's production volumes depend on capacity and demand.

The table below shows the Company's coal product output.

	2022	2021	Change	Change, %
	<i>thousand tonnes</i>			
Raw coking coal mining	21,505	22,821	(1,315)	(6)
Raw coking coal washing	18,322	19,564	(1,242)	(6)
Coking coal concentrate production	12,788	14,447	(1,659)	(11)
Concentrate yield	69.8%	73.8%		

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>thousand tonnes</i>			
Raspadskaya mine (GZh)	4,579	4,618	(39)	(1)
Raspadsky open pit (GZh, GZhO)	4,762	3,168	1,594	50
Raspadsky open pit (oxidised)	60	70	(10)	(14)
Raspadskaya-Koksovaya mine (K)	1,027	1,097	(70)	(6)
Koksovy open pit (OS, KS)	1,891	1,521	370	24
Koksovy open pit (oxidised)	76	56	20	36
Alardinskaya mine (KS)	1,698	3,232	(1,534)	(47)
Osinnikovskaya mine (Zh)	1,169	1,382	(213)	(15)
Erunakovskaya-VIII mine (Zh)	1,659	2,305	(646)	(28)
Yesaulskaya mine (GZh)	1,488	2,532	(1,044)	(41)
Uskovskaya mine (GZh)	2,538	2,840	(302)	(11)
Mezhegyugol mine (2Zh)	558	-	558	100
<b>Total</b>	<b>21,505</b>	<b>22,821</b>	<b>(1,316)</b>	<b>(6)</b>

In 2022, the Company's total output of raw coking coal decreased by 1.3 million tonnes y-o-y to 21.5 million tonnes due to six reinstallations as compared to four in 2021. The Company also had to limit operations at the Osinnikovskaya, Erunakovskaya-VIII and Alardinskaya mines due to mining in areas with increased methane release and in areas with weak and unstable rock.

The output at the Raspadskaya and Raspadskaya-Koksovaya mines remained flat y-o-y, while the Raspadsky and Koksovy open pits showed insignificant production growth due to the engagement of additional open-pit machinery (both contractors' and our own). In the reporting period, the Company also relaunched the Mezhegyugol mine. At present, we are taking steps to stabilise mines and reach target capacity.

In 2022, concentrate yield dropped by 4% y-o-y to 69.8% due to an increase in ash content at the Alardinskaya, Erunakovskaya-VIII, Osinnikovskaya and Yesaulskaya mines as well as the Raspadsky and Koksovy open pits.

### Cost of production and sales

Output is key for the Company's competitiveness in terms of cost of sales, as a substantial part of costs is fixed, which is typical for the mining industry.

The table below shows cash costs for coal concentrate.

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>US\$</i>			
Cash cost per tonne of concentrate <sup>(1)</sup>	66	39	27	69

(1) Based on management accounts

In 2022, cash cost per tonne of concentrate increased by 69%, or US\$27, y-o-y. This was largely driven by more expensive materials and services, a 6% decrease in mining output, a 4% lower concentrate yield at washing plants, a programme to offset lower-than-planned stripping volumes at the Raspadsky open pit, fluctuations in the US\$/RUB exchange rate, and a new calculation methodology for mineral extraction tax effective from 2022.

The table below shows a breakdown of the Company's cost of production and sales.

	2022		2021		Change	Change, %
	Amount	Share	Amount	Share		
	<i>US\$ million</i>					
Payroll and mandatory employee insurance	314	31%	226	31%	88	39
Taxes	75	7%	21	3%	54	n/a
Materials	238	24%	145	20%	93	64
Electricity	55	5%	46	6%	9	20
Other expenses	118	0%	75	10%	43	57
<b>Cash cost of production</b>	<b>800</b>	<b>79%</b>	<b>513</b>	<b>71%</b>	<b>287</b>	<b>56</b>
Depreciation	160	16%	139	19%	21	15
Depletion of mining assets	52	5%	68	9%	(16)	(24)
<b>Cost of production</b>	<b>1,012</b>	<b>100%</b>	<b>720</b>	<b>100%</b>	<b>292</b>	<b>41</b>
Transportation expenses	159		97		62	64
Cost of goods resold	13		6		7	n/a
Changes in work in progress and finished goods	(83)		(16)		(67)	n/a
<b>Cost of sales</b>	<b>1,102</b>		<b>807</b>		<b>295</b>	<b>37</b>

#### *Payroll and mandatory employee insurance*

The most sizeable item in the cost of production, payroll and mandatory employee insurance amounted to 31% in 2022, flat y-o-y.

The table below shows the Company's staff costs and headcount.

	2022	2021	Change	Change, %
	<i>US\$ million</i>			
Payroll recorded within the cost of production	314	226	88	39
Payroll recorded within general and administrative expenses	63	40	23	58
Payroll recorded within other operating expenses	1	2	(1)	(50)
<b>Total payroll</b>	<b>378</b>	<b>268</b>	<b>110</b>	<b>41</b>
<b>Average headcount</b>	<b>16,665</b>	<b>15,767</b>	<b>898</b>	<b>4</b>

In 2022, the average headcount increased by 4%, or 898 people, y-o-y. This was mainly attributable to putting into operation some in-house machinery to replace a contractor at the Koksovy open pit and re-launching the Mezhegeyugol mine. In January 2022, the Company increased salaries for all employees by 8.39% as part of indexation. Higher payroll recorded within the cost of production was due to an increased headcount and pay rises for certain shortage occupations to match peer levels. Higher payroll recorded within general and administrative expenses resulted from changes in the staff list.

### ***Taxes***

In 2022, taxes increased significantly by US\$54 million y-o-y mainly due to a higher mineral extraction tax arising from a new calculation methodology effective from January 2022.

### ***Materials and electricity***

In 2022, the cost of materials rose by US\$93 million y-o-y due to higher prices as well as a programme to offset lower-than-planned stripping volumes and increase in output at the Raspadsky and Koksovy open pits (higher consumption of fuels and lubricants, explosives and tyres for open-pit machinery).

Electricity costs in 2022 were up 11% y-o-y (excluding the effect of the US\$ exchange rate) due to higher tariffs, while electricity consumption fell by 2% y-o-y as a result of less active underground mining.

### ***Depreciation and depletion of mining assets***

In 2022, depreciation of mining assets increased by 7% y-o-y (excluding the effect of the US\$ exchange rate) mainly due to putting into operation new machinery at the Koksovy open pit and Raspadskaya-Koksovaya mine. Depletion of mining assets decreased by US\$16 million y-o-y mainly as a result of less active underground mining.

### ***Transportation expenses***

Transportation expenses include internal road freightage and coal transportation to the Raspadskaya, Abashevskaya and Kuznetskaya washing plants by both rail and road, as well as rock transportation to waste dumps at the Raspadsky and Koksovy open pits.

In 2022, transportation expenses were up US\$62 million driven by higher prices for road transportation and an increase in mining and stripping by 2 mt, or 41%, and 25 million m<sup>3</sup>, or 52%, respectively, at the Raspadsky and Koksovy open pits, as well as resumption of operations at the Mezhegeyugol mine.

### ***Cost of goods resold***

In 2022, the cost of goods resold grew by US\$7 million y-o-y due to an increase in demand and prices for fuels and lubricants resold by the Raspadsky and Koksovy open pits to contractors.

### ***Changes in work in progress and finished goods***

Changes in work in progress and finished goods in 2022 were caused by higher inventories of raw coking coal at the Raspadsky open pit (due to lower domestic demand and logistic constraints associated with supplies to the Far East) and the Uskovskaya mine (ahead of the reinstallation scheduled for early 2023), as well as the build-up of finished goods inventories at ports as a result of new coal export patterns.

### ***Other expenses***

The key item is industrial services. In 2022, other expenses grew by US\$43 million y-o-y due to spiking inflation, resumption of operations at the Mezhegeyugol mine, engaging additional contractors' open-pit machinery at the Raspadsky open pit, and increase in the number of reinstallations in mines (from four in 2021 to six in 2022).

## Other income and expenses

### *Selling and distribution expenses*

Selling and distribution expenses are mainly the cost of CPT, DAP, FOB, CIF and CFR deliveries, which we include in coal product revenue. In 2022, selling and distribution expenses amounted to US\$542 million as compared to US\$82 million in 2021. The US\$460 million increase was caused by the start of FOB, CIF and CFR deliveries in the reporting year.

### *General and administrative expenses*

The table below shows a breakdown of the Company's general and administrative expenses.

	2022		2021		Change	Change, %
	Amount	Share	Amount	Share		
	<i>US\$ million</i>					
Payroll and mandatory employee insurance	63	59%	40	54%	23	58
Taxes	3	3%	1	1%	2	n/a
Materials	3	3%	2	3%	1	50
Depreciation and depletion	4	4%	3	4%	1	33
Other expenses	33	31%	28	38%	5	18
	<b>106</b>	<b>100%</b>	<b>74</b>	<b>100%</b>	<b>32</b>	<b>43</b>

In 2022, general and administrative expenses were up US\$32 million to a total of US\$106 million mainly driven by changes in the headcount and higher payroll expenses. Other expenses increased due to EVRAZ's higher advisory fees in 2022.

### *Impairment of assets*

The Company revalued its site restoration provisions for the closed MUK-96, Tomskaya and Kusheyakovskaya mines, as well as the Abashevskaya mine (designated as held for sale as of 31 December 2022) due to an expected rise in inflation. The revaluation totalled US\$13 million. In addition, the reporting period saw a US\$7 million impairment associated with the Ulyanovskaya-Severnaya mine as a result of its removal from the mining plan and a US\$4 million impairment of functionally obsolete property, plant and equipment.

### *Foreign exchange gains/(losses)*

Foreign exchange gains/(losses) arise from revaluation of assets and liabilities denominated in foreign currencies (primarily US dollars), as well as from purchase and sale of foreign currencies.

In 2022, foreign exchange losses amounted to US\$51 million, including US\$84 million from revaluation of cash, US\$(71) million from loans, US\$24 million from receivables, US\$16 million from payables and US\$(2) million for acquired property, plant and equipment.

### *Other operating income and expenses*

Other operating income and expenses consist of non-recurring income and expenses.

### ***Interest expense***

In 2022, interest expense was US\$22 million, including US\$6 million on loans from Sberbank and Alfa-Bank, US\$9 million from unwinding a discount on the site restoration provision, US\$3 million under finance leases, US\$3 million to meet pension liabilities and US\$0.5 million of factoring fee.

### ***Income tax***

In 2022, income tax amounted to US\$217 million, including US\$224 million of current tax, US\$8 million of income tax adjustments for prior years and a change in deferred tax of US\$(15) million.

### **EBITDA**

The table below shows the Company's EBITDA.

	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>US\$ million</i>			
<b>Profit for the period</b>	<b>782</b>	<b>875</b>	<b>(93)</b>	<b>11</b>
<i>Adjusted for:</i>				
Social expenses	7	4	3	75
Foreign exchange gains/(losses)	51	(23)	74	n/a
Interest income	(20)	(2)	(18)	n/a
Interest expense	22	33	(11)	(33)
Share of profit of associates	(1)	-	(1)	100
(Gain)/loss on disposal of property, plant and equipment	8	5	3	60
Impairment of assets	24	11	13	n/a
Income tax	217	215	2	1
<b>EBIT</b>	<b>1,090</b>	<b>1,118</b>	<b>(28)</b>	<b>(3)</b>
<i>Adjusted for:</i>				
Depreciation and depletion of mining assets	205	214	(9)	(4)
<b>EBITDA</b>	<b>1,295</b>	<b>1,332</b>	<b>(37)</b>	<b>(3)</b>

### **Debt**

The table below shows the Company's debt.

	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>Change</b>	<b>Change, %</b>
	<i>US\$ million</i>			
Long-term bank loans	-	400	(400)	(100)
Finance lease liabilities, non-current	16	15	1	7
Finance lease liabilities, current	7	6	1	17
<b>Debt</b>	<b>23</b>	<b>421</b>	<b>(400)</b>	<b>(95)</b>
<i>Less:</i>				
Cash and cash equivalents	(385)	(400)	15	(4)
<b>Net debt</b>	<b>(362)</b>	<b>21</b>	<b>(383)</b>	<b>n/a</b>

In 2021, the Company received loans of US\$200 million each from Alfa-Bank and Sberbank, which it fully repaid in 2022.

## Liquidity

The Company's primary source of liquidity is cash from operating activities. The table below summarises the Company's cash flow statement.

	2022	2021	Change	Change, %
	<i>US\$ million</i>			
<b>Cash and cash equivalents at the beginning of the period</b>	<b>400</b>	<b>578</b>	<b>(178)</b>	<b>(31)</b>
Cash from operating activities	915	869	46	5
Purchases of property, plant and equipment	(231)	(218)	(13)	6
Proceeds from disposal of property, plant and equipment	1	-	1	100
Loans issued*	(100)	(100)	-	-
Loans repaid*	45	100	(55)	(55)
Interest on short-term deposits	16	1	15	n/a
Proceeds from sale of subsidiaries less transaction expenses	7	-	7	100
Share buyback	-	(38)	38	(100)
Dividend payments from the parent to shareholders	(247)	(266)	19	(7)
Acquisition of subsidiaries	-	(906)	906	(100)
Proceeds from bank loans	-	400	(400)	(100)
Repayment of bank loans	(406)	(8)	(398)	n/a
Purchases of property, plant and equipment on deferred terms	-	(10)	10	(100)
Payments under finance leases, including interest	(11)	(2)	(9)	n/a
Other financing activities	2	-	2	100
Effect of exchange rate changes on cash and cash equivalents	(6)	-	(6)	100
<b>Cash and cash equivalents at the end of the period</b>	<b>385</b>	<b>400</b>	<b>(15)</b>	<b>(4)</b>

\* to/by a 3<sup>rd</sup> parties in 2022 and to/by related parties in 2021.

Raspadskaya intends to maintain sufficient liquidity to withstand the changing economic environment.

## Working capital

The table below shows the Company's working capital.

	31 December 2022	31 December 2021	Change	Change, %
	<i>US\$ million</i>			
Inventories	239	106	133	n/a
Receivables (including receivables from related parties)	388	436	(48)	(11)
Prepayments	62	14	48	n/a
Taxes recoverable	70	116	(46)	(40)
<i>Less:</i>				
Payables (including payables to related parties)	(266)	(434)	168	(39)
Taxes payable	(66)	(205)	139	(68)
Contract liabilities	(10)	(1)	(9)	n/a
<b>Working capital</b>	<b>417</b>	<b>32</b>	<b>385</b>	<b>n/a</b>

In 2022, working capital increased by US\$385 million y-o-y, mainly driven by inventories, reduction of payables and changes in tax settlements with the budget. A US\$133 million rise in inventories was caused by the start of FOB, CIF and CFR deliveries, which were absent in 2021, while a decrease in payables was due to the reduction of delays in settlements with suppliers, as well as the transition to a direct contract with suppliers of railway services.

## Capital expenditure

The table below shows the Company's CAPEX.

	2022	2021	Change	Change, %
	<i>US\$ million</i>			
CAPEX, US\$ million	231	228	3	1
CAPEX per tonne of raw coking coal mined, US\$	10.7	10.0	0.8	8

In 2022, CAPEX remained flat y-o-y, while CAPEX per tonne of raw coking coal mined increased by 8% due to less active underground mining.

## Off-balance-sheet arrangements

Raspidskaya does not have any off-balance-sheet arrangements that have, or may have in the future, a material effect on its financial standing or business performance.

## **Glossary**

CPT (Carriage Paid To) means the seller delivers goods at their expense to the customer's main carrier at the named destination. The buyer pays for insurance and customs clearance as well as for the delivery of goods from the main carrier's terminal.

CIF (Cost, Insurance and Freight) means the seller pays expenses associated with loading, transportation and insurance until the goods are delivered to the named destination.

CFR (Cost and Freight) means the seller pays the cost of delivering goods to the port, loading them onto a ship, and chartering a vessel. The seller is also responsible for clearing the goods for exports (including by paying the customs duties). The buyer pays for the insurance. Once the goods are on board the vessel in the port of shipment, the buyer takes on all risks of loss and damage and undertakes to pay any additional charges.

DAP (Delivered At Place) means the seller pays for delivery to the named destination.

FCA (Free Carrier) means the seller is responsible for export clearance and delivery of goods to the main carrier at the named place of delivery.

FOB (Free on Board) means the seller is responsible for the transportation of goods to the port and loading them onto the vessel indicated by the buyer; the seller is the one who pays the transportation and loading costs. At some ports, the loading costs are transferred to the buyer. The risks of accidental destruction or damage lie with the seller until the goods are loaded onto the ship. After this moment, the risks are transferred to the buyer.

LTIFR (Lost Time Injury Frequency Rate) means the number of lost time injuries occurring in a workplace per 1 million hours worked.