

SEPARATE FINANCIAL STATEMENTS WITH NOTES

Separate statement of comprehensive income

(In millions of US dollars)

	Notes	31 December	
		2020	2019
General and administrative expenses		\$ (12)	\$ (11)
Operating income	6	10	9
Impairment of investments	3	(76)	(318)
Foreign exchange gains/(losses)	6,9	(49)	(199)
Interest expense	3,6,7,8	(239)	(211)
Gain/(loss) on financial assets or liabilities	7	-	(6)
Dividend income	6	2,129	9,732
Other non-operating gains/(losses)	6	2	33
Profit before tax		1,765	9,029
Current income tax expense	9	(213)	(139)
Net profit		1,552	8,890
Total comprehensive income		\$ 1,552	\$ 8,890

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

Separate statement of financial position

(In millions of US dollars)

	Notes	31 December	
		2020	2019
ASSETS			
Non-current assets			
Investments in subsidiaries	3	\$ 15,057	\$ 15,095
Investments in joint ventures	3	23	22
Receivables from related parties	6	12	19
		15,092	15,136
Current assets			
Receivables from related parties	6	12	9
Dividends receivable from related parties	6	704	629
Income tax receivable	9	16	16
		732	654
TOTAL ASSETS		15,824	15,790
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	4	75	75
Treasury shares	4	(154)	(169)
Reorganisation reserve	4	(584)	(584)
Merger reserve	4	127	127
Share-based payments	5	173	162
Accumulated profits		9,835	9,170
		9,472	8,781
LIABILITIES			
Non-current liabilities			
Trade and other payables	8	4	7
Long-term loans	7	1,961	2,747
Loans payable to related parties	6	3,201	522
Financial guarantee liabilities	6	12	19
		5,178	3,295
Current liabilities			
Trade and other payables	3,8	4	7
Payables to related parties	6	6	3,151
Short-term loans and current portion of long-term loans	7	800	63
Loans payable to related parties	6	285	424
Financial guarantee liabilities	6	9	7
Income tax payable	9	70	62
		1,174	3,714
TOTAL LIABILITIES		6,352	7,009
TOTAL EQUITY AND LIABILITIES		\$ 15,824	\$ 15,790

The Financial Statements on pages 236 to 249 were approved by the Board of Directors on 24 February 2021 and signed on its behalf by Alexander Frolov, Chief Executive Officer.

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

Separate statement of cash flows

(In millions of US dollars)

	Notes	2020	2019
Cash flows from operating activities			
Net profit		\$ 1,552	\$ 8,890
<i>Adjustments to reconcile net loss to net cash flows from operating activities:</i>			
Impairment of investments	3	76	318
Foreign exchange (gains)/losses	6	49	199
Interest expense	3,6,7	239	211
(Gain)/loss on financial assets or liabilities	7	-	6
Dividend income	6	(2,129)	(9,732)
Other non-operating (gains)/losses	6	(2)	(33)
		(215)	(141)
<i>Changes in working capital:</i>			
Payables/receivables from related parties	6	(64)	(1)
Income tax receivable	9	-	(16)
Trade and other payables	8	(7)	(7)
Taxes payable		213	140
Net cash flow used in operating activities		(73)	(25)
Cash flows from investing activities			
Dividends received	6	1,777	784
Payment for acquisition of investments in subsidiaries	6	(47)	-
Net cash flow from investing activities		1,730	784
Cash flows from financing activities			
Proceeds from bank loans and notes	7	-	695
Repayment of bank loans and notes, including interest	7	(188)	(854)
Proceeds from loans provided by related parties	6	1,345	1,736
Repayment of loans provided by related parties, including interest	6	(1,947)	(1,241)
Payments for investments on deferred terms, including interest	3	-	(8)
Dividends paid to shareholders	4	(872)	(1,086)
Net cash flow used in/(from) financing activities		(1,662)	(758)
Effect of foreign exchange rate changes on cash and cash equivalents		5	(1)
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		\$ -	\$ -
Supplementary cash flow information:			
Interest paid to third parties	7	(173)	(129)
Interest paid to related parties	6	(102)	(71)
Income taxes paid		-	(16)

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

Separate statement of changes in equity

(In millions of US dollars)

	Notes	Issued capital	Treasury shares	Reorganisation reserve	Merger reserve	Share-based payments	Accumulated profits	Total
At 31. December 2018		\$ 75	\$ (196)	\$ (584)	\$ 127	\$ 149	\$ 1,393	\$ 964
Total comprehensive loss for the year		-	-	-	-	-	8,890	8,890
Share-based payments	5	-	-	-	-	13	-	13
Dividends declared	4	-	-	-	-	-	(1,086)	(1,086)
Transfer of treasury shares to participants of the Incentive Plans	4	-	27	-	-	-	(27)	-
At 31. December 2019		\$ 75	\$ (169)	\$ (584)	\$ 127	\$ 162	\$ 9,170	\$ 8,781
Total comprehensive income for the year		-	-	-	-	-	1,552	1,552
Share-based payments	5	-	-	-	-	11	-	11
Dividends declared	4	-	-	-	-	-	(872)	(872)
Transfer of treasury shares to participants of the Incentive Plans	4	-	15	-	-	-	(15)	-
At 31. December 2020		\$ 75	\$ (154)	\$ (584)	\$ 127	\$ 173	\$ 9,835	\$ 9,472

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

EVRAZ plc

Notes to the separate financial statements

Year ended 31 December 2020

1. CORPORATE INFORMATION

These separate financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 24 February 2021.

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 registered address is 2 Portman street, London, W1H 6DU, United Kingdom.

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 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).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These separate financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

International financial reporting standards are issued by the International Accounting Standard Board ("IASB").

These financial statements have been prepared on a going concern basis as the directors believe that there are no material uncertainties which could create a significant doubt as to the Company's ability to continue as a going concern in the foreseeable future.

Foreign Currency Transactions

The presentation and functional currency of the Company is the US dollar. Transactions in foreign currencies are initially recorded in US dollars at the rate on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Investments

Investments in subsidiaries, associates or joint ventures are initially recorded at acquisition cost. Impairment in value is recorded if the carrying value of an investment exceeds its recoverable amount.

The initial cost of the investment in Evraz Group S.A. was measured at the carrying amount of the equity items of Evraz Group S.A. as a separate legal entity at the date of the reorganisation (Note 3).

Dividend income is recognised as revenue when the Company's right to receive the payment is established.

All purchases and sales of investments are recognised on the settlement date, which is the date when the investment is delivered to or by the Company.

Cash and Cash Equivalents

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

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when 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 Company 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Guarantee Liabilities

Financial guarantee liabilities issued by the Company are those contracts that require a payment to be made to reimburse the incurred losses because the specified debtor or counterparty to a contract fails to make payments or to perform the agreed terms of a contract. Financial guarantees issued by the Company are recognised initially as a liability at fair value, being equal to the estimated future cash inflows receivable from the subsidiaries under the guarantee agreements, with a corresponding recognition of the same amount as receivables from related parties. Subsequently, the liability is amortised over the lives of the guarantees through the statement of comprehensive income, unless it is considered probable that a guarantee will be called, in which case it is measured at the value of the guaranteed amount payable, if higher.

3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Investments in subsidiaries and joint ventures consisted of the following as of 31 December:

	Ownership interest		Cost, net of impairment US\$ million	
	2020	2019	2020	2019
<i>Subsidiaries</i>				
Evrax Group S.A.	100%	100%	2,808	2,884
EVRAZ NTMK	100%	100%	10,781	10,771
Raspadskaya	90.90%	88.16%	1,468	1,440
			15,057	15,095
<i>Joint Ventures</i>				
Timir	51.00001%	51.00001%	23	22

The movement in investments was as follows:

<i>\$US million</i>	Evrax Group S.A.	NTMK	Raspadskaya	Timir	Total
31 December 2018	\$ 3,197	\$ -	\$ -	\$ 24	\$ 3,221
Additional investments	-	10,761	1,440	-	12,201
Impairment loss (recognition)/reversal	(316)	-	-	(2)	(318)
Share-based compensations	3	10	-	-	13
31 December 2019	\$ 2,884	\$ 10,771	\$ 1,440	\$ 22	\$ 15,117
Additional investments	-	-	28	-	28
Impairment loss (recognition)/reversal	(77)	-	-	1	(76)
Share-based compensations	1	10	-	-	11
31 December 2020	\$ 2,808	\$ 10,781	\$ 1,468	\$ 23	\$ 15,080

The Company recognises share-based payments made to employees of subsidiaries under control of Evrax Group S.A., EVRAZ NTMK and Raspadskaya as an addition to the cost of its investments in these subsidiaries (Note 5).

The accumulated impairment of the investments was as follows:

<i>\$US million</i>	Evrax Group S.A.	EVRAZ NTMK	Raspadskaya	Timir	Total
31 December 2018	\$ -	\$ -	\$ -	\$ (125)	\$ (125)
Impairment loss (recognition)/reversal	(316)	-	-	(2)	(318)
31 December 2019	\$ (316)	\$ -	\$ -	\$ (127)	\$ (443)
Impairment loss (recognition)/reversal	(77)	-	-	1	(76)
31 December 2020	\$ (393)	\$ -	\$ -	\$ (126)	\$ (519)

Evrax Group S.A.

In 2011, the Company acquired Evrax Group S.A. by means of the share exchange offer made by the Company to the shareholders of Evrax Group S.A. At that date the cost of investments in Evrax Group S.A. was measured at the carrying amount of the equity items shown in the separate accounts of Evrax Group S.A. at the dates of the share exchange. In 2020 and 2019, the Company impaired its investment in Evrax Group S.A. largely as a consequence of the decline in value of cash-generating units of EVRAZ Inc. NA Canada. More details are provided in Note 6 of the consolidated financial statements.

EVRAZ NTMK

On 18 April 2019, the Company acquired 100% ownership interest in EVRAZ NTMK from Evrax Group S.A. for consideration of \$10,761 million, which was partially settled by non-cash consideration (Note 6). At 31 December 2019, the Company owed \$2,899 million to Evrax Group S.A. in respect of this acquisition. In 2020, the Company paid \$25 million under these liabilities and the remaining balance was converted into a loan (Note 6).

3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Raspadskaya

On 18 April 2019, the Company acquired 84.33% ownership interest in Raspadskaya from Evraz Group S.A. for consideration of \$1,423 million, which was settled wholly by non-cash consideration (Note 6). Later in 2019, the Company acquired 1.33% in Raspadskaya from Evraz Group S.A. for cash consideration of \$17 million, which in 2020 was converted into a loan payable to Evraz Group S.A. in the amount of \$15 million (Note 6).

In 2020, the Company acquired an additional 2.74% interest in Raspadskaya from Evraz Group S.A. for cash consideration of \$28 million of which \$22 million was paid in cash (Note 6).

OJSC Mining and Metallurgical Company Timir

Since 2013 the Company has owned a 51% ownership interest in the joint venture with Alrosa for the development of iron ore deposits in the Yakutia region in Russia. The Company's consideration for this stake of 4,950 million roubles was recognised in the amount of \$149 million being the present value of the expected cash outflows at the exchange rate as of the date of the transaction. During 2013-2019 the Company paid deferred installments for this acquisition. In 2019, the Company paid the final tranche of 480 million roubles (\$7 million of purchase consideration and \$1 million of interest charges).

In 2016 and before, due to the postponement of the major project activities, the Company impaired its investment in Timir. In 2019, the Company additionally impaired \$2 million and in 2020 a \$1 million impairment loss was reversed.

Additional information regarding Timir is provided in Note 11 of the consolidated financial statements.

Indirect Subsidiaries and Other Significant Holdings

The full list of indirect subsidiaries and other significant holdings of EVRAZ plc is presented in Note 34 of the consolidated financial statements.

4. EQUITY

Share Capital

Number of shares	31 December	
	2020	2019
Ordinary shares of \$0.05 each, issued and fully paid	1,506,527,294	1,506,527,294

EVRAZ plc does not have an authorised limit on its share capital.

Treasury Shares

Number of shares	31 December	
	2020	2019
Treasury shares	49,654,691	54,620,233

In 2015, EVRAZ plc purchased 108,458,508 of its own shares. These shares are used for the Company's Incentive Plans (Note 21 of the consolidated financial statements). Under these plans, in 2020 and 2019, the Company transferred to the participants of Incentive Plans 4,965,542 and 8,556,954 shares, respectively.

Reorganisation Reserve

Reorganisation reserve represents the difference between the net assets of Evraz Group S.A. at the date of the Group's reorganisation (7 November 2011) and the par value of the issued shares of EVRAZ plc. This charge to equity reduced the amount of distributable reserves.

Merger Reserve

The merger reserve arose in 2013 in connection with the purchase of 50% in Corber Enterprises S.à r.l. ("Corber") in accordance with section 612 of the Companies Act 2006. Impairments of the carrying value of this investment were transferred to the merger reserve.

In 2015, the disposal of the investment in Corber to Evraz Group S.A. (Note 3) was made for non-cash consideration, which does not meet the criteria for qualifying consideration. The balance of the merger reserve will be presented as a separate component of equity in the Company's statement of financial position until such time as Evraz Group S.A. is sold for qualifying consideration, and the merger reserve will be re-allocated to accumulated profits and become distributable.

4. EQUITY (CONTINUED)

Dividends

In 2020 and 2019, the Company declared dividends in the amount of \$872 million and \$1,086 million, respectively (Note 20 of the consolidated financial statements).

Distributable Reserves

<i>US\$ million</i>	2020	2019
Accumulated profits	9,835	9,170
Reorganisation reserve	(584)	(584)
Unrealised profits	(8,200)	(8,200)
31 December	1,051	386

Dividend income from Evraz Group S.A. (Note 6) did not constitute a qualifying consideration and was distributed out of the profit resulting from sale of assets (EVRAZ NTMK and Raspadskaya) to parent and, therefore, this income is excluded from the Company's distributable reserves at 31 December 2020 and 2019.

Although distributable reserves are currently calculated at \$1,051 million (2019: \$386 million), the Company has also considered the impact of further restrictions on distributions for public companies within Section 831 of the Companies Act. Under these restrictions the amount of reserves available for distribution at 31 December 2020 would be \$1,051 million (2019: \$379 million).

In February 2020 the directors became aware that certain dividends paid in 2018 and 2019 totaling \$1,447 million had been made otherwise than in accordance with the Companies Act 2006. The directors duly checked the sufficiency of distributable reserves before each distribution, but due to an administrative error the interim accounts were not filed at Companies House prior to payment. To rectify these breaches, in February 2020 the Company filed the interim accounts in respect of each dividend payment. In addition, a special resolution was planned to be proposed at the Annual General Meeting of the Company's shareholders in June 2020 to authorise the appropriation of distributable profits for the payment of the relevant dividends and remove any right for the Company to pursue shareholders or directors (the 'Director Release') for repayment. Due to the uncertainty caused by the effect of COVID-19 on the Company's ability to conduct in-person meeting of shareholders this resolution was postponed to a more convenient time. It is expected that the special resolution will be proposed at the Annual General Meeting of the Company's shareholders in June 2021. The Director Release will constitute a related party transaction under the Listing Rules of the UK Listing Authority and under IFRS. The overall effect of the special resolution will be to return all parties to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.

5. SHARE-BASED PAYMENTS

As disclosed in Note 21 of the consolidated financial statements, the Group has incentive plans under which certain employees ("participants") can be gifted shares of the Company. In 2020 and 2019, the Company recognised share-based compensation expense amounting to \$11 million and \$13 million, respectively, as a cost of investments in subsidiaries with a corresponding increase in equity.

6. RELATED PARTY TRANSACTIONS

Related parties of the Company include its direct and indirect subsidiaries, associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel, the Company's parent or its shareholders.

Loans Received from Related Parties

The following movements in loans payable to related parties were in 2019-2020.

<i>US\$ million</i>	Currency	Interest rate	Maturity	Balance at 31 December 2019	Loans received from related parties	Interest expense	Repayment of loans	Non-cash transactions	Forex (gain)/loss	Balance at 31 December 2020
<i>Direct subsidiary</i>										
Evraz Group S.A.	USD	1.93-4.95%	2021-2023	\$ 528	\$815	\$ 89	\$(596)	\$ 1,900	\$ -	\$2,736
Evraz Group S.A.	RUB	6.4%	2020	-	-	2	(459)	474	(17)	-
<i>Indirect subsidiaries</i>										
East Metals A.G.	USD	3.00-5.06%	2020	418	466	8	(892)	-	-	-
EVRAZ ZSMK	RUB	4.56%	2021	-	64	-	-	(66)	2	-
ENA plc	USD	1.93%	2023	-	-	-	-	750	-	750
				\$ 946	\$ 1,345	\$ 99	\$(1,947)	\$ 3,058	\$(15)	\$ 3,486

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Loans Received from Related Parties (continued)

US\$ million	Currency	Interest rate	Maturity	Balance at 31 December 2018	Loans received from related parties	Interest expense	Repayment of loans	Non-cash transactions	Forex (gain)/loss	Balance at 31 December 2019
<i>Direct subsidiary</i>										
EvrAZ Group S.A.	USD	3.50%	2022	\$ -	\$ 543	\$ 6	\$ (21)	\$ -	\$ -	\$ 528
<i>Indirect subsidiaries</i>										
East Metals A.G.	USD	2.73-5.06%	2018-2020	62	466	11	(121)	-	-	418
EVRAZ KGOK	RUB	5.89%	2019-2020	648	368	27	(126)	(973)	56	-
Sibmetinvest	RUB	5.51%	2020	-	65	2	-	(69)	2	-
EVRAZ Vanady Tula	RUB	5.51-5.89%	2019	244	100	7	(101)	(271)	21	-
EVRAZ ZSMK	RUB	5.51-5.89%	2019-2021	1,263	194	44	(872)	(719)	90	-
				\$ 2,217	\$ 1,736	\$ 97	\$ (1,241)	\$ (2,032)	\$ 169	\$ 946

In 2020, non-cash transactions included the following:

- In January 2020, a US dollar-denominated loan, which was received from Evraz Group S.A. in 2019, amounting to \$474 million was converted into a loan denominated in roubles.
- In March 2020, EVRAZ plc and Evraz Group S.A. signed an assignment agreement and the outstanding balances payable to Evraz Group S.A. for the purchase of EVRAZ NTMK and Rospadskaya (Note 3) and for the transfer of loans in 2019 were converted into a loan in the amount of \$3,124 million.
- In April 2020, EVRAZ plc transferred to Evraz Group S.A. its obligations under loans payable to EVRAZ ZSMK amounting to \$66 million for consideration of \$64 million. An amount of \$2 million was recognised as non-operating gain in the separate statement of comprehensive income.
- In December 2020, Evraz Group S.A. reassigned \$750 million under a loan receivable from EVRAZ plc to ENA plc.

In 2019, non-cash transactions included the transfer of the Company's obligations under loans payable with a carrying value of \$2,032 million to Evraz Group S.A. for consideration of \$1,999 million. The excess of the carrying value of the liabilities transferred over the newly recognised liability to Evraz Group S.A. amounting to \$33 million was recognised as a gain in the income statement within the Other non-operating gains/(losses) caption.

Dividend Income

	Evraz Group S.A.	EVRAZ NTMK	Rospadskaya	Total
Dividends receivable at 31 December 2018	\$ -	\$ -	\$ -	\$ -
Dividend income accrued in 2019	8,200	1,509	23	9,732
Dividends received by cash	-	(763)	(21)	(784)
Tax withheld	-	(85)	(2)	(87)
Non-cash offset	(8,200)	-	-	(8,200)
Foreign exchange gain/(loss)	-	(32)	-	(32)
Dividends receivable at 31 December 2019	\$ -	\$ 629	\$ -	\$ 629
Dividend income accrued in 2020	-	2,083	46	2,129
Dividends received by cash	-	(1,735)	(42)	(1,777)
Tax withheld	-	(193)	(4)	(197)
Non-cash offset	-	-	-	-
Foreign exchange gain/(loss)	-	(80)	-	(80)
Dividends receivable at 31 December 2020	\$ -	\$ 704	\$ -	\$ 704

In 2019, the Company's dividend income consisted of dividends from Evraz Group S.A. (\$8,200 million declared in August 2019 and settled by a non-cash offset), EVRAZ NTMK (\$886 million declared in July 2019 and fully paid by cash and \$623 million declared in December 2019 and not paid as of 31 December 2019) and from Rospadskaya (\$23 million declared in September 2019 and fully paid by cash).

In February, June, August and December 2020, EVRAZ NTMK, the Company's wholly-owned subsidiary, declared dividends in the amount of 31.9 billion roubles (\$499 million), 38.4 billion roubles (\$556 million), 23.6 billion roubles (\$324 million) and 52.4 billion roubles (\$704 million), respectively. As of 31 December 2020, dividends declared in December 2020 amounted to \$704 million were not paid to EVRAZ plc.

In May and September 2020, EVRAZ plc received its share in the dividends declared and fully paid by Rospadskaya in the amount of 1.7 billion roubles (\$24 million) and 1.7 billion roubles (\$22 million), respectively.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Offset of Liabilities with Evraz Group S.A.

During 2020 there were a number of transactions between EVRAZ plc and its direct subsidiary Evraz Group S.A.:

- In February 2020, EVRAZ plc repaid \$25 million to Evraz Group S.A. in respect of the liabilities for the purchase of EVRAZ NTMK (Note 3). In March 2020, EVRAZ plc and Evraz Group S.A. signed an assignment agreement and the remaining balances payable to Evraz Group S.A. for the purchase of EVRAZ NTMK and Rospadskaya (Note 3) and for the transfer of loans were converted into a loan amounting to \$3,124 million. An amount of \$2 million was recognised as foreign exchange gain in the separate statement of comprehensive income (Note 6, *Loans Received from Related Parties*);
- In April 2020, EVRAZ plc transferred to Evraz Group S.A. its obligations under loans payable to EVRAZ ZSMK amounting to \$66 million for consideration of \$64 (Note 6, *Loans Received from Related Parties*);
- During 2020 EVRAZ plc purchased Rospadskaya shares from Evraz Group S.A. for total consideration of \$28 million of which \$6 million were not settled at 31 December 2020.

During 2020 EVRAZ plc and Evraz Group S.A. concluded agreements, under which the above mentioned mutual payment obligations were offset resulting in a net liability payable to Evraz Group S.A. in the amount of \$6 million.

During 2019 the following transactions were executed by EVRAZ plc and Evraz Group S.A.:

- EVRAZ plc purchased EVRAZ NTMK and Rospadskaya from Evraz Group S.A. for total consideration of \$12,201 million (Note 3);
- EVRAZ plc transferred its obligations under loans payable to EVRAZ KGOK, EVRAZ Vanady Tula, EVRAZ ZSMK, Sibmetinvest for consideration of \$1,999 million (Note 6, *Loans Received from Related Parties*);
- Evraz Group S.A. transferred to EVRAZ plc notes payable for consideration of \$2,850 million (Note 7);
- Evraz Group S.A. declared dividends to EVRAZ plc in the amount of \$8,200 million (Note 6, *Dividend Income*).

During 2019 EVRAZ plc and Evraz Group S.A. concluded agreements, under which the above mentioned mutual payment obligations were offset resulting in a net liability payable to Evraz Group S.A. in the amount of \$3,151 million, which comprised of \$2,916 million allocated to payables for the purchase of EVRAZ NTMK and Rospadskaya and \$235 million allocated to payables for the transfer of loans payable to related parties.

Guarantees

The guarantees issued by Company to related parties were as follows at 31 December:

Debtor	Subject of guarantee	Maturity at 31 December 2020	2020			2019		
			Guaranteed amount (principal)	Financial guarantee liability	Guarantee fees earned	Guaranteed amount (principal)	Financial guarantee liability	Guarantee fees earned
East Metals A.G.	Bank loans	2021	\$ 193	\$ –	\$ 1	\$ 141	\$ –	\$ 1
EVRAZ NTMK/ EVRAZ ZSMK	Bank loans	2021-2028	1,458	10	3	1,191	4	2
Evrzholding Finance	Rouble bonds	not determined	280	3	2	323	5	1
Evraz Group S.A.	Loan to East Metals A.G.	2021-2024	486	–	1	169	–	1
Management Company Mezhdurechensk	Performance of services	2023	203	8	3	486	17	4
EVRAZ Nikom a.s.	Bank loans	not determined	14	–	–	17	–	–
			\$ 2,634	\$ 21	\$ 10	\$ 2,327	\$ 26	\$ 9

The above guarantees are recognised at fair value in the statement of financial position of the Company. The guarantee fees are recorded within the Operating income caption of the Company's income statement.

In 2018, the Company issued a guarantee to nine companies owned by Sibuglemt to compensate any direct losses caused by the failure to perform the agreed management services provided by Management Company Mezhdurechensk, an indirect subsidiary of the Company, to these entities (Note 30 of the consolidated financial statements). In 2018, the Company recognised financial guarantee liability of \$18 million. In 2020 and 2019, the Company accrued \$3 million and \$4 million income, respectively, under this guarantee. In May 2020, the Group issued a notification about termination of the management services contract from 15 November 2020. The guarantee will continue to be effective 3 years after the date of termination.

Other Transactions

In 2020, Evrazholding, an indirect subsidiary of the Company, rendered consulting services to the Company in the amount of \$Nil (2019: \$1 million).

Other disclosures on directors' remuneration required by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts & Reports) regulations 2008 and those specified for audit by the Directors' Remuneration Report Regulations 2002 are included in the Directors' Remuneration Report.

7. LOANS AND BORROWINGS

The Company had the following loans and borrowings during 2019-2020.

\$US million	6.50% notes due 2020	8.25% notes due 2021	6.75% notes due 2022	5.375% notes due 2023	5.25% notes due 2024	Total
31 December 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-cash changes:						
Recognition of notes at fair value	738	808	528	776	-	2,850
Interest and other charges expensed	4	29	20	32	28	113
Accrual of premiums and other charges on early repayment of borrowings	6	-	-	-	-	6
Cash changes:						
Cash proceeds from bank loans and notes, net of debt issues costs	-	-	-	-	695	695
Repayment of interest and premiums on early repayment	(48)	(31)	(17)	(40)	(18)	(154)
Repayment of principal	(700)	-	-	-	-	(700)
31 December 2019	\$ -	\$ 806	\$ 531	\$ 768	\$ 705	\$ 2,810
Non-cash changes:						
Interest and other charges expensed	-	36	26	39	38	139
Cash changes:						
Repayment of interest and premiums on early repayment	-	(62)	(34)	(40)	(37)	(173)
Repayment of principal	-	(15)	-	-	-	(15)
31 December 2020	\$ -	\$ 765	\$ 523	\$ 767	\$ 706	\$ 2,761

On 13 March 2019, Evraz Group S.A. transferred all its rights and obligations under the notes with a nominal amount of \$2,700 million to EVRAZ plc for consideration of \$2,850 million being the market value of the notes at that date. The Company recognised the liabilities at fair value and classified them as subsequently measured at amortised cost.

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 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 amounting to \$(6) million was included in the Gain/(loss) on financial assets and liabilities caption of the separate statement of comprehensive income.

In November 2020, EVRAZ plc early repaid \$15million under 8.25% notes due 2021.

At 31 December 2020, the current portion of the borrowings included a principal payable under 8.25% notes due 2021 and interest payable under all issued notes. At 31 December 2019, the current portion of the borrowings included only interest payable under the notes.

8. TRADE AND OTHER PAYABLES

Trade and other accounts payable included the following at 31 December:

US\$ million	2020		2019	
	Non-current	Current	Non-current	Current
Liability relating to a settlement of guarantee	\$ 4	\$ 4	\$ 7	\$ 7
	\$ 4	\$ 4	\$ 7	\$ 7

At 31 December 2020 and 2019, trade and other accounts payable included liabilities relating to the settlement of the Company's guarantee under a long-term take-or-pay supply contract of a former indirect subsidiary of the Company. In 2020, the Company paid \$7 million (2019: \$7 million) in respect of this liability and recognised interest expense of \$1 million (2019: \$1 million).

9. INCOME TAXES

A reconciliation of income tax expense applicable to profit before income tax using the statutory tax rate to income tax expense as reported in the Company's financial statements for the years ended 31 December is as follows:

US\$ million	2020	2019
Profit/(loss) before income tax	\$ 1,766	\$ 9,029
At the statutory income tax rate of 19%	(336)	(1,716)
Adjustment in respect of income tax of previous years	-	(2)
Non-deductible expenses	(56)	(94)
Effect of lower tax rate for dividend income	192	1,696
Allowance for deferred tax asset	(13)	(23)
Current income tax expense	\$ (213)	\$ (139)

The movement in the net balance of current income tax receivable/(payable) was as follows:

US\$ million	2020	2019
1 January	\$ (46)	\$ (14)
Current income tax on dividend income	(213)	(153)
Benefit from a tax loss carryback	-	16
Adjustment in respect of income tax of previous years	-	(2)
Income tax withheld (Note 6)	197	87
Paid for the period	-	16
Foreign exchange gain/(loss)	8	4
31 December	\$ (54)	\$ (46)

The tax rate on dividends is equal to 10% for income from the Russian subsidiaries and zero rate for dividend income from Luxembourg.

At 31 December 2020 the Company had an amount payable of \$70 million (2019: \$62 million) in relation to income tax on dividends receivable from EVRAZ NTMK.

In 2019, the Company recognised current income tax benefit of \$16 million relating to the current year tax losses of \$87 million that can be carried back to recover current tax paid in 2018.

At 31 December 2020, the unused tax losses carried forward amounted to \$188 million (2019: \$121 million). Deferred tax assets in respect of these losses have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset the losses. They are available for offset against future taxable profits indefinitely.

At 31 December 2020, the Company had \$49 million of unutilised foreign tax credits (2019: \$76 million). No deferred tax asset has been recognised on these tax credits as they are unlikely to have value in the future. These tax credits have no fixed expiry date.

10. FINANCIAL INSTRUMENTS

Liquidity Risk

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

31 December 2020

<i>US\$ million</i>	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							
<i>Principal</i>	\$ -	\$ 735	\$ -	\$ 500	\$ 1,450	\$ -	\$ 2,685
<i>Interest</i>	-	48	78	97	94	-	317
Loans payable to related parties							
<i>Principal</i>	-	280	-	-	3,201	-	3,481
<i>Interest</i>	-	4	65	63	60	-	192
Trade and other payables							
<i>Principal</i>	-	2	2	4	-	-	8
Financial guarantees	-	-	9	7	5	-	21
Total fixed-rate debt	-	1,069	154	671	4,810	-	6,704
Non-Interest bearing debt							
Payables to related parties	6	-	-	-	-	-	6
Total non-Interest bearing debt	6	-	-	-	-	-	6
	\$ 6	\$ 1,069	\$ 154	\$ 671	\$ 4,810	\$ -	\$ 6,710

31 December 2019

<i>US\$ million</i>	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							
<i>Principal</i>	\$ -	\$ -	\$ -	\$ 750	\$ 1,950	\$ -	\$ 2,700
<i>Interest</i>	-	68	105	142	169	-	484
Loans payable to related parties							
<i>Principal</i>	-	198	218	-	522	-	938
<i>Interest</i>	-	4	28	18	5	-	55
Trade and other payables							
<i>Principal</i>	-	3	3	4	4	-	14
<i>Interest</i>	-	-	1	-	-	-	1
Financial guarantees	-	-	7	7	12	-	26
Total fixed-rate debt	-	273	362	921	2,662	-	4,218
Non-Interest bearing debt							
Payables to related parties	3,151	-	-	-	-	-	3,151
Total non-Interest bearing debt	3,151	-	-	-	-	-	3,151
	\$ 3,151	\$ 273	\$ 362	\$ 921	\$ 2,662	\$ -	\$ 7,369

10. FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Currency Risk

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

US\$ million	2020	2019
USD/RUB	\$ 6	\$ 613

Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes in the respective currencies, with all other variables held constant, of the Company's profit before tax. In estimating reasonably possible changes the Company assessed the volatility of foreign exchange rates during the reporting periods.

	2020		2019	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	US\$ millions	%	US\$ millions
USD/RUB	(16.88) 16.88	1 (1)	(7.78) 7.78	52 (44)

Fair Value of Financial Instruments

The carrying amounts of financial instruments, such as cash, accounts receivable and payable, loans payable to related parties, approximate their fair value. The fair value of the notes is disclosed in Note 28 of the consolidated financial statements.

11. SUBSEQUENT EVENTS

Material events after the reporting year are disclosed in Note 33 of the consolidated financial statements.