

IMPACT OF COVID-19

EVRAZ is closely monitoring the pandemic and its impact on employees, operations and the broader stakeholder base. The Group is committed to doing all reasonable steps to protect the lives and health of employees and minimise the effect on its enterprises and the communities in which it operates.

Impact on key markets

Global steel prices continued to slide throughout spring 2020, primarily due to the initial outbreak of COVID-19 in China. In March, as the pandemic spread, several key markets in Southeast Asia were locked down, including the Philippines, Thailand and Indonesia, among others.

To hedge against the risk of production disruptions, the Group extended the order book for semi-finished products with overseas customers where possible. In early April, the only accessible market was China, one of the first countries to stabilise amid the pandemic and restore consumer activity. Facing such limited demand, the price decline on global markets accelerated. However, from early May, as countries started to ease lockdown restrictions and market conditions improved, the trend reversed and prices recovered, even gaining additional positive momentum, which helped to end the year with growth.

For more details about the performance of key markets in 2020, see Market Review on [pages 20-23](#) →

Impact on operations

The Group remains closely focused on its operations, including logistics, supply and technological processes. Despite the fact that more than 6,700 employees contracted COVID-19 in 2020, EVRAZ faced no significant issues with the production

or supply of raw materials and other goods. Shipments continued and raw material deliveries to enterprises were stable.

Impact on liquidity, solvency and access to financing

In 2020, the pandemic had a limited impact on the Group's liquidity. Despite the negative market trends seen mostly in the first half of the year, operations and sales continued to generate sufficient operating cash flow through the year, while EVRAZ proactively addressed its upcoming obligations and maintained a strong liquidity position. As of 31 December 2020, cash and cash equivalents stood at around US\$1.6 billion, supported by operating cash flow and financing initiatives.

For more details, see Financial Review on [pages 32-43](#) →

Measures taken to protect the wellbeing and safety of employees and local communities

Since March 2020, in response to the COVID-19 pandemic, the Group has introduced numerous additional safety measures to protect its people and ensure operational continuity:

- Significant reduction of domestic business travel and cancellation of overseas trips.

- Two-week isolation with salary for employees returning from trips abroad, either personal or work-related.
- Remote work, as well as additional personal protection equipment for employees who must come to work, including eye protectors, respirators and gloves.
- Installation of thermal imaging devices and pyrometers at facility entrances to monitor people's temperatures.
- Elimination of large gatherings where possible (with social distancing when they must take place) and cancellation of all major corporate, sporting and entertainment events.
- Increase in supplies of antiseptic and disinfectant products in communal areas, as well as regular sanitation of facilities and transport.
- Campaigns to raise awareness among employees and contractors about behavioural guidelines, social distancing and personal protection.
- Access to a telemedical consultancy service.

In addition to caring for the physical health of employees and their families, EVRAZ is carefully assessing the possible mental impact of the measures being undertaken to prevent the spread of COVID-19. More than 4,500 employees of the Group were switched to remote work during the peak of the pandemic.



Since March 2020, EVRAZ has undertaken additional measures aimed at supporting the wellbeing and mental health of its employees during the pandemic:

- The corporate website has been updated with a special page containing information about COVID-19 (<https://www.evraz.com/en/covid-19/>) and the actions that the Group is taking amid the pandemic. The page provides phone numbers for 24/7 corporate hotlines if employees have questions or encounter problems. EVRAZ North America has engaged external providers for this purpose.
- Employees receive regular emails on topics such as how to deal with stress and anxiety; manage remote teams effectively; handle conflicts at home; and organise children's education and entertainment; as well as the importance of leisure time amid self-isolation and other restrictions.
- Virtual meetings with senior management are being held, allowing employees to participate and ask questions.
- Corporate challenges are regularly being set to promote positive change. As part of the "We Do Not Risk" social media challenge, for every post by participants, EVRAZ is providing antiseptic and masks to doctors at municipal hospitals in Nizhny Tagil, Kachkanar, Novokuznetsk and Mezhdurechensk. The "What I Will Do After Self-Isolation" challenge allows employees to share their thoughts and improve their outlook by seeing what colleagues are planning.
- The PR function is sending newsletters to inform employees about the Group's work to deal with the virus, as well as global and local events.
- The IT function has rolled out a mobile application for employees in Russia called "Antivirus" to promptly alert employees of possible COVID-19 exposure. It is based on the "Stopp Corona" application, which was developed jointly by Accenture and the Austrian Red Cross to identify symptoms more efficiently.

In addition to these measures, the IT and HR functions are conducting regular employee surveys to learn about their experience of working remotely, as well as any technical

or personal problems, what help is needed from the Group, and what can be improved.

In 2020, EVRAZ financed the purchase of specialised equipment, transport and protective gear for hospitals in Russia's Sverdlovsk and Kemerovo regions. In particular, Novokuznetsk's municipal clinical infectious disease hospital No. 8 is being renovated to accommodate a polymerase chain reaction (PCR) laboratory. It will offer COVID-19 tests and same-day results, and its new equipment will be able to screen for different viruses without having to be adapted.

Additionally, the Group opened a COVID-19 treatment facility for its employees at the Urals Vladislav Tetyukhin Medical and Rehabilitation Centre. Put into operation in December 2020, the facility is fully equipped to treat COVID-19 patients and can admit up to 25 people. To equip the facility, EVRAZ financed the acquisition of ventilators, a fibre-optic bronchoscope, a defibrillator, 25 oxygen humidifiers, as well as an Airvo 2 machine with a supply of consumables to treat breathing disorders and facilitate transition from artificial lung ventilation to oxygen therapy. The facility has two zones, one for the medical personnel and one for the patients. Doctors and nurses work in weekly shifts; catering is provided to them in disposable containers. Over 40 employees of EVRAZ NTMK and EVRAZ KGOK have been treated at the facility. The Group is currently considering setting up a post-treatment rehabilitation centre and will expand its cooperation with medical organisations in local communities.

Since the outset of the pandemic, EVRAZ has allocated more than US\$25 million to ensure safe working conditions for employees, as well as to support medical and pre-school institutions in local communities in Sverdlovsk and Kemerovo regions, Moscow and Tula.

Outlook

The management of EVRAZ plc has considered the Group's cash flow forecasts for the period to 30 June 2022 being its going concern assessment period and has evaluated various financial performance scenarios, including a base, pessimistic and an additional stress downside test scenario. These scenarios considered the possible impacts of the COVID-19 crisis on the financial results and liquidity position of the Group as well as the potential impact of the possible coal assets demerger (Note 2, Accounting Judgements).

The most pessimistic stress scenario is based upon results at the level experienced in 2009, the lowest reported results since the Group listed in 2005, and assumes prices for steel, iron ore and coal all significantly below management's current forecasts. In this scenario, the Group maintained sufficient liquidity for the period to 30 June 2022 and would be able to operate within its debt covenants. Furthermore, since 2009 the Group disposed of some of its low-performing assets in South Africa, Ukraine, North America and the Czech Republic and acquired additional assets in the Russian Federation, which have improved the Group's profitability despite an overall decrease in steel production capacity. The conclusions below are not changed by any currently expected potential impacts of the possible coal assets demerger, a transaction within the Group's control and which it would not proceed with if it were to have a detrimental impact on going concern or shareholder value.

The Group does not reasonably anticipate that the most pessimistic stress scenario will occur, given the relatively limited impacts on the Group's businesses to date and the signs of a recovery in key markets.

Based on this analysis and other currently available facts and circumstances directors and management have a reasonable expectation that the Company and the Group have adequate resources to continue in the foreseeable future.