INTERPIPE

INTERPIPE HOLDINGS PLC

Consolidated Financial Statements
Year ended 31 December 2022 together with

Independent Auditor's Report

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The directors present their Report together with the accompanying Consolidated Financial Statements of Interpipe Holdings PLC (referred to herein as the "Company") and its subsidiaries (collectively referred to herein as the "Interpipe" or the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "Consolidated Financial Statements").

Principal Activity and Subsidiaries

The Company was incorporated as a limited liability company under the name of Interpipe Holdings Limited in accordance with the Companies Law of Cyprus on 4 April 2019. It was changed to a public company with limited liability under the Laws of Cyprus and renamed to Interpipe Holdings PLC on 24 July 2019. The registered office and the principal place of business of the Company is Mykinon 8, P.C. 1065 Nicosia, Cyprus.

In the course of the legal reorganization of the Group, as disclosed in Note 32 to the accompanying Consolidated Financial Statements, the Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity, Interpipe Limited (the "Former Parent").

The Company operates through a number of subsidiaries in various jurisdictions (the list of the subsidiaries is disclosed in Note 33 to the accompanying Consolidated Financial Statements) and has concentration of its business in Ukraine, where its production subsidiaries are located.

The principal activity of the Company, which is not changed from the prior year, is holding ownership interests in its subsidiaries, their financing and strategic management. The Group's activities, which is not changed from the prior year, comprise design, manufacture and distribution of steel tubes, solid-rolled railway wheels and steel billets.

Development and Performance of the Business

The Group is the largest vertically integrated manufacturer of steel billets, steel pipes and railway wheels in Ukraine. The vertical integration secures cost control and global competitive advantage, leading position in cost amongst peers and performance in line with market leaders. Besides, it allows successful scaling of the production across all segments with preservation of low cost base. The Group is a significant player in (i) the steel pipes international market supplying its products to customers in more than 60 countries globally, and (ii) in the railway wheels market being the number one wheels' exporter in the world, with presence in more than 30 countries globally and sizable market share in every important geographical region.

Interpipe has developed and started implementation of the major strategic initiatives to transform its operational set up, maintain the Group's liquidity position and its operational sustainability and improve its competitiveness in a short and longer term.

The Group's financial position and performance as at and for the year ended 31 December 2022 are set out on pages 14 and 15 of the accompanying Consolidated Financial Statements, respectively.

Principal Risks and Uncertainties and Going concern

The Group is largely exposed to the risks of operating environment in Ukraine.

The war in Ukraine that commenced with the russian full scale invasion of Ukraine on 24 February 2022 is still ongoing. The military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics. Economic activity started to recover due to the liberation of northern regions and a decrease in the number of regions affected by active hostilities.

Management of the Group has reorganized the business processes based on the following key assumptions:

- no further significant progression of russian troops into the territory of Ukraine and no further escalation of military actions that could severely affect the Group's assets;
- Ukrainian logistics systems, both automobile and railroad, will allow internal and export shipments to be carried in a limited volumes at least;
- the Group's operations will be focused on losses minimization, cash outflows reduction combined with the support of the key personnel together with core equipment functionality maintenance and preservation.

The Group will seek to utilize all available logistic channels in a most efficient way for the purpose of the products shipments facilitation and respective improvement of the financial position.

Further discussion on the operating environment and related risks of the Group and going concern considerations are included in Note 2 to the accompanying Consolidated Financial Statements.

Other principal operating and financial risks of the Group are discussed in Notes 35 and 37 to the accompanying Consolidated Financial Statements.

Main Strategic Objectives

The Group's key long-standing strategic objectives are to diversify its geographical presence and product mix in order to enhance its position as a leading producer of pipes and wheels and to expand presence of its products in the global markets. The Group intends to pursue this strategy by increasing its seamless pipes and railway wheels production, enhancing its product mix, improving quality of its products and services, expanding its global presence and working more closely with its customers to deliver higher value-added products and services while improving profit margins. The Group is in the process of implementation of its strategic investment programme which should enable the Group's products to meet more challenging and demanding quality requirement in the new markets. The success of this initiative is viewed as the key success factor for the Group in penetrating new markets and diversifying the customer base to compensate for a significant reduction of demand in our traditional geographical segments.

For more information on operating environment and risks of the Group, refer to Note 2 to the accompanying Consolidated Financial Statements.

Research and Development

In 2022, the Group did not carry out any material research and development activities meeting capitalization criteria under IFRS.

Issued Capital and Distributions

Details of the Company's equity accounts formation and changes are disclosed in Note 32 to the accompanying Consolidated Financial Statements.

The Company declared dividends in 2022 in the amount of USD 48,900 thousand. The Company paid these dividends in-kind (Note 17 and 32).

Branches

The Group did not operate through any registered branches during the reporting periods.

Board of Directors

As at 31 December 2022 composition and responsibilities of the Company's Board of Directors was as follows:

Name	*Function*	*Date of initial appointment to the Board of Directors**
Ganna Khomenko	Non-Executive Director	9 December 2009
Yakiv Konstantynivs'ky	Non-Executive Director	20 July 2011
Iuliia Chebotarova	Non-Executive Director	10 October 2012
Philippe Bideau	Independent Non-Executive Director	15 June 2016
Oleksandr Kirichko	Non-Executive Director	1 December 2018
Thomas Myer Kearney	Independent Non-Executive Director	23 July 2020
Fiona Jane Mary Paulus	Independent Non-Executive Director	23 July 2020
Franz Josef Marx	Non-Executive Director	1 February 2022
Andrii Korotkov	Chief Executive Officer of Interpipe Holdings PLC	8 March 2022
Fadi Khraybe	Non-Executive Director	1 November 2016

There is no requirement in the Company's Articles of Association for the retirement of the Directors by rotation, the respective Directors presently members of the Board continue in the office.

The following changes occurred in Board of Directors' composition and responsibilities allocation during the year and up to the date of this report:

- In February 2022, Franz Josef Marx was appointed as a Non-Executive Director of the Company;
- In March 2022, Franz Josef Marx was appointed as a Chief Executive Officer of the Company (replacing Fadi Khraybe on this position) with a suspension of his duties for the 3 months until the 31st of May 2022;
- In March 2022, Andrii Korotkov was appointed as a Chief Executive Officer of the Company replacing Franz Josef Marx on this position during suspension period.
- In June 2022, Franz Josef Marx resigned from the position of the Chief Executive Officer of the Company.

Except for the changes disclosed above, there were no other changes in the assignment of responsibilities and remuneration of the Board of Directors during the year and up to the date of this report.

Events after the Reporting period

Events after the reporting period date are disclosed in Note 38 to the accompanying Consolidated Financial Statements.

Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing their reappointment and giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

Signed and authorised for issue on behalf of the Board of the Company:

Chief Executive Officer — Andrii Korotkov

Sergiy Kuz'menko

29 May 2023

STATEMENT OF THE DIRECTORS' AND MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The following statement is made with a view to specifying the respective responsibilities of the directors and management in relation to the Consolidated Financial Statements of Interpipe Holdings PLC and its subsidiaries (collectively referred to as the "Group").

The directors and management are responsible for the preparation of the Consolidated Financial Statements that present fairly the consolidated financial position of the Group as at 31 December 2022 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter "IFRS") and the Cyprus Companies Law, Cap.113.

In preparing the Consolidated Financial Statements, the Directors and management are responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- preparation of the Consolidated Financial Statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

The Directors and management, within their competencies, are also responsible for:

- designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions of countries of incorporation;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The Consolidated Financial Statements for the year ended 31 December 2022 were authorised for issue on 29 May 2023.

Chief Executive Officer — Andrii Korotkov

Sergiy Kuz'menko

29 May 2023

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Independent Auditor's Report

To the Members of Interpipe Holdings Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Interpipe Holdings Plc (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group's operations are negatively affected by the Russian Federation's military invasion of Ukraine. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	***How our audit addressed the key audit matter***
Fair value of financial instrument Total financial liabilities at fair value through Profit and Loss amount to USD 49,485 thousand in the Group's consolidated financial statements as of 31 December 2022. The net effect of changes in fair values of financial liabilities for the year 2022 amounts to USD 3,759 thousand. We considered the measurement of complex derivative financial instruments and in particular level 3 instruments, to be one of the matters of the most significance in our audit as it requires judgement from management, in particular in respect of: - the determination of measurement inputs not based on observable market data; - the use of internal valuation models; - the estimate of the main measurement adjustments such as estimation of the timing of cash outflows related to the financial instruments expected payment profile. The information on the financial liabilities at fair value is disclosed in Note 7, Note 20 and Note 37 to the consolidated financial statements.	Among other procedures: - we obtained and discussed with management and evaluated the key assumptions underlying management's assessment of the fair value of financial instruments; - we compared the assumptions used in the prior year's fair value assessments with actual results for the current year, investigated significant variances identified and considered the impact on the current year's fair value assessments; - we have engaged our internal valuation specialists to assess the methodology and assumptions used by the Group in the preparation of projected financial information shown in the business plan. We also analyzed the related disclosures presented in the Group's consolidated financial statements.

Revenue recognition	
The amount of revenue is material to the consolidated financial statements. Revenue is the Group's key performance measure, which gives rise to a risk that revenue may be misstated. For this reason, and additionally due to the risk of untimely recognition of revenue from shipments that occurred at the end of the reporting period, we identified revenue recognition as a one of the matters of the most significance in our audit. The Group's disclosure in respect of the accounting policies on revenue recognition is included in Note 4 to the consolidated financial statements, and revenue by segment disclosure for 2022 is included in Note 6 to the consolidated financial statements.	Among other procedures: we assessed the Group's accounting policy in respect of revenue recognition we focused on analysis of meeting the criteria for revenue recognition; we analyzed sales contracts terms in respect of transfer of control. On a sample basis, we compared the date of transfer of control in accordance with supporting documents with the date of revenue recognition; on a sample basis we obtained confirmations of accounts receivable balances from customers; we tested a sample of revenue transactions before and after the year end and compared the period when transaction occurred with the period when it was recorded; we analyzed sales turnovers, both in monetary and physical terms, including margin analysis and analysis of correlation of sales revenue and cost of sales analysis; we analyzed monthly sales to identify unusual fluctuations by type of goods and services and compared this information with prior periods and anticipated results of the Group; we also analyzed the disclosures in the consolidated financial statements in respect of revenue.
Property, plant and equipment revaluation	
The Group applies the revaluation model for its property, plant and equipment. Due to high level of subjectivity in respect of assumptions underlying the assessment of the fair value of property, plant and equipment this matter was one of the matters of most significance in our audit. For the purpose of revaluation of property, plant and equipment as at 31 December 2022, the Group engaged its internal specialists.	Among other procedures: we assessed the competence, capabilities and objectivity of the managements' internal specialists engaged on the valuation of property, plant and equipment; we engaged our internal valuation specialists in the assessment of the valuation methodology used and the

The Group's disclosure in respect of the accounting policies on property, plant and equipment is included in Note 4 to the consolidated financial statements, and property, plant and equipment disclosure for 2022 is included in Note 8 to the consolidated financial statements.

assumptions made by the specialists and management;

we compared input data used by the managements' specialists with internal sources of data and available industry data;

we analyzed the underlying assumptions by inspecting historical data, available market data and other evidence provided by management;

we evaluated assessment performed by management and the assumptions applied therein, including revenue assumptions, with reference to the actual revenue levels achieved in the current year and future operating plans;

we compared the amount of revaluation results recognized in the financial statements with the calculations prepared by the managements' internal specialists;

we tested journal entries related to recognition of revaluation movements and allocation between Profit and Loss and Other comprehensive income;

we assessed the adequacy of the related disclosures in the consolidated financial statements related to fair value measurement of the property, plant and equipment.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management's Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Consolidated Management Report.

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Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraamides.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
29 May 2023

INTERPIPE HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(in US dollars and in thousands)

INTERPIPE

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	8	224,155	523,025
Intangible assets	9	3,642	5,097
Investments in associates	10	412	865
Investment in joint venture	11	-	2,396
Deferred tax assets	12	30,131	8,318
Prepaid income tax		153	162
Other non-current assets	15	17,025	6,919
		275,518	**546,782**
Current assets			
Inventories	13	173,530	214,398
Trade and other accounts receivable	14	134,632	188,967
Prepayments and other current assets	15	28,987	36,867
Prepaid current income tax		944	2,368
Taxes recoverable, other than income tax	16	32,600	21,445
Other current financial assets	17	-	50,478
Cash and cash equivalents	18	153,777	109,627
		524,470	**624,150**
TOTAL ASSETS		**799,988**	**1,170,932**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital, net of unpaid	32	5	5
Share premium		94,277	94,277
Revaluation reserve		291,779	382,601
Retained earnings		1,313,973	1,125,863
Foreign currency translation reserve		(1,500,188)	(1,180,510)
		199,846	422,236
Non-controlling interests		5,901	13,182
Total equity	32	**205,747**	**435,418**
Non-current liabilities			
Subordinated loan	19	-	51,627
Long-term borrowings	20	344,534	387,031
Deferred tax liabilities	12	10,789	24,972
Provisions	21	18,820	40,524
		374,143	**504,154**
Current liabilities			
Current portion of the long-term borrowings and interest accrued and payable	20	45,132	35,580
Trade and other accounts payable	22	99,269	109,034
Advances and other current liabilities	23	39,861	58,481
Current income tax payable		29,815	18,864
Taxes payable, other than income tax	24	1,048	5,624
Provisions	21	4,973	3,777
		220,098	**231,360**
Total liabilities		**594,241**	**735,514**
TOTAL EQUITY AND LIABILITIES		**799,988**	**1,170,932**

Chief Executive Office — Andrii Korotkov

Sergiy Kuz'menko

29 May 2023

The Notes presented on pages 18 – 64 form an integral part of these Consolidated Financial Statements

INTERPIPE HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

	Notes	2022	2021
Revenue	6	981,330	1,132,900
Cost of sales	25	(630,574)	(824,963)
Gross profit		**350,756**	**307,937**
Selling and distribution expenses	26	(122,817)	(101,036)
General and administrative expenses	27	(40,393)	(46,664)
Loss on fair value measurement of property, plant and equipment	8	(64,797)	(2,428)
Other operating income and expenses, net	28	(21,327)	11,601
Operating foreign exchange difference	29	175,955	(22,734)
Operating profit		**277,377**	**146,676**
Finance income	30	4,669	1,801
Finance costs	31	(54,963)	(44,538)
Non-operating foreign exchange difference	29	(5,798)	7,071
Share of loss of associates and joint venture	10, 11	(706)	(103)
Profit before tax		**220,579**	**110,907**
Income tax expense	12	(16,138)	(19,591)
Profit for the year		**204,441**	**91,316**
Profit attributable to:			
Equity holders of the parent		208,123	90,146
Non-controlling interests		(3,682)	1,170
		204,441	**91,316**
Other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of income tax effect of nil:			
Exchange differences on translation of foreign operations	37	(322,394)	36,175
Net other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of income tax effect of nil		**(322,394)**	**36,175**
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plans	21	13,989	4,537
Income tax effect	12	(2,518)	(817)
		11,471	3,720
Revaluation of property, plant and equipment	8	(90,596)	16,795
Income tax effect	12	16,307	(3,023)
		(74,289)	13,772
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(62,818)**	**17,492**
Other comprehensive (loss) / income for the year, net of tax		**(385,212)**	**53,667**
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent		(173,490)	141,895
Non-controlling interests		(7,281)	3,088
		(180,771)	**144,983**

The Notes presented on pages 18 – 64 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(in US dollars and in thousands)

	Attributable to equity holders of the parent							
	Issued capital, net of Unpaid	**Share premium**	**Revaluation reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2021	**5**	**94,277**	**389,390**	**1,242,919**	**(1,216,299)**	**510,292**	**10,194**	**520,486**
Profit for the year	-	-	-	90,146	-	90,146	1,170	91,316
Other comprehensive income (Note 12, 21, 37)	-	-	12,240	3,720	35,789	51,749	1,918	53,667
Total comprehensive income	**-**	**-**	**12,240**	**93,866**	**35,789**	**141,895**	**3,088**	**144,983**
Depreciation transfer	-	-	(19,029)	19,029	-	-	-	-
Dividends declared (Note 32)	-	-	-	(230,000)	-	(230,000)	-	(230,000)
Acquisition of non-controlling interest (Note 33)	-	-	-	49	-	49	(100)	(51)
At 31 December 2021	**5**	**94,277**	**382,601**	**1,125,863**	**(1,180,510)**	**422,236**	**13,182**	**435,418**
Profit for the year	-	-	-	208,123	-	208,123	(3,682)	204,441
Other comprehensive income / (loss) (Note 12, 21, 37)	-	-	**(73,406)**	11,471	(319,678)	**(381,613)**	(3,599)	(385,212)
Total comprehensive income / (loss)	**-**	**-**	**(73,406)**	**219,594**	**(319,678)**	**(173,490)**	**(7,281)**	**(180,771)**
Depreciation transfer	-	-	(17,416)	17,416	-	-	-	-
Dividends declared (Note 32)	-	-	-	(48,900)	-	(48,900)	-	(48,900)
At 31 December 2022	**5**	**94,277**	**291,779**	**1,313,973**	**(1,500,188)**	**199,846**	**5,901**	**205,747**

Share premium is not available for distribution.

The Notes presented on pages 18 – 64 form an integral part of these Consolidated Financial Statements

INTERPIPE HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

INTERPIPE

	Notes	2022	2021
Profit before tax		**220,579**	**110,907**
Adjustments for:			
Depreciation and amortisation	25, 26, 27, 28	36,042	57,717
Impairment of property, plant and equipment and intangible assets	8	64,797	2,428
Loss / (gain) on disposal of property, plant and equipment and intangible assets	28	494	(1,256)
Non-cash movements in cost of sales	28	-	141
Finance costs	31	54,963	44,538
Finance income	30	(4,669)	(1,801)
Movement in provisions, less interest cost, and other movements		42,140	(33,629)
Share of loss / (gain) of associates	10	300	(115)
Share of loss of joint venture	11	406	218
Loss on purchase of acquisition of subsidiary	11	1,120	-
Foreign exchange difference		(175,675)	14,988
Operating cash flows before working capital changes		**240,497**	**194,136**
Increase in inventories		(26,545)	(52,920)
Decrease / (increase) in trade and other accounts receivable		36,819	(87,298)
Increase in prepayments and other assets		(9,511)	(12,465)
Increase in taxes recoverable, other than income tax		(18,580)	(2,307)
Increase in trade and other accounts payable		10,509	44,662
(Decrease) / increase in taxes payable, other than income tax		(3,431)	1,275
Decrease in advances and other current liabilities		(11,423)	(3,391)
Cash generated from operations		**218,335**	**81,692**
Income tax paid		(27,868)	(10,595)
Interest and other finance costs paid		(27,841)	(17,844)
Proceeds from income tax refund		-	3,532
Net cash inflow from operating activities		**162,626**	**56,785**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		(21,206)	(62,676)
Proceeds from sale of property, plant and equipment		98	2,847
Purchase of other financial assets		-	(50,000)
Interest received		909	1,324
Net cash outflow from investing activities		**(20,199)**	**(108,505)**
Cash flows from financing activities			
Proceeds from borrowings	36	-	300,000
Repayments of borrowings	36	(95,671)	(6,529)
Dividends paid		-	(230,000)
Acquisition of non-controlling interest		-	(51)
Net cash (outflow) / inflow from financing activities		**(95,671)**	**63,420**
Net increase in cash and cash equivalents		46,756	11,700
Net foreign exchange difference		(2,606)	1,296
Cash and cash equivalents at period beginning		**109,627**	**96,631**
Cash and cash equivalents at period end	18	**153,777**	**109,627**

For the non-cash activities in relation to equity transactions, please refer to note 32 to the to the consolidated financial statements.

The Notes presented on pages 18 – 64 form an integral part of the consolidated financial statement.

1. Corporate information

The Consolidated Financial Statements of Interpipe Holdings PLC (the "Company") and its subsidiaries (collectively, the "Interpipe" or the "Group") as at 31 December 2022 and for the year then ended were authorized for issue in accordance with the Company's Board Resolution on 26 May 2023.

The Company was incorporated as a limited liability company under the name of Interpipe Holdings Limited in accordance with the Companies Law of Cyprus on 4 April 2019. It was changed to a public company with limited liability under the Laws of Cyprus and renamed to Interpipe Holdings PLC on 24 July 2019.

The Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity, Interpipe Limited (the "Former Parent"). The Former Parent was incorporated as a limited liability company under the name of Ramelton Holdings Limited in accordance with the Companies Law of Cyprus on 30 December 2005. It was renamed to Interpipe Limited on 15 May 2007 (Note 32).

The registered office and principal place of business of the Company (as well as of the Former Parent) is Mykinon 8, P.C. 1065 Nicosia, Cyprus.

The principal business activities of the Group are described in more detail in Note 6. Average number of employees for the year 2022 and 2021 equaled to 9.7 thousand and 9.6 thousand, respectively.

2. Operating environment and risks of the Group

The Consolidated Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

Environment in Ukraine

The war in Ukraine that commenced with the russian invasion of Ukraine on 24 February 2022 is still ongoing. The military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics. Thanks to the rapid adaptation by businesses and households to the new conditions and improved results of in the second half of 2022, the decline in real GDP for the whole 2022 is estimated at 30.4% (±2%). According to the National Bank of Ukraine's (hereafter "NBU") most recent forecast, the NBU expects growth in real GDP to be weak in 2023 at 2%, increasing in 2024 to 4.3%, an accelerating in 2025 to 6.4%, however, the outlook could worsen sharply if the conflict lasts longer.

The war caused a disruption of supply chains, a decrease in supply of some goods, higher business costs, physical destruction of production facilities and infrastructure (in the energy sector in particular), and temporary occupation of some territories. Persistently high energy prices and record-high inflation in partner countries also fuelled price pressures in Ukraine. Inflation expectations of businesses and households increased markedly. This was reflected in deteriorating maturity structure of bank deposits and higher spending on some durable goods, primarily imported goods. In the second half of 2022 inflation has stabilized, although it remains high at 26.6% as of the end of 2022; according to the NBU recent forecast it will decrease to 14.8% in 2023.

The Government has implemented emergency measures to stabilize markets and the economy, but the country faces large fiscal and external financing gaps. Ukrainian authorities have continued to service their external debt obligations and the country's payment system remains operational, with banks open and mostly liquid. International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support.

In June 2022, the NBU established the key policy rate at 25% p.a. compared with its previous level of 10% p.a. The updated forecast envisages maintaining this unchanged at least until Q1 2024. The NBU switched from a flexible to a fixed exchange rate regime at UAH 29.25 for 1 USD on the FX market to ensure the sound and stable operation of the country's financial system. Effective 21 July 2022, the NBU changed the official exchange rate of UAH against US Dollar by 25% and fixed it at a new level of UAH 36.57 as well as took additional measures to balance the foreign exchange market and support resilience of economy during the war. Despite the current unstable situation, the banking system remains stable, with sufficient liquidity even as martial law continues, all banking services are available to its customers, both legal entities and individuals.

The economic consequences are already very serious, the situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

The Group's operations

The Group's utmost priority is the safety and security of the employees, and the second priority is the preservation of the assets and business continuity and the business processes have been adjusted respectively. The Group supports all its employees with the necessary financial support. The Group actively supports the Armed Forces of Ukraine and the Territorial Defence.

(in US dollars and in thousands)

In March 2022, the production has been almost temporarily suspended subject to the reduction of the security risks for employees, minimization risks of destruction of assets and hampered procurement and logistic capabilities across Ukraine as well as unavailable export capacities through Odesa sea port, which has been the main export hub for the Group. Starting from April 2022, the operations were gradually resumed with an overall lower production capacity utilization as compared to the pre-war volumes including, but not limited to, the impact of russian missile strikes on electrical infrastructure at the end of 2022. The level of the Group's production remains dependent on russian attacks on critical infrastructure in Ukraine, which affects the level of supply of power.

The Group's trading entities located outside of Ukraine operate on a normal basis facilitating and coordinating relations with clients all over the world and the Group seeks to utilize all available logistic channels in a most efficient way for the purpose of the products shipments.

The Group is fully compliant with all sanction's rules and regulations imposed by various countries and organizations against russian and belarusian persons or organizations. The Group does not expect any impact of the imposed sanctions on the supplying chain and payments flow.

Debt service payments in 2022 were covered by available cash balances and operating cash flows from trade receivable settlements and sale of finished goods. As at 31 December 2022, the Group has sufficient funds on the current accounts with banks of USD 153,777 thousand (Note 18) to serve the existing debt for at least 12 months from the date of approval of these consolidated financial statements.

The Group considers the following expenses incurred during the year 2022 to be directly related to the war:

	2022
Loss on fair value measurement of property, plant and equipment (Note 8)	155,393
Charitable donations (Note 28)	19,200
	175,285

The full extent of the adverse impact on the Group's business generally is not yet known and will largely depend on the duration and extent of the military actions as well as on their impact on the Group's key production assets.

International trade regimes

The Group's target business model assumes an extensive geographical diversification of its sales and presence in different markets. The Group's ability to operate in particular regions is highly dependent on specific trade regimes.

In the USA market an administrative review of the antidumping duty order on import of OCTG pipes to the USA was initiated in July 2020. In February 2022 the dumping margin of 27.8% was determined instead of previously effective 7.47% on import of OCTG pipes produced by Interpipe with a further reduction to 1.55% in March 2023 due to the next administrative review completion. In 2022 the Group's seamless standard, line and pressure pipes remain subject to an antidumping duty with a dumping margin of 23.75% imposed in mid-2021. In addition, in June 2022 a safeguard tariff of 25% previously imposed for all steel products from Ukraine (including all of the Group's pipe products supplied to the USA market) was suspended till 1 of June 2023.

In the European market Interpipe's seamless pipe products were subject to 8.1% antidumping duty both in 2022 and 2021. Since 2019, the European Commission has put in place country-specific quotas for steel product imports, including Ukrainian seamless tubes and welded pipes, with 25% duty levied on any excess. In June 2022 the country country-specific quota applicable to products originating from Ukraine and antidumping duty of 8,1% for seamless pipes were suspended till 5 of June 2023.

Going concern basis

The net assets of the Group were USD 205,747 thousand as at 31 December 2022 and USD 435,418 thousand as at 31 December 2021. The current assets exceeded current liabilities by USD 304,372 thousand and USD 392,790 thousand as at 31 December 2022 and 2021, respectively. As compared to 2021, the Group's revenue of USD 1,132,900 thousand decreased by about 13% together with an increased cash inflow from operating activities by 186% for the year 2022 mainly due to an increase in demand and prices for the Group's finished goods and the devaluation of UAH against hard currencies. In 2022, the Group incurred a net profit of USD 204,441 thousand comparatively to USD 91,316 thousand for 2021.

Notwithstanding the Group's performance in 2022 calendar year, ongoing military actions create material uncertainty for the Group in the future, including the risk of damage of assets and loss of inventory either through physical loss as a result of military actions or appropriation for military needs under the Martial Law in Ukraine and availability of the export routes. The full extent of the impact of further development of military actions on the Group's business is unknown, but its magnitude might be severe.

In order to analyze the impact of foregoing risks and support its going concern assumption, management has prepared cash flow forecast for the period of 12 months from the date of approval of the Consolidated Financial Statements, which shows that the Group's net operating cash flow will be positive. The management's forecast was grounded on the following significant assumptions and continuous management actions to support sustainability of the Group's operations:

- no further escalation of military actions that could severely affect or lead to damage of the Group's assets;
- the tubes market will remain stable, which will allow the Group to improve utilization of the production facilities;
- continuous monitoring of prices and control of scrap, fuel, electricity and gas costs;
- the possibility of shifting the production to night hours in case of limitation of electricity consumption during the daytime hours;
- re-arrangement of the logistics, including the alternative routes through foreign ports, road and rail, to ensure delivery of raw materials and fuel to the Group production plant and transportation of finished goods to customers;
- search for alternative suppliers to ensure uninterrupted supply of raw materials required in production;
- optimization of cash flows, decrease of outstanding accounts receivable;
- reduction of expenses by cancellation of non-essential capital and operating expenses together with maintaining the equipment functionable.

These management plans indicate that, taking into account current developments, the Group has adequate resources to continue in operational existence for the foreseeable future. The management acknowledges that future development of military actions and their duration represent a single source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite the single material uncertainty relating to the war in Ukraine, management continues to take actions to minimise the impact on the Group and thus believes that use of the going concern assumption for the preparation of these Consolidated Financial Statements is appropriate and that the Group will be able to manage various risks and will be able to continue its operations for the foreseeable future in the normal course of business.

3. Basis of preparation

Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) as well as in accordance with the requirements of the Cyprus Companies Law, Cap.113.

The Consolidated Financial Statements have been prepared on a historical cost basis except for property, plant and equipment and construction in progress, that are carried at a revalued amount, investment in associates and joint ventures accounted for using the equity method, post-employment benefits measured in accordance with the requirements of IAS 19 "Employee benefits" and financial instruments measured in accordance with the requirements of IFRS 9 "Financial instruments".

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses during the reporting period.

Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

The Consolidated Financial Statements are presented in US Dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated; all expenses are shown in brackets (unless otherwise indicated in notes).

The Consolidated Financial Statements provide comparative information in respect of the previous period.

New and amended standards and interpretations

During the current year the Group adopted all of the amendments to International Financial Reporting Standards (IFRS) adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments became effective as at 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- IAS 41 Agriculture – Taxation in fair value measurements.

These new and amended standards had no impact on the consolidated financial statements of the Group.

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company (and of the Former Parent, where applicable) and its subsidiaries at 31 December 2022 and for the year then ended. At each reporting date, the Company, regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the interest in subsidiaries not held by the Group. Non-controlling interests at the reporting date represent the non-controlling shareholders' portion of the fair value of the identifiable assets and liabilities of the subsidiary at the acquisition date and the non-controlling shareholders' portion of changes in net assets since the date of the combination. Non-controlling interests are presented within the shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. Summary of significant accounting policies

Foreign currency translation

The Consolidated Financial Statements are presented in the USD, which is the Company's functional and presentation currency. Items in the financial statements of each entity included in the Consolidated Financial Statements are measured using the functional currency determined for that entity. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences upon re-measurement are recognised in the profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Ukrainian hryvnia is the functional currency of the subsidiaries domiciled in Ukraine. The functional currencies of the subsidiaries domiciled outside of Ukraine are as follows: the United States dollar for those registered in Switzerland, United Arab Emirates, Republic of Cyprus and the United States of America, Euro for a subsidiary in Germany and, russian rouble for a subsidiary in russia, and Kazakhstani tenge for a subsidiary in Kazakhstan.

As at the reporting date, the assets and liabilities of these companies are translated into the presentation currency of the Group at the rate of exchange at the reporting date. For the reporting year, the amounts presented in their statements of comprehensive income and cash flows are translated at the monthly weighted average exchange rates. All equity transactions and significant transactions relating to the statement of comprehensive income such as revaluation and impairment of property, plant and equipment and write down of inventories to net realisable value were translated using the exchange rate ruling at the date of transaction. The exchange differences arising on the translation are taken to a separate component of equity through the other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

Net investments in foreign operations

Net investments in foreign operations are accounted in accordance with provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Net investment is considered to be monetary item with the settlement which is neither planned nor likely to occur in the foreseeable future. Such monetary items may consist of intercompany loans and may include long-term receivables and payables.

In the Consolidated Financial Statements of the Group exchange differences arising on monetary items that are designated to form part of the net investments are recognised in other comprehensive income and taken to a separate component in equity during period of designation.

Exchange differences recognized in other comprehensive income should be reclassified from equity to profit or loss only on disposal of the respective net investment in accordance with provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Business combinations and goodwill

Business combinations, except for those among entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

For business combinations among entities under common control, in particular those representing legal reorganizations of the existing business without a change in control, the Group elected to apply pooling of interest method. Under this method assets and liabilities after the combination are recognized at the same carrying amounts as before the combination with the remaining differences, if any, recognized directly in equity.

Property, plant and equipment

Property, plant and equipment initially recognized at cost. Subsequently, property, plant and equipment are carried at revalued amounts, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. When no market values are available, fair value of specific machinery and equipment is determined by using depreciated replacement cost approach. Fair values of other items of property, plant and equipment are determined by reference to market-based evidence, which are the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materiality from that which would be determined using fair value at the end of the reporting period.

As at 31 December 2022 the Group performed the fair value valuation of its property, plant and equipment resulting in revaluation loss recognised in profit or loss and other comprehensive income (Note 8).

As at 31 December 2021, revaluation was performed by independent appraiser.

The increase in the fair value of the Group's property, plant and equipment as at 31 December 2021 relates to the progress in stabilization of Ukrainian business environment and improved situation on the global markets. Despite the fact that the business environment remained unstable and geopolitical situation – complicated, the Ukrainian economy continued to show moderate growth and improved macroeconomic fundamentals.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset.

Increases in carrying amount arising on revaluation of property, plant and equipment are recorded in other comprehensive income and credited to revaluation reserve in equity. However, such increase is to be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

As the asset is used by the Group, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings. On the subsequent sale or retirement of a revalued property, the respective revaluation surplus carried in equity is transferred directly to retained earnings.

Depreciable amount is the cost or revalued amount of the item of property, plant and equipment less estimated residual value at the end of the useful life. Depreciation is calculated on a straight-line basis over the estimated remaining useful life of the assets, determined at the date of revaluation, or estimated useful life of the assets, determined at the date the asset is available for use.

The asset's residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end. Depreciation is calculated over the estimated remaining useful life of the assets as follows:

Buildings and structures	3-50 years
Machinery and equipment	1.5-25 years
Transport and motor vehicles	1-10 years
Fixtures and office equipment	1-7 years

Construction in progress comprises prepayments made and letters of credit issued for purchases of property, plant and equipment, as well as property, plant and equipment which have not yet been constructed. No depreciation is recorded on such assets until they are available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year when the item is derecognised.

The Group has the title to certain non-production and social assets, primarily buildings and social infrastructure facilities held by production subsidiaries in Ukraine, which do not meet the definition of an asset according to IFRS and are not included in the Consolidated Financial Statements.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term and low-value assets lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option as well as leases where underlying assets are considered to be low value). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets

Intangible assets include patents and trademarks, accounting and other software acquired separately from business combination and measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets are amortized using straight line method over estimated useful lives from three to eight years.

Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount, and then recognizes the loss within "Share of profit of an associate and a joint venture" in the consolidated statement of comprehensive income.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Impairment losses on non-revalued assets are recognised in profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus attributable to the asset to the extent that the impairment loss does not exceed the amount of the revaluation surplus for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in the prior years in profit or loss. After such the reversal, the depreciation charge in future periods is adjusted to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Dividends

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. The Group measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the Group estimates the dividend payable by considering both the fair value of each alternative and the associated probability of owners selecting each alternative. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. When the Group settles the dividend payable, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (the "OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as described in the section Revenue from contracts with customers below.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (the "SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at Amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

As at 31 December 2022 and 2021, the Group had no financial assets at fair value through OCI with recycling of cumulative gains and losses, financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition and financial assets at fair value through profit or loss.

Financial assets at amortized cost

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

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

Financial assets at amortized cost are subsequently measured using the effective interest (the "EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired as well as through amortisation process.

The Group's financial assets at amortized cost includes trade and other receivables, current and non-current deposits included under other current assets and other non-current assets, respectively.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes liquidity, bonds and equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (the "ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months from the reporting date. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. As an insolvency event (assumption that the contractor defaults), the Group recognises the failure to repay more than 90 days from the maturity of receivables, high probability of bankruptcy, pending bankruptcy/composition proceedings of the counterparty, legal dispute regarding the size or legitimacy of the claim being the basis for a given receivable and other qualitative information indicating the inability to fully satisfy all financial claims on the part of the counterparty.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings. The Group also has the Performance Sharing Fee and Exit Fee at fair value through profit or loss. The Group has no derivative instruments designated as hedging instruments for effective hedging.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at fair value through profit or loss
- financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (Accounts payable, loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first-in, first-out ("FIFO") basis, except for cost of work-in-process (comprising unfinished products and metal billets) which is determined on weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value adjustment is recognized within cost of sales.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Pension obligations

In the normal course of business the Group contributes to the Ukrainian, russian and Kazakhstani state pension schemes at the statutory rates in force during the year, based on gross salary payments; such expense is charged in the period the related salaries are earned. The Group has also agreed to provide certain defined contribution pension benefits in Switzerland and the USA. The Group has no legal or constructive obligations to pay further contributions in respect of those benefits. Its only obligation is to pay contributions as they fall due. These contributions are expensed as incurred.

In addition, the Group's Ukrainian production subsidiaries provide other post-employment benefits to their employees. There are two significant defined benefit post-employment plans in Ukraine, both of which are unfunded. These plans comprise:

- The Group's legal and contractual obligation to its employees to make one-off payment and other benefits according to the collective agreements on retirement of employees with long service , and
- The Group's legal obligation to compensate the Ukrainian state pension fund for additional pensions paid to certain categories of the eligible employees of the Group.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method in respect of those employees entitled to such payments. Management uses actuarial techniques in calculating the liability related to these retirement obligations at each reporting date. Actual results could vary from estimates made to the date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position of the Group with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service cost resulting from introduction of pension benefits is recognised immediately in the profit or loss.

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax expense is calculated by each entity on the pre-tax income determined in accordance with the tax law of a country in which the entity is incorporated, using tax rates enacted during the tax period when the respective transaction arises.

Deferred tax

Deferred income tax is recognised, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of steel products is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch or delivery of the products.

Revenue reflects the sale of finished products and services. The Group analyses the following five stages to determine the principle for recognizing revenue:

1. Identification of contract;
2. Identification of distinct performance obligations within the contract;
3. Evaluation of contract price;
4. Allocation of overall price to each performance obligation pro rata of their specific sale prices;
5. Recording of revenue when a performance obligation has been satisfied.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of steel products, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The existing contracts for the sale of steel products do not provide customers with a right of return of the products of good quality and do not include volume rebates, therefore do not result in variable consideration.

(in US dollars and in thousands)

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Cost of sales and other expenses recognition

Cost of revenue that relates to the same transaction is recognised simultaneously with the respective revenue.

Cash and cash equivalents and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

New standards and interpretations not yet adopted

At the date of authorisation of these Consolidated Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases have not yet been adopted by the EU:

	Effective for annual period beginning on or after
Amendments to IFRS 17 *Insurance contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	1 January 2023
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023
IFRS 17 *Insurance Contracts* (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023
Amendments to IAS 12 *Income Taxes:* Temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform	1 January 2023
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*: Increase of transparency of companies' supplier finance	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*: • Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020); • Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and • Non-current Liabilities with Covenants (issued on 31 October 2022)	Not yet endorsed
Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	Not yet endorsed
IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014)	The EC has decided not to launch the endorsement process of the interim standard and to wait for the final IFRS Standard

For other Standards and Interpretations, the Directors do not expect that the adoption of the Standards and Interpretations will have a material impact on the Consolidated Financial Statements of the Group in future periods. There are no other IFRSs or IFRIC interpretations that are not yet effective but would be expected to have a material impact on the Group.

5. Significant accounting judgements and estimates

i) Estimation uncertainty

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

Pension obligations under defined benefit plan

The Group collects information relating to its employees in service and pensioners receiving pension benefits and uses the actuarial valuation method for measurement of the present value of post-employment benefit obligations and related current service cost. These calculations require the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.) as well as financial assumptions (discount rate and future projected salary).

Further details are disclosed in Note 21.

Valuation of property, plant and equipment

As described in Note 4, the Group applies the revaluation model to its property, plant and equipment.

At each reporting date the Group carries out the review of the carrying amount of these assets in order to determine whether it is materially different from the fair value. The majority of the Group's property, plant and equipment represent specialised items used in production process. Accordingly, management primarily uses the expected future cash flow models applied to the respective cash generating unit (the "CGU") and considers such approach to be the most appropriate in the current operating environment of the Group (Note 8).

Useful life of property, plant and equipment and residual value

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each reporting date. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates may have a material impact on the carrying amount of property, plant and equipment and on depreciation recognised in the consolidated statement of comprehensive income.

Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. This requires an estimation of the value in use of CGU to which the item is allocated. Estimating the value in use /fair value less costs of disposal requires the Group to make an estimate of the expected future cash flows from CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group also assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (the "DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments (Note 7).

Net realisable value of inventories

Inventory is carried at lower of cost and net realisable value. Estimates of net realisable value of raw materials, work in progress and finished goods are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the reporting date to the extent that such events confirm conditions existing at the end of the period (Note 13).

Taxes

Uncertainties may exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

If the Group concludes that it is 'probable' that the taxation authority will accept a specific tax treatment, then the Group determines its accounting for income taxes (e.g. in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, tax rates) consistently with the tax treatment.

Where the Group concludes that it is 'not probable' that the tax authority will accept a specific treatment, then the Group reflects the effect of that uncertainty in its income tax accounting (e.g., in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, tax rates) in the period in which that determination is made. The effect of each uncertainty is reflected using either the 'most likely amount' method or the' expected value' method whichever better predicts the resolution of the uncertainty.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes judgments based on the expected future performance.

Further details on taxes are disclosed in Note 12 and 35.

Value-added tax recoverable

Value-added tax ("VAT") recoverable is reviewed at each reporting date and reduced to the extent that it is no longer probable that a refund or VAT liabilities for netting will be available. The Group considers that the amount due from the state as at the reporting date will be either recovered in cash or reclaimed against the VAT liabilities related to sales.

Allowance for expected credit losses of financial assets

The Group uses a provision matrix to calculate ECLs for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets is disclosed in Note 36.

ii) Judgements

Litigations

The Group exercises considerable judgment in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation or arbitration, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, as well as in determining a possible range of any final settlement. Because of the inherent uncertainties in evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as any new information becomes available, primarily with the support of, as appropriate, internal specialists or outside consultants, such as legal counsel. Revisions to the estimates may significantly affect future operating results (Notes 21 and 35).

Designation of monetary items as part of net investment in foreign operations

Throughout the Group there are various intercompany balances between subsidiaries, including loans that are used to finance mainly capital expenditure projects as well as working capital requirements. The majority of these balances are denominated in the USD and are translated into the respective local functional currencies in the subsidiaries' local accounts. Balances for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that foreign operation and exchange differences on these balances are recognised in other comprehensive income and only reclassified from the equity to profit or loss on disposal of the respective net investment. It is the Group management's view that substantial part of the loans and other liabilities granted by the parent and subholding companies to its Ukrainian subsidiaries as from 1 January 2014 qualify as net investments in its foreign operations (Note 37).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

6. Segment information

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

For management purposes, the Group is organised into business units based on its products and services, and has four reportable operating segments as follows:

1. Pipes segment - production and distribution of:Seamless oil country tubular goods ("OCTG"), used for oil and gas exploration and production;
   - Seamless transportation line pipes, used for oil and gas transportation in severe pressure and temperature conditions;
   - Seamless industrial pipes, used in a large variety of infrastructure and industrial applications;
   - Seamless special applications pipes, used in various applications by the machine-building, power and heat generation and petrochemical industries, among others;
   - Industrial welded pipes, used mainly in the construction industry and in local water distribution networks;
   - Transportation line welded pipes, used to transport water, crude oil and natural gas in moderate pressure and temperature conditions.
2. Railway wheels segment - production and distribution of extensive range of forged wheels used for freight cars, passenger carriages, locomotives and underground trains as well as tyres for wheel sets used on locomotives, underground trains and trams.
3. Steel making segment:
   - Collection and processing of scrap for internal consumption in steel billets production. Scrap not usable for the Group's production purposes is sold to external customers;
   - Production and distribution of pipe steel billets – used both for internal production of the extensive range of seamless pipes and distribution to the external customers;
   - Production and distribution of wheels steel billets – used for railway wheels production and distribution to the external customers.
4. Other operations segment - production and sales of enamel ware and other by-products and services.

The Group management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's financing activities (including finance costs and finance income) and income taxes are managed on the Group level and are not allocated to the operating segments.

Inter-segment sales primarily consisted of steel billets sold by "Metallurgical Plant Dneprosteel" LLC to JSC "Interpipe Niznedneprovsky Tube Rolling Plant" and "Interpipe Niko Tube" LLC, the cost of which was included in the cost of pipes and wheels.

Recognising the scope and magnitude of the steelmaking integration into and its influence on the pipes and railway wheels economy, the Group management decided to amend and expand segment information with additional allocation of the steel making EBITDA to pipes and wheels respective EBITDA pro-rata to relevant external revenues from sales of the Group products - thus, explicitly demonstrating the Group key final-product-segments (seamless pipes and railway wheels) throughput results - leaving to the steel making segment only portion of the result attributable to the external steel billets sales.

(in US dollars and in thousands)

Segment revenues and results

Year ended 31 December 2022	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Revenue	757,656	164,287	324,413	11,008	1,257,364
Elimination of sales to other segments	-	-	(276,034)	-	(276,034)
Revenue - external	**757,656**	**164,287**	**48,379**	**11,008**	**981,330**
Operating profit	**155,461**	**31,350**	**89,654**	**912**	**277,377**
Finance income					4,669
Finance costs					(54,963)
Non-operating foreign exchange difference					(5,798)
Share of loss of associates and joint venture					(706)
Income tax expense					(16,138)
Profit for the year					**204,441**

Year ended 31 December 2021	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Revenue	788,565	281,605	505,076	15,667	1,590,913
Elimination of sales to other segments	-	-	(458,013)	-	(458,013)
Revenue - external	**788,565**	**281,605**	**47,063**	**15,667**	**1,132,900**
Operating (loss) / profit	**(47,132)**	**11,817**	**179,529**	**2,462**	**146,676**
Finance income					1,801
Finance costs					(44,538)
Non-operating foreign exchange difference					7,071
Share of loss of associates and joint venture					(103)
Income tax expense					(19,591)
Profit for the year					**91,316**

For the year ended 31 December 2022 and 2021, share of loss of associates was attributable to pipes segment.

Segment assets, liabilities and other information

Year ended 31 December 2022	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Segment assets	318,723	113,306	133,896	3,998	569,923
Segment liabilities	80,603	50,032	31,330	796	162,761
Investment in associates and joint venture (Note 10 and 11)	412	-	-	-	412
Additions to property, plant and equipment (Note 8)	13,021	2,090	7,755	-	22,866
Movement in provisions	(1,589)	(3,855)	(568)	-	(6,012)
Other non-cash items	23,102	12,093	5,281	-	40,476
Effect of revaluation of property, plant and equipment	62,526	1,060	1,211	-	64,797

(in US dollars and in thousands)

Segment assets, liabilities and other information (continued)

Year ended 31 December 2021	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Segment assets	513,935	165,525	265,991	7,981	953,432
Segment liabilities	96,486	66,737	47,981	348	211,552
Investment in associates and joint venture (Note 10 and 11)	3,261	-	-	-	3,261
Additions to property, plant and equipment (Note 8)	36,631	16,699	10,685	-	64,015
Movement in provisions	(27,313)	134	(2,520)	-	(29,699)
Other non-cash items	1,393	(966)	1,931	-	2,358
Effect of revaluation of property, plant and equipment	(9)	(1,791)	4,228	-	2,428

Reportable segments' assets are reconciled to total assets as follows:

	31 December 2022	*31 December 2021*
Segment assets for reportable segments	**566,337**	**948,712**
Other operations	**3,998**	**7,981**
Unallocated		
Intangible assets	3,642	5,097
Deferred tax assets	30,131	8,318
Prepaid income tax (non-current)	153	162
Prepaid current income tax	944	2,368
Taxes recoverable, other than income tax	32,600	21,445
Prepayments and other current assets	8,406	16,744
Other financial assets	-	50,478
Cash and cash equivalents	153,777	109,627
	229,653	**214,239**
Total assets	**799,988**	**1,170,932**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2022	*31 December 2021*
Segment liabilities for reportable segments	**161,965**	**211,204**
Other operations	**796**	**348**
Unallocated		
Deferred tax liabilities	10,789	24,972
Taxes payable, other than income tax	1,048	5,624
Current income tax liabilities	29,815	18,864
Borrowings	386,177	419,100
Subordinated Loan	-	51,627
Interest payable	3,489	3,511
Dividends payable to non-controlling interest owners	160	216
Other liabilities	2	48
	431,480	**523,962**
Total liabilities	**594,241**	**735,514**

The Group measures the performance of its operating segments through a measure of earnings before interest, tax, depreciation and amortisation (the "EBITDA"). EBITDA is calculated as operating profit or (loss) plus depreciation and amortisation charge, plus impairment of property, plant, equipment and intangible asset, plus loss / (gain) on disposal of property, plant and equipment, plus extraordinary losses / (gains) and plus operating foreign exchange gain/(loss).

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Group may be different from the calculations of similarly labelled measures used by other companies and it should therefore not be used to compare one company against another or as a substitute for analysis of the Group's operating results as reported under IFRS. EBITDA is not a direct measure of the Group's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Group's financial commitments. EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of the Group's potential future results. The Group believes that EBITDA provides useful information to the users of the Consolidated Financial Statements because it is an indicator of the strength and performance of the Group's ongoing business operations, including the Group's ability to fund discretionary spending such as capital expenditure, acquisitions and other investments and the Group's ability to incur and service debt.

(in US dollars and in thousands)

EBITDA by segments

Year ended 31 December 2022	*Pipes*	*Railway wheels*	*Steel Making*	*Other operations*	*Total*
Operating profit	155,461	31,350	89,654	912	277,377
Depreciation and amortisation	9,027	9,337	17,541	137	36,042
Effect of revaluation of property, plant and equipment	62,526	1,060	1,211	-	64,797
Gain / (loss) on disposal of property, plant and equipment (Note 28)	(15)	244	265	-	494
Loss on purchase of acquisition of subsidiary	1,120	-	-	-	1,120
Operating foreign exchange difference	(120,586)	(44,614)	(10,755)	-	(175,955)
EBITDA	**107,533**	**(2,623)**	**97,916**	**1,049**	**203,875**
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	61,198	25,702	(86,900)	-	-
EBITDA (on a pass-through basis)	**168,731**	**23,079**	**11,016**	**1,049**	**203,875**

Year ended 31 December 2021	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Operating (loss) / profit	(47,132)	11,817	179,529	2,462	146,676
Depreciation and amortisation	21,128	12,007	24,337	245	57,717
Effect of revaluation of property, plant and equipment	(9)	(1,791)	4,228	-	2,428
Loss on disposal of property, plant and equipment (Note 28)	(1,063)	(1)	(51)	-	(1,115)
Operating foreign exchange difference	15,388	2,960	4,386	-	22,734
EBITDA	**(11,688)**	**24,992**	**212,429**	**2,707**	**228,440**
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	139,411	60,643	(200,054)	-	-
EBITDA (on a pass-through basis)	**127,723**	**85,635**	**12,375**	**2,707**	**228,440**

Geographical information

Revenues from external customers

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Europe	324,241	287,030
Americas	319,480	223,433
Ukraine	188,317	300,201
Middle East and Africa	110,576	158,524
Other CIS countries	27,123	134,453
Other countries	11,593	29,259
	981,330	**1,132,900**

Americas region includes the USA, Canada and Latin America countries. Other CIS countries region includes members of the Commonwealth of Independent States, except for Ukraine, which are presented as separate regions.

The revenue received from 1 major customer, individually exceeding 5% of total revenue, amounted to USD 56,233 thousand (2021: 1 major customer, individually exceeding 8% of total revenue, USD 83,408 thousand) arising from sales in Americas geographical segments.

(in US dollars and in thousands)

Non-current assets

Non-current assets comprising property, plant and equipment, intangible assets are presented in the table below. Non-current assets are allocated by foreign countries in which the Group holds assets. If non-current assets in an individual foreign country are material, those assets are disclosed separately.

	31 December 2022	*31 December 2021*
Ukraine	227,428	527,012
Europe	58	102
Other countries	311	1,008
	227,797	**528,122**

7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in these Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amounts of financial instruments, consisting of cash at banks, short-term accounts receivable and payable, other financial assets, short-term loans and borrowings approximate their fair values.

Fair value measurement hierarchy for liabilities as at 31 December 2022:

		Fair value measurement using			
	Carrying amount	*Fair value*	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*
Fair value of liabilities:					
Borrowings and interest payable					
- borrowings at amortised cost	340,181	340,181	-	340,181	-
- financial liability at fair value	49,485	49,485	-	-	49,485
	389,666	**389,666**	-	**340,181**	**49,485**

Fair value measurement hierarchy for liabilities as at 31 December 2021:

		Fair value measurement using			
	Carrying amount	*Fair value*	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*
Fair value of liabilities:					
Borrowings and interest payable					
- borrowings at amortised cost	344,486	344,486	-	344,486	-
- financial liability at fair value	78,125	78,125	-	-	78,125
	422,611	**422,611**	-	**344,486**	**78,125**

There have been no transfers between Level 1 and Level 2 during 2022 and 2021.

(in US dollars and in thousands)

8. Property, plant and equipment

Movement in property, plant and equipment and related accumulated depreciation for the years ended 31 December 2022 and 2021 was as follows:

	Buildings and structures	*Machinery and equipment*	*Transport and motor vehicles*	*Fixtures and office equip-ment*	*Construction-in-progress and uninstalled equipment*	*Right-of-use assets*	*Total*
Cost or valuation:							
At 1 January 2021	**217,316**	**328,799**	**17,600**	**4,835**	**26,957**	**2,643**	**598,150**
Additions	-	-	-	-	64,015	-	64,015
Transfers	5,717	24,444	345	971	(31,539)	62	-
Disposals and write-offs	(2,486)	(4,233)	(555)	(95)	(77)	-	(7,446)
Elimination against gross carrying amount	(38,058)	(119,090)	(5,561)	(3,099)	-	(1,592)	(167,400)
Revaluation	(18,156)	27,403	2,753	350	2,017	-	14,367
Translation difference	7,946	11,551	647	175	1,020	-	21,339
At 31 December 2021	**172,279**	**268,874**	**15,229**	**3,137**	**62,393**	**1,113**	**523,025**
Additions	-	-	-	-	22,866	-	22,866
Transfers	1,311	12,930	33	556	(14,830)	-	-
Disposals and write-offs	(22)	(910)	(40)	(100)	-	(458)	(1,530)
Elimination against gross carrying amount	(7,663)	(23,553)	(1,402)	(229)	-	(294)	(33,141)
Revaluation	(48,397)	(74,231)	(1,517)	(808)	(30,440)	-	(155,393)
Acquisitions of a subsidiary	18	2,979	-	218	-	-	3,215
Translation difference	(44,064)	(71,481)	(3,833)	(1,405)	(14,104)	-	(134,887)
At 31 December 2022	**73,462**	**114,608**	**8,470**	**1,369**	**25,885**	**361**	**224,155**
Accumulated depreciation and impairment:							
At 1 January 2021	**25,332**	**78,110**	**3,829**	**2,046**	**-**	**1,077**	**110,394**
Depreciation for the year	13,251	42,908	1,875	1,081	-	515	59,630
Disposals and write-offs	(1,462)	(4,178)	(287)	(93)	-	-	(6,020)
Elimination against gross carrying amount	(38,058)	(119,090)	(5,561)	(3,099)	-	(1,592)	(167,400)
Translation difference	937	2,250	144	65	-	-	3,396
At 31 December 2021	-	-	-	-	-	-	-
Depreciation for the year	8,998	26,256	1,569	777	-	294	37,894
Disposals and write-offs	(1)	(196)	(2)	(88)	-	-	(287)
Elimination against gross carrying amount	(7,663)	(23,553)	(1,402)	(229)	-	(294)	(33,141)
Translation difference	(1,334)	(2,507)	(165)	(460)	-	-	(4,466)
At 31 December 2022	-	-	-	-	-	-	-
Net book value:							
At 31 December 2021	**172,279**	**268,874**	**15,229**	**3,137**	**62,393**	**1,113**	**523,025**
At 31 December 2022	**73,462**	**114,608**	**8,470**	**1,369**	**25,885**	**361**	**224,155**

As at 31 December 2022 and 2021, property, plant and equipment with carrying amount of USD 14,775 thousand and USD 78,960 thousand, respectively, were pledged as a security for the Group's borrowings (Note 20).

(in US dollars and in thousands)

Revaluation increase / Decrease / Reversal of decrease:

At 31 December 2022

	Buildings and structures	*Machinery and equipment*	*Transport and motor vehicles*	*Fixtures and office equipment*	*Construction -in-progress and uninstalled equipment*	*Total*
Loss on revaluation recognised in profit or loss	(8,739)	(25,135)	(193)	(542)	(30,188)	(64,797)
Loss on revaluations recognised in other comprehensive income	(39,658)	(49,096)	(1,324)	(266)	(252)	(90,596)
Total	**(48,397)**	**(74,231)**	**(1,517)**	**(808)**	**(30,440)**	**(155,393)**

At 31 December 2021

	Buildings and structures	*Machinery and equipment*	*Transport and motor vehicles*	*Fixtures and office equipment*	*Construction-in-progress and uninstalled equipment*	*Total*
Loss on revaluation recognised in profit or loss	(4,636)	(10,653)	(90)	(238)	(1,685)	(17,302)
Reversal of loss on previous revaluation recognised in profit or loss	305	11,100	39	22	3,408	14,874
Loss on revaluations recognised in other comprehensive income	(43,257)	(24,053)	(1,333)	(41)	(3)	(68,687)
Gain on revaluations recognised in other comprehensive income	29,432	51,010	4,137	607	296	85,482
Total	**(18,156)**	**27,404**	**2,753**	**350**	**2,016**	**14,367**

The revalued property, plant and equipment are presented by buildings and structures; machinery and equipment; transport and motor vehicles; fixtures and office equipment; construction-in-progress and uninstalled equipment. Management determined that these constitute one category within the fair value hierarchy of assets under IFRS 13 (Level 3), based on the lowest level input, that is significant to the fair value measurement as a whole.

The Group used discounted cash flows method to determine the fair value for all groups of property plant and equipment as at 31 December 2022 (Note 5).

The most significant unobservable valuation inputs are listed below and their changes would result in a significant increase or decrease in fair value of the revalued assets:

- discount rate – 26.42%: significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- terminal growth rate – 2.4%: significant increases (decreases) in terminal growth rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- inflation rate – 2.0%: significant increases (decreases) in inflation rate in isolation would result in a significantly higher (lower) fair value on a linear basis.

The Group engaged an independent appraiser to determine the fair value for all groups of property plant and equipment as at 31 December 2021. Valuation analysis and estimates of value, performed by the independent appraiser, were based on historical, current and prospective information, adjusted for any difference in nature, location or condition of the specific property compared to similar assets and benchmarks used.

Depending on the item of the property plant and equipment, fair value was determined using the combination of the following three methods:

- comparative method;
- cost method;
- discounted cash flows method.

(in US dollars and in thousands)

The most significant observable and unobservable valuation inputs are listed below and their changes would result in a significant increase or decrease in fair value of the revalued assets:

- price per square metre – 189-644 USD: significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis;
- discount rate – 14.4%: significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- terminal growth rate – 2.4%: significant increases (decreases) in terminal growth rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- inflation rate – 2.3-2.4%: significant increases (decreases) in inflation rate in isolation would result in a significantly higher (lower) fair value on a linear basis.

As at 31 December 2022 and 2021, the cost of fully depreciated items of property, plant and equipment, which remain in use, amounted to USD 936 thousand and USD 5,227 thousand, respectively.

If property, plant and equipment continued to be measured using cost model, their carrying amount would be as follows:

	Buildings and structures	*Machinery and equipment*	*Transport and motor vehicles*	*Fixtures and office equipment*	*Construction-in-progress and uninstalled equipment*	*Total*
31 December 2021	73,907	163,020	5,060	2,753	62,554	307,294
31 December 2022	53,030	119,965	3,340	1,994	56,396	234,725

9. Intangible assets

Movement in intangible assets and related accumulated amortisation for the years ended 31 December 2022 and 2021 was as follows:

	Patents and trademark	*Accounting software*	*Other software*	*Intangible assets under development*	*Total*
Cost:					
At 1 January 2021	**574**	**3,253**	**2,520**	**1,706**	**8,053**
Additions	-	-	-	1,483	1,483
Transfers	(536)	1,282	1,214	(1,960)	-
Disposals	-	(1)	(149)	(50)	(200)
Translation difference	25	115	92	42	274
At 31 December 2021	**63**	**4,649**	**3,677**	**1,221**	**9,610**
Additions	-	-	-	649	649
Transfers	3	165	256	(424)	-
Disposals	-	(5)	(32)	(5)	(42)
Translation difference	(18)	(1,170)	(956)	(335)	(2,479)
At 31 December 2022	**48**	**3,639**	**2,945**	**1,106**	**7,738**
Accumulated amortisation and impairment:					
At 1 January 2021	**73**	**1,506**	**2,002**	**770**	**4,351**
Amortisation for the year	18	364	485	-	867
Disposals	(67)	-	(141)	(652)	(860)
Translation difference	5	51	71	28	155
At 31 December 2021	**29**	**1,921**	**2,417**	**146**	**4,513**
Amortisation for the year	4	403	394	-	801
Disposals	-	(1)	(24)	-	(25)
Translation difference	(9)	(505)	(642)	(37)	(1,193)
At 31 December 2022	**24**	**1,818**	**2,145**	**109**	**4,096**
Net book value:					
At 31 December 2021	**34**	**2,728**	**1,260**	**1,075**	**5,097**
At 31 December 2022	**24**	**1,821**	**800**	**997**	**3,642**

Accounting and other software is determined to have finite lives ranging from three to seven years; patents and trademark are determined to have finite lives ranging from three to eight years. Amortization of intangible assets is included in general and administrative expenses in the consolidated statement of comprehensive income.

(in US dollars and in thousands)

10. Investments in associates

The Group's investments in associates were as follows:

Entity	*Activity*	*% of the Group ownership*	*31 December 2022*	*31 December 2021*
PJSC "Nikopolsky Tooling Plant"	Tooling for machines	25%	412	436
PJSC "Nikopolsky Repairing Plant"	Repairs	25%	-	429
PJSC "Teplogeneratzia"	Utility services	30%	-	-
			412	**865**

CJSC "Teplogeneratzia", CJSC "Nikopolsky Tooling Plant" and CJSC "Nikopolsky Repairing Plant" are entities incorporated in Ukraine. They are private companies not listed on any public exchange.

The following table illustrates summarised financial information of the Group's investments in associates:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
At period beginning	865	723
Share of (loss) /profit	(73)	115
Share of loss – impairment investments in associates	(227)	-
Translation difference	(153)	27
At period end	**412**	**865**

The Group's share in net assets of its associates was as follows:

	PJSC "Teplo-generatzia"	*PJSC "Nikopolsky Tooling Plant"*	*PJSC "Nikopolsky Repairing Plant"*
At 31 December 2022			
Assets	-	904	-
Liabilities	-	(492)	-
Net assets – carrying amounts of investments	-	**412**	-

	PJSC "Teplo-generatzia"	*PJSC "Nikopolsky Tooling Plant"*	*PJSC "Nikopolsky Repairing Plant"*
At 31 December 2021			
Assets	-	1,283	2,680
Liabilities	-	(847)	(2,251)
Net assets – carrying amounts of investments	-	**436**	**429**

The following table illustrates the Group's share in revenues and profit or loss of associates:

	For the year ended 31 December 2022		*For the year ended 31 December 2021*	
	Revenue	*Profit / (Loss) for the year*	*Revenue*	*Loss for the year*
PJSC "Teplogeneratzia"	1,133	-	7,707	-
PJSC "Nikopolsky Repairing Plant"	1,756	(155)	9,613	(12)
PJSC "Nikopolsky Tooling Plant"	932	82	7,613	127

The Group had a cumulative unrecognised share of losses in the amount of UAH 13,547 thousand from the associates with zero carrying value as at 31 December 2022 (31 December 2021: UAH 10,288 thousand). The associates with zero carrying value represented the associates which had negative net assets as at the reporting date. Considering that the Group has no formal obligation to fulfil its share of associates liabilities, the carrying value of the investment in respective associates are kept at zero in the financial statements. Associates had no contingent liabilities and commitments as at 31 December 2022 and 2021, respectively.

(in US dollars and in thousands)

11. Investment in joint venture

In June 2018, Interpipe entered into a joint venture agreement with, Vallourec Tubes SAS ("Vallourec"). The parties invested into and launched the pipe finishing facility in Ukraine (Vallourec Niko Tube LLC) by creating a German limited liability company Vallourec Niko Tube Holding GmbH, whereas at 31 December 2021 49.9% is held by the Group (with the remainder comprising 50.1%. held by Vallourec). The operation of the pipe finishing mill started in October 2018. The mill finished certain types of non-OCTG seamless tubes, which were then sold under the Vallourec brand.

Consistent introduction of the safeguard quotas and antidumping duties on Ukrainian steel products by the European Commission significantly affected the grounds of beneficial joint venture cooperation. The above-mentioned factors had not made it possible to provide full load for joint venture capacities. Since October 2021, line pipes in the European market have been sold under the Interpipe brand, as it was before the joint venture was established. Therefore, the Group and Vallourec agreed to terminate joint venture subject to the conditions precedent.

In February 2022, as finalisation of the joint venture dissolution Interpipe intended to purchase 50.1%. held by Vallourec in a German limited liability company Vallourec Niko Tube Holding GmbH for the consideration of USD 2,194 thousand (equivalent of EUR 2,189 thousand). On 31 August 2022, all criteria set in share and purchase agreement signed on 21 December 2021 were met and closing memorandum was signed and new articles of association was established where Interpipe limited was new and sole owner of IP Niko Tube GmbH (ex- Vallourec Niko Tube Holding GmbH). Number of shares totalled to 25,000 and transactions costs were 2,500 EUR.

The interest in joint venture is accounted for using equity method in these Consolidated Financial Statements and it carrying amount so determined was USD 1,990 thousand and USD 2,396 thousand as at 31 August 2022 and as at 31 December 2021, respectively.

Summarised statement of financial position of Vallourec Niko Tube Holding GmbH:

	31 August 2022	*31 December 2021*
Assets	1,990	2,396
Liabilities	-	-
Net assets – carrying amounts of investments	**1,990**	**2,396**

Summarised statement of profit or loss of Vallourec Niko Tube Holding GmbH:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Revenue from contracts with customers	-	-
Loss for the year (continuing operations)	(814)	(437)
Other comprehensive income (continuing operations)	-	-
Total comprehensive loss (continuing operations)	(814)	(437)
Group's share of loss for the year	**(406)**	**(218)**

The joint venture had no contingent liabilities or commitments as at 31 August 2022 and 31 December 2021.
Summarised table of result of purchase agreement and include in Group of IP Niko Tube GmbH and Vallourec Niko Tube LLC:

	31 August 2022
Assets:	
Property, plant and equipment	3,215
Intangible assets	18
Trade and other receivables	58
Liabilities:	
Trade and other payables	(227)
Net assets at fair value	**3,064**
Group`s investment in joint venture at fair value	(1,990)
Loss of the joint venture dissolution	1,120
Purchase consideration transferred	**2,194**

(in US dollars and in thousands)

12. Income tax

Each subsidiary of the Group, except for Cyprus based subsidiaries, is treated as a separate taxpayer.

The components of income tax expense for the years ended 31 December 2022 and 2021 were as follows:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Current income tax expense	(39,428)	(13,108)
Deferred income tax income/(expense)	23,290	(6,483)
	(16,138)	**(19,591)**

Income tax (expense) / benefit for the years ended 31 December 2022 and 2021 originated in the following tax jurisdictions:

	Domestic tax rates applicable to individual group entities as at			
	31 December 2022	*31 December 2021*	*For the year ended 31 December 2022*	*For the year ended 31 December 2021*
Ukraine	18%	18%	(7,013)	(13,224)
Russia	20%	20%	(374)	(596)
Switzerland	11%	11%	(5,900)	(1,260)
Germany	34%	34%	(21)	5
The USA	21%	21%	(2,819)	(2,956)
Cyprus	12.5%	12.5%	-	(1,560)
Kazakhstan	20%	20%	(11)	-
The UAE*	-	-	-	-
			(16,138)	**(19,591)**

* Tax (expense) / benefit calculated at domestic rates applicable to individual Group entities for 2022 and 2021 were affected by the financial results of the Group subsidiary, Interpipe M.E, a free zone establishment with limited liability, which is not subject to corporate tax in the United Arab Emirates. For the details of changes in geographical operations please refer to the Note 6.

Profit before tax for financial reporting purposes is reconciled to tax benefit as follows:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Accounting profit before tax	**220,579**	**110,907**
Tax expenses calculated at domestic rates applicable to individual Group entities	(17,039)	(22,360)
Tax effect of non-deductible expenses	(5,893)	(4,204)
Tax effect of non-taxable incomes	8,928	-
Change in unrecognised deferred tax assets	(13,324)	6,123
Recognition of the tax asset relating to the change in an estimate of deductibility of certain temporary difference	8,997	264
Translation difference	2,370	(26)
Other differences	(177)	612
	(16,138)	**(19,591)**

(in US dollars and in thousands)

Deferred tax assets and liabilities related to the following:

	31 December 2022	*Change recognised in profit or loss*	*Change recognised in other comprehensive income*	*Translation difference*	*31 December 2021*
Deferred tax liabilities:					
Investments' valuation	-	20	-	3	(23)
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(14,829)	11,642	7,265	1,247	(34,983)
	(14,829)	**11,662**	**7,265**	**1,250**	**(35,006)**
Deferred tax assets:					
Investments' valuation	24	24	-	-	-
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	17,568	7,331	9,042	1,195	-
Accrued liabilities and provisions	2,305	3,865	(2,518)	(1,088)	2,046
Allowance for expected credit loss	3,036	1,467	-	(478)	2,047
Inventories valuation	15,454	15,270	-	(524)	708
Loans and interest payable	288	138	-	(46)	196
Other deferred tax assets	694	(159)	-	(174)	1,027
Tax losses carried forward	34,265	(2,984)	-	(2,493)	39,742
	73,634	**24,952**	**6,524**	**(3,608)**	**45,766**
Unrecognized deferred tax asset	(39,463)	(13,324)	-	1,275	(27,414)
Deferred income tax expense from origination and reversal of temporary differences		23,290	13,789		

Presented in the consolidated statement of financial position as follows:

Deferred tax assets	**30,131**	**8,318**
Deferred tax liabilities	**(10,789)**	**(24,972)**

	31 December 2021	*Change recognised in profit or loss*	*Change recognised in other comprehensive income*	*Translation difference*	*31 December 2020*
Deferred tax liabilities:					
Investments' valuation	(23)	(30)	-	-	7
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(34,983)	1,715	(3,023)	(88)	(33,587)
	(35,006)	**1,685**	**(3,023)**	**(88)**	**(33,580)**
Deferred tax assets:					
Accrued liabilities and provisions	2,046	(3,927)	(817)	(558)	7,348
Allowance for expected credit loss	2,047	(328)	-	186	2,189
Inventories valuation	708	(1,783)	-	577	1,914
Loans and interest payable	196	(1)	-	7	190
Other deferred tax assets	1,027	(530)	-	1,018	539
Tax losses carried forward	39,742	(7,724)	-	(1,560)	49,026
	45,766	**(14,293)**	**(817)**	**(330)**	**61,206**
Unrecognized deferred tax asset	(27,414)	6,123	-	(295)	(33,242)
Deferred income tax expense from origination and reversal of temporary differences		(6,483)	(3,840)		

Presented in the consolidated statement of financial position as follows:

Deferred tax assets	**8,318**	**24,219**
Deferred tax liabilities	**(24,972)**	**(29,835)**

(in US dollars and in thousands)

The deferred tax effect on tax losses carried forward was as follows:

Country of origination	*For the year ended 31 December 2022*	*For the year ended 31 December 2021*
Ukraine	12,387	13,626
Cyprus	21,597	22,597
The USA	85	3,270
Switzerland	-	28
Kazakhstan	196	221
	34,265	**39,742**

Tax losses carried forward are available for offset against future taxable profits of the companies in which the losses arose for 20 years in the USA, for 5 years in Cyprus, 10 years in Kazakhstan and indefinitely in all other jurisdictions.

As at 31 December 2022 and 2021, the Company has not recognised deferred tax liability in respect of temporary differences amounting to USD 915 thousand and USD 38,528 thousand, respectively, associated with investments in the Group subsidiaries as the Company is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

13. Inventories

Inventories at lower of cost and net realisable value consisted of the following:

	31 December 2022	*31 December 2021*
Raw materials	31,379	82,882
Work in process	13,823	30,914
Finished goods	128,328	100,602
	173,530	**214,398**

As at 31 December 2022 and 2021, the Group inventories balances are carried at lower of cost or net realizable value and, accordingly, the write down adjustments bringing the inventories to the net realisable values amounted to USD 36,251 thousand and USD 5,990 thousand, respectively.

14. Trade and other accounts receivable

Trade and other accounts receivable consisted of the following:

	31 December 2022	*31 December 2021*
Trade accounts receivable	141,484	195,736
Less allowance for expected credit losses	(11,905)	(10,363)
	129,579	185,373
Other receivables	13,109	10,715
Less of allowance for expected credit losses	(8,056)	(7,121)
	5,053	3,594
	134,632	**188,967**

As at 31 December 2022 and 2021, trade receivables were not pledged as a security for the Group's borrowings.

Movement in expected credit losses is disclosed in Note 36. As at 31 December 2022 and 2021, the allowance for impairment of trade accounts receivable included USD 362 thousand and USD 299 thousand, respectively, of the allowance that was determined individually in respect of debtors with significant financial difficulties or with estimated high probability of their insolvency. An impaired trade account receivable is written off against the allowance when there is no reasonable expectation of recovering the contractual cash flows. Trade receivables are non-interest bearing and are generally collected within a three-month term.

As at 31 December 2022 and 2021, 65% and 57% of trade accounts receivable, respectively, were due from twenty major customers.

(in US dollars and in thousands)

15. Prepayments and other current assets

Prepayments consisted of the following:

	31 December 2022	*31 December 2021*
Prepayments to suppliers	19,493	18,663
	19,493	**18,663**

Other current assets consisted of the following:

	31 December 2022	*31 December 2021*
Guarantee deposits	8,362	8,451
Restricted bank deposit	44	8,293
Prepaid insurance expense	88	638
Other current assets	1,000	822
	9,494	**18,204**

As at 31 December 2022 and 2021, the guarantee deposits represented collateral for US customs bond and restricted bank deposits were related to the letters of credit issued by banks in favour of the Group's suppliers with the contractual maturity exceeding 3-month period.

Non-current portion of collateral for US customs bond is presented in other non-current assets as at 31 December 2022 and 2021.

16. Taxes recoverable, other than income tax

Taxes recoverable, other than income tax consisted of the following:

	31 December 2022	*31 December 2021*
Value-added tax recoverable	32,590	21,288
Other taxes recoverable	10	157
	32,600	**21,445**

VAT recoverable primarily originated in Ukraine.

17. Other current financial assets

The investment portfolio measured at fair value through profit and loss by reference to published price quotations in an active market and consisted of the following:

	31 December 2022	*31 December 2021*
Liquidity	-	3,306
Bonds	-	19,841
Equities	-	27,331
	-	**50,478**

In 2022, the negative change in fair value of the investment portfolio was recognized in finance cost (Note 31) in the amount of USD 1,578 thousand.

In January 2022, the Company declared dividends (Note 32), which were paid in-kind by distribution of investment portfolio to owners / shareholders with a fair value of USD 48,900 thousand.

18. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	31 December 2022	*31 December 2021*
Current accounts and deposits on demand at banks	153,432	93,972
Time deposits at banks with maturity less than three months	333	15,638
Cash in hand	12	17
	153,777	**109,627**

As at 31 December 2022 and 2021, cash and cash equivalents with carrying amount of USD 174 thousand and USD 6,899 thousand, respectively, served as a cash cover for the the letters of credit issued by banks in favour of the Group's suppliers and guarantees issued by banks in favour of the Group's customers with the contractual maturity of less than 3 months.

(in US dollars and in thousands)

As at 31 December 2022 and 2021, cash and cash equivalents were not placed as security for the Group's borrowings (Note 20).

Cash in banks is placed with the financial institutions with the following ratings:

	31 December 2022	*31 December 2021*
As rated by Fitch:		
AA	62,622	26,067
A	60,324	25,442
BBB	1,465	10,106
B	6,040	27,411
Not rated and other	23,326	20,601
	153,777	**109,627**

19. Subordinated loan

In 2014, the shareholders provided the Group with the unsecured loan of USD 40 million to support its short-term liquidity position (the "Subordinated Loan") with the repayment subordinated (including interest accrued thereon) originally subject to 2011 Restructured facilities and EAF facilities (Note 20) priority and full settlement. The principal amount bore an interest at a rate of 10.5% per annum compounding annually.

On 4 October 2019, the total amount of the Subordinated Loan with interest accrued to that date of USD 69,204 thousand was (i) reassigned from the Former Parent to the Company as the borrower, (ii) made interest-free and (iii) its maturity and repayment terms were reset and subordinated to the Notes 2024 and the New Facility Agreement (amount of USD 45,808 thousand was repaid in full in 2019). Accordingly, as at that date, the carrying amount of the Subordinated Loan was remeasured and recognized at its fair value with subsequent measurement at amortised cost using EIR method (EIR of 10.25% p.a.) with the initial recognition gain taken directly to equity.

On 22 July 2022, total amount of the Subordinated Loan USD 69,204 thousand was paid in full.

20. Borrowings and interest payable

As at 31 December 2022 and 2021 interest bearing borrowings comprised:

	31 December 2022	*31 December 2021*
Notes 2026	298,339	297,936
Performance Sharing Fee (fair value)	49,485	78,125
General Loan Facility (principal)	37,706	41,886
	385,530	**417,947**
Interest payable (current)	3,489	3,511
Lease liability	647	1,153
Total borrowings and interest payable	**389,666**	**422,611**
Current portion of long-term borrowings	**45,132**	**35,580**
Long-term borrowings	**344,534**	**387,031**

The Notes 2026 were 8.375% senior secured notes due in 2026 and included in the Securities Official List of the Luxembourg Stock Exchange.

The General Loan Facility was granted by a Ukrainian bank to a Group's Ukrainian subsidiary and consisted of EUR 30,000 thousand term loan and revolving EUR 7,000 thousand facility due in 2025 and 2023, respectively. The interest rate under the General Loan Facility was set at 4.50% for the first year and UIRD 12m EUR + 3.88% onwards. The General Loan Facility is secured by the pledge of certain items of movable property of the Group's Ukrainian subsidiary and sureties granted by other Ukrainian subsidiaries of the Group.

The Performance Sharing Fee represented obligations, contingent upon the Group's performance after occurrence of the Final Repayment Date. The sensitivities of the Performance Sharing Fee carrying amount are further disclosed in Note 37.

As at 31 December 2021, the carrying amount of the Performance Sharing Fee was determined at its fair value based on the best management estimates available to-date: the estimated performance of the Group in the Performance Assessment Period of the 2 half year 2021 – 1 half year 2024 as the notional annualized amounts in the range of USD 211-218 million of the Group EBITDA multiplied by the Applicable Percentage of 15% and using EIR of 14.43% p.a. with a shift in payment for one year plus 115 days after each of the 12 month periods then ending.

(in US dollars and in thousands)

As at 31 December 2022, the carrying amount of the Performance Sharing Fee was determined at its fair value based on the best management estimates available to-date: the estimated performance of the Group in the Performance Assessment Period of the 2 half year 2022 – 1 half year 2024 as the notional annualized amounts in the range of USD 190-204 million of the Group EBITDA multiplied by the Applicable Percentage of 15% and using EIR of 26.42% p.a. with a shift in payment for one year plus 115 days after each of the 12 month periods then ending.

	2022	*2021*
Fair value at the beginning of the year	**78,125**	**64,948**
Performance Fee re-measurement (Note 30, 31)	(3,759)	13,178
Performance Fee's payment	(24,880)	-
Other changes	(1)	(1)
Fair value at the end of the year	**49,485**	**78,125**

As at 31 December 2022 and 2021, no assessment is made for the obligations under the Performance Fee Agreement since the amount and timing of the underlying capital transaction (if any) or the Net Proceeds thereof could not be reliably established.

As at 31 December 2022 and 2021, the long-term lease liability comprised USD 27 thousand and 603 thousand, respectively; short-term lease obligations comprised USD 620 thousand and USD 550 thousand, accordingly.

Security package and pledges of assets

As at 31 December 2022 and 2021, the General Loan Facility is secured by the pledge of the certain items of movable property of the Group's Ukrainian subsidiary with the carrying amount of USD 14,775 thousand and 78,960 thousand, respectively (Note 8), and sureties granted by other Ukrainian subsidiaries of the Group.

On 26 January 2021, the Group redeemed in full the Notes 2024, achieving the Final Repayment Date. Hence the property, plant and equipment, inventories, trade receivables and cash and cash equivalent pledges related to the Notes 2024 were released accordingly.

As at 31 December 2022 and 2021, there was no pledge of the Group subsidiaries' shares and participatory interest.

As at 31 December 2022 and 2021, the Group was subject to certain covenants:

- under Notes 2026 related primarily to the limitation of the dividends distribution and new borrowings;
- under General Loan Facility (Net Debt / EBITDA > 3.0, Debt Service Coverage Ratio > 1.25, etc.) related to new borrowings.

In case of breach of any of the covenants, the management will apply all necessary and available remediation actions.

The Group was in compliance with the covenants as at 31 December 2022 and 2021.

21. Provisions

Provisions and employee benefits included the following:

	31 December 2022	*31 December 2021*
Provision for customers' and other claims	2,271	424
Defined benefit state pension plan	20,433	41,537
Retirement benefit plan	1,089	2,340
	23,793	**44,301**
Provision – current portion	(4,973)	(3,777)
Provision – non-current portion	**18,820**	**40,524**

Non-current portion of the provisions relates to defined benefit state pension plan and retirement benefit plan.

(in US dollars and in thousands)

Changes in the provisions:

	Provision for customers' and other claims	*Defined benefit state pension plan*	*Retirement benefit plan*	*Total provisions*
At 1 January 2021	**32,230**	**41,197**	**2,103**	**75,530**
Charge for the year	(384)	1,674	323	1,613
Payments and utilisation	(205)	(2,839)	(163)	(3,207)
Reversal	(31,312)	-	-	(31,312)
Translation difference	95	1,505	77	1,677
At 31 December 2021	**424**	**41,537**	**2,340**	**44,301**
Charge for the year	2,123	(7,565)	(570)	(6,012)
Payments and utilisation	(185)	(2,578)	(52)	(2,815)
Reversal	-	-	-	-
Translation difference	(91)	(10,961)	(629)	(11,681)
At 31 December 2022	**2,271**	**20,433**	**1,089**	**23,793**

For the years ended 31 December 2022 and 2021, interest costs attributable to the defined employee benefits and amounting to USD 4,795 thousand and USD 4,938 thousand, respectively, were included in finance costs in the consolidated statement of comprehensive income.

Provision for customers' and other claims

Provision for customers' and other claims represents provision for probable losses and costs which the Group might incur relating to customers' possible future quality claims with respect to some new products and pipe solutions designed, delivered and sold by the Group where technical probation is still ongoing and other litigations (Note 35) filed against the Group in the courts. Reversal for the year ended 31 December 2022 amounted to USD 2,123 thousand (reversal of USD 31,696 thousand for the year ended 31 December 2021) is included in the consolidated statement of comprehensive income.

Defined benefit state pension plan

Production subsidiaries of the Group domiciled in Ukraine have a legal obligation to compensate the Ukrainian State Pension Fund for additional pensions paid to certain categories of the former and existing employees of the Group. Under the plan the Group's employees who have qualifying working experience in health hazardous environment and thus eligible to early retirement are entitled to additional compensations financed by the Group and paid through the Ukrainian State Pension Fund. These obligations fall under definition of a defined benefit plan.

The following tables summarise the components of benefit expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position with respect to the plan. Benefit expense, with the exception of interest cost, is included in payroll and related expenses within costs of sales (Note 25). Interest cost is included in finance costs (Note 31).

Benefit expense recognised in the profit or loss section of the consolidated statement of comprehensive income

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Interest cost (Note 31)	4,535	4,698
Current service cost	999	1,284
	5,534	**5,982**

Changes in the present value of the defined benefit state pension plan

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Present value at the beginning of the year	41,537	41,197
Current service cost	999	1,284
Interest cost (Note 31)	4,535	4,698
Payment	(2,578)	(2,839)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	(10,554)	(6,807)
- experience adjustments	(2,545)	2,417
Translation difference	(10,961)	1,587
Present value at the end of the year	**20,433**	**41,537**

The average duration of the defined benefit state pension plan at the end of the reporting period is 15.0 years (2021: 15.8 years).

(in US dollars and in thousands)

Retirement benefit plan

Some production subsidiaries of the Group domiciled in Ukraine have contractual commitments to pay certain lump-sum payments to the retiring employees with a long service period as well as certain other post retirement and employment benefits according to the collective agreements. The following tables summarise the components of benefit expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position with respect to the plan. Benefit expense, with the exception to interest cost, is included in payroll and related expenses within cost of sales and general and administrative expenses as appropriate. Interest cost is included in the finance costs (Note 31).

Benefit expense recognised in the consolidated statement of comprehensive income

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Interest cost (Note 31)	262	240
Current service cost	58	89
Past service cost	-	141
	320	**470**

Changes in the present value of retirement benefit plan

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Present value at the beginning of the year	2,340	2,103
Current service cost	58	89
Past service cost	-	141
Interest cost (Note 31)	262	240
Payment	(52)	(163)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	(578)	(237)
- experience adjustments	(312)	90
Translation difference	(629)	77
Present value at the end of the year	**1,089**	**2,340**

The average duration of the retirement benefit plan at the end of the reporting period is 17.3 years (2021: 17.5 years).

Principal assumptions applicable to all plans

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

	31 December 2022	*31 December 2021*
Annual discount rate	23.1%	13.3%
Annual salary increase rate	17% in 2023, 5.8% afterwards	13% in 2022, 5.5% afterwards
Staff turnover	8%	8%
Mortality	0.97	0.97

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31 December 2022 is as shown below:

Assumptions	*Discount rate*		*Future salary increases*		*Staff turnover*		*Annual mortality*	
Sensitivity Level	*1% increase*	*1% decrease*	*1% increase*	*1% decrease*	*25% increase*	*25% decrease*	*10% increase*	*10% decrease*
Impact on the net defined benefit obligation	(927)	1,057	100	(51)	(136)	208	(165)	211

The sensitivity analysis above were made based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(in US dollars and in thousands)

22. Trade and other accounts payable

Trade and other accounts payable consisted of the following:

	31 December 2022	*31 December 2021*
Trade accounts payable to suppliers	94,685	104,093
Dividends payable to non-controlling interest owners	160	216
Other accounts payable	4,424	4,725
	99,269	**109,034**

Trade accounts payable are non-interest bearing and are generally settled within a three-month term.

23. Advances and other current liabilities

Advances and other current liabilities consisted of the following:

	31 December 2022	*31 December 2021*
Advances from customers	25,437	44,924
Short-term employee benefits	13,598	13,107
Other current liabilities	826	450
	39,861	**58,481**

Advances from customers comprise the advances received for the Group's products which are to be supplied to these customers within a twelve-month period and are recognized as revenue from sales in full amount in subsequent period.

24. Taxes payable, other than income tax

Taxes payable, other than income tax consisted of the following:

	31 December 2022	*31 December 2021*
VAT payable	43	2,584
Accrued and withheld payroll taxes	871	2,053
Other miscellaneous taxes payable	134	987
	1,048	**5,624**

25. Cost of sales

Cost of sales consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Materials	(268,434)	(441,031)
Energy and utilities	(121,859)	(138,042)
Duties	(61,157)	(46,460)
Payroll and related expenses *	(41,623)	(66,875)
Accrual of adjustment of inventories to NRV, net	(35,449)	(2,374)
Depreciation	(26,831)	(54,010)
Services of third parties	(19,594)	(12,333)
Transport services Freight	(19,567)	(12,177)
Rolling tools and instruments	(10,902)	(22,715)
Repairs and maintenance	(8,741)	(16,370)
Variable land lease payments	(4,483)	(6,932)
Land tax	(278)	(548)
Other	(11,656)	(5,096)
	(630,574)	**(824,963)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 5,888 thousand for the year ended 31 December 2022 (31 December 2021: USD 12,639 thousand).

(in US dollars and in thousands)

26. Selling and distribution expenses

Selling and distribution expenses consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Forwarding and transportation services	(93,492)	(64,311)
Payroll and related expenses*	(11,448)	(9,883)
Storage and packaging expenses	(4,199)	(8,626)
Expected credit impairment accruals of trade receivables, net (Note 36)	(3,934)	(1,476)
Professional fees, related to market research, and other service fees	(3,339)	(3,707)
Provision for claims, net	(1,838)	380
Advertising and promotion	(1,212)	(1,290)
Insurance expense	(820)	(8)
Depreciation	(584)	(759)
Sales agency fees	(550)	(2,975)
Customs services and duties	(472)	(6,879)
Other	(929)	(1,502)
	(122,817)	**(101,036)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 1,072 thousand for the year ended 31 December 2022 (31 December 2021: USD 779 thousand).

27. General and administrative expenses

General and administrative expenses consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Payroll and related expenses*	(27,052)	(29,393)
Professional fees	(6,609)	(8,598)
Depreciation and amortisation	(2,420)	(2,948)
Bank fees	(812)	(603)
Business trips and transportation	(658)	(861)
Rent (for items exempt under IFRS 16 – low-value and short-term)	(564)	(728)
Insurance expense	(526)	(579)
Communication	(344)	(384)
Taxes, other than income tax	(339)	(628)
Repairs and maintenance	(133)	(302)
Other	(936)	(1,640)
	(40,393)	**(46,664)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 3,875 thousand for the year ended 31 December 2022 (31 December 2021: USD 3,993 thousand).

Auditors' remuneration

Auditors' remuneration for the year ended 31 December 2022 is included in professional fees above and comprises statutory audit fee for the audit of these Consolidated Financial Statements and stand-alone financial statements of certain Group subsidiaries of USD 373 thousand (2021: USD 523 thousand) as well as non-audit fees of USD 124 thousand (2021: USD 38 thousand).

(in US dollars and in thousands)

28. Other operating income and expenses

Other operating income and expenses consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Maintenance of social assets*	(19,892)	(2,166)
Production downtime costs**	(12,893)	-
Write-off of impairment of prepayments and other assets	(2,789)	(55)
Loss of the joint venture dissolution (Note 11)	(1,120)	-
(Loss) / gain on disposal of property, plant and equipment and intangible assets	(494)	1,115
Customers' and other claims, net of reversals	(285)	4
Impairment of other assets	(19)	(68)
Gain on disposal of by-products	2,176	11,561
Other gain***	13,989	1,210
	(21,327)	**11,601**

* Maintenance of social assets line includes charitable donations which directly related to the war of USD 19,200 thousand for the year ended 31 December 2022 (31 December 2021: nil).
** Production downtime costs line includes depreciation property, plant and equipment of USD 6,207 thousand and payroll and related expenses of USD 2,638 thousand for the year ended 31 December 2022.
*** Other gain line includes customs reimbursements of USD 11,723 thousand for the year ended 31 December 2022 (31 December 2021: nil).

29. Operating and non-operating foreign exchange difference

Foreign currency translation differences on monetary assets and liabilities consisted of the following;

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Operating foreign exchange gains / (losses) originated on		
trade accounts receivable	167,036	(32,002)
settlements with suppliers	85	15,900
other operating exchange difference	8,834	(6,632)
	175,955	**(22,734)**
Non-operating foreign exchange gains / (losses) originated on		
loans payable other than those designated as hedging items	(8,126)	7,886
cash balances	2,328	(815)
	(5,798)	**7,071**

30. Finance income

Finance income consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Performance Sharing Fee re-measurement (Note 20)	3,759	-
Interest income	909	1,040
Change in FV of financial instruments (Note 17)	-	478
Other finance income	1	283
	4,669	**1,801**

(in US dollars and in thousands)

31. Finance costs

Finance costs consisted of the following:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Interest expense	(26,870)	(17,834)
Subordinated Loan discount unwinding	(17,577)	(4,800)
Defined benefit state pension plan interest costs (Note 21)	(4,535)	(4,698)
Insurance expenses	(2,576)	(1,147)
Change in FV of financial instruments (Note 17)	(1,578)	-
Amortisation costs	(403)	(294)
Retirement benefit plan interest costs (Note 21)	(262)	(240)
Performance Sharing Fee re-measurement (Note 20)	-	(13,178)
Other finance costs	(1,162)	(2,347)
	(54,963)	**(44,538)**

32. Equity

The Group was formed in April – September 2006 through a series of transactions that ultimately resulted in the Former Parent obtaining controlling ownership interest in the subsidiaries from entities which were under common control at the time of the above reorganisation. As part of the reorganisation all the shares of the Former Parent have been transferred to and, since 2006 are ultimately held by a number of discretionary trusts established to operate the Group as well as certain other investments.

In the course of the legal reorganization of the Group, as disclosed in Notes 1 and 33 to the Consolidated Financial Statements, the Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity of the Former Parent.

As part of the Restructuring in 2019, the new parent for the Group (the Company), with substantially the same ownership structure (held by the same discretionary trusts) as the Former Parent (see details below), was established. Accordingly, the Former Parent became a subsidiary of the Company and an interim holding company within the Group holding structure.

Mr. Viktor Pinchuk, a citizen of Ukraine, and his family members are beneficiaries of these discretionary trusts. The trustees engaged to manage the trusts are professional, experienced and reputable trust management companies.

Issued capital and capital distribution of the Former Parent (Interpipe Limited)

Upon its incorporation on 30 December 2005, the Former Parent issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of CY£1 each at par. On 22 December 2006, the Former Parent issued 4,000 additional ordinary shares of CY£1 each at a premium of CY£ 41,033 each for a total premium of CY£164,132 thousand, which is equivalent to USD 361,091 thousand, translated at historic rate.

During the period from March to June 2008 a set of amendments was made to the authorised share capital of the Former Parent, including conversion of the authorised share capital into euro, a subdivision of existing shares, a merge of the Company's shares and two additional issues of shares both before the merge and after it.

In December 2011, the Former Parent issued 1,950,000 additional ordinary shares of EUR 0.01 each (equivalent of USD 26 thousand) at a premium of EUR 25 each for a total premium of EUR 48,591 thousand, which is equivalent of USD 64,974 thousand, translated at historic rate.

In 2019, the Former Parent issued 50,000 additional ordinary shares of EUR 0.01 each (equivalent of USD 1 thousand). This newly issued shares of the Former Parent were allocated to the Company in exchange for contribution of the Group intercompany loans (which the Company became party to in a capacity of the lender - as a result and consequence of assignments of the third-party borrowings from the Group non-Cyprus subsidiaries to the Company to act in a capacity of the borrower to such external third-party lenders as was required by the Restructuring terms and conditions) in two transactions as follows:

(i) the first lot of 25,000 ordinary shares at a premium of EUR 15,800 thousand each for a total premium of EUR 395 million, which is equivalent of USD 434 million, translated at historic rate, and

(ii) the second lot of 25,000 ordinary shares at a premium of EUR 4,640 thousand each for a total premium of EUR 116 million, which is equivalent of USD 129 million, translated at historic rate.

As a result of the above mentioned transactions, as at 31 December 2022 and 2021, the number of shares amounted to 4,002,000,000 ordinary shares of EUR 0.01 each and the authorised, issued and fully paid capital of the Former Parent amounted to EUR 40,020 thousand (equivalent of USD 62,305 thousand). The shares of the Former Parent are not listed.

Issued capital and capital distribution of the Company (Interpipe Holdings PLC)

Upon its incorporation on 4 April 2019, the Company issued and allotted to the subscribers of its Memorandum of Association 5,000 ordinary shares of EUR 1 each (equivalent of USD 6 thousand). Further, on 11 July 2019, the Company issued additional 25,000 ordinary shares of EUR 1 each (equivalent of USD 28 thousand) and allotted them to substantially the same subscribers as upon its incorporation.

The subscribers under the Company's Memorandum of Association (as well as under the further additional subscription) are the same discretionary trusts – shareholders of the Former Parent. The allocation of the Company's shares retain the same holding structure of the shareholders as existed in the Former Parent's share capital.

The following transactions with the Company's ordinary shares were carried out in 2019, prior to the Restructuring Effective Date:

(i) All, but one, of the Company's shareholders have exchanged 4,001,949,200 ordinary shares in the Former Parent for the Company's 4,340 ordinary shares retaining the holding structure and proportions vis-à-vis each other substantially the same as existed in the share capital of the Former Parent. The exchange resulted in (i) the Former Parent becoming a 99.99998% subsidiary of the Company and (ii) par value of the shares of EUR 4,340 (equivalent of USD 5 thousand) were exchanged for the respective value of the Former Parent equity in amount of EUR 40,015 thousand (equivalent of USD 44,282 thousand) thus, at a premium of USD 44,277 thousand, (iii) the Group retained the same composition and structure which assured seamlessness of the Group corporate reporting framework and (iv) the remainder 800 ordinary shares of the Former Parent are retained by one of the Company's shareholders and constitute a minority interest of 0.00002% for the Company holding the Former Parent as well as has immaterially (USD 28 thousand) dilutive impact on the Group subsidiaries effective ownership (Note 33).

(ii) One of the shareholders paid USD 50 million cash equity contribution in exchange for the Company's 10 ordinary shares with par value of EUR 10 (equivalent of USD 0 thousand) thus, at a premium of USD 50,000 thousand.

The shares of the Company are not listed.

Unpaid share capital

As at 31 December 2022 and 2021, the Company's 25,650 ordinary shares at par value of EUR 26 thousand (equivalent of USD 27 thousand and USD 29 thousand as at 31 December 2022 and 2021) remained unpaid.

Revaluation reserve

Revaluation reserve is used to record increases in the fair value of property, plant and equipment as well as decreases to the extent that such decreases relate to any prior increase on the same asset previously recognised in OCI. Revaluation reserve is limited in respect of dividends distribution.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations denominated in their respective functional currencies into the Group reporting currency as well as monetary items that form part of the net investment in these foreign operations.

Dividends payable by the Company and its subsidiaries

In March 2021, the Company has declared dividends in the amount of USD 80,000 thousand with the settlements of USD 40,000 thousand in March 2021 and USD 40,000 thousand in July 2021.

In May 2021, the Company has declared and paid dividends in the amount of USD 150,000 thousand.

In January 2022, the Company has declared and paid in-kind dividends in a non-cash form with a fair value of USD 48,900 thousand.

(in US dollars and in thousands)

33. Principal subsidiaries

The Group included the following subsidiaries as at 31 December 2022 and 2021:

Name of the company	*Country of incorporation*	*Business activities*	*Effective ownership* 31 December 2022	*Effective ownership* 31 December 2021
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	Ukraine	Production of seamless pipes and railway wheels	94,75040%	94,75040%
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	Ukraine	Production of welded pipes	90,62046%	90,62046%
"Interpipe Niko Tube" LLC	Ukraine	Production of seamless pipes	99,99998%	99,99998%
"MP "Dneprosteel" LLC	Ukraine	Production of steel billets	99,99998%	99,99998%
"Dneprosteel-Energo" LLC	Ukraine	Resale of electricity	99,99998%	99,99998%
"Transkom - Dnepr" LLC	Ukraine	Transportation services	97,94998%	97,94998%
"Limestone factory" LLC	Ukraine	Production of limestone	94,75038%	94,75038%
Society "Dishware Novomoskovsk" Ltd	Ukraine	Production of dishware	90,62044%	90,62044%
JSC "Interpipe Dneprovtormet"	Ukraine	Scrap metal processing	98,71033%	98,71033%
"META" LLC	Ukraine	Scrap metal processing	98,71467%	98,71467%
"Luganskiy Kombinat Vtormet" LLC	Ukraine	Scrap metal processing, dormant company	98,67332%	98,67332%
"Research and development center "Quality" LLC	Ukraine	Research and development	99,99998%	99,99998%
"Interpipe Management" LLC	Ukraine	Management services	99,99998%	99,99998%
"Interpipe Ukraine" LLC	Ukraine	Trading	99,99998%	99,99998%
"KLW Ukraine" LLC (former "KLW Production" LLC)	Ukraine	Trading	99,99998%	99,99998%
"Interpipe-M" LLC	russia	Trading	99,99998%	99,99998%
"Interpipe Kazakhstan" LLC	Kazakhstan	Trading, dormant company	99,99998%	99,99998%
Interpipe Europe SA	Switzerland	Trading	99,99998%	99,99998%
Klw-Wheelco SA	Switzerland	Trading	99,99998%	99,99998%
North American Interpipe, Inc	The United States	Trading	99,99998%	99,99998%
KLW North America, Inc	The United States	Trading	99,99998%	99,99998%
Interpipe M.E, a free zone establishment with limited liability	The United Arab Emirates	Trading	99,99998%	99,99998%
Interpipe Central Trade GmbH	Germany	Trading	99,99998%	99,99998%
Steel.One Limited	Cyprus	Subholding	99,99998%	99,99998%
KLW Limited (former Saleks Investments Limited)	Cyprus	Subholding	99,99998%	99,99998%
Interpipe Limited	Cyprus	Former Parent, Subholding	99,99998%	99,99998%
Interpipe Investments PLC	Cyprus	Performance Fee Debtor	94,00000%	94,00000%
IP Niko Tube GmbH	Germany	Subholding	99,99998%	49,90000%*
Vallourec Niko Tube LLC	Ukraine	Production of seamless pipes	99,99998%	49,90000%*

*For year ended at 31 December 2021 Group`s share in joint venture was included in investment in joint venture balance line. In 2022, as finalisation of the joint venture dissolution the Group purchased other 50.1% (Note 11) and companies were included in Group.

34. Related party transactions

The Group defines related parties in accordance with IAS 24 "Related Party Disclosures". IAS 24 focuses significantly on the concept of "control" (including common control) and "significant influence" as primary methods of related party identification.

During years ended 31 December 2022 and 2021, the Group's transactions with its related parties comprised those with its associates (Note 10), shareholders, key management personnel and other related parties.

(in US dollars and in thousands)

Transactions with associates and other related parties

The transactions and outstanding balances of the Group with its related parties are presented below:

	2022			*2021*		
	Associates	*Other*	*Total*	*Associates*	*Other*	*Total*
Transactions:						
Sales	1,449	4,049	5,498	1,893	698	2,591
Purchases	8,437	42,185	50,622	10,052	9,306	19,358
Outstanding balances:						
Amounts owed to the Group	105	1,746	1,851	8,876	333	9,209
Amounts owed by the Group	4,169	19,854	24,023	6,746	1,484	8,230

Terms and conditions of transactions with associates, joint venture and other related parties

The sales to and purchases from the related parties are made at terms equivalent to those that in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. For the year ended 31 December 2022, the Group has recorded an expected credit loss charge relating to receivables from the related parties amounting to USD 6,652 thousand (2021: 1,903 thousand). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

Transactions with shareholders

Subordinated Loan

Details of the Subordinated Loan are disclosed in Note 19.

Accounts payable to shareholders

As at 31 December 2022, accounts payable to shareholders, included in other accounts payable and, amounted to USD 224 thousand, (2021: USD 237 thousand) were interest free, unsecured and payable on demand.

Compensation to key management personnel

Key management personnel of the Group as at 31 December 2022 comprised:

The members of the Board of Directors:

Name	**Function**
Ganna Khomenko	Non-Executive Director
Yakiv Konstantynivs'ky	Non-Executive Director
Iuliia Chebotarova	Non-Executive Director
Philippe Bideau	Independent Non-Executive Director
Oleksandr Kirichko	Non-Executive Director
Thomas Myer Kearney	Independent Non-Executive Director
Fiona Jane Mary Paulus	Independent Non-Executive Director
Franz Josef Marx	Non-Executive Director
Andrii Korotkov	Chief Executive Officer of Interpipe Holdings PLC
Fadi Khraybe	Non-Executive Director

Senior Management of the Group as at 31 December 2022 and 2021 comprised ten and thirteen persons respectively (including the CEO who is also a member of the Board of Directors).

For the year ended 31 December 2022, total compensation, comprising short-term employee benefits, to the members of the Board of Directors amounted to USD 1,000 thousand (2021: USD 2,207 thousand) and total compensation to the members of Senior Management of the Group amounted to USD 2,904 thousand (2021: USD 3,331 thousand). The compensation was included in general and administrative expenses in the consolidated statement of comprehensive income.

In addition to the above no other incentives were attributable to the key management personnel of the Group.

35. Commitments, contingencies and operating risks

Operating environment

The Group has significant operations in Ukraine and, to a substantially lower and diminishing scope, in russia and some other CIS countries, whose economies while deemed to be of market status continue to display certain characteristics consistent with those of an economy in transition. These characteristics include, but are not limited to low levels of liquidity in the capital markets, relatively high inflation and the existence of currency controls which cause the national currencies to be illiquid outside of these countries. These countries continue economic reforms and development of their legal, tax and regulatory frameworks as required by a market economy. The future stability of the economies is largely dependent upon the success of these reforms and the effectiveness of economic, financial and monetary measures undertaken by their governments. As a result, operations in Ukraine, russia and other CIS countries involve risks that are not typical for developed markets.

All of the above factors, as disclosed in Note 2 “Operating environment and risks of the Group”, had already affected and may have a further adverse effect on the Group’s consolidated financial position and results of operations.

Taxation

Ukrainian legislations and regulations regarding taxation and other regulatory matters, including currency exchange control and custom regulations, continue to evolve. The legislations and regulations are not always clearly written and are subject to varying interpretations by local, regional and national authorities, and other governmental bodies. Instances of inconsistent interpretations continue to be not unusual.

The Ukrainian tax authorities have been seen to consistently increase their audit activity for transactions with non-resident entities, to which they seek to apply such relatively new requirements as “beneficial ownership”, “substance over form”, and other similar principles. They also have started to enforce more vigorous and stringent transfer pricing rules introduced in Ukraine in 2013. The transfer pricing legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), if the transaction price is not arm's length and not supported by relevant documentation.

In Cyprus, the tax results for the periods from 2011 to 2016 for Interpipe Limited and from 2008 to 2013 for Steel.One Limited are currently under review and objection with the Cyprus Tax Authorities.

Management has implemented internal controls to be in compliance with such regulatory and tax compliance matters in the countries where the Group operates, including new Ukrainian transfer pricing legislation and believes that its interpretation of the relevant legislations is appropriate and that the Group has complied with all regulations, and paid or accrued all taxes and withholdings that are applicable. Where the risk of outflow of resources is probable, the Group has accrued tax liabilities based on management’s best estimate.

Nevertheless, the uncertainty related to inconsistent enforcement and application of the tax legislation in the above countries creates a risk of substantial additional tax liabilities and penalties being claimed by the tax authorities, which cannot be reliably estimated, but, if sustained, could have a material effect on the Group’s financial position, results of operations and cash flows. Management believes that there are strong arguments to successfully defend any such challenge and does not believe that the risk is any more significant than those of similar enterprises operating in Ukraine, Russia or other CIS countries. When it is not considered probable that a material claim will arise, no provision has been established in the Consolidated Financial Statements. Management further believes that ascertained risks of possible outflow of resources arising from tax and other regulatory compliance matters are immaterial as at 31 December 2022 and 2021.

Litigations

As at 31 December 2022 and 2021, Inc, PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”, MP “Dneprosteel” LLC and Interpipe Ukraine were defendants in several litigations with a total potential claimed payments amounting to approximately USD 171 thousand and USD 98 thousand, respectively. Provision for probable adverse consequences of the above cases amounting to USD 171 thousand and USD 98 thousand was included in total provision for customers’ and other claims in the consolidated statement of financial position as at 31 December 2022 and 2021, respectively (Note 21).

In addition to the specific cases mentioned above, in the ordinary course of business the Group is subject to legal actions and complaints. As at 31 December 2022 and 2021, there were no provisions due to the low risk of the negative consequences for the Group. Management believes that the ultimate liability arising from such actions or complaints will not have a material adverse effect on the consolidated financial position or the results of future operations of the Group.

Perpetual land lease rights

The Group has the right of permanent use of the land plots on which its Ukrainian production facilities are located and pays land tax as assessed annually by the state based on the total area and use for which the land is zoned. The Group assessed the terms of land plots as permanent use arrangements and concluded that related payments should not be capitalised as they do not meet respective criteria set by IFRS 16.

(in US dollars and in thousands)

Contractual commitments for the acquisition of property, plant and equipment

As at 31 December 2022 and 2021, the Group's contractual commitments for acquisition and modernisation of production equipment amounted to USD 11,862 thousand and USD 11,487 thousand, respectively.

36. Financial instruments

Carrying amount of financial assets

The carrying amounts of financial assets measured at amortized were as follows:

	31 December 2022	*31 December 2021*
Trade and other accounts receivable (Note 14)	134,632	188,967
Other current assets	8,406	16,744
Other current financial assets	-	50,478
Cash and cash equivalents (Note 18)	153,777	109,627
	296,815	**365,816**

None of the above assets is individually materially credit-impaired and there has been no significant increase in credit risk since initial recognition. The amounts presented above also represent the maximum exposure to credit risk.

The loss allowance as at 31 December 2022 and 2021 is based on the simplified approach for lifetime expected credit losses and is presented in the table below.

	Expected credit loss weighted rate 2022	*Expected credit loss weighted rate 2021*	*31 December 2022*	*31 December 2021*
Trade accounts receivable:				
Current	1%	1%	845	1,395
Past due up to 3 months	6%	4%	2,180	3,093
Past due from 3 month up to 6 months	41%	4%	1,094	505
Past due over 6 months	52%	62%	7,786	5,370
Total expected credit loss			**11,905**	**10,363**
Other accounts receivable:				
Current	nil	7%	1	195
Past due up to 3 months	3%	2%	53	11
Past due from 3 month up to 6 months	68%	13%	83	22
Past due over 6 months	100%	94%	7,919	6,893
Total expected credit loss			**8,056**	**7,121**

A reconciliation of the changes in the loss allowance is set out below:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Trade accounts receivable:		
At period beginning	10,363	8,415
Chargefor the year (Note 26)	3,934	1,476
Write-off	(2,474)	(193)
Translation difference	82	665
At period end	**11,905**	**10,363**
Other accounts receivable:		
At period beginning	7,121	6,982
Charge for the year (Note 26)	1,644	46
Write-off	(6)	(11)
Translation difference	(703)	104
At period end	**8,056**	**7,121**

(in US dollars and in thousands)

Carrying amount of financial liabilities

The carrying amounts of financial liabilities measured at amortized costs comprised:

	31 December 2022	*31 December 2021*
Subordinated Loan (Note 19)	-	51,627
Borrowings and interest payable (Note 20)	339,534	343,333
Trade and other accounts payable (Note 22)	99,269	109,034
	438,803	**503,994**

Changes in liabilities arising from financing activities:

	1 January 2022	*Changes from financing cash flows*	*The effect of changes in foreign exchange rates*	*Interest, finance costs and other changes*	*31 December 2022*
Borrowings and interest payable (Note 20):					
Notes 2026	297,936	-	-	403	298,339
General Loan Facility	41,886	(1,586)	(2,594)	-	37,706
Performance Sharing Fee	78,125	(24,881)	-	(3,759)	49,485
Lease liability	1,153	-	-	(506)	647
Interest accrued but not paid	3,511	-	23	(45)	3,489
	422,611	(26,467)	(2,571)	(3,907)	389,666
Subordinated Loan (Note 19)	51,627	(69,204)	-	17,577	-
Total	**474,238**	**(95,671)**	**(2,571)**	**13,670**	**389,666**

	1 January 2021	*Changes from financing cash flows*	*The effect of changes in foreign exchange rates*	*Interest, finance costs and other changes*	*31 December 2021*
Borrowings and interest payable (Note 20):					
Notes 2026	-	300,000	-	(2,064)	297,936
General Loan Facility	45,460	(57)	(3,517)	-	41,886
Notes 2024	6,472	(6,472)	-	-	-
Performance Sharing Fee	64,948	-	-	13,177	78,125
Lease liability	1,661	-	-	(508)	1,153
Interest accrued but not paid	209	-	(217)	3,519	3,511
	118,750	293,471	(3,734)	14,124	422,611
Subordinated Loan (Note 19)	46,827	-	-	4,800	51,627
Total	**165,577**	**293,471**	**(3,734)**	**18,924**	**474,238**

37. Financial risk management

The Group's principal financial instruments comprise trade receivables and payables, interest bearing loans due to banks, bonds issued, other current financial assets, cash and cash equivalents. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The Group may also from time to time enter into derivative transactions, primarily forward currency contracts. The purpose is to manage currency risks arising from Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, credit risk and interest rate risk. The policies for managing each of these risks are summarised below.

Foreign currency risk

The Group performs its operations mainly in the following currencies: the Ukrainian hryvnia ("UAH"), the US dollar ("USD"), the Euro ("EUR") and the Russian rouble ("RUB").

The exchange rate of USD to UAH and related cross-rates to other currencies as set by the National Bank of Ukraine ("NBU") as at the dates stated were as follows:

	100 UAH	*1 EUR*	*100 RUB*
As at 31 December 2022	2.735	1.065	1.387
As at 31 December 2021	3.666	1.134	1.334

(in US dollars and in thousands)

The Group sells its products to Europe, Middle East and Africa, Americas and other regions; purchases materials from other countries; and attracts substantial amounts of foreign currency denominated short-term and long-term borrowings, and is, thus, exposed to foreign exchange risk. Foreign currency denominated trade receivables and payables, and borrowings give rise to foreign exchange exposure.

The following tables demonstrate USD equivalents of the monetary assets and liabilities originally denominated in different currencies, as at 31 December 2022 and 2021:

As at 31 December 2022	*UAH*	*USD*	*EUR*	*RUB*	*Other*	***Total***
Other non-current assets	32	16,762	63	-	168	**17,025**
Trade and other accounts receivable	11,963	94,249	23,034	5,199	187	**134,632**
Cash and bank deposits	12,885	107,176	31,392	509	1,815	**153,777**
	24,880	**218,187**	**54,489**	**5,708**	**2,170**	**305,434**
Borrowings and interest payable	-	351,960	37,706	-	-	**389,666**
Trade and other accounts payable	44,662	42,371	11,976	57	203	**99,269**
	44,662	**394,331**	**49,682**	**57**	**203**	**488,935**

As at 31 December 2021	*UAH*	*USD*	*EUR*	*RUB*	*Other*	***Total***
Other non-current assets	194	6,725	-	-	-	**6,919**
Trade and other accounts receivable	47,272	79,888	47,197	14,442	168	**188,967**
Other current financial assets	-	44,349	422	-	5,707	**50,478**
Cash and bank deposits	27,340	69,325	11,477	766	719	**109,627**
	74,806	**200,287**	**59,096**	**15,208**	**6,594**	**355,991**
Subordinated Loan	-	51,627	-	-	-	**51,627**
Borrowings and interest payable	-	380,724	41,887	-	-	**422,611**
Trade and other accounts payable	73,488	23,633	11,797	86	30	**109,034**
	73,488	**455,984**	**53,684**	**86**	**30**	**583,272**

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant:

For the year ended 31 December 2022	*High / low limits of change in currency exchange rate, %*	*Effect on profit before tax*	*Effect on other comprehensive income*
USD/UAH	+21.86%	47,305	(130,038)
EUR/UAH	+17.09%	47,499	(6,444)
RUB/UAH	+33.25%	2,383	-
EUR/USD	+10.60%	(27,143)	-
USD/UAH	-21.86%	(47,305)	130,038
EUR/UAH	-17.09%	(47,499)	6,444
RUB/UAH	-33.25%	(2,383)	-
EUR/USD	-10.60%	27,149	-

For the year ended 31 December 2021	*High / low limits of change in currency exchange rate, %*	*Effect on profit before tax*	*Effect on other comprehensive income*
USD/UAH	+14.00%	44,945	(85,734)
EUR/UAH	+15.00%	9,768	(6,283)
RUB/UAH	+19.00%	2,956	-
EUR/USD	+9.00%	(8,025)	-
USD/UAH	-11.00%	(35,314)	67,363
EUR/UAH	-13.00%	(8,465)	5,445
RUB/UAH	-15.00%	(2,333)	-
EUR/USD	-9.00%	8,025	-

(in US dollars and in thousands)

Net investments in foreign operations

On 1 January 2014, the Company designated certain intragroup financial instruments which settlement was neither planned nor likely to occur in the foreseeable future, as net investments in a number of its Ukrainian subsidiaries in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". Such financial instruments comprised of intercompany loans and, in some cases, other long-term receivables and payables. Accordingly, foreign exchange differences arising on such financial instruments after the designation date had been recognised in other comprehensive income.

As at 31 December 2022 and 2021, the accumulated balance of exchange differences on net investment in foreign operations amounted to USD 987,424 thousand and USD 772,921 thousand, respectively.

The impact of exchange differences on other comprehensive income comprises:

	For the year ended 31 December 2022	*For the year ended 31 December 2021*
Exchange differences on translation of foreign operations (other than financial instruments designated as net investments)	(107,891)	9,458
Net foreign exchange gain/ (loss) from financial instruments designated as part of net investments in foreign operations	(214,503)	26,717
	(322,394)	**36,175**

Liquidity risk

The Group's objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers and borrowings.

The Group analyses the ageing of its assets and the maturity of its liabilities and plans its liquidity depending on expected repayment of various instruments. In the case of insufficient or excessive liquidity in individual entities, the Group relocates resources and funds among the Group entities to achieve optimal financing of business needs of each entity.

The table below summarises the maturity profile of the Group's financial liabilities based on their contractual undiscounted payments (estimated for contingent liabilities of the Performance Sharing Fee) and maturities:

As at 31 December 2022	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Notes 2026	-	21,775	362,675	-	384,450
General Loan Facility	707	11,055	28,774	-	40,536
Performance Sharing Fee	-	37,325	28,491	-	65,816
Lease liability	-	635	12	-	647
Interest payable	-	3,489	-	-	3,489
Trade and other accounts payable	99,269	-	-	-	99,269
	99,976	**74,279**	**419,952**	**-**	**594,207**

As at 31 December 2021	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Notes 2026	-	21,775	387,800	-	409,575
Subordinated loan	-	-	69,204	-	69,204
General Loan Facility	400	2,942	43,021	-	46,363
Performance Sharing Fee	-	33,456	65,487	-	98,943
Lease liability	-	553	600	-	1,153
Interest payable	-	3,511	-	-	3,511
Trade and other accounts payable	109,034	-	-	-	109,034
	109,434	**62,237**	**566,112**	**-**	**737,783**

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations (Note 20). The Group's policy is to manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

(in US dollars and in thousands)

The following table demonstrates the annualised sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant:

For the year ended 31 December 2022	*High / low limits of change in interest rate, %*	*Effect on profit before tax*
Interest rate	-1%	377
Interest rate	+1%	(377)

For the year ended 31 December 2021	*High / low limits of change in interest rate, %*	*Effect on profit before tax*
Interest rate	-1%	419
Interest rate	+1%	(419)

Credit risk

Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of bank deposits (Notes 15 and 18), other current financial assets (Note 17) and trade and other accounts receivable (Note 14).

Cash in banks is placed with the financial institutions, which are considered to have minimal risk of default at the time of deposit.

	31 December 2022	*31 December 2021*
As rated by Fitch:		
AA	62,622	26,067
A	60,324	25,442
BBB	1,465	10,106
B	6,040	27,411
Not rated and other	23,326	20,601
	153,777	**109,627**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. Most of the Group's sales are made to customers with an appropriate credit history or on a prepayment basis. The Group does not require collateral in respect of its financial assets. The credit risk exposure of the Group is monitored and analysed on a case-by-case basis. Based on historical collection statistics, the Group's management believes that there is no significant risk of loss to the Group beyond the impairment allowances already recognised against the assets. The maximum exposure to the credit risk is represented by the carrying amounts of the financial assets that are carried in the consolidated statement of financial position.

Capital risk management

The Group considers its debt and shareholders' equity as the primary capital sources. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits to other stakeholders as well as to provide financing of its operating requirements, capital expenditures and the Group's development strategy.

	31 December 2022	*31 December 2021*
Borrowings and interest payable	389,666	422,611
Trade and other accounts payable	99,269	109,034
Less: Cash and cash equivalents	(153,777)	(109,627)
Net debt	**335,158**	**422,018**
Equity	205,747	435,418
Capital and net debt	**540,905**	**857,436**
Gearing ratio *	62%	49%

** Gearing ratio = Net debt / Capital and net debt*

The Group's capital management policies aim to ensure and maintain an optimal capital structure, to reduce the overall cost of capital and to provide flexibility relating to the Group's access to capital markets. Furthermore, the Group makes its investment decisions taking into consideration its capital structure.

(in US dollars and in thousands)

Risk of change in value/ timing of the payment of the Performance Sharing Fee

As discussed in the Note 20, the Performance Sharing Fee valuation depends on the level of the Group performance during the Fee Assessment Period as well as on EIR applied in determination of its carrying amount (amortized cost) as at 31 December 2022 and 2021 – applied 26.42% per annum as at 31 December 2022 and 14.43% per annum as at 31 December 2021

The table below summarises the Performance Sharing Fee change (+ or –) of its carrying amount of USD 49,485 thousand and 78,125 thousand as at 31 December 2022 and 2021, respectively, depending on (i) change of the notional amount by USD 10 million per annum during the Fee Assessment Period and (ii)&(iii) changes in the EIR by 1% (to 27.42% per annum / 25.42% per annum) used in the Performance Sharing Fee fair value determination as at 31 December 2022 and 2021:

	31 December 2022	*31 December 2021*
EBITDA change by USD 10 millions (plus/minus) – (i)	2,221	4,134
Market rate at 27.42% (plus 1.00%) – (ii)	(461)	(1,151)
Market rate at 25.42% (minus 1.00%) – (iii)	470	1,182

Fair values of financial instruments

The fair value of the Groups' financial instruments disclosed in the Note 7.

38. Events after the reporting period

The Group has issued the financial statements later than required, however the management applied remediation actions during permitted grace period of 30 days and issued the Consolidated Financial Statements on 29 May 2023.

The events after the balance sheet date, which relate to the operating environment of the Group are disclosed in the Note 2.