INTERPIPE HOLDINGS PLC

Consolidated Financial Statements
Year ended 31 December 2024 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 2024, 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 material accounting policy information (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 Stasikratous 16, Paloma Court, 5th floor, flat/office 501, 1065, Nicosia, Cyprus.

The Company operates through a number of subsidiaries in various jurisdictions (the list of the subsidiaries is disclosed in Note 30 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 are not changed from the prior year, comprise design, manufacture and distribution of steel tubes, solid-rolled railway wheels, wheelsets 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 and wheelsets 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 and wheel sets 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.

The Group's financial position and performance as at and for the year ended 31 December 2024 are set out on pages 13 and 14 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 full-scale 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 of economic activity in Ukraine. Due to the adaptation of businesses and households to the new conditions GDP growth rate comprised 2.9% and 5.3% in 2024 and 2023, respectively.

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 expenses minimization, cash outflows reduction combined with the support of the key personnel together with core equipment functionality maintenance and preservation.

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 32 and 34 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 2024, the Group did not carry out any material research and development activities meeting capitalization criteria under IFRS Accounting Standards.

Issued Capital and Distributions

Details of the Company's equity accounts formation and changes are disclosed in Note 29 to the accompanying Consolidated Financial Statements.

There were no dividends paid during the year ended 31 December 2024 and 31 December 2023.

Branches

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

Board of Directors

As at 31 December 2024, 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
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
Fadi Hraibi	Chairman of the Board, 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 the Board of Directors' composition and responsibilities allocation during the year and up to the date of this report:

- In May 2024, Andrii Korotkov resigned from the position of the Director of the Board of Directors and the CEO of the Company;
- In May 2024, Yakiv Konstantynivs'ky resigned from the position of the Non-Executive Director of the Board of Directors;
- In January 2025, Fadi Hraibi was appointed as Chairman of the Board of Directors;
- Starting from 1 May 2025, Luca Zanotti was appointed as a Director 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 35 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:

Director, Chairman of the Board	Fadi Hraibi
Director	Ganna Khomenko

9 May 2025

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that present fairly the consolidated financial position of the Group as at 31 December 2024 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 material accounting policy information, in accordance with IFRS Accounting Standards as adopted by the European Union and the Cyprus Companies Law, Cap.113.

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS Accounting Standards 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 Board of Directors, 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 2024 were authorised for issue on 9 May 2025.

Director, Chairman of the Board	Fadi Hraibi
Director	Ganna Khomenko

9 May 2025

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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 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 2024, 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 material accounting policy information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 these requirements and 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.

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*
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 2024 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 assessed the adequacy of the related disclosures in the consolidated financial statements in respect of revenue.

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Property, plant and equipment measurement after recognition

The Group applies the revaluation model for its property, plant and equipment. As at 31 December 2023 the Group engaged an independent appraiser to determine the fair value for all groups of property plant and equipment. As at 31 December 2024 the Group carried out the review of the carrying amount of all groups of property plant and equipment in order to determine whether they are materially different from the fair value. Due to high level of judgment, market environment and significance to the Group's financial position, this matter was one of most significance in our audit.

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, significant accounting judgements and estimates are included in Note 5 to the consolidated financial statements, and property, plant and equipment disclosure for 2024 is included in Note 8 to the consolidated financial statements.

Among other procedures:

- we have evaluated the robustness of budgeting process, which is the basis for management's review of the carrying amount of property, plant and equipment, to determine if it is materially different from fair value;
- we have analyzed and evaluated for appropriateness management's methodology in preparing the valuation analysis and documented the basis for the key assumptions;
- we assessed the reasonability of key assumptions used in the valuation analysis, including economy growth assumptions, currency and discount rates and implications of industry changes. In addition, we have analyzed earlier estimates against the actual business development;
- we compared input data used by the management with internal sources of data and available industry data. We have used our valuation specialists where applicable;
- as part of our audit procedures we assessed the appropriateness of the amounts capitalized in the context of IAS 16, and the appropriateness of the depreciation methods used, assets' residual values and useful lives;
- we assessed the adequacy of the related disclosures in the consolidated financial statements related to fair value measurement of the property, plant and equipment.

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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 IFRS Accounting 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, based on the work undertaken in the course of our audit, 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 light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.

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
9 May 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in US dollars and in thousands)

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	8	332,414	379,718
Intangible assets	9	3,957	3,438
Investments in associates	10	534	544
Deferred tax assets	11	11,487	11,075
Prepaid income tax		135	156
Other non-current assets	14	147,164	117,280
		495,691	**512,211**
Current assets			
Inventories	12	171,867	184,493
Trade and other accounts receivable	13	110,123	108,499
Prepayments and other current assets	14	89,212	24,150
Prepaid current income tax		1,471	723
Taxes recoverable, other than income tax	15	31,558	29,831
Cash and cash equivalents	16	285,504	247,473
		689,735	**595,169**
TOTAL ASSETS		**1,185,426**	**1,107,380**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital, net of unpaid	29	5	5
Share premium		94,277	94,277
Revaluation reserve		379,924	409,171
Retained earnings		1,870,006	1,573,543
Foreign currency translation reserve		(1,704,741)	(1,556,058)
		639,471	520,938
Non-controlling interests		7,064	9,629
Total equity	29	**646,535**	**530,567**
Non-current liabilities			
Long-term borrowings	17	301,671	315,644
Deferred tax liabilities	11	7,881	20,872
Provisions	18	27,006	21,008
		336,558	**357,524**
Current liabilities			
Current portion of the long-term borrowings and interest accrued and payable	17	18,124	68,532
Trade and other accounts payable	19	96,282	89,877
Advances and other current liabilities	20	37,382	30,199
Current income tax payable		39,967	22,143
Taxes payable, other than income tax	21	6,730	5,258
Provisions	18	3,848	3,280
		202,333	**219,289**
Total liabilities		**538,891**	**576,813**
TOTAL EQUITY AND LIABILITIES		**1,185,426**	**1,107,380**

Director, Chairman of the Board — Fadi Hraibi

Director — Ganna Khomenko

9 May 2025

The Notes presented on pages 17 – 62 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(in US dollars and in thousands)

	Notes	2024	2023
Revenue	6	1,050,391	988,706
Cost of sales	22	(648,407)	(527,933)
Gross profit		**401,984**	**460,773**
Selling and distribution expenses	23	(131,808)	(85,252)
General and administrative expenses	24	(47,392)	(44,093)
Loss on revaluation of property, plant and equipment	8	-	(867)
Other operating income	25	55,536	13,137
Other operating expenses	25	(43,244)	(30,104)
Operating foreign exchange difference	26	101,971	44,864
Operating profit		**337,047**	**358,458**
Gain from the disposal of subsidiary	30	1,573	-
Finance income	27	30,672	12,248
Finance costs	28	(39,848)	(76,895)
Non-operating foreign exchange difference	26	(2,296)	(2,380)
Share of profit of associates and joint venture	10	43	153
Profit before tax		**327,191**	**291,584**
Income tax expense	11	(46,712)	(38,691)
Profit for the year		**280,479**	**252,893**
Profit / (loss) attributable to:			
Equity holders of the parent		281,330	250,895
Non-controlling interests		(851)	1,998
		280,479	**252,893**
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	34	(148,900)	(56,159)
Gain reclassified to profit or loss on disposal of foreign operation	30, 34	(1,257)	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(150,157)**	**(56,159)**
Other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on defined benefit plans	18	(5,920)	(481)
Income tax effect	11	1,066	86
		(4,854)	(395)
(Effect of impairment of individual assets) / Revaluation of property, plant and equipment	8	(5,454)	156,684
Income tax effect	11	982	(28,203)
		(4,472)	128,481
Net other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods		**(9,326)**	**128,086**
Other comprehensive (loss) / income for the year, net of tax		**(159,483)**	**71,927**
Total comprehensive income / (loss) attributable to:			
Equity holders of the parent		123,561	321,092
Non-controlling interests		(2,565)	3,728
		120,996	**324,820**

The Notes presented on pages 17 – 62 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(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 2023	**5**	**94,277**	**291,779**	**1,313,973**	**(1,500,188)**	**199,846**	**5,901**	**205,747**
Profit for the year	-	-	-	250,895	-	250,895	1,998	252,893
Other comprehensive income / (loss) (Note 8, 11, 18)	-	-	126,462	(395)	(55,870)	70,197	1,730	71,927
Total comprehensive income / (loss)	**-**	**-**	**126,462**	**250,500**	**(55,870)**	**321,092**	**3,728**	**324,820**
Depreciation transfer	-	-	(9,070)	9,070	-	-	-	-
At 31 December 2023	**5**	**94,277**	**409,171**	**1,573,543**	**(1,556,058)**	**520,938**	**9,629**	**530,567**
Profit for the year	-	-	-	281,330	-	281,330	(851)	280,479
Other comprehensive loss (Note 8, 11, 18)	-	-	(4,232)	(4,854)	(148,683)	(157,769)	(1,714)	(159,483)
Total comprehensive income / (loss)	**-**	**-**	**(4,232)**	**276,476**	**(148,683)**	**123,561**	**(2,565)**	**120,996**
Depreciation transfer	-	-	(25,015)	25,015	-	-	-	-
Loans granted re-measurement (Note 14)	-	-	-	(5,028)	-	(5,028)	-	(5,028)
At 31 December 2024	**5**	**94,277**	**379,924**	**1,870,006**	**(1,704,741)**	**639,471**	**7,064**	**646,535**

Share premium is not available for distribution.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

(in US dollars and in thousands)

	Notes	2024	2023
Profit before tax		**327,191**	**291,584**
Adjustments for:			
Depreciation and amortization	22, 23, 24	39,938	23,002
Loss on revaluation of property, plant and equipment	8	-	867
Loss / (gain) on disposal of property, plant and equipment and intangible assets	25	965	(715)
Impairment losses on individual assets	8	1,891	-
Finance costs	28	39,848	76,895
Finance income	27	(30,672)	(12,248)
Movement in provisions, less interest cost, and other movements		30,543	7,372
Share of gain of associates	10	(43)	(153)
Gain from the disposal of subsidiary	30	(1,573)	-
Foreign exchange difference		(101,520)	(41,503)
Operating cash flows before working capital changes		**306,568**	**345,101**
Increase in inventories		(8,129)	(19,591)
(Increase) / decrease in trade and other accounts receivable		(8,818)	39,090
Increase in prepayments and other assets		(50,366)	(15,536)
(Increase) / decrease in taxes recoverable, other than income tax		(3,824)	2,034
Increase / (decrease) in trade and other accounts payable		11,613	(10,473)
Increase in taxes payable, other than income tax		1,816	4,380
Increase / (decrease) in advances and other current liabilities		1,368	(10,776)
Cash generated from operations		**250,228**	**334,229**
Income tax paid		(34,687)	(48,997)
Interest and other finance costs paid		(27,045)	(27,554)
Net cash inflow from operating activities		**188,496**	**257,678**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		(39,707)	(30,815)
Proceeds from sale of property, plant and equipment		311	111
Loans granted		(50,000)	(85,000)
Interest received		13,634	5,771
Net cash outflow from investing activities		**(75,762)**	**(109,933)**
Cash flows from financing activities			
Repayments of borrowings		(68,444)	(51,949)
Net cash outflow from financing activities		**(68,444)**	**(51,949)**
Net increase in cash and cash equivalents		44,290	95,796
Net foreign exchange difference*		(6,259)	(2,100)
Cash and cash equivalents at period beginning		**247,473**	**153,777**
Cash and cash equivalents at period end	16	**285,504**	**247,473**

* includes net change in allowance for expected credit losses on cash and cash equivalents of USD 508 thousand for 2024 (2023: nil).

The Notes presented on pages 17 – 62 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 2024 and for the year then ended were authorized for issue in accordance with the Company's Board Resolution on 9 May 2025.

The Group was formed in April-September 2006 through a series of transactions that ultimately resulted in obtaining controlling ownership interest in the subsidiaries.

The Initial Parent company 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.

In the course of the legal reorganization in 2019 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.
- became the new parent for the Group, with substantially the same ownership structure as the Initial Parent. Accordingly, the Initial Parent became a subsidiary of the Company and an interim holding company within the Group holding structure.
- 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 Initial Parent.

As part of the reorganisation all the shares of the Initial 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. 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.

The registered office and principal place of business of the Company is Stasikratous 16, P.C. 1065 Nicosia, Cyprus.

The principal business activities of the Group are described in more detail in Note 6. The average number of employees for the year 2024 and 2023 equaled to 9.7 thousand.

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.

Operating environment in Ukraine

The full-scale 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 of economic activity in Ukraine. Due to the adaptation of businesses and households to the new conditions GDP growth rate comprised 2.9% and 5.3% in 2024 and 2023, respectively. According to the most recent forecast of the National Bank of Ukraine (hereafter "NBU") a real GDP growth is expected to be within a range of 3.6-4.0% per annum during 2025 and 2026.

Inflation expectations of businesses and households remain high. In 2024 annualized inflation has increased up to 12% as compared to 5.1% as of the end of 2023. According to the NBU forecast annualized inflation in 2025 is expected at the level of 8.4% and it will decrease to 5.0% in 2026.

Ukraine faces large fiscal and financing challenges. After the successful completion of its Eurobond debt exchange in September 2024, the government ordered temporary suspensions of payments on an external commercial loan, state-guaranteed Eurobond and GDP warrants. The country remains in the process of restructuring its external commercial debt and the payment system remains operational, with banks open and mostly liquid. International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, have been providing Ukraine with financing, donations and material support.

Since October 2023, the NBU has shifted to the regime of managed flexibility of the UAH/USD exchange rate. As at 31 December 2024 and 2023 an exchange rate of UAH against US Dollar was 42.04 and 37.98, respectfully.

In 2024 the NBU, in order to support domestic producers and to improve the business environment in Ukraine eased a number of foreign exchange restrictions including, but not limited to the following:

- to repatriate dividends on corporate interest or shares abroad accrued based on the performance results for the period starting from 1 January 2024. This easement does not apply to the payment of dividends from retained earnings for previous periods or reserve capital;
- to prepay principal and interest on loans from non-residents (received after 20 June 2023);
- to pay overdue interest on external loans (received before 20 June 2023) accumulated for the period from 24 February 2022 through 30 April 2024 within the limit of EUR 1 million per quarter, and make scheduled interest payments from 1 May 2024 without any limitation on the amount;

- to pay dividends abroad over the established limit of EUR 1 million per month to ensure the regular coupon payments or compensation for already paid coupon payments on Eurobonds (subject to certain requirements and at the expense of the own foreign currency).

During the years 2023 and 2024 the NBU decreased the key policy rate from 25.0% p.a. to 13.5% p.a. as of 31 December 2024 to support lending development and economic recovery without posing additional risks to price and financial stability. In March 2025 the NBU decided to raise the key policy rate to 15.5% p.a. to support the sustainability of the foreign exchange market and price stability in Ukraine.

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 of the war are serious, the situation remains fluid and the outlook is subject to further developments and uncertainty.

The Group's operations

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

In 2024, the Group's level of production increased as compared with 2023. The Group continues running its operations on the back of instable electricity supplies and market prices for it caused by frequent massive air attacks. The deficit of skilled work force remains an important factor influencing operations of the Group in Ukraine.

The Group is fully compliant with all sanctions' 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.

The Group also has not been conducting any business activities on occupied territories of Ukraine.

On or immediately after 24 February 2022 the Group suspended all shipments of goods to russia, belorussia and made a decision on liquidation of its trading company in russia Interpipe-M LLC followed by the dismissal of its employees and bankruptcy procedure. As of the date of approval of these Consolidated Financial Statements, the Group does not control any assets in russia. All assets of and processes on Interpipe-M LLC have been transferred to the bankruptcy trustee.

Debt service payments in 2024 were covered by available cash balances and cash flows from the Group's operating activities. The Group fully discharged the Performance Sharing Fees (Note 17) upon the repayment of the final annual instalment in October 2024. As at 31 December 2024, the Group had sufficient funds on the current accounts in banks of USD 285,504 thousand (Note 16) to serve the existing debt for at least 12 months from the date of approval of these Consolidated Financial Statements.

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 a process of administrative reviews of the antidumping duty orders on import of the following assortments of pipes is ongoing:

- OCTG pipes – in March 2023 the dumping margin of 1.55% was determined instead of previously effective 27.80% on import of OCTG pipes produced by Interpipe with a further increase to 4.89% in December 2023. In November 2024 the dumping margin was lowered to 1.39% due to the respective administrative review completion.
- Seamless standard, line and pressure pipes – in 2023 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 with a further decrease to 4.99% in March 2024 due to the respective administrative review completion. On 24 March 2025, the anti-dumping duty rate was revised and reduced to 2.07%.

In addition, a safeguard tariff of 25% previously imposed in the USA for all steel products from Ukraine (including all of the Group's pipe products supplied to the USA market) was initially suspended in 2022 till June 2023 with a further extension to June 2024. In 2024 the suspension of the protective safeguard tariff was extended. Starting from 12 March 2025, a 25% tariff will apply to all steel, aluminum and their derivatives imports into the United States. Starting from 10 March 2025, 10% tariff will apply to all imports from Ukraine (including all of the Group's Railway wheels segment production) to USA which are not a subject for 25% tariff rate.

There were no antidumping duties for seamless pipe products in the European market for 2024. There is no information about complaints filed or the preparation of complaints from the EU industry on imports of pipe products from Ukraine.

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-specific quota applicable to products originating from Ukraine was initially suspended till June 2023 with a further continuous extension to June 2024 and June 2025.

Going concern basis

As at 31 December 2024, the net assets of the Group were USD 644,590 thousand, the current assets exceeded current liabilities by USD 487,402 thousand. In 2024, the Group's revenue amounted to USD 1,050,391 thousand and increased by about 6% due to existing demand for Group's finished goods. In 2024, the Group earned a net profit of USD 277,408 thousand.

Notwithstanding the Group's performance in 2023 and 2024 calendar years, ongoing military actions create material uncertainty for the Group in 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. 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, the management has prepared cash flow forecast for the period of 12 months from the date of approval of these Consolidated Financial Statements, which showed that the Group's net operating cash flow is expected to 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 demand in the tubes market will be sufficient for the improved 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;
- availability of the logistics routes, including the alternative routes through foreign ports, road and rail, to ensure delivery of raw materials and fuel to the Group production plants and transportation of finished goods to customers;
- availability 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, considering current developments, the Group has adequate resources to continue operating 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 a 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 the 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 a normal course of business.

3. Basis of preparation

Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) ("IFRS Accounting Standards") as well as in accordance with the requirements of the Cyprus Companies Law, Cap.113. These Consolidated Financial Statements have been prepared on a going concern basis as disclosed in Note 2.

These 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 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 these 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 these Consolidated Financial Statements are disclosed in Note 5.

These 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

The standards/amendments that are effective and have been endorsed:

During the current year the Group adopted all of the amendments to IFRS Accounting Standards adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024. 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 2024:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements;

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period. The amendments had no material impact on the Group's Consolidated Financial Statements.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments had no material impact on the Group's Consolidated Financial Statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The Group has revised disclosures of accounting policies to ensure consistency with the amended requirements.

Other new and amended standards effective since 1 January 2024 have 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 its subsidiaries at 31 December 2024 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, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment remains recognised at fair value.

4. Material accounting policy information

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 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".

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. The last revaluation was performed by independent appraiser as at 31 December 2023 (Note 8).

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	1-70 years
Machinery and equipment	1-37 years
Transport and motor vehicles	1-22 years
Fixtures and office equipment	3-16 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.

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

The Group’s investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in an associate 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 since the acquisition date. Goodwill relating to the associate 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. 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, 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 are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate 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.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate 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" 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 2024 and 2023, 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.

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 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 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 excludes 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 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

Income tax expense represents the sum of the current and deferred tax expense.

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.

Pillar Two application

The basis and assessment on Pillar Two taxes are derived from the Consolidated Financial Statements. The Group recognized income tax expense / (benefit) which in the scope of Pillar Two taxes within its income tax expense / (benefit) in the consolidated statement of comprehensive income and disclose separately its current tax expense / (benefit) related to Pillar Two taxes in the related notes. The liability on current income tax related to Pillar Two is recognized within Current income tax payable.

The Company and the Group applied a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes.

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).

(in US dollars and in thousands)

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.

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

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

Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

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:

	Endorsement by EU status	*Effective for annual period beginning on or after*
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability	Endorsed	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	Not yet endorsed	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	Not yet endorsed	1 January 2026
Annual Improvements Volume 11	Not yet endorsed	1 January 2026
IFRS 18 *Presentation and Disclosure in Financial Statements*	Not yet endorsed	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability*: *Disclosures*	Not yet endorsed	1 January 2027
Amendment in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet endorsed	Not yet determined
IFRS 14 *Regulatory Deferral Accounts*	Not yet endorsed	The EC has decided not to launch the endorsement process of the interim standard and to wait for the final IFRS Standard

Apart from IFRS 18, for which management still evaluates the impact, the other standards and interpretations are not expected to have a material impact on the Consolidated Financial Statements of the Group in future periods.

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 18.

Revaluation 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).

When determining whether to perform a fair value assessment in a given period, Management considers the development of macroeconomic indicators, including changes in prices (producer price indices, price indices for non-residential buildings, transport facilities, utilities, and other engineering structures), inflation rates, GDP growth rates and changes of the Ukrainian Hryvnia ("UAH") against USD and EUR. Also, different internal and external factors, such as political, legislative and economic situations, are reviewed. Based on the results of this review, the management of the Group concluded that the carrying value of the property, plant and equipment, accounted for using revaluation model, as at 31 December 2024 was not materially different from those which would arise as a result of new revaluation.

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 non-financial assets

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.

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 12).

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 11 and 32.

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 13 and Note 33.

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 18 and 32).

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 34).

Land lease

The Group's majority of lease agreements refer to land leases for its production facilities under agreements with local authorities. Lease payments are other variable and calculated as a percentage from "normative monetary appraisal of land". Normative monetary appraisal of land does not constitute fair value of land as at reporting date since in Ukraine active market of land sales is absent. Furthermore, changes in normative monetary appraisal of land would not represent a variable to the change in fair value of land. In general, normative monetary appraisal of land is based on specific requirements in the legislation. Therefore, management concluded that normative monetary appraisal of land does not meet the definition of an index or a rate under IFRS 16 and respectively no right-of -use asset and lease liability should be recorded for lease of land contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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 wheel sets and 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;

(in US dollars and in thousands)

- 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;
- Toll processing of scrap metal into steel billets by "Metallurgical Plant Dneprosteel" LLC primarily for JSC "Interpipe Niznedneprovsky Tube Rolling Plant" and "Interpipe Niko Tube" LLC.

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 2024, IFRS Interpretation Committee ("the Committee") focused on the application of the requirements of IFRS 8 "Operating Segments", namely disclosure of specified amounts related to segment profit or loss for each reportable segment. As a result, the Committee issued an agenda discussion, which contains information and explanatory material about how the standards should be applied. Accordingly, the management of the Group adopted changes discussed by the Committee in the Consolidated Financial Statements and amended corresponding segment information for the year ended 31 December 2023 to ensure comparability.

Segment revenues and results

Year ended 31 December 2024	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Revenue	757,485	252,994	378,385	8,741	1,397,605
Elimination of sales to other segments	-	-	(347,214)	-	(347,214)
Revenue - external	**757,485**	**252,994**	**31,171**	**8,741**	**1,050,391**
Cost of sales	(543,377)	(174,320)	77,175	(7,885)	(648,407)
Gross profit	**214,108**	**78,674**	**108,346**	**856**	**401,984**
Selling and distribution expenses	(91,989)	(26,442)	(12,773)	(604)	(131,808)
General and administrative expenses	(34,667)	(8,104)	(4,133)	(488)	(47,392)
Other operating income / (expenses), net	18,388	(5,956)	413	(553)	12,292
Operating foreign exchange difference	69,058	27,965	4,948	-	101,971
Operating profit	**174,898**	**66,137**	**96,801**	**(789)**	**337,047**
Gain from the disposal of subsidiary					1,573
Finance income					30,672
Finance costs					(39,848)
Non-operating foreign exchange difference					(2,296)
Share of profit of associates					43
Income tax expense					(46,712)
Profit for the year					**280,479**

(in US dollars and in thousands)

Segment revenues and results (continued)

Year ended 31 December 2023	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Revenue	743,123	205,126	324,580	9,392	1,282,221
Elimination of sales to other segments	-	-	(293,515)	-	(293,515)
Revenue - external	**743,123**	**205,126**	**31,065**	**9,392**	**988,706**
Cost of sales	(463,148)	(152,124)	94,500	(7,161)	(527,933)
Gross profit	**279,975**	**53,002**	**125,565**	**2,231**	**460,773**
Selling and distribution expenses	(55,683)	(16,785)	(11,298)	(1,486)	(85,252)
General and administrative expenses	(33,011)	(7,317)	(3,355)	(410)	(44,093)
Gain / (loss) on revaluation of property, plant and equipment	20,406	(6,829)	(14,444)	-	(867)
Other operating income / (expenses), net	(15,741)	(39)	(1,187)	-	(16,967)
Operating foreign exchange difference	29,519	15,297	48	-	44,864
Operating profit	**225,465**	**37,329**	**95,329**	**335**	**358,458**
Finance income					12,248
Finance costs					(76,895)
Non-operating foreign exchange difference					(2,380)
Share of profit of associates					153
Income tax expense					(38,691)
Profit for the year					**252,893**

For the year ended 31 December 2024 and 2023, share of loss of associates was attributable to pipes segment.

Segment assets, liabilities and other information

Year ended 31 December 2024	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Segment assets	428,772	125,671	126,217	9,169	689,829
Segment liabilities	77,612	52,764	33,386	617	164,379
Investment in associates (Note 10)	534	-	-	-	534
Additions to property, plant and equipment (Note 8)	22,059	8,390	6,594	-	37,043
Movement in provisions	4,248	6,279	1,001	-	11,528
Other non-cash items	13,370	4,390	1,598	-	19,358
Effect of impairment of individual assets	(6,574)	-	-	(771)	(7,345)

Year ended 31 December 2023	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Segment assets	441,458	144,142	130,105	5,287	720,992
Segment liabilities	66,244	46,386	31,504	76	144,210
Investment in associates (Note 10)	544	-	-	-	544
Additions to property, plant and equipment (Note 8)	25,157	2,579	5,188	-	32,924
Movement in provisions	796	2,667	480	-	3,943
Other non-cash items	10,673	(4,852)	(992)	-	4,829
Effect of revaluation of property, plant and equipment	(20,406)	6,829	14,444	-	867

(in US dollars and in thousands)

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

	31 December 2024	*31 December 2023*
Segment assets for reportable segments	**681,194**	**716,249**
Other operations	**9,169**	**5,287**
Unallocated		
Intangible assets	3,957	3,438
Deferred tax assets	11,487	11,075
Prepaid income tax (non-current)	135	156
Prepaid current income tax	1,471	723
Taxes recoverable, other than income tax	31,558	29,831
Trade and other accounts receivable	-	5,533
Prepayments and other current assets	22,912	2,615
Cash and cash equivalents	285,504	247,473
Other non-current assets	138,039	85,000
	495,063	**385,844**
Total assets	**1,185,426**	**1,107,380**

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

	31 December 2024	*31 December 2023*
Segment liabilities for reportable segments	**163,762**	**144,134**
Other operations	**617**	**76**
Unallocated		
Deferred tax liabilities	7,881	20,872
Taxes payable, other than income tax	6,730	5,258
Current income tax liabilities	39,967	22,143
Borrowings	316,386	380,678
Interest payable	3,409	3,498
Dividends payable to non-controlling interest owners	139	154
	374,512	**432,603**
Total liabilities	**538,891**	**576,813**

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 Accounting Standards. 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 Accounting Standards. 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 2024	*Pipes*	*Railway wheels*	*Steel Making*	*Other operations*	*Total*
Operating profit	174,898	66,137	96,801	(789)	337,047
Other non-operational losses	-	-	-	6,477	6,477
Depreciation and amortisation	18,281	10,259	11,240	158	39,938
Effect of individual impairment of property, plant and equipment	1,449	-	-	442	1,891
Loss on disposal of property, plant and equipment	763	160	42	-	965
Operating foreign exchange difference	(69,058)	(27,965)	(4,948)	-	(101,971)
EBITDA	**126,333**	**48,591**	**103,135**	**6,288**	**284,347**
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	73,611	22,200	(95,811)	-	-
EBITDA (on a pass-through basis)	**199,944**	**70,791**	**7,324**	**6,288**	**284,347**

Year ended 31 December 2023	*Pipes*	*Railway wheels*	*Steel making*	*Other operations*	*Total*
Operating profit	225,465	37,329	95,329	335	358,458
Depreciation and amortisation	8,756	4,571	9,674	1	23,002
Effect of revaluation of property, plant and equipment	(20,406)	6,829	14,444	-	867
Gain on disposal of property, plant and quipment	(579)	(64)	(72)	-	(715)
Operating foreign exchange difference	(29,519)	(15,297)	(48)	-	(44,864)
EBITDA	**183,717**	**33,368**	**119,327**	**336**	**336,748**
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	83,786	26,924	(110,710)	-	-
EBITDA (on a pass-through basis)	**267,503**	**60,292**	**8,617**	**336**	**336,748**

Geographical information

Revenues from external customers

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Europe	411,621	357,350
Ukraine	252,854	323,829
Americas	231,556	170,676
Middle East and Africa	84,342	88,094
Other countries	70,018	48,757
	1,050,391	**988,706**

Americas region includes the USA, Canada and Latin America countries.

The revenue received from one major customer, which individually accounted for about 9% of total revenue, amounted to USD 93,086 thousand (2023: one major customer, individually accounted for about 17% of total revenue, USD 174,606 thousand) arising from sales in Ukraine geographical segments.

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 2024	*31 December 2023*
Ukraine	333,557	379,916
Europe	391	474
Other countries	2,423	2,766
	336,371	**383,156**

(in US dollars and in thousands)

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 loans granted, cash at banks, short-term accounts receivable and payable, other financial assets, short-term loans and borrowings approximate their fair values. The details on fair value measurement of property, plant and equipment are presented in Note 8.

Fair value measurement hierarchy for liabilities as at 31 December 2024:

		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	319,795	319,795	-	319,795	-
	319,795	**319,795**	**-**	**319,795**	**-**

Fair value measurement hierarchy for liabilities as at 31 December 2023:

		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	338,808	338,808	-	338,808	-
- financial liability at fair value	41,491	41,491	-	-	41,491
	380,299	**380,299**	**-**	**338,808**	**41,491**

There have been no transfers between Level 1 and Level 2 during 2024 and 2023.

Reconciliation of fair value measurement of Performance Sharing Fee categorised within Level 3 is presented in Note 17. The fair value of Notes 2026 and General Loan Facility was estimated using the discounted cash flow method applying current interest rates for new instruments with similar credit risk and remaining maturity.

(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 2024 and 2023 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 2023	**73,462**	**114,608**	**8,470**	**1,369**	**25,885**	**361**	**224,155**
Additions	-	-	-	-	29,093	3,831	32,924
Transfers	3,535	22,249	1,023	1,444	(28,251)	-	-
Disposals and write-offs	(806)	(330)	(636)	(304)	(3,169)	-	(5,245)
Elimination against gross carrying amount	(4,636)	(12,082)	(1,019)	(890)	-	(294)	(18,921)
Revaluation	44,172	60,044	4,854	22,529	24,218	-	155,817
Translation difference	(2,784)	(5,043)	(334)	(94)	(757)	-	(9,012)
At 31 December 2023	**112,943**	**179,446**	**12,358**	**24,054**	**47,019**	**3,898**	**379,718**
Additions	-	-	-	-	37,003	40	37,043
Transfers	4,393	16,280	476	1,239	(22,388)	-	-
Disposals and write-offs	(793)	(461)	(582)	(130)	(96)	-	(2,062)
Translation difference	(10,988)	(17,742)	(1,206)	(2,440)	(5,200)	-	(37,576)
At 31 December 2024	**105,555**	**177,523**	**11,046**	**22,723**	**56,338**	**3,938**	**377,123**
Accumulated depreciation and impairment:							
At 1 January 2022	-	-	-	-	-	-	-
Depreciation for the year	4,777	12,623	1,131	1,062	-	294	19,887
Disposals and write-offs	(15)	(117)	(66)	(132)	-	-	(330)
Elimination against gross carrying amount	(4,636)	(12,082)	(1,019)	(890)	-	(294)	(18,921)
Translation difference	(126)	(424)	(46)	(40)	-	-	(636)
At 31 December 2023	-	-	-	-	-	-	-
Depreciation for the year	10,207	21,253	2,407	5,002	-	767	39,636
Impairment of individual assets	1,027	5,989	295	17	17	-	7,345
Disposals and write-offs	(60)	(81)	(58)	(110)	-	-	(309)
Translation difference	(447)	(1,042)	(145)	(329)	-	-	(1,963)
At 31 December 2024	**10,727**	**26,119**	**2,499**	**4,580**	**17**	**767**	**44,709**
Net book value:							
At 31 December 2023	**112,943**	**179,446**	**12,358**	**24,054**	**47,019**	**3,898**	**379,718**
At 31 December 2024	**94,828**	**151,404**	**8,547**	**18,143**	**56,321**	**3,171**	**332,414**

As at 31 December 2024 and 2023, property, plant and equipment with carrying amount of USD 45,934 thousand and USD 50,280 thousand, respectively, were pledged as a security for the Group's borrowings (Note 17).

Revaluation increase / Decrease / Reversal of decrease:

At 31 December 2023

	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	(14,074)	(18,394)	(128)	(236)	-	(32,832)
Reversal of loss on previous revaluation recognised in profit or loss	1,743	13,887	233	255	15,847	31,965
Loss on revaluations recognised in other comprehensive income	(6,126)	(6,366)	(626)	(6)	-	(13,124)
Gain on revaluations recognised in other comprehensive income	62,629	70,917	5,375	22,516	8,371	169,808
Total	**44,172**	**60,044**	**4,854**	**22,529**	**24,218**	**155,817**

(in US dollars and in thousands)

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 engaged an independent appraiser to determine the fair value for all groups of property plant and equipment as at 31 December 2023.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.

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 – 211-703 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 – 25.3%-28.3%: significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- terminal growth rate – 1.9%: significant increases (decreases) in terminal growth rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- inflation rate – 2.3-2.5%: 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 2024, management recognised the impairment on individual assets from welded pipe segment due to the deterioration of transportation routes for material supply during 2024, which led to a decrease in production in subsequent reporting periods. The effect of impairment of individual assets recognised in the profit or loss statement and other comprehensive income in the amount of USD 1,891 thousand (Note 25) and USD 5,454 thousand, respectively.

Based on analysis of fluctuations of the cumulative index of producer's prices, the cumulative index of inflation of construction works, the index of physical depreciation and the functional currency depreciation, Management concluded that the carrying value of these groups of property, plant and equipment, except for the matter described above, was not materially different from their fair values as at 31 December 2024. The Group reviews its property, plant and equipment each period to determine if any indication of impairment exists. Based on these reviews, there have been no additional indicators of impairment as of 31 December 2024 comparing to those indicators existed as of December 2023.

As at 31 December 2024 and 2023, the cost of fully depreciated items of property, plant and equipment, which remain in use, amounted to USD 343 thousand and USD 373 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 2023	50,626	123,944	3,578	1,564	52,165	231,877
31 December 2024	45,381	113,722	2,949	2,339	60,146	224,537

(in US dollars and in thousands)

9. Intangible assets

Movement in intangible assets and related accumulated amortisation for the years ended 31 December 2024 and 2023 was as follows:

	Patents and trademark	*Accounting software*	*Other software*	*Intangible assets under development*	*Total*
Cost:					
At 1 January 2023	**48**	**3,639**	**2,945**	**1,106**	**7,738**
Additions	-	-	-	811	811
Transfers	-	728	824	(1,552)	-
Disposals	-	-	(108)	(9)	(117)
Translation difference	(2)	(213)	(135)	(8)	(358)
At 31 December 2023	**46**	**4,154**	**3,526**	**348**	**8,074**
Additions	-	-	-	2,021	2,021
Transfers	8	597	563	(1,168)	-
Disposals	-	(271)	(42)	(4)	(317)
Translation difference	(5)	(404)	(362)	(300)	(1,071)
At 31 December 2024	**49**	**4,076**	**3,685**	**897**	**8,707**
Accumulated amortisation and impairment:					
At 1 January 2023	**24**	**1,818**	**2,145**	**109**	**4,096**
Amortisation for the year	3	426	384	-	813
Disposals	-	-	(100)	-	(100)
Translation difference	(3)	(79)	(87)	(4)	(173)
At 31 December 2023	**24**	**2,165**	**2,342**	**105**	**4,636**
Amortisation for the year	3	404	475	-	882
Disposals	-	(271)	(42)	-	(313)
Translation difference	(2)	(203)	(240)	(10)	(455)
At 31 December 2024	**25**	**2,095**	**2,535**	**95**	**4,750**
Net book value:					
At 31 December 2023	**22**	**1,989**	**1,184**	**243**	**3,438**
At 31 December 2024	**24**	**1,981**	**1,150**	**802**	**3,957**

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

10. Investments in associates

The Group's investments in associates were as follows:

Entity	*Activity*	*% of the Group ownership*	*31 December 2024*	*31 December 2023*
PrJSC "Nikopolsky Tooling Plant"	Tooling for machines	25%	534	544
PrJSC "Nikopolsky Repairing Plant"	Repairs	25%	-	-
PrJSC "Teplogeneratzia"	Utility services	30%	-	-
			534	**544**

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

The following table illustrates changes in carrying value of the Group's investments in associates:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
At period beginning	544	412
Share of profit	43	153
Translation difference	(53)	(21)
At period end	**534**	**544**

(in US dollars and in thousands)

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

	PrJSC "Teplo-generatzia"	*PrJSC "Nikopolsky Tooling Plant"*	*PrJSC "Nikopolsky Repairing Plant"*
At 31 December 2024			
Assets	-	1,087	-
Liabilities	-	(553)	-
Net assets – carrying amounts of investments	-	**534**	-

	PrJSC "Teplo-generatzia"	*PrJSC "Nikopolsky Tooling Plant"*	*PrJSC "Nikopolsky Repairing Plant"*
At 31 December 2023			
Assets	-	986	-
Liabilities	-	(442)	-
Net assets – carrying amounts of investments	-	**544**	-

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

	For the year ended 31 December 2024		*For the year ended 31 December 2023*	
	Revenue	*Profit for the year*	*Revenue*	*Profit for the year*
PrJSC "Teplogeneratzia"	2	-	2	-
PrJSC "Nikopolsky Repairing Plant"	2,775	-	2,787	-
PrJSC "Nikopolsky Tooling Plant"	4,205	43	2,734	153

The Group had a cumulative unrecognised share of losses in the amount of UAH 15,350 thousand from the associates with zero carrying value as at 31 December 2024 (31 December 2023: UAH 14,304 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 2024 and 2023, respectively.

11. 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 2024 and 2023 were as follows:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Current income tax expense	(55,301)	(38,351)
Effect of foreign taxes - current withholding tax	(4,022)	-
Income tax related to adjustments of past periods	2,217	-
Deferred income tax benefit / (expense)	10,394	(340)
	(46,712)	**(38,691)**

Income tax (expense) / benefit for the years ended 31 December 2024 and 2023 originated in the following tax jurisdictions:

	Domestic tax rates applicable to individual group entities as at			
	31 December 2024	*31 December 2023*	*For the year ended 31 December 2024*	*For the year ended 31 December 2023*
Ukraine	18%	18%	(13,856)	(43,793)
Switzerland	11%	11%	(19,667)	(6,387)
Germany	34%	34%	(2)	(27)
The USA	21%	21%	(7,664)	1,216
Cyprus	12.5%	12.5%	(5,523)	10,290
Other countries	20%	20%	-	10
The UAE*	-	-	-	-
			(46,712)	**(38,691)**

* Tax (expense) / benefit calculated at domestic rates applicable to individual Group entities for 2024 and 2023 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 in 2024. For the details of changes in geographical operations please refer to the Note 6.

(in US dollars and in thousands)

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

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Accounting profit before tax	**327,191**	**291,584**
Tax expenses calculated at domestic rates applicable to individual Group entities	(53,280)	(39,860)
Tax effect of non-deductible expenses	(4,766)	(6,515)
Tax effect of non-taxable incomes	12,871	341
Effect of foreign taxes - withholding tax (current and deferred)	(5,103)	-
Income tax related to adjustments of past periods	2,217	-
Change in unrecognised deferred tax assets	892	9,397
Reassessment of previous years temporary differences	-	(1,171)
Translation difference	457	(165)
Other differences	-	(718)
	(46,712)	**(38,691)**

Deferred tax assets and liabilities for the year ended 31 December 2024 related to the following:

	31 December 2024	*Change recognised in profit or loss*	*Change recognised in other comprehensive income*	*Translation difference*	*31 December 2023*
Deferred tax liabilities:					
Investments' valuation	(7)	(6)	-	1	(2)
Withholding tax accrued on outstanding dividends receivables	(1,081)	(1,081)	-	-	-
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(18,252)	4,060	982	1,792	(25,086)
	(19,340)	**2,973**	**982**	**1,793**	**(25,088)**
Deferred tax assets:					
Accrued liabilities and provisions	2,181	(694)	1,066	(192)	2,001
Allowance for expected credit losses	4,150	838	-	(374)	3,686
Inventories valuation	15,992	6,351	-	(309)	9,950
Loans and interest payable	742	629	-	(35)	148
Other assets and liabilities	75	(80)	-	(16)	171
Tax losses carried forward	28,173	(515)	-	(597)	29,285
	51,313	**6,529**	**1,066**	**(1,523)**	**45,241**
Unrecognized deferred tax asset	(28,367)	892	-	691	(29,950)
Deferred income tax benefit from origination and reversal of temporary differences		10,394	2,048		

Presented in the consolidated statement of financial position as follows:

Deferred tax assets	**11,487**	**11,075**
Deferred tax liabilities	**(7,881)**	**(20,872)**

(in US dollars and in thousands)

Deferred tax assets and liabilities for the year ended 31 December 2023 related to the following:

	31 December 2023	*Change recognised in profit or loss*	*Change recognised in other comprehensive income*	*Translation difference*	*31 December 2022*
Deferred tax liabilities:					
Investments' valuation	(2)	(2)	-	-	-
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(25,086)	5,631	(15,881)	(7)	(14,829)
	(25,088)	**5,629**	**(15,881)**	**(7)**	**(14,829)**
Deferred tax assets:					
Investments' valuation	-	(24)	-	-	24
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	-	(5,017)	(12,322)	(229)	17,568
Accrued liabilities and provisions	2,001	(323)	86	(67)	2,305
Allowance for expected credit losses	3,686	795	-	(145)	3,036
Inventories valuation	9,950	(5,462)	-	(42)	15,454
Loans and interest payable	148	(134)	-	(6)	288
Other assets and liabilities	171	(514)	-	(9)	694
Tax losses carried forward	29,285	(4,687)	-	(293)	34,265
	45,241	**(15,366)**	**(12,236)**	**(791)**	**73,634**
Unrecognized deferred tax asset	(29,950)	9,397	-	116	(39,463)
Deferred income tax expense from origination and reversal of temporary differences		(340)	(28,117)		
Presented in the consolidated statement of financial position as follows:					
Deferred tax assets	**11,075**				**30,131**
Deferred tax liabilities	**(20,872)**				**(10,789)**

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

Country of origination	*For the year ended 31 December 2024*	*For the year ended 31 December 2023*
Ukraine	4,271	6,405
Cyprus	23,692	22,539
The USA	47	152
Kazakhstan	163	189
	28,173	**29,285**

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 2024 and 2023, the Company has not recognised deferred tax liability in respect of temporary differences amounting to USD 1,007 thousand and USD 3,056 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.

Pillar Two rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises with annual revenue in excess of EUR 750 million per their consolidated financial statements.

On 12 December 2024, the Cyprus House of Representatives voted to transpose into law Council Directive (EU) 2022/2523 of 14 December 2022 to ensure a global minimum level of taxation of multinational enterprise (MNE) groups and large domestic groups in the Union (the Law), also known as the Pillar Two Directive.

(in US dollars and in thousands)

The Pillar Two model rules introduce new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- the Income Inclusion Rule (IIR). The law introduced IIR for financial years starting from 31 December 2023 in line with the Pillar Two Directive. The IIR requires a parent entity of an MNE group or a large-scale domestic group to pay a top-up tax on its low-taxed income and the low-taxed income of its subsidiaries to ensure that the group's overall income is taxed at a minimum rate of 15%;
- the Qualified Domestic Minimum Top-up Tax (QDMTT) is introduced for financial years starting from 31 December 2024;
- the Under Taxed Payments/Profits Rule (UTPR) is introduced for financial years starting from 31 December 2024.

The Pillar Two model rules are applicable to the Group starting from 1 January 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied.

The Pillar Two effective tax rates in most of the jurisdictions, in which the Group operates, are above 15%. The application of Pillar Two model rules had no material impact on the consolidated financial statements for the year ended 31 December 2024.

In addition, based on the current assessment there is no material impact from exposure to Pillar Two legislation on the going concern assessment or on any asset impairment.

Deferred tax (IAS 12 Income Taxes amendments implication)

The Group applied a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes.

12. Inventories

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

	31 December 2024	*31 December 2023*
Raw materials	49,819	38,948
Work in process	25,632	16,414
Finished goods	96,416	129,131
	171,867	**184,493**

As at 31 December 2024 and 2023, 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 42,888 thousand and USD 35,487 thousand, respectively.

13. Trade and other accounts receivable

Trade and other accounts receivable consisted of the following:

	31 December 2024	*31 December 2023*
Trade accounts receivable	125,261	111,740
Less allowance for expected credit losses	(18,786)	(12,797)
	106,475	**98,943**
Other receivables	11,077	10,363
Current portion of loans granted	-	5,533
Less of allowance for expected credit losses	(7,429)	(6,340)
	3,648	**9,556**
	110,123	**108,499**

As at 31 December 2024 and 2023, trade receivables were not pledged as a security for the Group’s borrowings.

Movement in expected credit losses is disclosed in Note 33. As at 31 December 2024 and 2023, there were no debtors with significant financial difficulties or with estimated high probability of their insolvency, for which an individual allowance for expected credit losses was accrued. 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 2024 and 2023, 53% and 60% of trade accounts receivable, respectively, were due from twenty major customers.

(in US dollars and in thousands)

14. Other non-current assets, prepayments and other current assets

Prepayments consisted of the following:

	31 December 2024	*31 December 2023*
Prepayments to suppliers	10,035	12,662
Prepaid land tax	943	2,323
	10,978	**14,985**

Other current assets consisted of the following:

	31 December 2024	*31 December 2023*
Custom duties to be reversed	54,509	5,994
Guarantee deposits	22,880	2,572
Restricted bank deposit	32	43
Prepaid insurance expense	153	107
Other current assets	660	449
	78,234	**9,165**
Total prepayments and other current assets	**89,212**	**24,150**

Customs duties to be reversed are related to the amount of an excessive customs duties paid in the USA on imports of pipe products during previous years.

As at 31 December 2024 and 2023, the guarantee deposits represented collateral for US customs bond and restricted bank deposits were related to the letters of credit issued by banks in favor of the Group's suppliers with the contractual maturity exceeding 3-month period. As at 31 December 2024 and 2023, non-current portion of collateral for US customs bond is presented in other non-current assets as disclosed below.

Other non-current assets consisted of the following:

	31 December 2024	*31 December 2023*
Loans granted, including interest accrued	138,039	85,000
Guarantee deposits	9,125	32,280
	147,164	**117,280**

During 2023, the Group provided interest-bearing loans to related parties in amount of USD 85,000 thousand with original maturity at 31 December 2023 and interest rate of 9% p.a. Management of the Group does not expect settlement of these loans during 12 months from the balance sheet date. Accordingly, USD 85,000 thousand of loans principal amount provided to related parties are presented within other non-current assets, while interest accrued of USD 5,533 thousand are presented within trade and other accounts receivable (Note 13). As at 1 January 2024, the Group prolonged terms for existing loans up to December 2029. Loans principal amount and interest are payable at the maturity date.

During 2024, the Group provided interest-bearing loans to related parties in amount of USD 50,000 thousand with maturity at December 2029 and interest rate of 9% p.a. Loans principal amount and interest are payable at the maturity date.

Accordingly, USD 135,000 thousand of loans provided to related parties and USD 14,092 thousand of interest receivables (both represent nominal amounts) are presented within other non-current assets. As at 31 December 2024, the expected credit losses on other non-current assets balance is USD 6,477 thousand (31 December 2023: nil).

As at that date of initial recognition, the carrying amount of the loans granted to related parties were recognized at its fair value with subsequent accounting at amortized cost using EIR method with the initial recognition loss in amount of USD 5,028 thousand taken directly to equity. Unwinding of discount on loans granted to related parties in amount of USD 452 thousand was recognized within finance income (Note 27).

15. Taxes recoverable, other than income tax

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

	31 December 2024	*31 December 2023*
Value-added tax recoverable	31,480	29,773
Other taxes recoverable	78	58
	31,558	**29,831**

VAT recoverable primarily originated in Ukraine.

(in US dollars and in thousands)

16. Cash and cash equivalents

Cash and cash equivalents (net of expected credit losses) consisted of the following:

	31 December 2024	*31 December 2023*
Time deposits at banks with maturity less than three months	190,585	119,601
Current accounts and deposits on demand at banks	94,913	127,850
Cash in hand	6	22
	285,504	**247,473**

As at 31 December 2024 the Group recognized USD 508 thousand of allowance for expected credit losses (31 December 2023: nil).

As at 31 December 2023, cash and cash equivalents served as a cash cover for the letters of credit issued by banks in favor of the Group's suppliers and guarantees issued by banks in favor of the Group's customers with the contractual maturity of less than 3 months amounted to USD 257 thousand (31 December 2024: nil).

As at 31 December 2024 and 2023, cash and cash equivalents were not placed as security for the Group's borrowings (Note 17).

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

	31 December 2024	*31 December 2023*
As rated by Fitch:		
AA	6,500	9,862
A	248,879	201,277
BBB	595	2,350
Not rated and other	29,530	33,984
	285,504	**247,473**

17. Borrowings and interest payable

As at 31 December 2024 and 2023 interest bearing borrowings comprised:

	31 December 2024	*31 December 2023*
Notes 2026	299,254	298,778
Performance Sharing Fee (fair value)	-	41,491
General Loan Facility (principal)	13,975	36,532
	313,229	**376,801**
Interest payable (current)	3,409	3,498
Lease liability	3,157	3,877
Total borrowings and interest payable	**319,795**	**384,176**
Current portion of long-term borrowings	**18,124**	**68,532**
Long-term borrowings	**301,671**	**315,644**

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 initially 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. The interest rate under the General Loan Facility was set at 4.5% for the first year and UIRD 12m EUR + 3.88% onwards.

As at 31 December 2024 the interest rate for the outstanding term loan in the amount of EUR 12,375 thousand due in 2025 was set at the rate of UIRD 12m EUR + 3.88% (4,45% per annum) and for the outstanding revolving loan in the amount of EUR 1,000 thousand due in 2025 was set at the rate of 6,5% per annum.

The General Loan Facility is secured by the pledge of certain items of movable and immovable property of the Group's Ukrainian subsidiary and sureties granted by 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 last payment under the Performance Sharing Fee agreement was made in October 2024. Accordingly, as at 31 December 2024, no obligation under the Performance Sharing Fee exists for the Group. The sensitivities of the Performance Sharing Fee as at 31 December 2023 are further disclosed in Note 34.

As at 31 December 2023, 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 2023 – 1 half year 2024 as the notional annualized amounts in the range of USD 160-253 million of the Group Adjusted Cashflow multiplied by the Applicable Percentage of 22.5% and using EIR of 24.87% 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 2024 the Performance Sharing Fee obligations were settled.

	2024	*2023*
Fair value at the beginning of the year	**41 491**	**49,485**
Performance Fee re-measurement (Note 28)	5,565	41,144
Performance Fee's payment	(47,056)	(49,138)
Fair value at the end of the year	**-**	**41,491**

As mentioned above, the last payment under the Performance Sharing Fee was made in October 2024 and no related obligation exists for the Group at 31 December 2024. Similarly, no obligation under the Proceeds Sharing Fee exists for the Group as at 31 December 2024. As at 31 December 2023, no assessment is made for the Proceeds Sharing Fee element of the Performance Sharing Securities and obligations under the Performance Fee Agreement since (i) the amount and timing of the underlying capital transaction (if any) or the Net Proceeds thereof could not be reliably established, and (ii) there's no sufficient information as to the prior Performance Sharing Fee payment profile (deductible from the amount due and payable in respect of the Proceeds Sharing Fee).

As at 31 December 2024 and 2023, the long-term lease liability comprised USD 2,417 thousand and USD 3,115 thousand, respectively; short-term lease obligations comprised USD 740 thousand and USD 762 thousand, accordingly.

Security package and pledges of assets

As at 31 December 2024 and 2023, 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 45,934 thousand and USD 50,280 thousand, respectively (Note 8), and sureties granted by other Ukrainian subsidiaries of the Group.

As at 31 December 2024 and 2023, there was no pledge of the Group subsidiaries' shares and participatory interest.

As at 31 December 2024 and 2023, 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.).

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 2024 and 2023.

18. Provisions

Provisions and employee benefits included the following:

	31 December 2024	*31 December 2023*
Provision for customers' and other claims	1,101	481
Defined benefit state pension plan	28,198	22,453
Retirement benefit plan	1,555	1,354
	30,854	**24,288**
Provision – current portion	**3,848**	**3,280**
Provision – non-current portion	**27,006**	**21,008**

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

Changes in the provisions:

	Provision for customers' and other claims	*Defined benefit state pension plan*	*Retirement benefit plan*	*Total provisions*
At 1 January 2023	**2,271**	**20,433**	**1,089**	**23,793**
Charge for the year	-	5,385	333	5,718
Payments and utilisation	(2)	(2,502)	(12)	(2,516)
Reversal	(1,775)	-	-	(1,775)
Translation difference	(13)	(863)	(56)	(932)
At 31 December 2023	**481**	**22,453**	**1,354**	**24,288**
Charge for the year	716	10,420	438	11,574
Payments and utilisation	-	(2,482)	(16)	(2,498)
Reversal	(46)	-	-	(46)
Translation difference	(50)	(2,193)	(221)	(2,464)
At 31 December 2024	**1,101**	**28,198**	**1,555**	**30,854**

(in US dollars and in thousands)

For the year ended 31 December 2024, interest costs attributable to the defined benefit state pension plan and retirement benefit plan and amounting to USD 4,104 thousand and USD 264 thousand, respectively, were included in finance costs in the consolidated statement of comprehensive income (year ended 31 December 2023: USD 4,430 thousand and USD 250 thousand, respectively).

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 32) filed against the Group in the courts. Charge and reversal for the year ended 31 December 2024 amounted to USD 716 thousand and USD 46 thousand, respectively, (reversal of USD 1,775 thousand for the year ended 31 December 2023) 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 22). Interest cost is included in finance costs (Note 28).

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

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Interest cost (Note 28)	4,104	4,430
Current service cost	541	517
	4,645	**4,947**

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

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Present value at the beginning of the year	22,453	20,433
Current service cost	541	517
Interest cost (Note 28)	4,104	4,430
Payment	(2,482)	(2,502)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	5,615	1,741
- experience adjustments	160	(1,303)
Translation difference	(2,193)	(863)
Present value at the end of the year	**28,198**	**22,453**

The average duration of the defined benefit state pension plan at the end of the reporting period is 14.4 years (2023: 11.5 years).

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 28).

Benefit expense recognised in the consolidated statement of comprehensive income

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Interest cost (Note 28)	264	250
Current service cost	29	40
	293	**290**

(in US dollars and in thousands)

Changes in the present value of retirement benefit plan

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Present value at the beginning of the year	1,354	1,089
Current service cost	29	40
Interest cost (Note 28)	264	250
Payment	(16)	(12)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	(52)	140
- experience adjustments	197	(97)
Translation difference	(221)	(56)
Present value at the end of the year	**1,555**	**1,354**

The average duration of the retirement benefit plan at the end of the reporting period is 14.8 years (2023: 15.4 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 2024	*31 December 2023*
Annual discount rate	17%	20.7%
Annual salary increase rate	12% in 2025, 6% afterwards	18% in 2024, 6% afterwards
Staff turnover	7.9%	9.6%
Mortality	0.97	0.97

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31 December 2024 is as shown below:

Assumptions	*Discount rate*		*Future salary increases*		*Staff turnover*		*Annual mortality*	
Sensitivity Level	*1% increase*	*1% decrease*	*1% increase*	*1% decrease*	*14% increase*	*14% decrease*	*10% increase*	*10% decrease*
Impact on the net defined benefit obligation	(1,725)	1,957	234	(175)	(155)	251	(313)	432

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.

19. Trade and other accounts payable

Trade and other accounts payable consisted of the following:

	31 December 2024	*31 December 2023*
Trade accounts payable to suppliers	91,520	84,218
Dividends payable to non-controlling interest owners	139	154
Other accounts payable	4,623	5,505
	96,282	**89,877**

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

20. Advances and other current liabilities

Advances and other current liabilities consisted of the following:

	31 December 2024	*31 December 2023*
Short-term employee benefits	19,837	18,113
Advances from customers	17,536	12,005
Other current liabilities	9	81
	37,382	**30,199**

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.

(in US dollars and in thousands)

21. Taxes payable, other than income tax

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

	31 December 2024	*31 December 2023*
VAT payable	4,285	3,478
Accrued and withheld payroll taxes	2,177	1,567
Other miscellaneous taxes payable	268	213
	6,730	**5,258**

22. Cost of sales

Cost of sales consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Materials	(270,399)	(226,295)
Energy and utilities	(160,295)	(138,346)
Payroll and related expenses *	(63,492)	(43,954)
Depreciation	(36,215)	(19,748)
Duties	(23,390)	(28,333)
Rolling tools and instruments	(22,335)	(18,049)
Repairs and maintenance	(14,824)	(11,008)
Services of third parties	(11,009)	(11,096)
Accrual of adjustment of inventories to NRV, net	(8,106)	(2,292)
Transport services	(7,526)	(17,180)
Other variable land lease payments	(3,161)	133
Other	(27,655)	(11,765)
	(648,407)	**(527,933)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 11,191 thousand for the year ended 31 December 2024 (2023: USD 8,399 thousand).

23. Selling and distribution expenses

Selling and distribution expenses consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Forwarding and transportation services	(95,151)	(59,728)
Payroll and related expenses*	(11,165)	(13,502)
Expected credit losses on trade receivables, net (Note 33)	(7,386)	(1,274)
Storage and packaging expenses	(5,023)	(4,660)
Professional fees, related to market research, and other service fees	(3,759)	(3,442)
Sales agency fees	(3,321)	(850)
Advertising and promotion	(1,966)	(1,047)
Customs services and duties	(1,220)	(599)
Provision for claims, net	(595)	1,655
Depreciation	(416)	(477)
Insurance expense	(210)	(314)
Other	(1,596)	(1,014)
	(131,808)	**(85,252)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 715 thousand for the year ended 31 December 2024 (2023: USD 1,244 thousand).

(in US dollars and in thousands)

24. General and administrative expenses

General and administrative expenses consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Payroll and related expenses*	(27,837)	(28,426)
Professional fees	(11,734)	(8,924)
Depreciation and amortisation	(3,307)	(2,503)
Business trips and transportation	(1,414)	(950)
Insurance expense	(682)	(629)
Bank fees	(469)	(532)
Communication	(399)	(384)
Taxes, other than income tax	(207)	(331)
Repairs and maintenance	(186)	(163)
Rent (for items exempt under IFRS 16 – low-value and short-term)	(45)	(387)
Other	(1,112)	(864)
	(47,392)	**(44,093)**

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 3,626 thousand for the year ended 31 December 2024 (2023: USD 4,236 thousand).

Auditors' remuneration

Auditors' remuneration for the year ended 31 December 2024 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 551 thousand (2023: USD 451 thousand) as well as non-audit fees of USD 129 thousand (2023: USD 15 thousand).

25. Other operating income and expenses

Other operating income consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Customs duty reimbursements*	49,543	7,187
Gain on disposal of by-products	3,605	1,817
Gain from write-off of accounts payable	973	66
Gain on disposal of property, plant and equipment and intangible assets	-	715
Other	1,415	3,352
	55,536	**13,137**

* Customs duty reimbursements are related to the amount of an excessive customs duties paid in the USA on imports of pipe products during previous years.

Other operating expenses consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Maintenance of social assets*	(25,307)	(20,277)
Expected credit losses on other financial assets, including loans granted	(8,728)	-
Fines, penalties, claims and litigation income/expenses	(3,278)	(1,785)
Loss on individual impairment of property, plant and equipment (Note 8)	(1,891)	-
Impairment of prepayments and other assets	(1,773)	(4,245)
Loss on disposal of property, plant and equipment and intangible assets	(965)	-
Other	(1,302)	(3,797)
	(43,244)	**(30,104)**

* Maintenance of social assets line includes charitable donations which directly related to the war of USD 23,244 thousand for the year ended 31 December 2024 (2023: USD 19,739 thousand).

(in US dollars and in thousands)

26. 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 2024	*For the year ended 31 December 2023*
Operating foreign exchange gains / (losses) originated on		
trade accounts receivable	69,377	52,505
settlements with suppliers	32,749	(7,129)
other operating exchange difference	(155)	(512)
	101,971	**44,864**
Non-operating foreign exchange losses originated on		
loans payable other than those designated as net investments in foreign operations	(266)	(823)
cash balances	(2,030)	(1,557)
	(2,296)	**(2,380)**

27. Finance income

Finance income consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Interest income on short-term deposits and cash balance	21,493	6,694
Interest income on loans granted (Note 14)	8,559	5,533
Unwinding of discount on loans granted to related parties (Note 14)	452	-
Other finance income	168	21
	30,672	**12,248**

28. Finance costs

Finance costs consisted of the following:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Interest expense	(26,466)	(26,726)
Performance Sharing Fee re-measurement (Note 17)	(5,565)	(41,144)
Defined benefit state pension plan interest costs (Note 18)	(4,104)	(4,430)
Insurance expenses	(2,117)	(2,616)
Amortisation costs	(477)	(438)
Retirement benefit plan interest costs (Note 18)	(264)	(250)
Other finance costs	(855)	(1,291)
	(39,848)	**(76,895)**

29. Equity

Issued capital

As at 31 December 2024 and 2023, the Company's number of shares amounted to 30,000 ordinary shares of EUR 1 each and the authorised, issued and fully paid capital (4,350 ordinary shares of EUR 1 each) amounted to EUR 4 thousand (equivalent of USD 5 thousand as at 31 December 2024 and 2023). The shares of the Company are not listed.

Unpaid share capital

As at 31 December 2024 and 2023, the Company's 25,650 ordinary shares at par value of EUR 26 thousand (equivalent of USD 29 thousand and USD 29 thousand as at 31 December 2024 and 2023) 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

(in US dollars and in thousands)

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

There were no dividends declared by the Company or its subsidiaries that should be paid to the shareholders for the year ended 31 December 2023 and 31 December 2024.

30. Principal subsidiaries

The Group included the following subsidiaries as at 31 December 2024 and 2023:

			Effective ownership	
Name of the company	*Country of incorporation*	*Business activities*	*31 December 2024*	*31 December 2023*
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	Ukraine	Production of railway wheels, axels and wheelset	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 and natural gas	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%
"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 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	Subholding	99,99998%	99,99998%
Interpipe Investments PLC	Cyprus	Performance Fee Debtor	94,00000%	94,00000%
IP Niko Tube GmbH	Germany	Subholding	99,99998%	99,99998%
Vallourec Niko Tube LLC	Ukraine	Production of seamless pipes	99,99998%	99,99998%

* In August 2024 Group sold its share in "Luganskiy Kombinat Vtormet" LLC for USD 0.7 thousand. Effect from the disposal of "Luganskiy Kombinat Vtormet" LLC recognised in the profit and loss statement in the amount of USD 1,573 thousand, consisting

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of disposal of net liabilities and currency translation difference reserve in the amount of USD 316 thousand and USD 1,257 thousand, respectively.

On or immediately after 24 February 2022 the Group suspended all shipments of goods to russia, belorussia and made a decision on liquidation of its trading company in russia Interpipe-M LLC followed by the dismissal of its employees and bankruptcy procedure. As of the date of approval of these Consolidated Financial Statements, the Group does not control any assets in russia. All assets of and processes on Interpipe-M LLC have been transferred to the bankruptcy trustee.

31. 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 2024 and 2023, the Group’s transactions with its related parties comprised those with its associates (Note 10), shareholders, key management personnel and other related parties.

Transactions with associates and other related parties

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

	2024			*2023*		
	Associates	*Other*	*Total*	*Associates*	*Other*	*Total*
Transactions:						
Sales	4,062	57	4,119	1,966	12,102	14,068
Purchases	13,627	22,516	36,143	9,631	22,842	32,473
Finance income	-	8,559	8,559	-	5,533	5,533
Other operating income	-	-	-	-	758	758
Outstanding balances:						
Amounts owed to the Group	2,907	138,070	140,977	8,305	90,608	98,913
Amounts owed by the Group	7,262	23,669	30,931	6,477	15,177	21,654

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 2024, the Group has recorded charge of an expected credit loss allowance relating to receivables from the related parties amounting to USD 4,480 thousand (2023: expected credit loss release USD 1,036 thousand). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

Information regarding the expected credit loss allowance for loans granted to related parties is presented in Note 14.

Transactions with shareholders

Accounts payable to shareholders

As at 31 December 2024, accounts payable to shareholders, included in other accounts payable and, amounted to USD 218 thousand, (2023: USD 232 thousand) were interest free, unsecured and payable on demand.

Compensation to key management personnel

Key management personnel of the Group as at 31 December 2024 comprised:

The members of the Board of Directors:

Name	**Function**
Ganna Khomenko	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
Fadi Hraibi	Chairman of the Board, Non-Executive Director

Senior Management of the Group as at 31 December 2024 and 2023 comprised twelve and thirteen persons, respectively.

For the year ended 31 December 2024, total compensation, comprising short-term employee benefits, to the members of the Board of Directors amounted to USD 1,330 thousand (2023: USD 1,125 thousand) and total compensation to the members of Senior Management of the Group amounted to USD 4,427 thousand (2023: USD 3,761 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.

32. Commitments, contingencies and operating risks

Operating environment

The Group has operations in Ukraine, Europe, Americas (includes the USA, Canada and Latin America countries) and other countries.

The full-scale war in Ukraine that commenced with the russian invasion of Ukraine on 24 February 2022 is still ongoing. The economic consequences of the war are serious, the situation remains fluid and the outlook is subject to further developments and uncertainty.

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: OCTG pipes – in November 2024 the dumping margin was lowered to 1.39%; seamless standard, line and pressure pipes – on 24 March 2025, the anti-dumping duty rate was revised and reduced to 2.07%. Starting from 12 March 2025, a 25% tariff will apply to all steel, aluminum and their derivatives imports into the United States. Starting from 10 March 2025, 10% tariff will apply to all imports from Ukraine (including all of the Group's Railway wheels segment production) to USA which are not a subject for 25% tariff rate;
- The European Commission gave a notice of expiry of the antidumping measures related to products originating from Ukraine in 2023 and the country-specific quota for Ukrainian steel products was suspended until June 2025.

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

The international tax environment is becoming more complex in terms of tax administration, which could increase tax pressure on taxpayers. In particular, a key part of the OECD/G20 BEPS Project is addressing the tax challenges arising from the digitalization of the economy. The Global Anti-Base Erosion Rules (GloBE) are a key component of this plan and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. More specifically, the GloBE Rules provide for a coordinated system of taxation that imposes a top-up tax on profits arising in jurisdiction whenever the effective tax rate, determined on jurisdictional basis, is below the minimum rate. The effect of introduction of Pillar 2 is presented in Note 11.

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. 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 March 2025, Cyprus Tax Authorities finalized the review of the tax results for the periods from 2011 to 2016 for Interpipe Limited and from 2008 to 2013 for Steel.Once Limited. No additional income tax liability arose as a result of the assessment.

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. 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 2024 and 2023.

(in US dollars and in thousands)

Environmental matters

The enforcement of environmental regulation in Ukraine and globally is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations (including asset retirement obligations) under environmental regulations of the countries it operates in. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Litigations

As at 31 December 2024 and 2023, 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 117 thousand and USD 51 thousand, respectively. Provision for probable adverse consequences of the above cases amounting to USD 117 thousand and USD 51 thousand was included in total provision for customers' and other claims in the consolidated statement of financial position as at 31 December 2024 and 2023, respectively (Note 18).

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 2024 and 2023, 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.

Contractual commitments for the acquisition of property, plant and equipment

As at 31 December 2024 and 2023, the Group's contractual commitments for acquisition and modernisation of production equipment amounted to USD 26,986 thousand and USD 29,353 thousand, respectively.

33. Financial instruments

Carrying amount of financial assets

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

	31 December 2024	*31 December 2023*
Other non-current assets (Note 14)	147,164	117,280
Trade and other accounts receivable (Note 13)	110,123	108,499
Other current assets	77,421	8,609
Cash and cash equivalents (Note 16)	285,504	247,473
	620,212	**481,861**

None of the above assets are 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 2024 and 2023 is based on the simplified approach for lifetime expected credit losses ("ECL") and is presented in the table below.

	ECL weighted rate 2024	*ECL weighted rate 2023*	*31 December 2024*	*31 December 2023*
Trade accounts receivable:				
Current	2%	1%	1,252	507
Past due up to 3 months	8%	4%	2,907	1,482
Past due from 3 month up to 6 months	40%	24%	2,682	663
Past due over 6 months	98%	58%	11,945	10,145
Total expected credit loss			**18,786**	**12,797**

(in US dollars and in thousands)

	ECL weighted rate 2024	ECL weighted rate 2023	31 December 2024	31 December 2023
Other accounts receivable:				
Current	1%	17%	25	191
Past due up to 3 months	23%	2%	43	3
Past due from 3 month up to 6 months	69%	25%	71	31
Past due over 6 months	96%	99%	7,290	6,115
Total expected credit loss			**7,429**	**6,340**

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

	For the year ended 31 December 2024	For the year ended 31 December 2023
Trade accounts receivable:		
At period beginning	12,797	11,905
Charge for the year	7,386	1,274
Write-off	(627)	(41)
Translation difference	(770)	(341)
At period end	**18,786**	**12,797**
Other accounts receivable:		
At period beginning	6,340	8,056
Charge / (Reversal) for the year	1,743	(1,357)
Write-off	(218)	(14)
Translation difference	(436)	(345)
At period end	**7,429**	**6,340**
Cash and cash equivalents:		
At period beginning	-	-
Charge for the year	508	-
At period end	**508**	**-**
Loans granted, including interest accrued		
At period beginning	-	-
Charge for the year	6,477	-
At period end	**6,477**	**-**

Carrying amount of financial liabilities

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

	31 December 2024	31 December 2023
Borrowings and interest payable (Note 17)	319,795	342,685
Trade and other accounts payable (Note 19)	96,282	89,877
	416,077	**432,562**

Changes in liabilities arising from financing activities:

	1 January 2024	Changes from financing cash flows*	The effect of changes in foreign exchange rates	Interest, finance costs and other changes	31 December 2024
Borrowings and interest payable (Note 17):					
Notes 2026	298,778	-	-	476	299,254
General Loan Facility	36,532	(21,388)	(1,169)	-	13,975
Performance Sharing Fee	41,491	(47,056)	-	5,565	-
Lease liability	3,877	(855)	(69)	204	3,157
Interest accrued but not paid	3,498	(26,540)	(15)	26,466	3,409
Total	**384,176**	**(95,839)**	**(1,253)**	**32,711**	**319,795**

* Cash flow include amounts of interest paid and repayment of lease liability principal amount, presented within cash flows from operating activity in order to reconcile balances.

(in US dollars and in thousands)

	1 January 2023	*Changes from financing cash flows**	*The effect of changes in foreign exchange rates*	*Interest, finance costs and other changes*	*31 December 2023*
Borrowings and interest payable (Note 17):					
Notes 2026	298,339	-	-	439	298,778
General Loan Facility	37,706	(2,811)	1,637	-	36,532
Performance Sharing Fee	49,485	(49,138)	-	41,144	41,491
Lease liability	647	(579)	297	3,512	3,877
Interest accrued but not paid	3,489	(27,554)	(8)	27,571	3,498
Total	**389,666**	**(80,082)**	**1,926**	**72,666**	**384,176**

* Cash flow include amounts of interest paid and repayment of lease liability principal amount, presented within cash flows from operating activity in order to reconcile balances.

34. Financial risk management

The Group's principal financial instruments comprise trade receivables and payables, interest bearing loans due to banks, bonds issued, Performance Sharing Fee, 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"), and the Euro ("EUR").

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*
As at 31 December 2024	2.379	1.045
As at 31 December 2023	2.633	1.111

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 2024 and 2023:

As at 31 December 2024	*UAH*	*USD*	*EUR*	*Other*	***Total***
Other non-current assets	29	146,878	228	29	**147,164**
Other current assets	-	77,419	-	2	**77,421**
Trade and other accounts receivable	16,356	57,547	35,786	434	**110,123**
Cash and bank deposits	18,036	252,161	13,342	1,965	**285,504**
	34,421	**534,005**	**49,356**	**2,430**	**620,212**
Borrowings and interest payable	-	305,820	13,975	-	**319,795**
Trade and other accounts payable	70,013	14,419	11,783	67	**96,282**
	70,013	**320,239**	**25,758**	**67**	**416,077**

(in US dollars and in thousands)

As at 31 December 2023	UAH	USD	EUR	Other	**Total**
Other non-current assets	32	117,066	144	38	**117,280**
Other current assets	302	8,264	-	43	**8,609**
Trade and other accounts receivable	11,787	63,514	32,616	582	**108,499**
Cash and bank deposits	17,458	203,716	22,288	4,011	**247,473**
	29,579	**392,560**	**55,048**	**4,674**	**481,861**
Borrowings and interest payable	-	347,644	36,532	-	**384,176**
Trade and other accounts payable	58,337	20,001	11,193	346	**89,877**
	58,337	**367,645**	**47,725**	**346**	**474,053**

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 2024	*High / low limits of change in currency exchange rate, %*	*Effect on profit before tax*	*Effect on other comprehensive income*
USD/UAH	+10.00%	(2,568)	(51,706)
EUR/UAH	+10.00%	50,906	-
EUR/USD	+10.00%	(48,297)	-
USD/UAH	-5.00%	1,284	25,853
EUR/UAH	-5.00%	(25,453)	-
EUR/USD	-5.00%	24,149	-

For the year ended 31 December 2023	*High / low limits of change in currency exchange rate, %*	*Effect on profit before tax*	*Effect on other comprehensive income*
USD/UAH	+10.00%	13,806	(52,125)
EUR/UAH	+10.00%	43,360	-
EUR/USD	+10.00%	(35,496)	-
USD/UAH	-5.00%	(6,903)	26,063
EUR/UAH	-5.00%	(21,680)	-
EUR/USD	-5.00%	17,748	-

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 2024 and 2023, the accumulated balance of exchange differences on net investment in foreign operations amounted to USD 1,094,651 thousand and USD 1,011,370 thousand, respectively.

The impact of exchange differences on other comprehensive income comprises:

	For the year ended 31 December 2024	*For the year ended 31 December 2023*
Exchange differences on translation of foreign operations (other than financial instruments designated as net investments)	(65,618)	(32,213)
Net foreign exchange loss from financial instruments designated as part of net investments in foreign operations	(83,282)	(23,946)
Gain reclassified to profit or loss on disposal of foreign operation	(1,257)	-
	(150,157)	**(56,159)**

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.

(in US dollars and in thousands)

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 2024	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Notes 2026	-	21,775	312,563	-	334,338
General Loan Facility	3,673	10,651	-	-	14,324
Lease liability	214	643	2,573	-	3,430
Interest payable	3,409	-	-	-	3,409
Trade and other accounts payable	80,123	16,159	-	-	96,282
	87,419	**49,228**	**315,136**	-	**451,783**

As at 31 December 2023	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Notes 2026	-	21,775	337,688	-	359,463
General Loan Facility	3,765	20,589	14,207	-	38,561
Performance Sharing Fee	-	49,709	-	-	49,709
Lease liability	214	643	3,430	-	4,287
Interest payable	-	3,498	-	-	3,498
Trade and other accounts payable	75,199	14,678	-	-	89,877
	79,178	**110,892**	**355,325**	-	**545,395**

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 17). The Group's policy is to manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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 2024	*High / low limits of change in interest rate, %*	*Effect on profit before tax*
Interest rate	-1%	140
Interest rate	+1%	(140)

For the year ended 31 December 2023	*High / low limits of change in interest rate, %*	*Effect on profit before tax*
Interest rate	-1%	365
Interest rate	+1%	(365)

Credit risk

Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of bank deposits (Notes 16) and trade and other accounts receivable (Note 13). Information regarding expected credit losses is presented in Note 33.

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

	31 December 2024	*31 December 2023*
As rated by Fitch:		
AA	6,500	9,862
A	248,879	201,277
BBB	595	2,350
Not rated and other	29,530	33,984
	285,504	**247,473**

(in US dollars and in thousands)

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 2024	*31 December 2023*
Borrowings and interest payable (Note 17)	319,795	384,176
Trade and other accounts payable (Note 19)	96,282	89,877
Less: Cash and cash equivalents (Note 16)	(285,504)	(247,473)
Net debt	**130,573**	**226,580**
Equity	646,535	530,567
Capital and net debt	**777,108**	**757,147**
Gearing ratio*	17%	30%

** 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.

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

As discussed in the Note 17, the obligation under the Performance Sharing Fee was fully repaid in October 2024.

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) applied 24.87% per annum as at 31 December 2023.

The table below summarises the Performance Sharing Fee change (+ or –) of its carrying amount of USD 41,491 thousand as at 31 December 2023, depending on (i) change of the notional amount (Group Adjusted Cashflow for 2023) by USD 10 million per annum during the Fee Assessment Period and (ii)&(iii) changes in the EIR (24.87% for 2023) by 1% used in the Performance Sharing Fee fair value determination as at 31 December 2023:

	31 December 2023
Change of notional amount by USD 10 millions (plus/minus) – (i)	1,878
Market rate plus 1.00% – (ii)	(259)
Market rate minus 1.00% – (iii)	263

Fair values of financial instruments

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

35. Events after the reporting period

The Group has issued the Consolidated 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 9 May 2025.

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

After 31 December 2024 the Group has partially redeemed bonds for total amount USD 57,143 thousand with cash consideration USD 52,683 thousand. The remaining value of unredeemed bonds is USD 242,857 thousand.

The following changes occurred in Board of Directors' composition and responsibilities allocation from the end of the reporting period and up to the date of approval of the Consolidated Financial Statements:

- In January 2025, Fadi Hraibi was appointed as Chairman of the Board of Directors;
- Starting from 1 May 2025, Luca Zanotti was appointed as a Director of the Company.