Full year 2021 Overview

Slava Ukraini!

INTERPIPE

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Business update

- The operations of the Company have been materially affected by the Russian military invasion of Ukraine which began on 24 February 2022
- Given the Company's utmost priority has been the safety and security of our employees along with the preservation of our assets and business continuity all operation at the production assets in Ukraine had been suspended until April when production assets located in Dnipropetrovsk region were partially and selectively reopened
- On the back of the ongoing environment, starting from end of March it has been also decided to begin the work towards resuming sales of its products to logistically accessible export markets in Europe, the U.S., and Middle East.
- However, given the low throughput capacity of available logistics channels, the Company's management does not expect to reach the pre-war volumes of sales until the end of active phase of military actions, and/or until the deblocking of the main Ukrainian black-sea ports and seaborne export routes
- The domestic market consumption has drastically shrunk, however we have been continuing selling our products there
- The Company's management suspended all expansion Capex projects underway, postponed implementation other strategic, development and IT projects in pipeline, and focus on current operations and short-term planning
- On a positive note, many governments worldwide introduced actions to support Ukrainian business economically and eased trade barriers which should bring a positive impact on Interpipe:
  - The US Department of Commerce suspended the Section 232 (25% safeguard duty) for Ukrainian steel products for the period starting from 1 June 2022 till 1 June 2023 which should contribute to the performance of the entire pipe segment of the Company
  - The EU Council also suspended quota and anti-dumping duty for steel products produced in Ukraine for the same period starting from 4 June 2022 till 5 June 2023 that had been formerly affecting linepipe sales of the Company to the EU
  - Suspension of trade barriers for Ukrainian pipe products were also announced by the governments of the UK and Canada – however, their implementation is pending
- In addition, during the wartime the Ukrainian government continues supporting domestic business having introduced a deferral on tax payments and simplification of labour law which contribute to more flexible and effective HR management
- During the wartime, in sake of precaution and security on the Company's business its management also decided to limit public disclosure on details of current operations and financial stance. However, as of now we can confirm that Interpipe possesses a robust liquidity cushion to fund its operations further which was confirmed by the semiannual coupon payment under Notes 2026 was settled in full (USD 12.5M) on 13 May 2022

Interpipe together with the Shareholders have spent more than USD 25 million to defend Ukraine

Assistance to the army at the national level

Interpipe supplies armored vehicles, thousands of body armor and helmets, communications equipment, reconnaissance equipment and other ammunition to be distributed by the Ministry of Defense

Tactical and civilian medicine

- 7 fully-equipped armored ambulances of STANAG 4569 standard
- 50.5 thousand three-component tactical first aid kits (CAT tourniquet, emergency bandage, hemostatic combat gauze)
- 77.5 thousand CAT tourniquet and 32 thousand bandages for ambulances in dangerous regions
- 2.5 thousand fully equipped tactical first aid kits handed over to “Hospitallers” and other paramedics
- transport incubators for evacuation of newborn in critical health condition delivered to 8 hospitals in dangerous regions

Humanitarian help

- Purchasing and delivering foodstuffs, baby food, medicines and hygiene products for Ukrainians in areas where hostilities continue, as well as for shelters for the displaced persons in Lviv, Dnipropetrovsk, Poltava and other regions
- 49 local humanitarian aid projects were financed in Chernihiv, Kharkiv, Sumy, Mykolaiv, Kherson

Cultural and communication projects

- Ukrainian Pavilion “Defending Freedom” at the 59th Venice Biennale
- Russian War Crime House project in Davos 2022

The work is going on…

Interpipe stands together with its mobilized employees

INTERPIPE

- **More than 800 people out of 10,000 Interpipe employees** are now defending Ukraine as a part of the Ukrainian Army Forces
- The Company created a corporate volunteer center which provides mobilized employees most vital like items:
  - **bulletproof vests** of the **4th class** of protection and **kevlar helmets**
  - **first aid kits** with Combat Application Tourniquet and Celox hemostatic wound dressing
  - **military gear** (uniforms, boots, tactical goggles and gloves, tactical backpacks, etc.)
  - **drones, cars , thermal viewers and telescopes**

Interpipe purchased specialized equipment

21 German thermal imagers

100 sets of walkie-talkies

Gasoline generators, drones, car repair tools, etc.

How to join efforts to defend Ukraine?

➢ Charitable foundation “Revival of the region”

The “Revival of the Region” Charitable Foundation, established at the initiative of **Interpipe** at the beginning of the COVID-19 epidemic, reoriented its activities with the start of **a full-scale war in Ukraine**.

The fund helps the military, territorial defense brigades, hospitals and refugees of Dnipropetrovsk region, where all Interpipe mills are located.

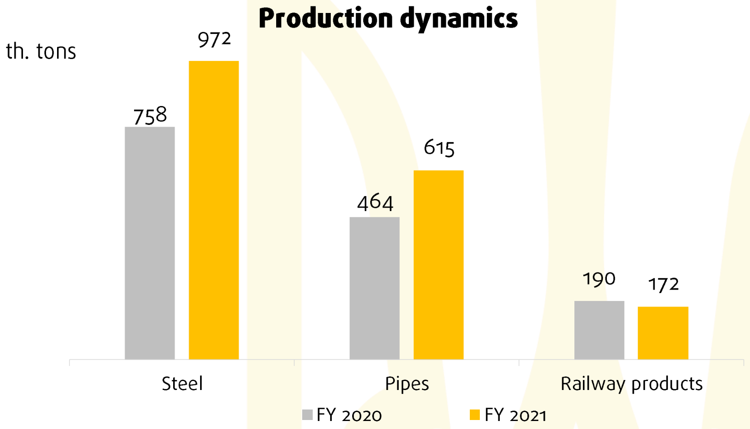
➢ Presidential initiative “UNITED24”

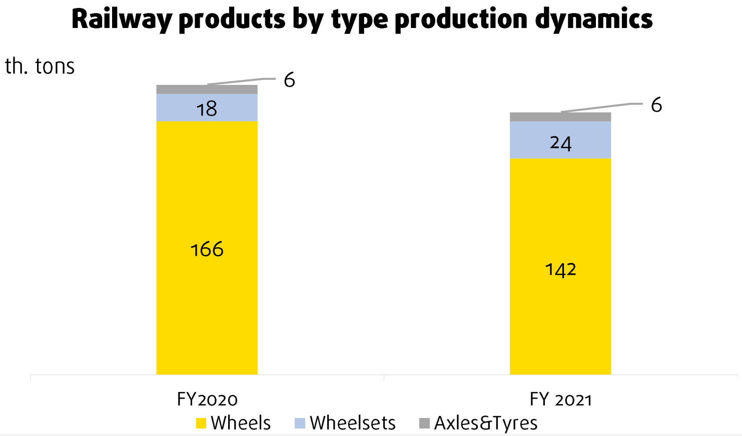
UNITED24 was launched by the **President of Ukraine Volodymyr Zelenskyy** as the main venue for collecting charitable donations in support of Ukraine.

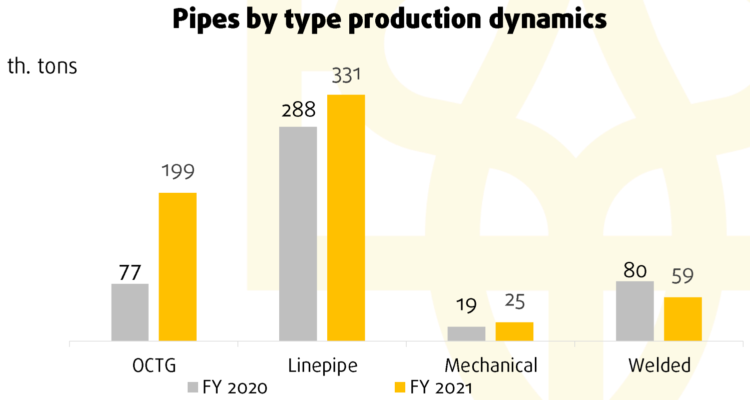
Funds are transferred to the **official accounts** of the National Bank of Ukraine and allocated by assigned ministries to cover the most pressing needs of Ukrainian military and medics.

Operational results

- In FY2021, the overall pipe production increased by 33% y-o-y on the back of the upward business cycle driven on lifted COVID-19 restrictions and global demand pick up
- OCTG production was the key driver of that growth having surged in more than 2.5x y-o-y fueled by the growth of consumption in oil & gas sector worldwide.
- Thereof, production of OCTG premium & semi premium products hiked by 61% y-o-y (up to 37 thousand tons in 2021)
- Railway product manufacturing effectivity mirrored the decelerating sales dynamics through 2021 (-10% y-o-y)
- 26% y-o-y growth in steel production in 2021 was primarily driven the growth in pipe production



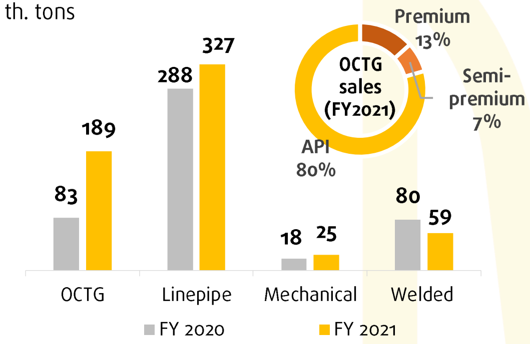




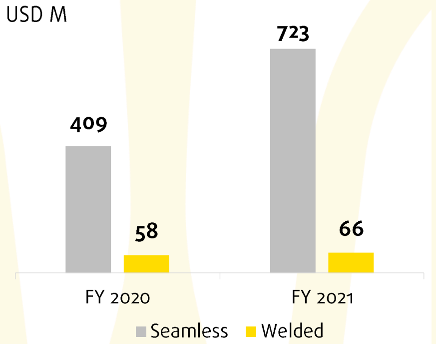
Pipe segment: Sales portfolio

- In the full year 2021, overall pipe sales increased by 28% y-o-y driven by:
  - OCTG: sales volumes more than doubled y-o-y driven by a steady and strong growth in Q3 (+30% q-o-q) and in Q2 2021 (+63% q-o-q) fueled by a robust demand worldwide. The share of premium and semi-premium OCTG products achieved 20%.
  - Linepipe: sales volumes rose by 13% y-o-y fueled by a robust demand in Ukraine (+52% y-o-y)
  - Welded segment, however, dropped by 26% y-o-y on the back peaked HRC prices in H1 2021
  - Mechanical pipe: sales volumes hiked by 35% y-o-y, with largest sales added from the CIS (+43%) and Europe (+30%)
- Domestic sales rose by 10% y-o-y in 2021 supported by a 32% q-o-q surge in Q4 2021 due to a strong consumption in oil & gas and construction sectors. The most prominent boost was in OCTG sales in Q4 2021 (+285% q-o-q)
- Sales to the European market were up by 7% y-o-y in 2021, mainly driven by growth in welded pipe sales (26% y-o-y), while linepipe sales were almost flat at 2% y-o-y
- Sales to the MENA region added 19% y-o-y in 2021. The growth came mainly from strong linepipe demand from Turkey and Egypt, where sales surged 63% and 93% y-o-y, respectively; but also driven by OCTG deliveries to Turkey in Q1-Q3 2021, adding 167% y-o-y
- Sales to America surged by 151% y-o-y in 2021, largely driven by OCTG sales to the US driven by the hike in oil prices and consequent rush in drilling activity. Linepipe sales declined by 10% y-o-y

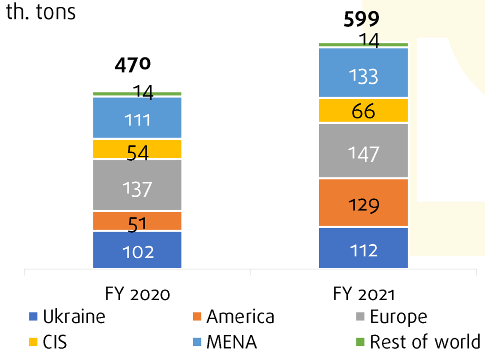
Pipe sales volumes by production type



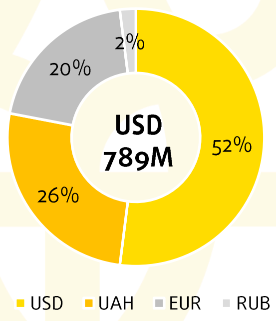
Pipe revenue by product type



Pipe sales volumes by region



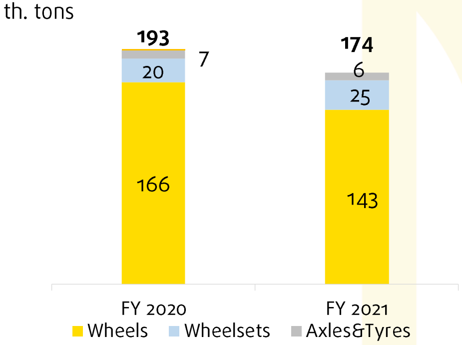
Currency breakdown the FY 2021



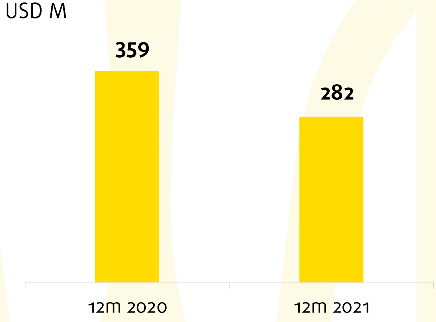
Railway product segment: Sales portfolio

- In Q4 2021, railway products sales exhibited a modest growth of 2% q-o-q, consolidating the positive dynamics of H2 2021 (up by 7% y-o-y)
- Q4 2021 domestic sales continued the uptrend for the third quarter in a row (up by 82% q-o-q). Usually, generally soft wagon building in Ukraine kept wheel demand limited, but more than a two-fold increase in production in Q4 2021 fostered ramping-up domestic sales and finish 2021 with a 6% y-o-y growth
- Upswing in freight and passenger turnover in Europe towards the end of 2021 had a positive impact on wagon-building activity and demand for railway products. Sales to Europe had been gradually increasing during 2021 and resulted in 2% q-o-q growth in Q4 2021. 2021 volumes dropped 13% y-o-y as COVID-19 continuing restrictions curbed H1 2021 sales
- Sales to the CIS countries showed another q-o-q decline in Q4 2021 - by 40%, that resulted in a 25% y-o-y overall drop in 2021. The CIS countries lost their dominant share in total sales volumes, falling to 21% in Q4 2021 in favor of Ukrainian and American markets
- Sales to North America nearly doubled y-o-y in 2021, mainly due to a nearly double-digit surge in sales to Canadian manufacturer Ronsco, and 22% increase in sales to Caterpillar (USA)
- Sales to Indian Railways, Indian's national railway network operator, during Q4 2021 slowed down in Q4 2021. However, this fruitful partnership became one of main supporting factors that allowed the Company to diversify its sales and steer away further from the CIS market. Rest of the world region's share grew to 6% in 2021 as compared to 1% in 2020

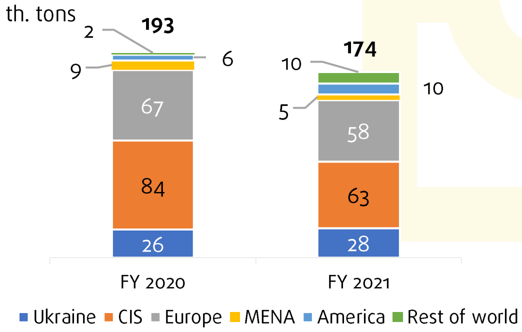
Railway product sales volumes



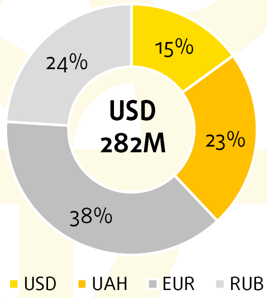
Railway product revenue



Railway product sales by region



Currency breakdown for the FY 2021



Cost structure for the full year 2021

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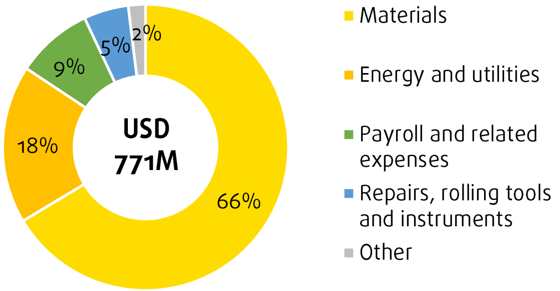
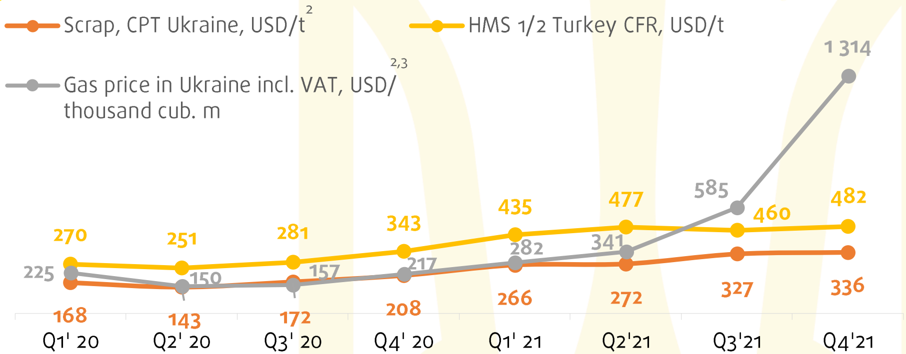
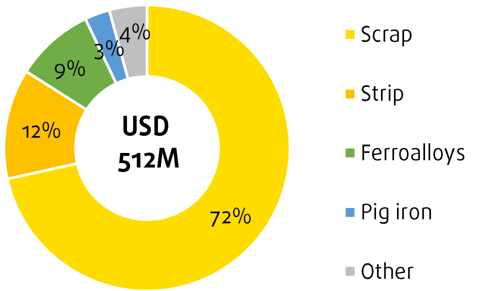
Cost of Sales breakdown[1]



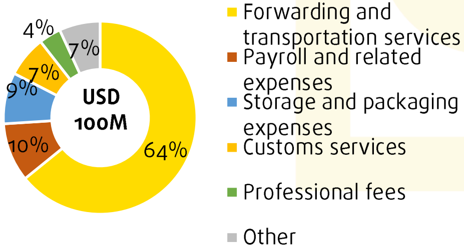
Evolution of prices for scrap and natural gas



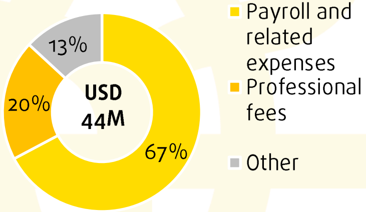
Materials breakdown



Selling & Distribution costs[1]



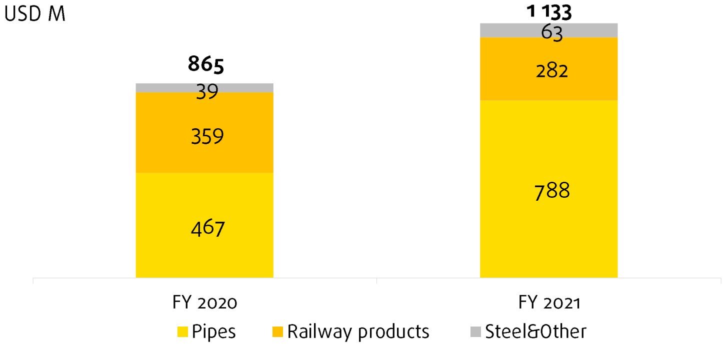
General & Administrative costs[1]



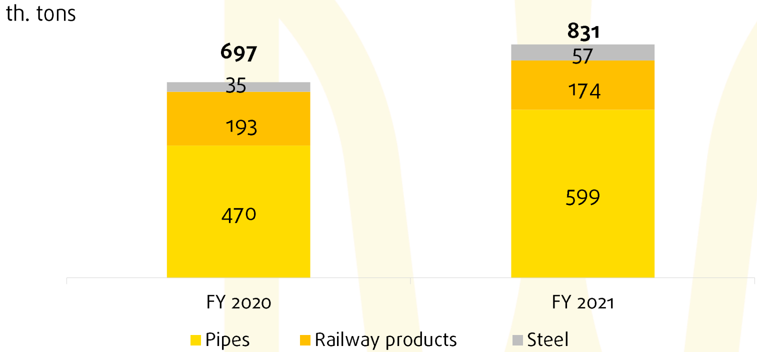
1. Net of Deprecation & Amortization item
2. Prices converted from UAH into USD at average USD/UAH rates for respective periods
3. UEX weighted average prices on all payment terms

Financial Highlights[1] of the full year 2021

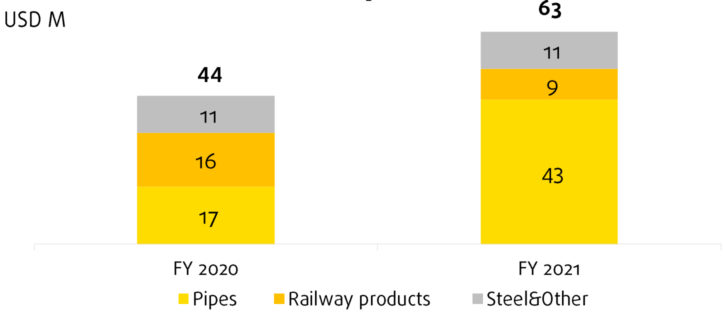
Revenue



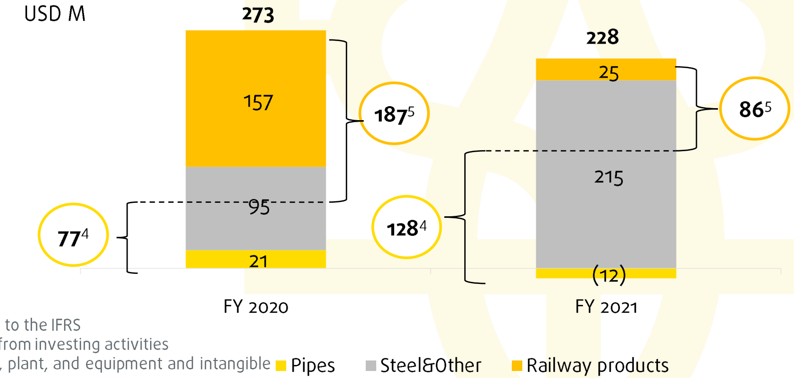
Sales volumes



Capex[2]



EBITDA[3]

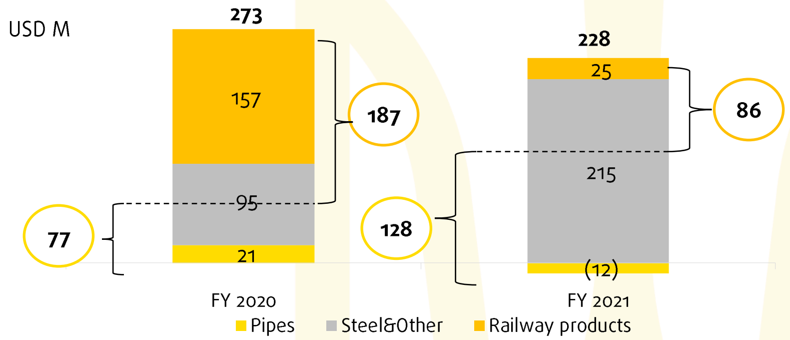


1. Financial figures are presented based on the audited consolidated financial statements for the full year 2021 prepared according to the IFRS
2. Capex figure represents the line Purchases of property, plant and equipment and intangible assets as part of the net cash flow from investing activities
3. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus extraordinary losses / (gains)
4. EBITDA of the pipe segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the pipe segment
5. EBITDA of the railway product segment on a pass-through basis reallocating the relevant portion of EBITDA from the steel segment to the railway product segment

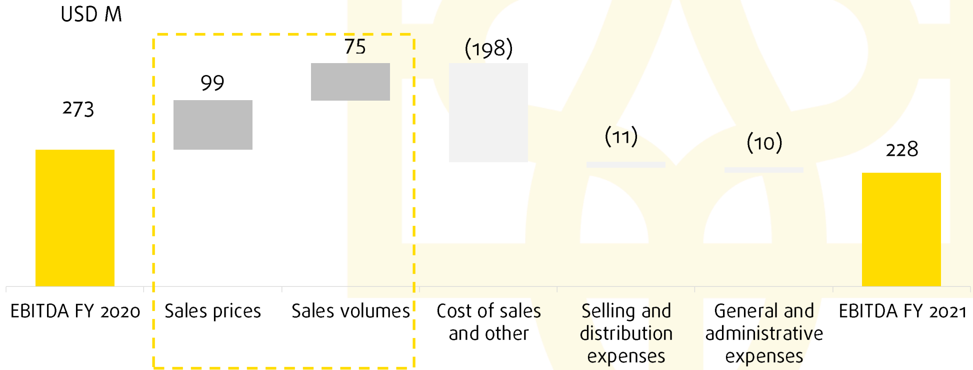
EBITDA

- The full year 2021 EBITDA[1] totaled USD 228M representing a decline of 16% y-o-y
- As a result of the full year, both y-o-y growth in sales volumes and sales prices had not offset the hike in cost of raw materials as they were lagging the appreciation curve of scrap (157% y-o-y on average) and natural gas (237% y-o-y on average) almost through the entire year and caught it up in Q4 2021 only
- Amid its vertical integration the Company showed the robust result, however both standalone and pass-through EBITDA was redistributed within the business segments in comparison to 2020
- On stand alone basis, in 2021 EBITDA of the steel-making segment (given its vertical integration in scrap collection and steel billet production) more than doubled y-o-y and accounted for USD 215M (94% of total)
- This inter alia resulted in a 66% y-o-y growth of the pipe segment pass-through EBITDA in 2021, however the standalone EBITDA of this segment was negative – minus USD 12M
- On the back of declining consumption cycle and sales in the CIS market as well as due to COVID-19 continuing restrictions in Europe and domestic market stagnation in H1 2021 - EBITDA of the railway product segment shrank to USD 25M (by 5x) on the standalone basis and more than halved to USD 86M on the pass-through one
- Growth in revenue and sales volumes also drove an increase of Selling and distribution expenses as well as in General and administrative ones in 2021 by USD 21M in aggregate, driven mainly by the hike in Forwarding and transportation services (USD 14M) and Payroll and related expenses (USD 8M)

EBITDA[1]



Revenue effect for the full year 2021 = + USD 174M

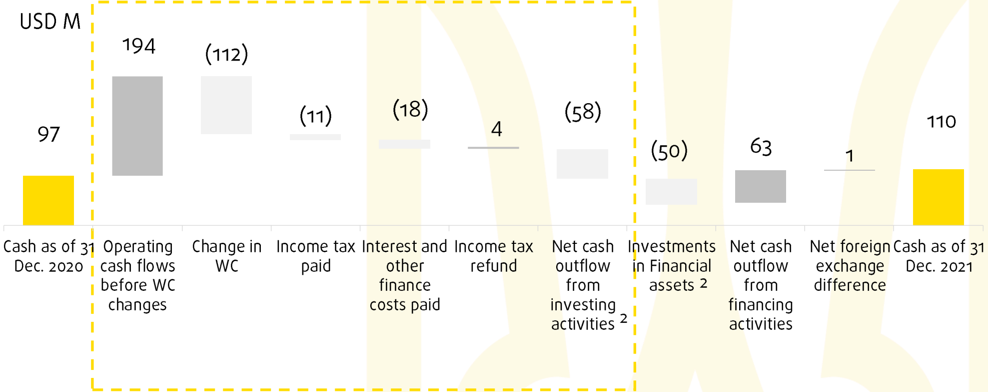


1. EBITDA is calculated as an operating profit (or loss) plus depreciation and amortization charges, plus impairment of property, plant, and equipment and intangible assets, plus loss / (gain) on disposal of property, plant, and equipment, plus extraordinary losses / (gains)

Cash flow

- In 2021, the Company consecutively continued exhibiting a strong conversion of EBITDA into Operating Cash flow before Working Capital changes of 85%
- The full year 2021 Free cash flow[1] was effectively neutral as Operating Cash flow before Working Capital was sufficient to cover:
  - Extra needs to invest in Working Capital (USD 112M);
  - Scheduled payments of Interest and Income Tax (USD 30M in total);
  - Expansion and maintenance Capex program (USD 63M)
- The steep increase in investments to Working Capital in 2021 was triggered by the growth in sales volumes and cost of production appreciation and was predominantly attributable to:
  - Increase in trade receivable (USD 88M);
  - Increase in inventories (USD 53M)
- At the same time, the Company also succeeded in stretching trade and other payables by USD 25M to compensate partially the high outlays in receivable and inventories
- In May 2021, the Company successfully placed USD 300M Eurobond issue that provided an ample liquidity cushion and thereby enabled financing of:
  - Distribution of dividends (USD 230M)
  - Investments in Financial assets (USD 50M)

Free cash flow[1] for the full year 2021 = - USD 2M

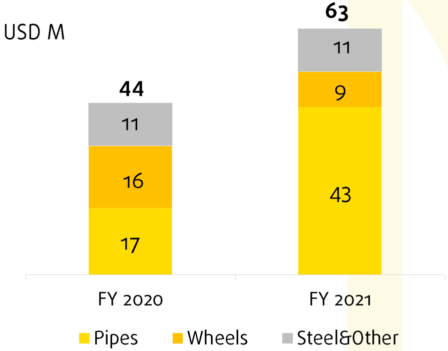


1. Free cash flow is calculated as the net cash flow from operating activities less the net cash flow from investing activities
2. As a non-recurring item, Investments in Financial assets (USD 50M) was split off from Net outflow from investing activities. The latter then consists of Capex (USD 63M) minus Proceeds from sale of property, plant and equipment and Interest received (USD 4M in aggregate)

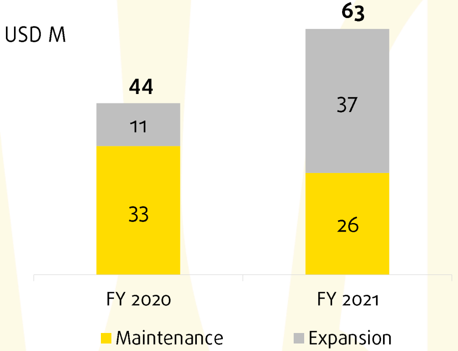
Capex

- Capex[1] for the full year 2021 grew up to USD 63M (+43 y-o-y)
- In 2021, the Company started the new wave of investments both in the pipe and railway segment aiming to improve its market position and competitiveness - thereby Expansion Capex more than tripled y-o-y (up to USD 37M)
- At the same time, the maintenance Capex was scaled down to USD 26M (-21% y-o-y)
- Key spendings in 2021 were related to:
  - completion and putting into operation of new inhouse railway wheel-set assembling and finishing lines of wheels at NTRP capacities (USD 4M in total);
  - installation of hydraulic press facility and new line for small diameter pipe production at the Dnipro site of Niko Tube (USD 6M in total);
  - first stage of investments in installation of new thermal heating facility at Niko Tube (USD 18M)
- Since 24 February 2022 on the back of the war in Ukraine, all investments in Expansion Capex projects have been suspended

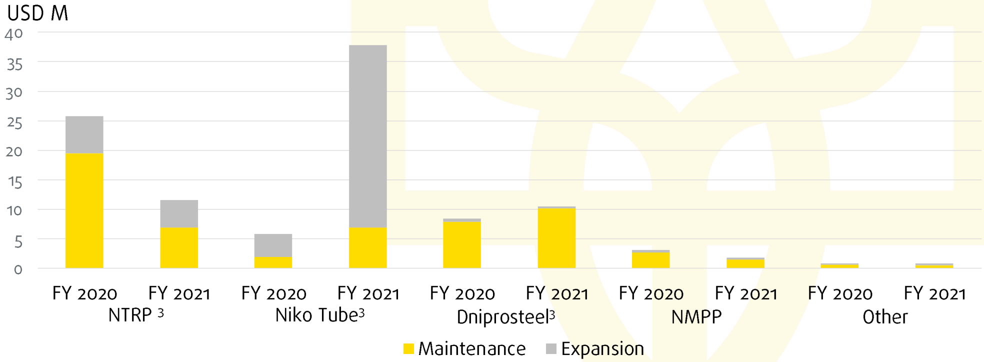
Capex[2] by segment



Capex[2] by type



Capex by production asset[4]



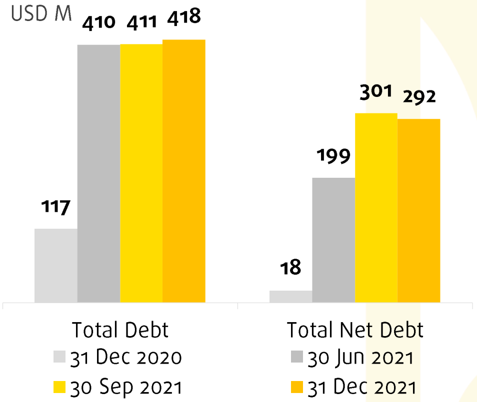
1. Capex figure represents the line Purchases of property, plant, and equipment and intangible assets as part of the net cash flow from investing activities
2. Please also note than some amounts and/or totals may deviate due to rounding-off
3. Guarantors under the new Notes 2026
4. In Q2 2021 all pipe production assets that belonged to NTRP were transferred (sold) to Niko Tube to consolidate all pipe production assets within a single legal entity

Debt profile

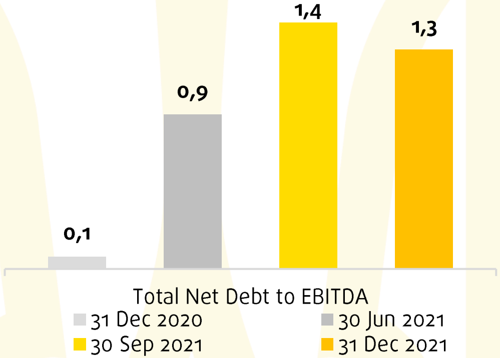
- As of December 31, 2021, **Consolidated Total Debt**[1] amounted to **USD 418M** and comprised of:
  - **Notes 2026** recognized at amortized cost according to the IFRS in amount of **USD 298M**
  - **2 Bank Facilities** (EUR-denominated) in amount of **USD 42M**
  - Carrying value of the **Performance Sharing Fees and Securities** amounted to **USD 78M**
- **Cash & Cash Equivalents**[1] amounted to **USD 126M,** ca. 80% were held in hard currencies (USD and EUR)
- **Consolidated Total Net Debt**[1] was equal to **USD 292M**
- As of December 31, 2021, **Consolidated Net Leverage Ratio**[1] (Total Net Debt to EBITDA) improved to **1.3x** from 1.4x a quarter before
- The EUR-denominated **revolving credit line** (ca. USD 9M) was rolled over and its **maturity** was extended until **December 2022**
- During December 2021 - February 2022 EUR 0.15M were repaid as scheduled installments under the EUR-denominated long-term amortizing bank loan. After the start of the war in Ukraine the Company negotiated extension of further installments for the period of March-July 2022 (EUR 0.25M in total) until the maturity of the loan (i.e. December 2025)
- The first annual installment under the **Performance Sharing Fees and Securities** for the testing period of July 1, 2021 – June 30 ,2022 is due in October 2022

1. Total Debt, Cash & Cash Equivalents, Total Net Debt, Consolidated Net Leverage Ratio are calculated subject to the Terms and Conditions of the Notes 2026 set out as Schedule 1 to the Trust Deede
2. Debt maturity profile is presented at nominal value of the debt instruments and net of carrying value of the Performance Sharing Fees and Securities. Current USDEUR rate=0,93

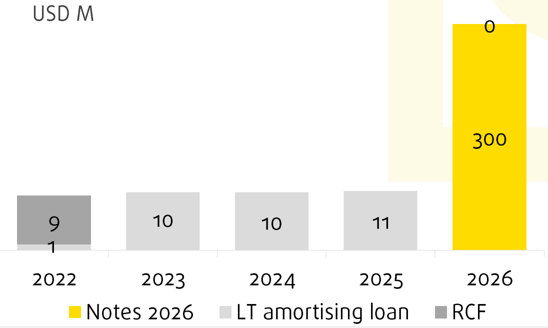
Debt Quantum[1]



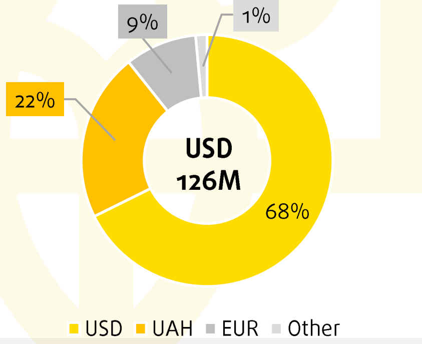
Consolidated Net Leverage ratio[1]



Current Debt maturity profile[2]



Cash & Cash Equivalents[1] currency breakdown as of December 31, 2021



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