



MECHEL REPORTS THE 3Q 2021 FINANCIAL RESULTS

Moscow, Russia – November 18, 2021 – Mechel PAO (MOEX: MTLR, NYSE: MTL), a leading Russian mining and steel group, announces financial results for the 3Q 2021 and 9M 2021.

Consolidated Results for the 3Q'2021 and 9M'2021

Mechel PAO's Chief Executive Officer Oleg Korzhov commented:

The Group's consolidated revenue in 3Q2021 amounted to **102.9** billion rubles, down **5%** quarter-on-quarter. EBITDA was **31.9** billion rubles, also down **5%** quarter-on-quarter. EBITDA margin remained at **31%**.

“The decrease in our steel division's financial results made the main influence on the dynamics of the Group's results. This year's third quarter was characterized by weaker trends on the steel market. As export duties were imposed, steelmakers tried their best to re-orient their output for domestic market. As a result, after the prices peaked in June, oversupply cut prices, particularly rebar prices, went down at the average rate of **10%** monthly during the third quarter. That led to lower sales volumes and financial results.

“The mining division's sales in 3Q2021 also demonstrated negative dynamics as compared to the high start-off point of the second quarter. However, consistently upward market trends enabled us to compensate the decrease in coking coal concentrate sales and demonstrate financial growth.

“In October, Chinese authorities took measures enabling improvement of domestic coking coal supply, such as canceling safety inspections, opening border checkpoints with Mongolia and unloading vessels carrying Australian coal that stayed in port since China introduced a ban on Australian coal imports. These measures will provide downward pressure on coking coal prices until the quarter's end. However, it is most likely that prices will adjust gradually, as it is impossible to quickly rectify coal shortages and logistical difficulties. The energy crisis and the heating season's onset will also prevent coal prices from dropping too sharply.

“Nevertheless, the Group's EBITDA margin in 3Q2021 remained on the 2Q2021 level, while coal mining and steel and pig iron output remained practically unchanged quarter-on-quarter. Despite market volatility, overall prices for the products of both our mining and steel divisions remained at levels favorable for the Group.

“We service our restructured debt obligations in compliance with loan agreements, and by the end of the third quarter our net debt went down to less than **300** billion rubles. Our net debt to EBITDA ratio went down to **3.2**.

“Our facilities receive new equipment and implement repairs and reconditioning programs. We launched a new project in our mining division, which will help us to increase our Group's integration into iron ore with fairly low level of capital investment.”

| Mln rubles | 3Q'21 | 2Q'21 | % | 9M'21 | 9M'20 | % |
|---|----------------|---------|------|----------------|----------|------|
| Revenue | 102,913 | 108,862 | -5% | 287,823 | 196,197 | 47% |
| from contracts with external customers | | | | | | |
| Operating profit | 28,887 | 30,378 | -5% | 72,240 | 12,023 | 501% |
| EBITDA* | 31,918 | 33,727 | -5% | 83,887 | 31,362 | 167% |
| EBITDA, margin | 31% | 31% | | 29% | 16% | |
| Profit (loss) | 21,277 | 23,909 | -11% | 53,082 | (15,763) | - |
| attributable to equity shareholders of Mechel PAO | | | | | | |

* EBITDA - Adjusted EBITDA. Please find the calculation of the Adjusted EBITDA and other non-IFRS measures used here and hereafter in Attachment A.

Financial results for the 3Q'2021 vs 2Q'2021

Revenue

The Group's consolidated revenue from sales to third parties in 3Q2021 went down **5%** and amounted to **102.9** billion rubles.

EBITDA

Consolidated EBITDA in this reporting period amounted to **31.9** billion rubles, which is **5%** less quarter-on-quarter.

Profit

Profit attributable to Mechel PAO's equity shareholders in 3Q2021 went down by **11%** quarter-on-quarter and amounted to **21.3** billion rubles. The decrease of gross profit by **3.0** billion rubles due to a decline in the Group's product sales volumes, despite favorable global and domestic prices for our mining and steel segments' output had a great impact on these dynamics.

Operating cash flow

Operational cash flow went down to **13** billion rubles in 3Q2021 as compared to **15.5** billion in 2Q2021. The cash flow remains sufficient not only for funding the Group's operational and investment needs, but also for decreasing its debt leverage.

Finance costs

In 3Q2021, the Group's finance costs demonstrated a slight increase of **0.4** billion rubles, going up to **6.1** billion rubles from **5.7** billion in 2Q2021 as the Bank of Russia's key interest rate went up. For this reason, the amount of interest paid, including interest expense on lease liabilities, went up in 3Q2021 and amounted to **4.8** billion rubles as compared to **4.4** billion in the previous quarter.

Financial results for the 9M'2021 vs 9M'2020

Revenue

In 9M2021, the Group's consolidated revenue amounted to **287.8** billion rubles, up **47%** year-on-year.

EBITDA

Consolidated EBITDA in 9M2021 was **83.9** billion rubles, which is **52.5** billion more than in 9M2020 (**31.4** billion rubles) primarily due to gross profit's **56**-billion-ruble growth as global and domestic prices for our mining and steel products went up.

Profit

Profit attributable to Mechel PAO's equity shareholders amounted to **53.1** billion rubles, compared to the loss of **15.8** billion rubles in 9M2020. Apart from gross profit's growth, another significant impact came from the increase in foreign exchange gains on foreign currency denominated liabilities by **7.9** billion rubles, as compared to loss of **42.6** billion rubles in 9M2020, which was due to the fact that in this reporting period the ruble became stronger against US dollar and euro, while in 9M2020 the ruble demonstrated substantial weakness.

Trade working capital

In 9M2021 the Group's trade working capital went up by **31.9** billion rubles and amounted to **22.9** billion rubles, which was mainly due to accumulating inventories by **15.8** billion rubles and increase in trade receivables by **9.2** billion as prices for our mining and steel products demonstrated substantial growth.

Finance costs

In 9M2021, the Group's finance costs went down year-on-year by **2.6** billion rubles or **13%**, and the amount of interest paid, including interest expense on lease liabilities, was **14.4** billion rubles, which is **4.2** billion or **23%** less year-on-year (**18.6** billion in 9M2020). This effect was largely due to our

partial repayment of loans with Gazprombank and VTB Bank using the gain on the Elga Coal Complex sale in late April 2020.

Debt leverage

As of today, the company's average debt portfolio cost is **7.2%** per annum.

As of September 30, 2021, the Group's net debt excluding fines and penalties on overdue amounts went down by **26.5** billion rubles as compared to December 31, 2020, and amounted to **299.1** billion rubles. This was due to net loan settlement as well as the ruble's strengthening against the US dollar and euro.

The Net Debt to EBITDA ratio improved considerably by the end of 3Q2021 and amounted to **3.2**, as compared to **7.9** at the end of 2020. This was due primarily to a substantial EBITDA growth over the past twelve months ended September 30, 2021.

The debt portfolio's structure has remained largely unchanged and currently consists of **56%** in rubles and the rest in foreign currency. The share of state-controlled banks is **88%**.

Mining Segment

| Mln rubles | 3Q'21 | 2Q'21 | % | 9M'21 | 9M'20 | % |
|--|---------------|--------|-----|---------------|--------|------|
| Revenue from contracts with external customers | 29,765 | 29,320 | 2% | 75,325 | 52,470 | 44% |
| Revenue inter-segment | 15,623 | 13,052 | 20% | 39,241 | 24,927 | 57% |
| EBITDA | 23,552 | 19,551 | 20% | 51,429 | 19,746 | 160% |
| EBITDA, margin | 52% | 46% | | 45% | 26% | |

Revenue

Revenue from sales to third parties in 3Q2021 went up by **2%** quarter-on-quarter. This was due to a hike in prices for all types of the division's output except iron ore concentrate. The decrease in sales volumes proved a restraining factor. Revenue from contracts with external customers in 9M2021 went up by **44%** year-on-year.

EBITDA

EBITDA in 3Q2021 went up by **20%** quarter-on-quarter as prices grew. In 9M2021, the division's EBITDA went up by **160%** year-on-year. This was primarily due to higher prices for nearly all kinds of the division's output year-on-year.

In 3Q2021, mining volumes at the division's facilities remained largely at the previous quarter's level. At the same time, sales of metallurgical coals demonstrated a decline, mostly due to the fact that significant volumes of coal inventories accumulated earlier were sold in the second quarter. In the third quarter, our ability to market stockpiled coal were limited. Anthracite and PCI sales remained stable quarter-on-quarter. With favorable market trends, this yielded a **2%** quarter-on-quarter increase in revenue from sales to third parties, while the division's EBITDA improved by **20%**. The division's EBITDA margin in 3Q2021 reached **52%**.

In 3Q2021, coking coal prices skyrocketed on the basis of both FOB Australia and CFR China. The FOB Australia price went up due to stable demand, while coking coal shortages due to repairs at Australian mines also prompted price spikes. China resumed safety inspections on its domestic mines, and many of those remained closed for safety violations. Coal supply from Mongolia was limited as pandemic outbreaks in the country worsened. Due to limited domestic supply, Chinese steelmakers were forced to import North American premium coal for exorbitant prices. As a result, the average spot price of premium low-vol coking coal concentrate nearly doubled in 3Q2021 as compared to 2Q2021 averages. The average price fetched by our division's coking coal concentrate on FCA basis went up nearly by **60%** quarter-on-quarter in this reporting period.

The division's facilities continue to implement programs aimed at restoring production volumes. As a result, mining at Southern Kuzbass Coal Company went up **23%** quarter-on-quarter. As giant tires arrived at Yakutugol Holding Company, the facility restored its heavy-duty truck fleet. In 3Q2021, Korshunov Mining Plant received six new trucks as well as pumps and hydrocyclone separators for its washing plant. In 4Q2021, the plant will receive an excavator, a boring rig and a heavy-duty bulldozer.

Also, in order to improve the Group's iron ore supply, the division is preparing to launch development of the Sivaglinskoye iron ore deposit.

Steel Segment

| Mln rubles | 3Q'21 | 2Q'21 | % | 9M'21 | 9M'20 | % |
|--|---------------|--------|------|----------------|---------|------|
| Revenue from contracts with external customers | 67,184 | 73,222 | -8% | 191,704 | 123,754 | 55% |
| Revenue inter-segment | 1,254 | 1,325 | -5% | 4,177 | 4,751 | -12% |
| EBITDA | 10,041 | 14,980 | -33% | 34,421 | 10,120 | 240% |
| EBITDA, margin | 15% | 20% | | 18% | 8% | |

Revenue

Revenue from contracts with external customers in 3Q2021 went down by **8%** quarter-on-quarter due to decreased sales volumes, including exports, as well as re-orientation toward the domestic market as an indirect effect of export duties. Revenue from sales to third parties in 9M2021 demonstrated a **55%** growth year-on-year.

EBITDA

In 3Q2021, EBITDA went down by **33%** as sales decreased due to weaker market trends. EBITDA margin in 3Q2021 went down to **15%** after a record quarterly result for the division in 2Q2021. Over 9M2021, EBITDA demonstrated a **240%** increase year-on-year due to growth of both domestic and international prices for the division's output, despite an increase in cost of sales caused by increased prices for iron ore, coke and scrap.

Decreased sales of our steel products made an impact on the division's 3Q2021 financial results. The main reasons were reduced demand due to market price volatility, impact from export duties and negative price expectations from our customers. In these conditions, we decreased the share of exports, redirecting our sales partly to the domestic market and partly to replenishing our sales network's inventories which went down during the high demand period in the second quarter.

Despite a weaker steel market, average FCA-based prices that the company used to sell long products went up by **11%** quarter-on-quarter, while the price on flat steel went up by **10%** quarter-on-quarter and hardware prices went up **19%**.

In October the downward price trend continued, but in November the market rebounded, as traders faced the necessity of replenishing depleted inventories.

The end of the third and the beginning of the fourth quarter also demonstrated a hike in ferrosilicon prices as China tightened energy restrictions. Due to electricity shortages, a significant decrease in ferrosilicon production and increase of its production costs, market prices more than doubled. Taking into consideration that the hike came nearly at the end of this reporting period, the average sale price for the Group's ferrosilicon went up nearly by **30%** quarter-on-quarter. After China's authorities intervened in the power crisis, and introduced additional ecological limitations in November-December ahead of the heating season and preparation for the Olympics, ferrosilicon production will continue to go down, which will support the prices.

Despite limited sales opportunities, in 3Q2021 the division's facilities increased steel output by **2%** and maintained stable production levels for finished goods as compared to the previous quarter, replenishing our sales network's inventories for planned sales volumes in the future. We also continue with the repairs program and mastering output of new products as well as expanding into new markets.

For example, our facilities boost ties with such strategically important clients as Moscow Metro, where we sell not only our regular products, but also new ones such as tramway rails.

Power Segment

| Mln rubles | 3Q'21 | 2Q'21 | % | 9M'21 | 9M'20 | % |
|--|--------------|-------|-----|---------------|--------|------|
| Revenue from contracts with external customers | 5,964 | 6,320 | -6% | 20,794 | 19,972 | 4% |
| Revenue inter-segment | 3,730 | 3,820 | -2% | 11,869 | 11,578 | 3% |
| EBITDA | 514 | (162) | - | 1,306 | 1,542 | -15% |
| EBITDA, margin | 5% | -2% | | 4% | 5% | |

Revenue

The division's revenue in 3Q2021 went down by **6%** quarter-on-quarter due mostly to seasonal factors. Revenue for 9M2021 went up by **4%** year-on-year as unregulated capacity prices on the wholesale electric power and capacity market as well as retail markup increased year-on-year.

EBITDA

The quarter-on-quarter dynamics of the division's EBITDA was defined by one-off events which led to a decrease in general, administrative and other operating expenses as well as seasonal factors. EBITDA in 9M2021 went down by **15%** year-on-year due to increased cost of sales and selling and distribution expenses.

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Mechel is an international mining and steel company. Its products are marketed in Europe, Asia, North and South America. Mechel unites producers of coal, iron ore concentrate, steel, rolled products, ferroalloys, heat and electric power. All of its enterprises work in a single production chain, from raw materials to high value-added products.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.

Attachments to the Press Release

Attachment A

Non-IFRS financial measures. This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for the information prepared in accordance with IFRS.

Adjusted EBITDA (EBITDA) represents profit (loss) attributable to equity shareholders of Mechel PAO before Depreciation and amortisation, Foreign exchange (gain) loss, net, Finance costs, Finance income, Impairment of goodwill and other non-current assets, net, Net result on the disposal of non-current assets, Allowance for expected credit losses on financial assets, Provision (reversal of provision) for doubtful accounts, Write-off of trade and other receivables and payables, net, Change in provision for inventories at net realisable value, (Profit) loss after tax for the period from discontinued operations, Profit (loss) attributable to non-controlling interests, Income tax expense (benefit), Effect of pension obligations, Other fines and penalties and Other one-off items. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of our Revenue. Our adjusted EBITDA may not be similar to EBITDA measures of other companies. Adjusted EBITDA is not a measurement under IFRS and should be considered in addition to, but not as a substitute for the information contained in our interim condensed consolidated statement of profit or loss and other comprehensive income. We believe that our adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While depreciation, amortisation and impairment of goodwill and other non-current assets are considered operating expenses under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with non-current assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Our calculation of Net debt, excluding fines and penalties on overdue amounts**

is presented below:

| Mln rubles | 30.09.2021 | 31.12.2020 |
|--|----------------|----------------|
| Current loans and borrowings, excluding interest payable, fines and penalties on overdue amounts | 279,518 | 301,609 |
| Interest payable | 9,888 | 9,750 |
| Non-current loans and borrowings | 103 | 2,201 |
| Other non-current financial liabilities | 1,705 | 1,901 |
| Other current financial liabilities | 516 | 324 |
| less Cash and cash equivalents | (3,965) | (1,706) |
| Net debt, excluding lease liabilities, fines and penalties on overdue amounts | 287,765 | 314,079 |
| Current lease liabilities | 7,532 | 7,535 |
| Non-current lease liabilities | 3,840 | 3,958 |
| Net debt, excluding fines and penalties on overdue amounts | 299,137 | 325,572 |

EBITDA can be reconciled to our interim condensed consolidated statement of profit or loss and other comprehensive income as follow:

** Calculations of Net debt could be differed from indicators calculated in accordance with loan agreements upon dependence on definitions in such agreements.

| <i>Mln rubles</i> | Consolidated Results | | Mining Segment *** | | Steel Segment*** | | Power Segment*** | |
|---|----------------------|-----------------|--------------------|---------------|------------------|-----------------|------------------|----------------|
| | 9M'2021 | 9M'2020 | 9M'2021 | 9M'2020 | 9M'2021 | 9M'2020 | 9M'2021 | 9M'2020 |
| Profit (loss) attributable to equity shareholders of Mechel PAO | 53,082 | (15,763) | 38,460 | 29,212 | 20,360 | (39,525) | (287) | (1,341) |
| <i>Add:</i> | | | | | | | | |
| Depreciation and amortisation | 10,164 | 10,281 | 4,984 | 5,121 | 4,830 | 4,804 | 350 | 356 |
| Foreign exchange (gain) loss, net | (7,895) | 42,649 | (656) | 9,215 | (7,229) | 33,366 | (10) | 68 |
| Finance costs | 17,092 | 19,644 | 6,962 | 10,140 | 11,760 | 10,549 | 427 | 350 |
| Finance income | (402) | (769) | (2,004) | (1,755) | (427) | (389) | (27) | (19) |
| Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets, allowance for expected credit losses on financial assets, provision (reversal of provision) for doubtful accounts, write-off of trade and other receivables and payables, net and change in provision for inventories at net realisable value | 181 | 5,261 | (349) | 4,302 | 327 | 687 | 203 | 271 |
| Profit after tax for the period from discontinued operations | - | (41,609) | - | (41,651) | - | - | - | - |
| Net result on the disposal of subsidiaries | - | 49 | - | - | - | 49 | - | - |
| Profit (loss) attributable to non-controlling interests | 1,882 | 104 | 723 | 3 | 978 | (140) | 182 | 241 |
| Income tax expense (benefit) | 8,516 | 7,862 | 2,993 | 4,332 | 3,351 | 112 | 426 | (86) |
| Effect of pension obligations | 108 | 161 | 68 | 132 | 36 | 25 | 4 | 4 |
| Other fines and penalties | 1,169 | 3,755 | 247 | 695 | 395 | 724 | 89 | 1 819 |
| Other one-off items | (10) | (263) | 1 | - | 40 | (142) | (51) | (121) |
| EBITDA | 83,887 | 31,362 | 51,429 | 19,746 | 34,421 | 10,120 | 1,306 | 1,542 |
| EBITDA, margin | 29% | 16% | 45% | 26% | 18% | 8% | 4% | 5% |
| <i>Mln rubles</i> | Consolidated Results | | Mining Segment *** | | Steel Segment*** | | Power Segment*** | |
| | 3Q'2021 | 2Q'2021 | 3Q'2021 | 2Q'2021 | 3Q'2021 | 2Q'2021 | 3Q'2021 | 2Q'2021 |
| Profit (loss) attributable to equity shareholders of Mechel PAO | 21,277 | 23,909 | 18,439 | 16,254 | 4,707 | 11,406 | (108) | (474) |
| <i>Add:</i> | | | | | | | | |
| Depreciation and amortisation | 2,996 | 3,602 | 1,446 | 1,881 | 1,434 | 1,595 | 116 | 126 |
| Foreign exchange (gain) loss, net | (1,575) | (5,066) | (17) | (924) | (1,558) | (4,130) | - | (11) |
| Finance costs | 6,138 | 5,691 | 2,502 | 2,296 | 4,109 | 3,905 | 190 | 147 |
| Finance income | (56) | (175) | (572) | (685) | (139) | (135) | (8) | (12) |
| Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets, allowance for expected credit losses on financial assets, provision (reversal of provision) for doubtful accounts, write-off of trade and other receivables and payables, net and change in provision for inventories at net realisable value | (523) | (391) | (54) | (430) | (189) | (157) | (280) | 195 |
| Profit (loss) attributable to non-controlling interests | 767 | 574 | 330 | 273 | 272 | 370 | 165 | (68) |
| Income tax expense (benefit) | 2,472 | 5,186 | 1,370 | 782 | 1,279 | 1,936 | 442 | (23) |
| Effect of pension obligations | 42 | 66 | 29 | 52 | 12 | 13 | 1 | 2 |
| Other fines and penalties | 339 | 270 | 78 | 4 | 74 | 113 | (4) | 7 |
| Other one-off items | 41 | 61 | 1 | 48 | 40 | 64 | - | (51) |
| EBITDA | 31,918 | 33,727 | 23,552 | 19,551 | 10,041 | 14,980 | 514 | (162) |
| EBITDA, margin | 31% | 31% | 52% | 46% | 15% | 20% | 5% | -2% |

*** including inter-segment operation

Income tax, deferred tax related to the consolidated group of taxpayers are not allocated to segments as they are managed on the group basis

Attachment B
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine months ended September 30, 2021
(All amounts are in millions of Russian rubles, unless stated otherwise)

| | Nine months ended September 30, 2021 (unaudited) | Nine months ended September 30, 2020 (unaudited) |
|--|---|---|
| Continuing operations | | |
| Revenue from contracts with customers | 287 823 | 196 197 |
| Cost of sales | (160 395) | (124 805) |
| Gross profit | 127 428 | 71 392 |
| Selling and distribution expenses | (40 301) | (37 058) |
| Impairment of goodwill and other non-current assets, net | (517) | (3 828) |
| Allowance for expected credit losses on financial assets | (647) | (517) |
| Taxes other than income taxes | (3 174) | (3 733) |
| Administrative and other operating expenses | (12 529) | (15 009) |
| Other operating income | 1 980 | 776 |
| Total selling, distribution and operating income and (expenses), net | (55 188) | (59 369) |
| Operating profit | 72 240 | 12 023 |
| Finance income | 402 | 769 |
| Finance costs | (17 092) | (19 644) |
| Foreign exchange gain (loss), net | 7 895 | (42 649) |
| Share of (loss) profit of associates, net | (5) | 11 |
| Other income | 146 | 281 |
| Other expenses | (106) | (197) |
| Total other income and (expense), net | (8 760) | (61 429) |
| Profit (loss) before tax from continuing operations | 63 480 | (49 406) |
| Income tax expense | (8 516) | (7 862) |
| Profit (loss) for the period from continuing operations | 54 964 | (57 268) |
| Discontinued operations | | |
| Profit after tax for the period from discontinued operations | - | 41 609 |
| Profit (loss) for the period | 54 964 | (15 659) |
| Attributable to: | | |
| Equity shareholders of Mechel PAO | 53 082 | (15 763) |
| Non-controlling interests | 1 882 | 104 |
| Other comprehensive income | | |
| <i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods, net of tax:</i> | (809) | 2 615 |
| Exchange differences on translation of foreign operations | (809) | 2 615 |
| <i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of tax:</i> | 291 | (9) |
| Net loss on equity instruments designated at fair value through other comprehensive income | (15) | - |
| Re-measurement of defined benefit plans | 306 | (9) |
| Other comprehensive (loss) income for the period, net of tax | (518) | 2 606 |
| Total comprehensive income (loss) for the period, net of tax | 54 446 | (13 053) |
| Attributable to: | | |
| Equity shareholders of Mechel PAO | 52 561 | (13 158) |
| Non-controlling interests | 1 885 | 105 |

**INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION as of September 30, 2021**

(All amounts are in millions of Russian rubles)

| | September 30, 2021 (unaudited) | December 31, 2020 |
|---|-----------------------------------|-------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 77 848 | 81 345 |
| Right-of-use assets | 12 966 | 12 840 |
| Mineral licenses | 17 900 | 18 458 |
| Goodwill and other intangible assets | 10 697 | 10 768 |
| Other non-current assets | 201 | 226 |
| Investments in associates | 336 | 341 |
| Non-current financial assets | 431 | 445 |
| Deferred tax assets | 448 | 561 |
| Total non-current assets | 120 827 | 124 984 |
| Current assets | | |
| Inventories | 57 905 | 42 138 |
| Income tax receivables | 29 | 45 |
| Other current assets | 10 264 | 8 423 |
| Trade and other receivables | 25 563 | 16 403 |
| Other current financial assets | 135 | 141 |
| Cash and cash equivalents | 3 965 | 1 706 |
| Total current assets | 97 861 | 68 856 |
| Total assets | 218 688 | 193 840 |
| Equity and liabilities | | |
| Equity | | |
| Common shares | 4 163 | 4 163 |
| Preferred shares | 840 | 840 |
| Treasury shares | (907) | (907) |
| Additional paid-in capital | 23 410 | 23 410 |
| Accumulated other comprehensive income | 870 | 1 391 |
| Accumulated deficit | (220 202) | (273 186) |
| Equity attributable to equity shareholders of Mechel PAO | (191 826) | (244 289) |
| Non-controlling interests | 15 503 | 13 618 |
| Total equity | (176 323) | (230 671) |
| Non-current liabilities | | |
| Loans and borrowings | 103 | 2 201 |
| Lease liabilities | 3 840 | 3 958 |
| Other non-current financial liabilities | 1 705 | 1 901 |
| Other non-current liabilities | 85 | 301 |
| Pension obligations | 4 893 | 5 232 |
| Provisions | 4 651 | 4 802 |
| Deferred tax liabilities | 6 760 | 6 773 |
| Total non-current liabilities | 22 037 | 25 168 |
| Current liabilities | | |
| Loans and borrowings | 293 458 | 314 836 |
| Lease liabilities | 7 532 | 7 535 |
| Trade and other payables | 40 576 | 43 783 |
| Other current financial liabilities | 516 | 324 |
| Income tax payable | 9 041 | 7 843 |
| Taxes and similar charges payable other than income tax | 8 261 | 10 969 |
| Advances received | 8 009 | 6 067 |
| Other current liabilities | 156 | 1 038 |
| Pension obligations | 622 | 631 |
| Provisions | 4 803 | 6 317 |
| Total current liabilities | 372 974 | 399 343 |
| Total liabilities | 395 011 | 424 511 |
| Total equity and liabilities | 218 688 | 193 840 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended September 30, 2021
(All amounts are in millions of Russian rubles)

| | Nine months ended September 30, 2021 (unaudited) | Nine months ended September 30, 2020 (unaudited) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit (loss) for the period from continuing operations | 54 964 | (57 268) |
| Profit after tax for the period from discontinued operations | - | 41 609 |
| Profit (loss) for the period | 54 964 | (15 659) |
| <i>Adjustments to reconcile profit to net cash provided by operating activities</i> | | |
| Depreciation and amortisation | 10 164 | 10 813 |
| Foreign exchange (gain) loss, net | (7 895) | 44 026 |
| Deferred income tax expense | 102 | 6 348 |
| Allowance for expected credit losses, net | 647 | 516 |
| Gain on restructuring and forgiveness of trade and other payables and write-off of trade and other payables with expired legal term | (1 221) | (95) |
| Write-off of inventories to net realisable value | 472 | 814 |
| Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets | 803 | 4 073 |
| Finance income | (402) | (769) |
| Finance costs | 17 092 | 21 352 |
| Provisions for legal claims, income tax and other taxes and other provisions | 1 164 | 3 050 |
| Gain on sale of discontinued operations | - | (45 580) |
| Other | 83 | 177 |
| <i>Changes in working capital items</i> | | |
| Trade and other receivables | (10 222) | (828) |
| Inventories | (18 772) | (3 988) |
| Trade and other payables | (3 175) | 1 220 |
| Advances received | 1 970 | (646) |
| Taxes payable and other liabilities | 5 330 | 5 964 |
| Other assets | (2 389) | (943) |
| Income tax paid | (7 108) | (855) |
| Net cash provided by operating activities | 41 607 | 28 990 |
| Cash flows from investing activities | | |
| Interest received | 147 | 21 |
| Proceeds from loans issued and other investments | 2 | 39 |
| Proceeds from disposal of the discontinued operations, net of cash disposed of | - | 88 979 |
| Proceeds from disposals of property, plant and equipment | 224 | 40 |
| Purchases of property, plant and equipment and intangible assets | (4 476) | (3 743) |
| Net cash (used in) provided by investing activities | (4 103) | 85 336 |
| Cash flows from financing activities | | |
| Proceeds from loans and borrowings, including proceeds from factoring arrangement of RUB 685 million and RUB 33 million for the nine months ended September 30, 2021 and 2020, respectively | 19 640 | 19 115 |
| Repayment of loans and borrowings, including payments from factoring arrangement of RUB 1 million and RUB 168 million for the nine months ended September 30, 2021 and 2020, respectively | (35 083) | (113 125) |
| Repurchase of common shares | - | (844) |
| Sale of non-controlling interest in subsidiaries | 144 | 104 |
| Dividends paid to shareholders of Mechel PAO | (98) | - |
| Dividends paid to non-controlling interests | - | (3) |
| Interest paid, including fines and penalties | (14 356) | (18 592) |
| Payment of principal portion of lease liabilities | (2 687) | (1 813) |
| Sale and leaseback transactions | 10 | 510 |
| Acquisition of assets under deferred payment terms | (95) | (477) |
| Net cash used in financing activities | (32 525) | (115 125) |

| | | |
|--|--------------|--------------|
| Foreign exchange gain (loss) on cash and cash equivalents, net | (249) | 354 |
| Changes in allowance for expected credit losses on cash and cash equivalents | (13) | (25) |
| Net increase (decrease) in cash and cash equivalents | 4 717 | (470) |
| Cash and cash equivalents at beginning of period | 1 706 | 3 509 |
| Cash and cash equivalents, net of overdrafts at beginning of period | (938) | 2 867 |
| Cash and cash equivalents at end of period | 3 965 | 3 728 |
| Cash and cash equivalents, net of overdrafts at end of period | 3 779 | 2 397 |

There were certain reclassifications to conform with the current period presentation. These interim condensed consolidated financial statements were prepared by Mechel PAO in accordance with IFRS and have not been audited by the independent auditor. If these interim condensed consolidated financial statements are audited in the future, the audit could reveal differences in our consolidated financial results and we cannot assure that any such differences would not be material.