

PAO MECHEL

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT (LOSS)
AND OTHER COMPREHENSIVE INCOME for the three months ended March 31, 2021**

(All amounts are in millions of Russian rubles)

	Three months ended March 31, 2021 (unaudited)	Three months ended March 31, 2020* (unaudited)
Continuing operations		
Revenue from contracts with customers	76,048	67,237
Cost of sales	(44,289)	(40,893)
Gross profit	31,759	26,344
Selling and distribution expenses	(12,477)	(12,348)
Impairment of goodwill and other non-current assets, net	(313)	(85)
Allowance for expected credit losses on financial assets	(680)	(375)
Taxes other than income taxes	(1,069)	(1,269)
Administrative and other operating expenses	(4,570)	(4,519)
Other operating income	325	182
Total selling, distribution and operating income and (expenses), net	(18,784)	(18,414)
Operating profit	12,975	7,930
Finance income	171	352
Finance costs including fines and penalties on overdue loans and borrowings and lease payments	(5,263)	(7,818)
Foreign exchange gain (loss), net	1,254	(33,210)
Other income	216	164
Other expenses	(58)	(56)
Total other income and (expense), net	(3,680)	(40,568)
Profit (loss) before tax from continuing operations	9,295	(32,638)
Income tax expense	(858)	(688)
Profit (loss) for the period from continuing operations	8,437	(33,326)
Discontinued operations		
Loss after tax for the period from discontinued operations	-	(3,746)
Profit (loss) for the period	8,437	(37,072)
Attributable to:		
Equity shareholders of Mechel PAO	7,896	(36,878)
Non-controlling interests	541	(194)
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of income tax</i>	89	2,576
Exchange differences on translation of foreign operations	89	2,576
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax</i>	273	94
Re-measurement of defined benefit plans	273	94
Other comprehensive income for the period, net of tax	362	2,670
Total comprehensive income (loss) for the period, net of tax	8,799	(34,402)
Attributable to:		
Equity shareholders of Mechel PAO	8,250	(34,211)
Non-controlling interests	549	(191)

* These amounts reflect adjustments made in connection with the presentation of the discontinued operation.

**INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION as of March 31, 2021**

(All amounts are in millions of Russian rubles)

	March 31, 2021 (unaudited)	December 31, 2020
Assets		
Non-current assets		
Property, plant and equipment	79,670	81,345
Right-of-use assets	12,340	12,840
Mineral licenses	18,305	18,458
Goodwill and other intangible assets	10,388	10,383
Investments in associates	341	341
Deferred tax assets	1,757	561
Other non-current assets	624	611
Non-current financial assets	444	445
Total non-current assets	123,869	124,984
Current assets		
Inventories	48,732	42,138
Income tax receivables	36	45
Trade and other receivables	21,693	16,403
Other current assets	8,260	8,423
Other current financial assets	132	141
Cash and cash equivalents	2,359	1,706
Total current assets	81,212	68,856
Total assets	205,081	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	1,745	1,391
Accumulated deficit	(265,290)	(273,186)
Equity attributable to equity shareholders of Mechel PAO	(236,039)	(244,289)
Non-controlling interests	14,167	13,618
Total equity	(221,872)	(230,671)
Non-current liabilities		
Loans and borrowings	1,786	2,201
Lease liabilities	3,802	3,958
Other non-current financial liabilities	1,815	1,901
Other non-current liabilities	284	301
Pension obligations	4,918	5,232
Provisions	4,420	4,802
Deferred tax liabilities	7,064	6,773
Total non-current liabilities	24,089	25,168

Current liabilities

Loans and borrowings, including interest payable, fines and penalties on overdue amounts of RUB 13,032 million and RUB 13,227 million as of March 31, 2021 and December 31, 2020, respectively

Loans and borrowings, including interest payable, fines and penalties on overdue amounts of RUB 13,032 million and RUB 13,227 million as of March 31, 2021 and December 31, 2020, respectively	308,908	314,836
Trade and other payables	51,500	43,783
Lease liabilities	7,337	7,535
Income tax payable	9,179	7,843
Taxes and similar charges payable other than income tax	11,065	10,969
Advances received	7,872	6,067
Other current financial liabilities	534	324
Other current liabilities	1,061	1,038
Pension obligations	609	631
Provisions	4,799	6,317
Total current liabilities	402,864	399,343
Total liabilities	426,953	424,511
Total equity and liabilities	205,081	193,840

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended March 31, 2021

(All amounts are in millions of Russian rubles)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit (loss) for the period from continuing operations	8,437	(33,326)
Loss after tax for the period from discontinued operations	-	(3,746)
Profit (loss) for the period	8,437	(37,072)
<i>Adjustments to reconcile profit to net cash provided by operating activities</i>		
Depreciation and amortisation	3,566	3,992
Foreign exchange (gain) loss, net	(1,254)	34,884
Deferred income tax benefit	(912)	-
Changes in allowance for expected credit losses and write-off of trade and other receivables and payables, net	609	346
Change in provision for inventories at net realizable value	(84)	(1,059)
Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets	433	154
Finance income	(171)	(353)
Finance costs including fines and penalties on overdue loans and borrowings and lease payments	5,263	8,949
Provisions for legal claims, income tax and other taxes and other provisions	493	387
Other	45	30
<i>Changes in working capital items</i>		
Trade and other receivables	(5,953)	(4,188)
Inventories	(7,205)	(625)
Trade and other payables	6,838	2,329
Advances received	1,773	4,584
Taxes payable and other liabilities	1,633	3,830
Other assets	(65)	(101)
Income tax paid	(359)	(128)
Net cash provided by operating activities	13,087	15,959
Cash flows from investing activities		
Interest received	48	11
Proceeds from loans issued and other investments	-	39
Proceeds from disposals of property, plant and equipment	22	4
Purchases of property, plant and equipment	(1,359)	(1,901)
Interest paid, capitalised	(9)	(41)
Net cash used in investing activities	(1,298)	(1,888)

Cash flows from financing activities

Proceeds from loans and borrowings, including proceeds from factoring arrangement of RUB 547 million and RUB 98 million for the periods ended March 31, 2021 and 2020, respectively	20,500	5,098
Repayment of loans and borrowings, including payments from factoring arrangement of RUB 1 million and RUB 0 million for the periods ended March 31, 2021 and 2020, respectively	(23,589)	(10,752)
Dividends paid to non-controlling interests	-	(2)
Interest paid, including fines and penalties	(5,165)	(6,584)
Payment of principal portion of lease liabilities	(904)	(479)
Sale and leaseback transactions	150	(11)
Acquisition of assets under deferred payment terms	(95)	(205)
Net cash used in financing activities	(9,103)	(12,935)
Foreign exchange (loss) gain on cash and cash equivalents, net	(7)	645
Changes in allowance for expected credit losses on cash and cash equivalents	(25)	5
Net increase in cash and cash equivalents	2,654	1,786
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	2,359	6,816
Cash and cash equivalents, net of overdrafts at end of period	1,716	4,653

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.