



MECHEL REPORTS THE FY2023 FINANCIAL RESULTS

Moscow, Russia – February 21, 2024 – Mechel PAO (MOEX: MTLR), a leading Russian mining and steel group, announces financial results for the FY 2023.

Consolidated Results for the FY'2023

Mechel PAO's Chief Executive Officer Oleg Korzhov commented:

"The Group's consolidated revenue for 2023 amounted to **405.9 billion rubles**, down **6%** year-on-year. EBITDA amounted to **86.3 billion rubles**, demonstrating a **25%** year-on-year decline. EBITDA margin amounted to **21%**. The profit attributable to Mechel PAO's shareholders amounted to **22.3 billion rubles**.

"The mining segment had the main impact on the dynamics of consolidated EBITDA. Its performance was weaker than in 2022 due to a significant correction of market prices, as well as a decrease in coal output and sales in early 2023. During the reporting period, the situation with production and shipments stabilized, with production growing quarterly. Over the past year, the segment's mining enterprises received a large amount of equipment — dump trucks, excavators, bulldozers, drilling machines. At Korshunov Mining Plant, great attention was focused on the purchase and launch of pumping equipment for the Korshunov Open Pit's water removal system. Against this background, in the last quarter of the reporting year the segment's financial performance showed a strong positive trend compared to the third quarter of the year.

"The steel segment demonstrated EBITDA growth last year. This was mainly due to a decrease in production costs on the back of lower raw material purchase prices, but this factor was partially offset by weaker market conditions and lower sales volumes. The segment's production performance showed a slight decline due to substantial repairs at our facilities in 2023. In particular, blast furnaces No. 4 and No. 5, two converters, three continuous casters and other production facilities were overhauled at Chelyabinsk Metallurgical Plant. The planned repair program was also implemented at other enterprises of the segment. This will enable us to maintain stable and efficient production processes.

"We paid considerable attention to environmental protection issues. In particular, we installed environmental equipment worth over 1 billion rubles at two of Chelyabinsk Metallurgical Plant's major production facilities — the aspiration system for the foundry yard of blast furnace No. 4 and the gas cleaning system for the electric steelmaking workshop. These projects were an important contribution to the implementation of the federal "Clean Air" program.

"In 2023, the Group's capital investment in renewal and maintenance of fixed assets increased by **88%** year-on-year and reached **30.7 billion rubles**.

"The Group continues to meet its loan servicing obligations and reduce its debt burden. The Net Debt to EBITDA ratio stabilized at a relatively low level despite the challenging economic environment. An important event in 2023 was settlement of major part of the Group's unstructured debt under the loan agreements with foreign banks."

Mln rubles	4Q'23	3Q'23	%	FY'23	FY'22	%
Revenue	106,724	104,474	2%	405,884	434,045	-6%
from contracts with external customers						
Operating profit	13,316	22,540	-41%	64,848	97,337	-33%
EBITDA*	21,696	24,652	-12%	86,345	115,115	-25%
EBITDA, margin	20%	24%		21%	27%	
Profit	3,199	22,600	-86%	22,321	62,948	-65%
attributable to equity shareholders of Mechel PAO						

* EBITDA - Adjusted EBITDA. Please find the calculation of the Adjusted EBITDA in Attachment A.

Financial results for the 4Q'2023 vs 3Q'2023

Revenue

The Group's consolidated revenue from sales to third parties in 4Q2023 went up by **2%** and amounted to **106.7 billion rubles** compared to **104.5 billion rubles** in 3Q2023.

EBITDA

Consolidated EBITDA in 4Q2023 went down by **12%** quarter-on-quarter and amounted to **21.7 billion rubles** mostly due to increased custom fees and shipment tariffs.

Profit

Profit attributable to Mechel PAO's equity shareholders in 4Q2023 amounted to **3.2 billion rubles**, which is **19.4 billion rubles** less than the 3Q2023 profit of **22.6 billion rubles**.

Operating cash flow

In 4Q2023 compared to 3Q2023, operating cash flow went down by **3.3 billion rubles** to **14.6 billion rubles**. Cash flow remains sufficient for meeting the Group's operating needs, reducing the debt burden and upgrading our facilities' material and technical base.

Finance costs

In 4Q2023, the Group's finance costs remained on 3Q2023 levels and amounted to **9.5 billion rubles**.

Financial results for the FY'2023 vs FY'2022

Revenue

In 2023, the Group's consolidated revenue from sales to third parties went down by **6%** and amounted to **405.9 billion rubles** as compared to **434.0 billion rubles** in 2022.

EBITDA

Consolidated EBITDA in 2023 was **86.3 billion rubles**, which is **28.8 billion rubles** or **25%** less than in 2022 (**115.1 billion rubles**). The mining segment had the main impact on the consolidated EBITDA dynamics, with the **49%** decrease year-on-year. The **32%** increase in the steel segment's EBITDA was due to a decrease in purchase prices for raw materials, which were partially offset by lower market prices and sales volumes.

Profit

Profit attributable to Mechel PAO's equity shareholders amounted to **22.3 billion rubles**, which is **40.6 billion rubles** less than in 2022 (**62.9 billion rubles** profit).

Operating cash flow

In 2023 the Group's operating cash flow went down by **18%** year-on-year and amounted to **64.3 billion rubles**.

Finance costs

In 2023, the Group's finance costs went up year-on-year by **2.0 billion rubles** and amounted to **31.7 billion rubles**, primarily due to significant interest rates increase in the second half of 2023.

Trade working capital

In 2023 the Group's trade working capital went up by **15.1 billion rubles** as compared to 2022 and amounted to **52.7 billion rubles**.

Debt leverage

As of this date, our debt portfolio value is **15.1%**.

As of December 31, 2023, the Group's net debt excluding fines and penalties on overdue amounts went up **8%** as compared to December 31, 2022, and amounted to **250 billion rubles**. This change is primarily due to the weakening of the ruble against the U.S. dollar, euro and yuan, partially offset by the net repayment of loans and borrowings.

The Net Debt to EBITDA ratio by the end of 2023 amounted to **2.9**, as compared to **2.0** at the end of 2022. The increase is due to lower EBITDA for the twelve months of 2023 as well as a slight increase in the Group's net debt.

The structure of the loan portfolio currently amounts to **86.3%** in rubles, the rest in foreign currency (**3.2%** in euros and **10.5%** in yuan).

Mining Segment

Mln rubles	4Q'23	3Q'23	%	FY'23	FY'22	%
Revenue from contracts with external customers	28,946	27,651	5%	105,165	128,866	-18%
Revenue inter-segment	13,053	8,951	46%	40,664	47,514	-14%
EBITDA	12,816	9,174	40%	37,164	72,829	-49%
EBITDA, margin	31%	25%		25%	41%	

Revenue

Revenue from sales to third parties in 4Q2023 went up by **5%** quarter-on-quarter. This was due to higher prices for all coal products. The dynamics of the indicator was limited by a quarter-on-quarter decrease in metallurgical coal sales volumes. In 2023 compared to 2022, revenues from contracts with external customers decreased by **18%** on the back of lower prices for all types of products in the segment and lower sales volumes to external customers for most types of coal products.

EBITDA

EBITDA grew by **40%** quarter-on-quarter due to higher prices and lower production costs. The division's EBITDA lost **49%** year-on-year in 2023. Lower prices and lower sales volumes, as well as higher production costs had a negative impact.

Steel Segment

Mln rubles	4Q'23	3Q'23	%	FY'23	FY'22	%
Revenue from contracts with external customers	68,942	70,192	-2%	267,990	274,425	-2%
Revenue inter-segment	1,715	1,298	32%	6,376	6,131	4%
EBITDA	8,443	15,427	-45%	47,275	35,900	32%
EBITDA, margin	12%	22%		17%	13%	

Revenue

In 4Q2023 compared to 3Q2023, revenue from contracts with external customers decreased by **2%** due to lower sales volume due to seasonal factors, partially offset by higher market prices for the segment's products. Revenues from sales to external customers in 2023 compared to 2022 also decreased by **2%**. This was mainly due to lower production volumes, partly subsequent to major repairs at the main production sites.

EBITDA

EBITDA in 4Q2023 went down by **45%** quarter-on-quarter due to lower sales volumes and higher production costs. EBITDA in 2023 went up by **32%** year-on-year largely due to lower production costs.

Power Segment

Mln rubles	4Q'23	3Q'23	%	FY'23	FY'22	%
Revenue from contracts with external customers	8,836	6,631	33%	32,729	30,754	6%
Revenue inter-segment	5,535	4,437	25%	20,386	19,123	7%
EBITDA	1,127	546	106%	4,014	2,380	69%
EBITDA, margin	8%	5%		8%	5%	

Revenue

The division's revenue in 4Q2023 went up by **33%** quarter-on-quarter, due to the outset of the heating period and seasonal low temperatures. Compared to the previous year, revenue for 2023 went up by

6% mainly due to higher unregulated capacity prices on the wholesale electricity and capacity market and higher sales markups compared to 2022.

EBITDA

EBITDA doubled quarter-on-quarter largely due to seasonal factors and tariff growth. The **69%** increase in EBITDA in 2023 compared to 2022 was mainly due to price and intersegment sales growth. A decrease in electricity generation due to an increase in repairs of main and auxiliary power equipment in accordance with production plans had a moderate negative effect.

Mechel PAO Financial Statements for the FY2023 is available at Company's website – <https://www.mechel.com/shareholders/report/financial-statements/>

Mechel PAO

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Mechel is an international mining and steel company. 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. 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.

Attachments to the Press Release

Attachment A

Non-IFRS financial measures.

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 loss (gain), 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, 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, Net result on the disposal of subsidiaries, 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 summary 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.

Attachment B
SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2023

(All amounts are in millions of Russian rubles, unless stated otherwise)

	Year ended December 31,	
	2023	2022
Revenue from contracts with customers	405,884	434,045
Cost of sales	(250,340)	(255,886)
Gross profit	155,544	178,159
Selling and distribution expenses	(62,894)	(58,849)
Impairment of goodwill and other non-current assets, net.....	(8,669)	(2,767)
Allowance for expected credit losses	(900)	(846)
Taxes other than income taxes	(3,707)	(2,814)
Administrative and other operating expenses	(19,358)	(18,485)
Other operating income.....	4,832	2,939
Total selling, distribution and operating income and (expenses), net	(90,696)	(80,822)
Operating profit	64,848	97,337
Finance income.....	26,588	4,350
Finance costs	(31,704)	(29,682)
Foreign exchange (losses) gains, net	(34,981)	7,734
Share of profit (loss) of associates, net	51	5
Other income.....	213	53
Other expenses.....	(47)	(162)
Total other income and (expenses), net.....	(39,880)	(17,702)
Profit before tax	24,968	79,635
Income tax expense	(721)	(14,464)
Profit	24,247	65,171
Attributable to:		
Equity shareholders of Mechel PAO	22,321	62,948
Non-controlling interests.....	1,926	2,223
Other comprehensive income		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>	616	(67)
Exchange differences on translation of foreign operations.....	616	(67)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:</i>	61	190
Net gain (loss) on equity instruments designated at fair value through other comprehensive income	28	(1)
Re-measurement of defined benefit plans.....	33	191
Other comprehensive income, net of tax	677	123
Total comprehensive income, net of tax	24,924	65,294
Attributable to:		
Equity shareholders of Mechel PAO	22,989	63,076
Non-controlling interests.....	1,935	2,218
Earnings per share		
Weighted average number of common shares.....	404,776,126	404,776,126
Earnings per share (Russian rubles per share) attributable to common equity shareholders – basic and diluted	55.14	155.51

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2023

(All amounts are in millions of Russian rubles)

	December 31, 2023	December 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	98,241	79,246
Right-of-use assets	25,306	20,820
Mineral licenses	16,350	16,895
Goodwill and other intangible assets	4,187	10,601
Other non-current assets	4,913	4,825
Investments in associates	390	339
Non-current financial assets	349	402
Deferred tax assets	2,961	1,077
Total non-current assets	152,697	134,205
Current assets		
Inventories	72,377	60,271
Income tax receivables	120	117
Other current assets	12,382	10,852
Trade and other receivables	26,951	23,912
Other current financial assets	102	56
Cash and cash equivalents	7,227	23,700
Total current assets	119,159	118,908
Total assets	271,856	253,113
Equity and liabilities		
Equity		
Common shares	4,163	4,163
Preferred shares	840	840
Treasury shares	(907)	(907)
Additional paid-in capital	23,024	23,532
Accumulated other comprehensive income	3,061	2,393
Accumulated deficit	(107,445)	(129,766)
Equity attributable to equity shareholders of Mechel PAO	(77,264)	(99,745)
Non-controlling interests	16,780	17,489
Total equity	(60,484)	(82,256)
Non-current liabilities		
Loans and borrowings	118,039	85
Lease liabilities	16,369	10,291
Other non-current financial liabilities	1,639	38
Other non-current liabilities	49	63
Pension liabilities	3,173	2,947
Provisions	4,464	5,048
Deferred tax liabilities	7,001	8,286
Total non-current liabilities	150,734	26,758
Current liabilities		
Loans and borrowings	114,257	240,737
Lease liabilities	7,519	9,514
Trade and other payables	30,439	26,117
Other current financial liabilities	49	209
Income tax payable	2,703	8,652
Taxes and similar charges payable other than income tax	8,344	7,493
Advances received	13,955	11,552
Other current liabilities	1,517	89
Pension liabilities	622	547
Provisions	2,201	3,701
Total current liabilities	181,606	308,611
Total liabilities	332,340	335,369
Total equity and liabilities	271,856	253,113

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2023
(All amounts are in millions of Russian rubles)

	Year ended December 31,	
	2023	2022
Cash flows from operating activities		
Profit	24,247	65,171
<i>Adjustments</i>		
Depreciation and amortisation	15,249	13,992
Foreign exchange losses (gains), net	34,981	(7,734)
Deferred income tax (benefit) expense	(3,138)	4,741
Allowance for expected credit losses	900	846
Gain on restructuring, forgiveness of and write-off of trade and other payables	(481)	(129)
Write-off of inventories to net realisable value	1,904	2,090
Impairment of goodwill and other non-current assets, net, and loss on write-off of non-current assets	8,711	2,826
Finance income	(26,588)	(4,350)
Finance costs	31,704	29,682
Movements in provisions and probable tax risks	(5,032)	2,833
(Gain) loss on disposal of subsidiaries	(171)	41
Net curtailment and result of remeasurement of other long-term benefit liabilities and rehabilitation provision	(454)	(337)
Other	(495)	(894)
<i>Changes in working capital items</i>		
Trade and other receivables	(2,713)	(4,529)
Inventories	(14,669)	(5,009)
Trade and other payables	1,399	(9,641)
Advances received	2,323	(2,682)
Taxes payable and other liabilities	7,119	4,285
Other assets	(426)	(5,021)
Income tax paid	(10,045)	(8,133)
Net cash provided by operating activities	64,325	78,048

	Year ended December 31,	
	2023	2022
Cash flows from investing activities		
Interest received	792	978
Proceeds from loans issued and other investments	17	176
Proceeds from disposal of subsidiaries, net of cash disposed.....	194	(59)
Proceeds from disposals of property, plant and equipment.....	416	271
Purchases of property, plant and equipment and intangible assets.....	(23,344)	(12,551)
Net cash used in investing activities	(21,925)	(11,185)
Cash flows from financing activities		
Proceeds from loans and borrowings	77,427	38,862
Repayment of loans and borrowings	(106,540)	(69,810)
Purchase of non-controlling interest in subsidiaries.....	(3,150)	(270)
Dividends paid to non-controlling interests	(2)	(3)
Interest paid, including fines and penalties	(22,357)	(24,494)
Payment of principal portion of lease liabilities	(7,130)	(3,799)
Repayment and proceeds from other financial liabilities, net.....	(127)	(1,951)
Acquisition of assets under deferred payment terms.....	(206)	-
Net cash used in financing activities	(62,085)	(61,465)
Foreign exchange (losses) gains on cash and cash equivalents, net.....	(149)	871
Changes in allowance for expected credit losses on cash and cash equivalents	300	(270)
Net (decrease) increase in cash and cash equivalents	(19,534)	5,999
Cash and cash equivalents at beginning of period	23,700	17,701
Cash and cash equivalents, net of overdrafts at beginning of period	23,700	17,701
Cash and cash equivalents at end of period.....	7,227	23,700
Cash and cash equivalents, net of overdrafts at end of period	4,166	23,700

There were certain reclassifications to conform with the current period presentation.