

**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 <u>(unaudited)</u>	Nine months ended September 30, 2020 <u>(unaudited)</u>
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.