INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME for the three months ended March 31, 2020

(All amounts are in millions of Russian rubles)

	Three months ended March 31,	Three months ended March 31,
	2020	2019
	(unaudited)	(unaudited)
Revenue from contracts with customers	68,332	74,856
Cost of sales	(41,758)	(45,248)
Gross profit	26,574	29,608
Selling and distribution expenses	(13,099)	(13,574)
Impairment of goodwill and other non-current assets, net	(85)	-
Allowance for expected credit losses on financial assets	(375)	(120)
Taxes other than income taxes	(1,477)	(1,137)
Administrative and other operating expenses	(4,731)	(4,173)
Other operating income	209	233
Total selling, distribution and operating income and (expenses), net	(19,558)	(18,771)
Operating profit	7,016	10,837
Finance income	353	232
Finance costs including fines and penalties on overdue loans and borrowings and		
lease payments	(8,949)	(10,085)
Foreign exchange (loss) gain, net	(34,884)	11,979
Share of profit of associates, net	·	7
Other income	169	55
Other expenses	(64)	(180)
Total other income and (expense), net	(43,375)	2,008
(Loss) profit before tax	(36,359)	12,845
Income tax expense	(713)	(1,131)
(Loss) profit for the period	(37,072)	11,714
Attributable to:		
Equity shareholders of Mechel PAO	(36,878)	11,336
Non-controlling interests	(194)	378
Other comprehensive income	(- /	
Other comprehensive income (loss) that may be reclassified to profit or loss in		
subsequent periods, net of income tax:	2,576	(387)
Exchange differences on translation of foreign operations	2,576	(387)
Other comprehensive income not to be reclassified to profit or loss in subsequent		
periods, net of income tax:	94	14
Re-measurement of defined benefit plans	94	14
Other comprehensive income (loss) for the period, net of tax	2,670	(373)
Total comprehensive (loss) income for the period, net of tax	(34,402)	11,341
Attributable to:		
Equity shareholders of Mechel PAO	(34,211)	10,963
Non-controlling interests	(191)	378

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of March 31, 2020

(All amounts are in millions of Russian rubles)

	(All amounts are in millions of Russian rubles)	March 31, 2020	December 31, 2019
		(unaudited)	
Assets			
Non-current assets		4=0.040	.=
Property, plant and equipment		178,819	179,264
Right-of-use assets		15,796	17,728
Mineral licenses		30,847	31,075
Goodwill and other intangible assets		13,762	13,652
Investments in associates		323	321
Deferred tax assets		3,476	3,648
Other non-current assets		561	553
Non-current financial assets		192	232
Total non-current assets		243,776	246,473
Current assets			
Inventories		42,714	39,773
Income tax receivables		64	65
Trade and other receivables		22,168	15,340
Other current assets		7,538	6,982
Other current financial assets		412	363
Cash and cash equivalents		6,816	3,509
Total current assets		79,712	66,032
Total assets		323,488	312,505
Equity and liabilities			
Equity			
Common shares		4,163	4,163
Preferred shares		840	840
Treasury shares		(63)	(63)
Additional paid-in capital		24,434	24,434
Accumulated other comprehensive inc	come (loss)	1,819	(848)
Accumulated deficit		(310,632)	(273,754)
Equity attributable to equity shareh	nolders of Mechel PAO	(279,439)	(245,228)
Non-controlling interests		11,441	11,631
Total equity		(267,998)	(233,597)
Non-current liabilities			
Loans and borrowings		6,094	7,205
Lease liabilities		5,938	7,002
Other non-current financial liabilities		51,173	48,303
Other non-current liabilities		272	105
Pension obligations		5,076	4,933
Provisions		4,832	5,238
Deferred tax liabilities		13,799	13,877
Total non-current liabilities		87,184	86,663

Current liabilities

Loans and borrowings, including interest payable, fines and penalties on overdue amounts of RUB 14,069 million and RUB 11,111 million as of March 31, 2020 and December 31, 2019, respectively 412,343 381,317 Trade and other payables 42,156 38,244 Lease liabilities 10,143 10,353 Income tax payable 9,947 9,161 Taxes and similar charges payable other than income tax 12,442 9,228 Advances received and other current liabilities 11,058 5,816 Other current financial liabilities 297 147 Pension obligations 613 615 Provisions 5,303 4,558 504,302 459,439 **Total current liabilities** 591,486 546,102 **Total liabilities** 323,488 312,505 Total equity and liabilities

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the three months ended March 31, 2020

(All amounts are in millions of Russian rubles)

Cash flows from operating activities 2000 2010 Cash flows from operating activities 37,072 11,714 Closs) profit for the period (37,072) 11,714 Adjustments to reconcile (loss) profit to net cash provided by operating activities 3,992 3,658 Poregin exchange loss (gain), net 34,884 (11,979) Deferred income tax benefit 34,884 (11,979) Changes in allowance for expected credit losses and write-off of trade and other exceivables and payables, net 36 20 Write-off of inventories to net realisable value 36 20 Unpairment of goodwill and other non-current assets, net and loss on write-off of non-current assets 154 10 Finance income 3533 2322 Finance income 353 2322 Finance income 3894 10,085 Other 30 123 Provisions for legal claims, taxes and other provisions 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 2,060 1,485 Inventories 2,060		Three months ended March 31,	Three months ended March 31,
Cash flows from operating activities (37,072) 11,714 Adjustments to reconcile (loss) profit to net cash provided by operating activities 34,824 (11,979) Depreciation of property, plant and equipment and right-of-use assets, amortisation of mineral licenses and other intangible assets 3,992 3,658 Foreign exchange loss (gain), net 34,884 (11,979) Deferred income tax benefit - (8222) Changes in allowance for expected credit losses and write-off of trade and other receivables and payables, net 376 291 Unpairment of goodwill and other non-current assets, net and loss on write-off of inventrories to net realisable value 376 291 Inpairment of goodwill and other non-current assets, net and loss on write-off of inon-current assets 154 10 Finance costs including fines and penalties on overdue loans and borrowings and lease payments 387 1,485 Other 30 123 Provisions for legal claims, taxes and other provisions 387 1,485 Other 4,188 3,323 Inventories (2,060) (1,580) Trade and other receivables 4,584 224 Taxes payable and other liabilities<		2020	2019
Class profit for the period		(unaudited)	(unaudited)
Adjustments to reconcile (loss) profit to net cash provided by operating activities (Strat) <	Cash flows from operating activities	-	-
Adjustments to reconcile (loss) profit to net cash provided by operating activities Depreciation of property, plant and equipment and right-of-use assets, amortisation of mineral licenses and other intangible assets 3,992 3,658 Foreign exchange loss (gain), net 34,884 (11,979) Deferred income tax benefit - (822) Changes in allowance for expected credit losses and write-off of trade and other receivables and payables, net 346 65 Write-off of inventories to net realisable value 376 291 Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets 154 10 Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 3 232 Trade and other receivables (4,188) (3,323) Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities	(Loss) profit for the period	(37.072)	11.714
Section Sect		(61,612)	,/
Proreign exchange loss (gain), net			
Deferred income tax benefit		3,992	3,658
Changes in allowance for expected credit losses and write-off of trade and other receivables and payables, net 336 291		34,884	(11,979)
other receivables and payables, net 346 65 Write-off of inventories to net realisable value 376 291 Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets 154 10 Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items 4,188 (3,323) Inventories (2,060) (1,850) Trade and other receivables (4,188) (3,323) Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 11 49 Proceeds from loans issued and other investments <td></td> <td>-</td> <td>(822)</td>		-	(822)
Write-off of inventories to net realisable value 376 291 Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets 154 10 Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items 4,188 (3,323) Inventories (2,060) (1,850) Trade and other receivables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 39 272 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145	•	246	(5
Impairment of goodwill and other non-current assets, net and loss on write-off of non-current assets 154 10 Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items 4,188 (3,323) Inventories (2,060) (1,850) Trade and other receivables (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 39 272 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Proceeds			
off of non-current assets 154 10 Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items 4,188 (3,323) Inventories (2,060) (1,850) Trade and other receivables (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from glosposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) <td< td=""><td></td><td>3/6</td><td>291</td></td<>		3/6	291
Finance income (353) (232) Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items 30 123 Trade and other receivables (4,188) (3,323) Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41)		154	10
Finance costs including fines and penalties on overdue loans and borrowings and lease payments 8,949 10,085 Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items Trade and other receivables (4,188) (3,323) Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities Interest received 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Finance income		(232)
Provisions for legal claims, taxes and other provisions 387 1,485 Other 30 123 Changes in working capital items \$	· · · · · · · · · · · · · · · · · · ·		
Other 30 123 Changes in working capital items (4,188) (3,323) Inventories (2,060) (1,850) Inventories 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 39 272 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Provisions for legal claims, taxes and other provisions		
Trade and other receivables (4,188) (3,323) Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Other		
Cash flows from investing activities Cash flows from	Changes in working capital items		
Inventories (2,060) (1,850) Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Trade and other receivables	(4 188)	(3 323)
Trade and other payables 2,329 2,300 Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Inventories	, , ,	
Advances received 4,584 224 Taxes payable and other liabilities 3,830 1,935 Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Trade and other payables	, , ,	
Taxes payable and other liabilities Other assets Other assets (101) S51 Income tax paid Net cash provided by operating activities Cash flows from investing activities Interest received Interest received Proceeds from loans issued and other investments Proceeds from disposals of property, plant and equipment Purchases of property, plant and equipment Interest paid, capitalised Not each weed in investing activities (101) S851 (128) (522) 14,013 (139) (149) (1082) (1,082) (1,082) (1,082) (1,083)	Advances received		
Other assets (101) 851 Income tax paid (128) (522) Net cash provided by operating activities 15,959 14,013 Cash flows from investing activities Interest received 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)	Taxes payable and other liabilities		
Net cash provided by operating activities 15,959			
Net cash provided by operating activities15,95914,013Cash flows from investing activities3949Interest received1149Proceeds from loans issued and other investments39272Proceeds from disposals of property, plant and equipment4145Purchases of property, plant and equipment(1,901)(1,082)Interest paid, capitalised(41)(30)	Income tax paid	(128)	(522)
Cash flows from investing activities Interest received Interest received Proceeds from loans issued and other investments Proceeds from disposals of property, plant and equipment Purchases of property, plant and equipment Interest paid, capitalised Not such used in investing activities	Net cash provided by operating activities		
Interest received 11 49 Proceeds from loans issued and other investments 39 272 Proceeds from disposals of property, plant and equipment 4 145 Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30)		15,959	14,013
Proceeds from loans issued and other investments Proceeds from disposals of property, plant and equipment Purchases of property, plant and equipment Interest paid, capitalised (1,901) (1,082) (30)	Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment Purchases of property, plant and equipment Interest paid, capitalised (1,901) (1,082) (41) (30)	Interest received	11	49
Proceeds from disposals of property, plant and equipment Purchases of property, plant and equipment Interest paid, capitalised (1,901) (1,082) (41) (30)	Proceeds from loans issued and other investments	39	272
Purchases of property, plant and equipment (1,901) (1,082) Interest paid, capitalised (41) (30) Not each weed in investing activities	Proceeds from disposals of property, plant and equipment	4	
Interest paid, capitalised (41) (30)	Purchases of property, plant and equipment		
Not each used in investing estivities	Interest paid, capitalised		
	Net cash used in investing activities	(1,888)	(646)

Cash flows from financing activities

Proceeds from loans and borrowings, including proceeds from factoring arrangement of RUB 98 million and RUB 132 million for the three months ended March 31, 2020 and 2019, respectively	5,098	840
Repayment of loans and borrowings, including payments from factoring arrangement of nil and RUB 1,694 million for the three months ended March 31, 2020 and 2019, respectively	·	
Dividends paid to non-controlling interests	(10,752)	(4,304)
	(2)	(6)
Interest paid, including fines and penalties	(6,584)	(7,632)
Repayment of lease liabilities	(479)	(515)
Effect of sale and leaseback transactions	(11)	-
Deferred payments for acquisition of assets	(205)	(39)
Deferred consideration paid for the acquisition of subsidiaries in prior	(=00)	(65)
periods	<u> </u>	(361)
Net cash used in financing activities	(12,935)	(12,017)
Foreign exchange loss (gain) on cash and cash equivalents, net	645	(364)
Changes in allowance for expected credit losses on cash and cash equivalents	5	5
Net increase in cash and cash equivalents	1,786	991
Cash and cash equivalents at beginning of period	3,509	1,803
Cash and cash equivalents, net of overdrafts at beginning of period	2,867	380
Cash and cash equivalents at end of period	6,816	2,745
Cash and cash equivalents, net of overdrafts at end of period	4,653	1,371

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.