

Public Joint Stock Company «Mining and Metallurgical Company «NORILSK NICKEL»
(PJSC «MMC «NORILSK NICKEL», «Nornickel», the «Company», the «Group»)

NORICKEL REPORTS 1H2021 INTERIM CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow, August 5, 2021 — PJSC MMC Norilsk Nickel the world's largest palladium and high-grade nickel and a major producer of platinum and copper, reports interim consolidated IFRS financial results for six months ended June 30, 2021.

1H2021 HIGHLIGHTS

- Consolidated revenue increased 33% y-o-y to USD 8.9 billion owing to higher metal prices and increase of palladium sales volumes, which have more than offset production losses caused by the temporary suspension of Oktyabrsky and Taimyrsky mines due to their flooding and Norilsk concentrator, following an incident in February this year;
- After the water inflow to the underground mines was effectively stopped in late March, the Oktyabrsky mine resumed full production by the middle of May, while the Taimyrsky mine has been restored to 80% capacity and is expected to return to full capacity by the end of this November. Norilsk concentrator has reached 85% of its design capacity and is expected to return to full operations in early October this year;
- EBITDA increased three-fold y-o-y to USD 5.7 billion due to higher revenue and lower base effect of 1H2020, when USD 2.1 billion environmental provision related to the diesel fuel spill in Norilsk industrial area in May 2020 was recognized;
- CAPEX increased 80% y-o-y to almost USD 1 billion driven by stepped up investments in Sulfur project, South Cluster development as well as increased capital repairs and equipment upgrades investments aiming at the improvement of industrial safety and modernization of core assets;
- Net working capital increased more than two-fold to USD 1.8 billion mostly driven by one-off and seasonal factors such as changes in income tax payable and amortization of advance payments by customers. The Company confirms its working capital target of approximately USD 1 billion by the end of 2021;
- Free cash flow decreased 48% y-o-y to USD 1.4 billion driven by the reimbursement for the environmental damages in the amount of USD 2.0 billion and increased capital expenditures;
- Net debt increased 64% y-o-y to USD 7.7 billion owing to lower free cash flow, payment of final dividend for 2020 and the share buyback, with net debt/EBITDA ratio increased marginally to 0.7x as of June 30, 2021;
- On June 1, 2021, the Company's Board of Directors approved holistic environmental strategy covering six major areas (air, water, soil, tailings and waste management, biodiversity and climate change) and setting 21 concrete targets for 2030;
- In June 2021, the Company paid final dividend for 2020 in the amount of RUR 1,021.22 (approximately USD 13.89) per ordinary share;
- In June 2021, the Company completed share buyback, having repurchased from 5,382,079 ordinary shares at RUB 27,780 (around USD 384) per share for a total amount of approximately USD 2.1 billion.

RECENT DEVELOPMENTS

- In July 2021, Nor Nickel got a lawsuit from the Federal Agency for Fishery for 58.7 billion rubles. Based on the preliminary analysis the Group believes that the amount of damages in monetary terms to aquatic bioresources resulting from the 2020 diesel fuel spill as stated in the lawsuit by Rosrybolovstvo is overstated. It exceeds by many times the results of investigations carried out by specialized scientific institutions and experts, which have assessed the impact of this incident on aquatic bioresources. After completion of the analysis of the lawsuit, management plans to defend position of the Company in court and provide it's calculation of damages.

KEY CORPORATE HIGHLIGHTS

<i>USD million (unless stated otherwise)</i>	1H2021	1H2020	Change,%
Revenue	8,943	6,711	33%
EBITDA ¹	5,700	1,838	3x
EBITDA margin	64%	27%	37 p.p.
Profit for the period	4,304	45	96x
Capital expenditures	990	551	80%
Free cash flow ²	1,397	2,679	(48%)
Net working capital ^{2,4}	1,758	712 ⁵	2x
Net debt ²	7,734	4,705 ⁵	64%
Net debt/12M EBITDA	0.7x	0.6x ⁵	0.1x
Dividends paid per share (USD) ³	13.9	17.9	(22%)

1) A non-IFRS measure, for the calculation see the notes below.

2) A non-IFRS measure, for the calculation see an analytical review document ("Data book") available in conjunction with Consolidated IFRS Financial Results on the Company's web site.

3) Paid during the current period

4) Normalized on receivables from the registrar on transfer of dividends

5) Reported as of December 31, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The President of Nor Nickel, Vladimir Potanin, commented on the results,

"First half of 2021 was full of events, which had quite an opposite impact on our financial performance. On one hand, the suspension of two mines in Norilsk division and an accident at Norilsk concentrator resulted in a loss of production and thereof lower revenue and profits. Currently, Oktyabrsky mine is operating at full nameplate capacity, Taimyrsky mine has recovered to 80% capacity, while Norilsk concentrator has gone through a number of repairs and is running at 85% of capacity. Full recovery of both mines and the concentrator is expected in the fourth quarter 2021. On the other hand, our metal basket enjoyed strong support from the positive trends in the global commodity markets. However, the sustainability of such a benign price environment will depend on how quickly the short-term recovery of the global economy after an unprecedented recession of last year will fade away, how much longer the world's largest central banks could continue their extremely soft monetary and fiscal policies and how much further investors' optimism regarding the pace of decarbonization of the global economy can grow.

At the same time, we are experiencing a material increase in tax burden following the recent changes in tax regime in Russia. On top of the three and a half times increase in mineral extraction tax that has already affected our 1H2021 financial results, the Russian government has just announced a temporary re-introduction of export duties on nickel and copper in 2H2021 and according to public comments by government officials, it appears that adjustment of taxation system might not be done yet.

The execution of our sustainability agenda has step changed. We have developed and approved new holistic environmental and climate change strategy, focusing on the mitigation of adverse impact on air, water, soil, biodiversity as well as on waste and tailings management. The strategy includes specific targets for each of these areas, which have already been incorporated into short- and long-term management KPIs. As part of the 'clean air' programme we continued the execution of the Sulfur project at Nadezhda metallurgical plant in Norilsk. Our capital expenditures in the reported period almost doubled to USD 1 billion including investment in environmental programmes and modernization of fixed assets. At the same time, our broad-scale modernization of energy infrastructure aimed at improvement of industrial safety and energy efficiency resulted in lower carbon emissions in 2019-2020 allowing us to produce the first batch of certified carbon-neutral nickel.

Our financial performance in 1H2021 was quite strong. Revenue increased 33% year-on-year to USD 8.9 billion on the back of higher metal prices and sales of palladium and rhodium driven by the ramp up of a new line for production of precious metals from chlorine leaching residues at Kola MMC. EBITDA grew three-fold to USD 5.7 billion owing mostly to a low base effect of 1H2020, when expenses of around USD 2 billion related to the reimbursement of environmental damages caused by the diesel spill were recognized. Working capital increased to USD 1.8 billion driven by a number of seasonal and one-off factors that we expect to be reversed in the second half of the year. In spite of higher EBITDA, free cash flow decreased almost 50% to USD 1 billion mainly due to the payment of environmental damages to Russian Federal Service for Supervision of Natural Resource following an arbitration court ruling.

Net debt increased to USD 7.7 billion, while net debt/EBITDA ratio was almost flat at 0.7x staying at a conservative level, well below our average leverage through the cycle. Financial stability of the Company is confirmed by investment grade credit ratings assigned by all three major international agencies”.

HEALTH AND SAFETY

In 1H2021, despite ongoing improvement in our management of health and safety of employees, the lost time injury frequency rate (LTIFR) increased 60% y-o-y in 1H2021 from 0.2 to 0.32, but remaining remained below the global mining industry average. The increase in LTIFR rate was mainly driven by a stricter methodology applied to reporting injuries. We have increased improved the transparency in reporting and quality of injuries data collection. The improvement in transparency aims at not only fatalities and serious injuries, but also injuries of medium and light severity as well as micro ones. In addition to providing incentives for a better reporting, the disciplinary measures have been also tightened for concealing injuries of all categories to encourage management to disclose full information about incidents. Regretfully, we tragically suffered five fatal accidents during the reported period (same as in 1H2020), partly due to the group accident at Norilsk Concentrator, where we suffered 3 casualties lives were lost in February 2021. Each accident has been duly reported and thoroughly investigated to by the Board of Directors, while management and has designed pre-emptive initiatives been thoroughly investigated in order to address causes leading to such prevent fatalities in the future. The management reiterates its major strategic focus of transforming Norilsk Nickel into a zero-fatality mining company adhering to the world's best safety standards. A wide range of programmes and various initiatives to prevent occupational injuries and fatalities are being rolled out and implemented.

A comprehensive review of industrial safety requirements and standards is scheduled for 2022, in order to identify priority areas, where for reducing those safety violations that potentially leading to fatal and serious injuries occur.

METAL MARKETS

Nickel in 1H2021: owing to overly optimistic market sentiment the price rallied 40% y-o-y to USD 17,466 per tonne; global demand increased by 25% y-o-y driven by post-COVID recovery across all nickel-consuming industries with the battery sector being especially strong (+81%) driven by the surge in BEV sales in China and Europe; global supply increased 7% as result of ongoing ramp-up of Indonesian NPI capacity (+65%) while Class-1 nickel output was down 10%; combined exchange stocks of LME and SHFE were down 10% YTD to 238 kt as a reflection of the market running a temporary deficit.

Optimism toward the global economic recovery, rising forecasts of electric vehicles production and US dollar weakness boosted by massive stimulus packages across major economies propelled the nickel price to almost USD 20,000 per tonne in the end of February, the highest level since 2014. However, the Tsingshan's announced intention to convert its Indonesia-produced nickel matte into nickel sulphate brought an end to the 11 months-long bull run sending the price down to USD 16,000 per tonne. After a short consolidation phase in April, nickel resumed its upward trend along other base metals on higher inflation expectations getting above USD 18,500 per tonne by the end of June.

In 1H2021, average LME nickel price increased 40% y-o-y to USD 17,466 per tonne.

The post-COVID rebound in global nickel demand, having started already in 4Q2020, accelerated in 1H2021 to a 25% y-o-y increase. The recovery in stainless industry has been led by China and Indonesia, which increased their 300-series output by 25% and 114% y-o-y, respectively. This was fueled not only by the recovery of Chinese domestic consumption, but also by support measures for consumer spending rolled out in US and EU resulting in growing Chinese export of stainless-contained finished goods. In other major stainless-producing regions the output has also returned to pre-pandemic level: EMEA and Americas were up 15% y-o-y, India and Japan +11% y-o-y, and South Korea +6% y-o-y.

Battery sector demand was exceptionally strong driven by a dramatic 177% surge in BEV sales in January-May on the back of government incentives and overall strengthening of consumer sentiment. China was the epicenter of growth with sales surging +283% y-o-y followed by the USA (+150% y-o-y) and Europe (+123% y-o-y).

Nickel demand in other non-stainless applications (including specialty steels, standard alloys, superalloys and plating) increased by 7% y-o-y alongside the recovery of end-use demand in aerospace, automotive and oil and gas industries.

In 1H2021, global nickel production increased by 7% y-o-y to 1.3 mln tonnes. The Indonesian NPI capacities albeit were ramping-up somewhat slower than expected, still added over 160 kt of new supply (Indonesian capacity increased 65%), which more than offset the decline in Chinese NPI output (down 17% or 45 kt) and lower nickel metal production caused by the suspensions of Nornickel's two underground mines and a concentrator in Norilsk, a strike at Vale Sudbury and reduced operating rate at Glencore's Murrin Murrin.

We estimate that the nickel market flipped to a temporary deficit of 87 kt in 1H2021, with the deficit being registered mainly in Class 1 nickel products, as exemplified by drawdown of nickel exchange inventories, increasing market premiums and geographic arbitrage. In 1H2021, Combined nickel inventories at LME and SHFE decreased by 10% to 238 kt from 265 kt as of year-end as a reflection of the market running a deficit.

Nickel outlook: neutral in the short-term, but more positive longer-term; we expect the market deficit to sustain in 2021, but turn into a surplus in 2022 on the back of further ramp-up of Indonesian NPI and HPAL capacities; the battery sector, currently growing at a double-digit rate driven by government incentives, legislative support and production cost optimisation, will remain the major consumption driver in the next 5-10 years as the world is steadily moving towards the carbon-neutral economy.

We expect the primary nickel demand to increase 15% y-o-y in 2021 and 11% y-o-y in 2022 primarily driven by stainless steel production in China and Indonesia, continuing demand growth in the battery sector and a moderate recovery of other non-stainless industries.

Primary nickel supply is anticipated to increase 11% y-o-y in 2021 and accelerate to 16% y-o-y growth in 2022. The ongoing ramp-up of NPI and HPAL projects in Indonesia and recovery of Class 1 nickel production are going to offset positively the reduction of NPI output in China, which we expect to be driven by the shortage of ore supplies and depletion of domestic ore stocks.

In the longer term, the global EV market is expected to maintain double-digit growth rates driven by government incentives, rolled out almost everywhere. The global capacity of battery manufacturing is estimated to increase to more than 3 TWh by 2030 (from 750 GWh in 2020), which should be a very strong driver of nickel demand. Even though the competition from LFP (iron-phosphate, no nickel contained) battery cathodes may pose a potential threat to nickel demand in the battery sector short-term, in the longer run (2025-26) we expect its market share to reduce to approximately 10% (from 20% currently) as nickel-intensive 8:1:1 NCM technology will be widely adopted. In our base case scenario, the nickel consumption in batteries is forecasted to grow above 1 mln tonnes by 2030, driven by tightening environmental standards, subsidies-driven autos' electrification and cost optimization of battery cell production. In addition, according to the Nickel Institute estimates, the annual demand for nickel in low carbon power generation is expected to increase to almost 1 mln tonnes by 2050 (from 35 kt currently) , mostly driven by the expansion of wind power and concentrated solar power and, to a lesser extent, by marine and geothermal energy.

Copper in 1H2021: moderate deficit emerged as supply was unable to catch up with the post-pandemic economic recovery; recently announced multi-billion infrastructure projects focused on carbon neutrality instigated additional investment demand taking the copper price to a record high of USD 10,725 per tonne in May.

Having started the year at USD 7,900 per tonne, copper price steadily increased during 1H2021 on the back of global economic recovery, supported by improving sentiment on a successful global rollout of vaccination, new governments' stimulus packages and higher speculative interest. Weak US dollar, lower than expected copper production, the decline in LME stocks, higher speculative interest and the announcement of Biden's administration infrastructure plan drove the copper price to an all-time record high of USD 10,725 per tonne at the beginning of May. However, prices retreated below USD 10,000 per tonne over the second half of May owing to a recommendation issued by China's Banking and Insurance Regulatory Commission to stop selling investment products linked to commodities futures. The temporary strengthening of US dollar and confirmation that China's State Reserves Bureau would start selling metals (including copper) in the coming months dragged copper price down to USD 9,000 per tonne, but at the end of June it somewhat recovered to USD 9,385 per tonne.

The average LME copper price in 1H2021 increased 65% y-o-y to USD 9,092 per tonne.

After a sharp COVID-related decrease in 2020, copper demand recovered moderately (3% y-o-y) in 1H2021 growth. Europe was 6% y-o-y, leading the global recovery of copper consumption.

Global mine production increased 1% y-o-y as lockdowns eased and the industry adapted to stricter sanitary protocols. Most notable growth was seen in Indonesia, Peru, Congo and Panama due to the additional output from new and expanding operations.

Exchange stocks in 1H2021 increased to 411 kt (+55% YTD) from a multi-year low level at the beginning of January.

Copper outlook: neutral as the price is already well above the cash-cost curve; the market to experience a moderate deficit of 282 kt; global consumption to increase 3% in 2021 in line with the improvement of broader economic conditions with supply staying roughly flat year-on-year.

We anticipate that the copper market will remain generally balanced in the near term, running a deficit of less than 1% of the global consumption (or 282 kt) as the global economy recovers from coronavirus.

Manufacturing activity seems to have adapted to the new normal and is expected to be uninterrupted by the new waves of the pandemics, provided end-use demand remains solid and no other supply chain-related disruptions emerge. In our view, global copper demand will increase 3% to 24.2 mln tonnes in 2021. Copper substitution with aluminium may also partially reduce copper demand in the most price-elastic applications.

The COVID-19 related production disruptions and strikes in Latin America may still affect global copper output in 2021, which we expect should result in practically no changes in global output, forecasted at approximately 24 mln tonnes.

We expect a moderate market surplus of 319 kt (less than 1% of total consumption) in 2022 as three new projects will deliver additional volumes: Spence in Chile, Mina Justa in Peru and Kamoakakula in Congo.

In the longer run, copper demand will be driven by copper-intensive renewable energy capacities expansion and transport electrification, including power station network development and power grid upgrades, which may shift the market into deficit subject to no adequate supply response.

Palladium in 1H2021: price reached its new historic high of nearly USD 3,000 per troy ounce on the back of recovery in the automotive sector and supply concerns caused by mines and a concentrator suspension at Norilsk Nickel; palladium-to-platinum substitution is still very limited and not impacting the demand.

Early in the year palladium was trading within the range of USD 2,300-2,500 per troy ounce, then started to rally in the middle of March reaching its new record high of USD 2,994 per troy ounce in early May. Such a strong performance was mainly driven by accelerating recovery of global car production and further tightening of the emission regulations around the globe, pushing PGM loadings per vehicle higher. Production losses at Norilsk Nickel amplified the positive momentum as market participants worried about the potential physical tightness of supply. In May-June, the palladium price fluctuated within the range of USD 2,500-2,900 per troy ounce.

The average palladium price in 1H2021 increased 21% y-o-y to USD 2,592 per troy ounce.

In 1H2021, global automotive sales grew by 33% y-o-y to 42 mln vehicles (though still 7% lower than in 1H2019), with the automotive markets of China and the USA returning to pre-COVID levels. The full recovery in automotive sector was crippled by chip shortage that resulted in a production loss of approximately 2 mln vehicles (circa 200 koz of palladium demand).

The suspension of operations in Norilsk unnerved the market sentiment, but did not have a material impact on the market balance as South Africa recovered from the COVID-related disruptions and started releasing the work-in-progress material accumulated due to technical issues with converters in 2020.

Palladium outlook: positive; the market is expected to run a 0.9 moz deficit this year; auto industry is showing healthy recovery driving the palladium demand up 15% y-o-y; supply to grow by 8% y-o-y as supply losses in Russia will be offset by higher refined metal output in Africa and by growing number of metal units coming from recycling.

In 2021, we expect industrial palladium consumption to increase 14% y-o-y to 10.9 moz as end-use demand recovers after the period of strict COVID-related restrictions of 2020. The automotive industry will be the main driver of growth, with other areas of palladium consumption growing at a rate varying from 5% (electronics) to 12% (chemical industry).

Global primary refined palladium output is anticipated to increase 5% to 6.5 moz in 2021, backed by the recovery of South African operations to their full capacity and the release of accumulated work-in-progress inventory. A strong rebound in PGMs' autocatalyst recycling volumes is also expected, with more old vehicles scrapped as the new vehicles' sales resume after the pandemic. Palladium recovery from spent catalysts and other secondary supply sources is forecasted to increase 14% to 3.6 moz in 2021.

As the negative effect of chip shortage fades away and supply from Russia decreases in 2H21 (owing to a long lead time from mine to refined PGMs, with mine suspensions in 1H21 impacting negatively 2H21 refined PGM output), we expect a 0.9 moz deficit for the full year 2021.

In 2022, we expect the global light-vehicle sales to recover to over 92 mln units (up 7% y-o-y) from 86 mln units in 2021. Palladium mine production will recover to the pre-COVID levels, and secondary supply is expected to set another record high with a double-digit growth due to higher number of vehicles hitting scrapyards and higher palladium loadings per recycled vehicle. However, the increase in supply is not going to be sufficient to fully balance the market and we expect palladium market in 2022 to run a 0.7 moz deficit.

Platinum in 1H2021: market remained oversupplied as refined metal production went up at a higher pace than demand; after reaching a 6-year high, the price consolidated between USD 1,000 and 1,100 per troy ounce as investors' interest faded.

Having started to rally at the beginning of the year, platinum price reached a 6-year record high of above USD 1,300 per troy ounce in mid-February. After that, a correction was witnessed, with the price drifting down towards USD 1,000-1,100 per troy ounce. In our opinion, these price movements should be attributed more to speculative actions rather than fundamental reasons. In 1Q2021, NYMEX registered a significant increase in open interest (+12% q-o-q), average trading volumes (+20% q-o-q) and the number of speculative positions (+13% q-o-q), all of which reduced drastically in the second quarter. The investors' interest in platinum was heated up by the widespread attention to ESG matters and expectations of accelerated expansion of renewable energy generation and hydrogen economy, in particular.

In 1H2021, the average LPPM platinum price increased 38% y-o-y to USD 1,170 per troy ounce

The ETF inflow in 1H2021 reduced from 2H2020 to 125 koz from 500 koz as elevated price levels reduced investors' appetite.

In 1H2021, platinum offtake by most industries increased significantly against the backdrop of the general revival of economic activity. In spite of the continuing decline in diesel share on the European market, metal consumption in the automotive sector is expected to grow this year by 20%, primarily because of the introduction of China V regulation that implies a three-time increase in platinum loadings per heavy-duty truck in the country. Positive changes are seen in jewellery, electronics, glass and medical sectors.

In 1H2021, global primary refined platinum production recovered rapidly as South African producers went back to normal operations, and the work-in-progress material accumulated in 2020 was released to the market.

Platinum outlook – neutral; the recovery in automotive, jewellery and other industries will lag behind the supply expansion moving the market to a 1 moz surplus this year, with a part of this surplus absorbed by investment demand.

We forecast that platinum demand (excl. investments) will grow by 9% to 7 moz in 2021, predominantly on the back of general automotive market recovery and higher metal use in trucks in China. Mine supply is expected to grow by 25% to 6.1 moz as South African mining companies release work-in-progress material accumulated in 2020. Secondary supply from recycling is anticipated to increase by 11% y-o-y to 1.9 moz as scrapyards return to full capacity after a period of limited activity during the pandemics.

In 2022, the platinum market surplus should reduce to 0.7 moz, in our opinion, as automotive and jewellery demand recovery continues and the pace of supply growth gets slower.

According to our assessment, palladium substitution with platinum, albeit being actively communicated to the public by some industry participants, has not been widely implemented yet. We consider this as a long-term opportunity. The future of platinum demand strongly depends on the prospects of the hydrogen economy.

KEY SEGMENTAL HIGHLIGHTS¹

<i>USD million (unless stated otherwise)</i>	1H2021	1H2020	Change,%
Revenue	8,943	6,711	33%
GMK Group	4,632	6,080	(24%)
South cluster	384	311	23%
KGMK Group	5,054	4,015	26%
NN Harjavalta	809	599	35%
GRK Bystrinskoye	699	421	66%
Other mining	31	39	(21%)
Other non-metallurgical	1,000	719	39%
Eliminations	(3,666)	(5,473)	(33%)
EBITDA	5,700	1,838	3x
GMK Group	2,567	2,003	28%
South cluster	217	176	23%
KGMK Group	2,302	424	5x
NN Harjavalta	60	59	2%
GRK Bystrinskoye	566	277	2x
Other mining	(9)	(34)	(74%)
Other non-metallurgical	7	(3)	n.a.
Eliminations	405	(678)	n.a.
Unallocated	(415)	(386)	8%
EBITDA margin	64%	27%	37 p.p.
GMK Group	55%	33%	22 p.p.
South cluster	57%	57%	0 p.p.
KGMK Group	46%	11%	35 p.p.
NN Harjavalta	7%	10%	(3 p.p.)
GRK Bystrinskoye	81%	66%	15 p.p.
Other mining	(29%)	(87%)	58 p.p.
Other non-metallurgical	1%	0%	1 p.p.

1) Segments are defined in the consolidated financial statements

In August 2020, in order to improve management efficiency it was decided to form Norilsk, Kola and Trans-Baikal divisions. Norilsk division includes GMK Group, South Cluster and a number of companies from Other non-metallurgical segment. Kola division includes KGMK Group and NN Harjavalta, as well as a number of companies from Other non-metallurgical segment. Trans-Baikal division includes the GRK Bystrinskoye segment, as well as a number of companies from Other mining and other non-metallurgical segments.

In 1H2021, revenue of GMK Group segment decreased 24% to USD 4,632 million primarily due to decrease of revenue from matte to Kola MMC as well as lower copper sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and an accident at Norilsk Concentrator, that was partly compensated by higher realized metal prices.

Revenue of South cluster segment increased 23% to USD 384 million primarily driven by higher realized prices on semi-products delivered to GMK Group, that was partly compensated by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and an accident at Norilsk Concentrator.

Revenue of KGMK Group segment increased 26% to USD 5,054 million primarily owing to higher realized metal prices, that was partly compensated by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and an accident at Norilsk Concentrator.

Revenue of NN Harjavalta increased 35% to USD 809 million driven by higher realized metal prices that was partly compensated by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and an accident at Norilsk Concentrator.

Revenue of GRK Bystrinskoye segment increased 66% to USD 699 million primarily driven by higher iron price as well as planned increase in production capacity at Bystrinsky GOK.

Revenue of Other mining segment decreased 21% to USD 31 million owing to lower sales volumes of semi-products following the termination of Nkomati's activities in 1H2021, that was partly compensated by higher metal prices.

Revenue of Other non-metallurgical segment increased 39% to USD 1,000 million primarily due to higher revenue from resale of metals purchased from third parties and increase in revenue from other sales.

In 1H2021, EBITDA of GMK Group segment increased 28% to USD 2,567 million primarily owing to decrease in expenses on environmental provisions that was partly compensated by lower revenue.

EBITDA of South cluster segment increased 23% to USD 217 million due to higher revenue.

EBITDA of KGMK Group segment increased 5 times to USD 2,302 million primarily owing to higher realized metal prices and higher margin on matte processing following the revision of purchase price formula.

EBITDA of NN Harjavalta increased 2% to USD 60 million. Higher revenue was negatively offset by the increase in expenses due to the higher prices of purchased semi-products.

EBITDA of GRK Bystrinskoye segment increased 2 times to USD 566 million primarily due to higher revenue.

EBITDA of Other metallurgical segment increased by USD 25 million to negative USD 9 million primarily owing to lower Nkomati's expenses.

EBITDA of Other non-metallurgical segment increased by USD 10 million and amounted to positive USD 7 million owing to increase in revenue from other sales.

EBITDA of Unallocated segment decreased by USD 29 million and amounted to a negative USD 415 million.

SALES VOLUME AND REVENUE	1H2021	1H2020	Change,%
Metal sales			
Group			
Nickel, thousand tons ¹	98	99	(1%)
from own Russian feed	83	93	(11%)
from 3d parties feed	2	1	2x
in semi-products ²	13	5	3x
Copper, thousand tons ¹	148	217	(32%)
from own Russian feed	110	182	(40%)
in semi-products ²	38	35	9%
Palladium, koz ¹	1,347	1,274	6%
from own Russian feed	1,345	1,262	7%
in semi-products ²	2	12	(83%)
Platinum, koz ¹	313	324	(3%)
from own Russian feed	312	322	(3%)
in semi-products ²	1	2	(50%)
Rhodium, koz ¹	26	24	8%
from own Russian feed	26	23	13%
in semi-products ²	-	1	(100%)
Cobalt, thousand tons ¹	2	2	0%
from own Russian feed	1	1	0%
from 3d parties feed	1	1	0%
Gold, koz ¹	172	178	(3%)
from own Russian feed	81	85	(5%)
in semi-products ²	91	93	(2%)
Average realized prices of refined metals produced by the Group			
Metal			
Nickel (USD per tonne)	17,591	12,739	38%
Copper (USD per tonne)	8,928	5,475	63%
Palladium (USD per oz)	2,530	2,102	20%
Platinum (USD per oz)	1,158	847	37%
Rhodium (USD per oz)	24,052	9,343	3x
Cobalt (USD per tonne)	33,771	32,185	5%
Gold (USD per oz)	1,825	1,624	12%
Revenue, USD million³			
Nickel	1,696	1,264	34%
including semi-products	190	70	3x
Copper	1,575	1,168	35%
including semi-products	309	168	84%
Palladium	3,676	3,075	20%
including semi-products	22	55	(60%)
Platinum	366	278	32%
including semi-products	4	6	(33%)
Rhodium	644	216	3x
including semi-products	6	2	3x
Gold	305	289	6%
including semi-products	157	151	4%
Other metals	335	155	2x
including semi-products	229	81	3x
Revenue from metal sales	8,597	6,445	33%
Revenue from other sales	346	266	30%
Total revenue	8,943	6,711	33%

1) All information is reported on the 100% basis, excluding sales of refined metals purchased from third parties and semi-products purchased from Nkomati.

2) Metal volumes represent metals contained in semi-products.

3) Includes metals and semi-products purchased from third parties and Nkomati.

Nickel

Nickel sales retained its share of 20% of total metal revenue in 1H2021.

In 1H2021, nickel revenue increased 34% to USD 1,696 million. The rise was primarily driven by higher realized nickel price (+USD 482 million), which was partially offset by lower sales volume (-USD 50 million).

The average realized price of refined nickel increased 38% to USD 17,591 per tonne in 1H2021 vs USD 12,739 per tonne in 1H2020.

Sales volume of refined nickel produced from own Russian feed, decreased 11% (or -10 thousand tonnes) to 83 thousand tonnes following the suspension of mining operations at Oktyabrsky and Taimyrsky underground mines caused by the inflow of groundwater as well as the suspension at the Norilsk Concentrator. Sales volume of refined nickel produced from third-party feed increased 2 times to 2 thousand tonnes due to increase in the processing of third party feed at Harjavalta.

In 1H2021, sales of nickel in semi-products increased 3 times to USD 190 million primarily due to an increase in the sales volume of semi-products following the shut down of a smelter at Kola MMC.

Copper

In 1H2021, copper sales remained unchanged at 18% of the Group's total metal sales. Copper revenue increased 35% (or +USD 407 million) to USD 1,575 million driven by the higher realized copper price (+USD 740 million), which was partly offset by lower sales volume (-USD 622 million).

The average realized price of refined copper increased 63% from USD 5,475 per tonne in 1H2020 to USD 8,928 per tonne in 1H2021.

Physical volume of refined copper sales from the Company's own Russian feed decreased 40% (or -72 thousand tonnes) to 110 thousand tonnes following the suspension of mining operations at Oktyabrsky and Taimyrsky underground mines caused by the inflow of groundwater as well as the suspension at the Norilsk Concentrator. Revenue from copper in semi-products in 1H2021 increased 84% to USD 309 million driven by higher copper price.

In 1H2021, revenue from the resale of copper purchased from third parties amounted to USD 289 million.

Palladium

In 1H2021, palladium accounted for 43% of total metal revenue, down by 5 p.p. y-o-y. Palladium revenue increased 20% (or +USD 601 million) to USD 3,676 million due to higher realized price (+USD 530 million) and higher sales volume (+USD 185 million).

The average realized price of refined palladium increased 20% from USD 2,102 per troy ounce in 1H2020 to USD 2,530 per troy ounce in 1H2021.

In 1H2021, physical volume of refined palladium sales from the Company's own Russian feed increased 7% (or 83 thousand troy ounces) to 1,345 thousand troy ounces. Increase in production volume driven by the ramp-up of a new precious metals production line using chlorine leaching at Kola MMC was partly compensated by the negative impact of the accidents at the Oktyabrsky and Taimyrsky underground mines and the Norilsk Concentrator.

Revenue of palladium in semi-products decreased 60% to USD 22 million in 1H2021 primarily due to lower sales volume of semi-products resulting from the processing of all semi-products produced by NN Harjavalta at the Polar division refinery in 1H2021.

In 1H2021, revenue from the resale of palladium purchased from third parties amounted to USD 253 million (vs USD 367 million in 1H2020).

Platinum

In 1H2021, platinum sales increased 32% (or +USD 88 million) to USD 366 million. The share in the Group's total metal revenue remained unchanged and accounted for 4%. Increase in the realized platinum price (+USD 101 million) was partly compensated by the decline in sales volume (-USD 13 million).

In 1H2021, physical volume of refined platinum sales from the Company's own Russian feed decreased 3% (or -10 thousand troy ounces) to 312 thousand troy ounces. The decline in production volume associated with the negative impact of the accidents at the mines Oktyabrsky and Taimyrsky and the Norilsk Concentrator was almost offset by the ramp-up of a new precious metals production line using chlorine leaching at Kola MMC.

Revenue of platinum in semi-products in 1H2021 decreased 33% to USD 4 million.

Rhodium

In 1H2021, revenue from rhodium increased 3 times (or +USD 428 million) due to the favorable price environment.

Gold

In 1H2021, revenue from gold increased 6% (or +USD 16 million) primarily due to higher market price.

Other metals

In 1H2021, revenue from other metals doubled (or +USD 180 million) to USD 335 million primarily driven by higher revenue from iron ore concentrate on the back of favorable price environment and the ramp up of Bystrinsky project.

OTHER SALES

In 1H2021, other sales increased 30% (or +USD 80 million) to USD 346 million primarily due to an increase of air transportation services following the lift of travel restrictions related to the COVID-19 pandemic and higher oil products sales.

COST OF SALES

Cost of metal sales

In 1H2021, the cost of metal sales increased 13% (or +USD 277 million) to USD 2,461 million, driven by the following factors:

- Increase in cash operating costs by 18% (or +USD 337 million);
- Decrease in depreciation and amortisation by 8% (or -USD 37 million);
- Comparative effect of change in metal inventories y-o-y leading to cost of metal sales decrease of USD 23 million.

Cash operating costs

In 1H2021, total cash operating costs increased 18% (or +USD 337 million) to USD 2,224 million mainly owing to higher purchases of refined metals for resale (+USD 275 million) and increase in mineral extraction tax and other levies in real terms (+USD 180 million).

The positive effect of Russian rouble depreciation (-USD 96 million) was partly compensated by inflationary growth of cash operating costs (+USD 59 million).

<i>USD million</i>	1H2021	1H2020	Change, %
Labour	651	696	(6%)
Purchases of refined metals for resale	572	297	93%
Mineral extraction tax and other levies	286	114	3x
Materials and supplies	256	315	(19%)
Third party services	127	104	22%
Purchases of raw materials and semi-products	72	101	(29%)
Fuel	56	59	(5%)
Electricity and heat energy	55	74	(26%)
Transportation expenses	52	35	49%
Sundry costs	97	92	5%
Total cash operating costs	2,224	1,887	18%
Depreciation and amortisation	400	437	(8%)
Increase in metal inventories	(163)	(140)	16%
Total	2,461	2,184	13%

Labour

In 1H2021, labour costs decreased 6% (or USD -45 million) to USD 651 million amounting to 29% of the Group's total cash operating costs driven by the following factors:

- -USD 45 million – positive effect of the Russian rouble depreciation against US dollar;
- +USD 39 million - indexation of salaries and wages in line with the terms of collective bargaining agreement;
- -USD 31 million – decrease of hardship payments to employees, related to the pandemic, due to higher base effect in 1H2020;
- -USD 8 million – primarily decrease in headcount driven by the shutdown of smelting and metallurgical workshops at Kola MMC and termination of Nkomati's operations.

Purchases of refined metals for resale

In 1H2021, purchases of refined metals for resale increased 93% (or USD 275 million) to USD 572 million owing to the purchases of copper in order to cover production losses caused by the suspension of two mines and the Norilsk Concentrator, which was partly compensated by lower purchases of palladium.

Mineral extraction tax and other levies

In 1H2021, mineral extraction tax and other levies increased 3 times (or USD 172 million) to USD 286 million driven by the following factors:

- -USD 8 million - positive effect of the Russian rouble depreciation against US dollar;
- +USD 180 million – primarily due to mineral extraction tax rate increase.

Materials and supplies

In 1H2021, expenses for materials and supplies decreased 19% (or USD 59 million) to USD 256 million driven by the following factors:

- -USD 18 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 43 million - lower consumption of materials primarily related to suspension of Oktyabrsky and Taimyrsky underground mines caused by the inflow of groundwater and an accident at Norilsk Concentrator;
- +USD 5 million - inflationary growth of materials and supplies expenses.

Third-party services

In 1H2021, cost of third party services increased 22% (or USD 23 million) to USD 127 million mainly driven by:

- -USD 6 million - positive effect of the Russian rouble depreciation against US dollar;
- +USD 20 million – increase in repair services;
- +USD 3 million - inflationary growth of third-party services.

Purchases of raw materials and semi-products

In 1H2021, purchases of raw materials and semi-products decreased 29% (or USD 29 million) to USD 72 million driven by the following factors:

- -USD 55 million – lower processed volumes of Rostec copper concentrate;
- +USD 28 million – higher volumes of purchased semi-products for processing at NN Harjavalta.

Fuel

In 1H2021, fuel expenses decreased 5% (or USD 3 million) to USD 56 million driven by the following factors:

- -USD 4 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 4 million - lower fuel expenses in Norilsk industrial region mainly due to the temporary suspension of two mines and an accident at Norilsk Concentrator.
- +USD 5 million - inflationary growth of fuel expenses.

Electricity and heat energy

In 1H2021, electricity and heat energy expenses decreased by USD 19 million to USD 55 million driven by the following:

- -USD 3 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 15 million - cost decrease primarily related to the shutdown of smelting and metallurgical workshops at Kola MMC and termination of Nkomati's operations.

Transportation expenses

In 1H2021, transportation expenses increased 49% (or +USD 17 million) to USD 52 million driven by the following factors:

- -USD 2 million - positive effect of the Russian rouble depreciation against US dollar;
- +USD 2 million - inflationary growth of expenses;
- +USD 17 million – primarily increase in transportation expenses in Norilsk industrial region related to higher volumes of services within the program of production facilities' safety improvement.

Sundry costs

In 1H2021, sundry costs increased 5% (or +USD 5 million) to USD 97 million.

Depreciation and amortisation

In 1H2021, depreciation and amortisation expenses decreased 8% (or -USD 37 million) to USD 400 million, mainly driven by positive effect of the Russian rouble depreciation (-USD 29 million).

Increase in metal inventories

Comparative effect of change in metal inventory amounted to -USD 23 million resulting in a respective decrease of cost of metal sales.

COST OF OTHER SALES

In 1H2021, other sales increased 16% to USD 345 million primarily due to an increase of air transportation services following the lift of restrictions related to the COVID-19 pandemic and higher oil products sales.

SELLING AND DISTRIBUTION EXPENSES

<i>USD million</i>	1H2021	1H2020	Change, %
Transportation expenses	41	31	32%
Marketing expenses	23	22	5%
Staff costs	7	7	0%
Other	16	12	33%
Total	87	72	21%

In 1H2021, selling and distribution expenses increased 21% (or +USD 15 million) to USD 87 million primarily due to increase in transportation expenses (+USD 10 million).

GENERAL AND ADMINISTRATIVE EXPENSES

<i>USD million</i>	1H2021	1H2020	Change, %
Staff costs	266	280	(5%)
Third party services	77	54	43%
Depreciation and amortisation	40	33	21%
Taxes other than mineral extraction tax and income tax	35	36	(3%)
Transportation expenses	10	10	0%
Other	19	21	(10%)
Total	447	434	3%

In 1H2021, general and administrative expenses increased 3% (or USD 13 million) to USD 447 million. Positive effect of the Russian rouble depreciation amounted to -USD 26 million. Changes of the general and administrative expenses in real terms were primarily driven by the following factors:

- +USD 4 million – increase in staff costs, including salaries indexation;
- +USD 26 million – increase of third party services primarily related the automatization of production processes management and roll out of digital technologies.

OTHER OPERATING (EXPENSES)/INCOME, NET

<i>USD million</i>	1H2021	1H2020	Change,%
Social expenses	286	207	38%
Environmental provisions	52	2,134	(98%)
Expenses for production related incidents response	22	–	100%
Change in other provisions	2	(1)	n.a.
Other, net	2	19	(89%)
Total	364	2,359	(85%)

In 1H2021, other operating expenses decreased by USD 1,995 million to USD 364 million driven by the following factors:

- • -USD 2,082 million – primarily due high environmental provision related to the liquidation of diesel fuel leak at the industrial site of the Heat and Power Plant № 3 of Norilsk and compensation for environmental damage set in 2020;
- • +USD 79 million – increase in social expenses provisions related to agreements on socio-economic development of Krasnoyarsk region;
- • +USD 22 million - expenses for production related incidents response in 1H2021.

FINANCE COSTS, NET

<i>USD million</i>	1H2021	1H2020	Change,%
Interest expense, net of amounts capitalised	120	201	(40%)
Changes in fair value of other current liabilities	69	115	(40%)
Fair value (gain)/loss on the cross-currency interest rate swap contracts	(33)	124	n.a.
Unwinding of discount on provisions and payables	23	32	(28%)
Interest expense on lease liabilities	7	7	0%
Other, net	(11)	2	n.a.
Total	175	481	(64%)

In 1H2021, finance costs, net declined 64% y-o-y to USD 175 million primarily due to a change in the fair value of cross-currency interest rate swaps y-o-y, caused by a comparative effect of appreciation of the Russian ruble against the US dollar in 1H2021 and its depreciation in 1H2020 and also due to a 40% reduction in interest expense, net of amounts capitalised (or USD 81 million), which was driven by the following factors:

- Full redemption of a USD 1 billion Eurobond bearing a coupon rate of 5.55% per annum in October 2020;
- Full early repayment of a RUB 60 billion term loan at an interest rate of 8.3% per annum in November 2020;
- Full early repayment of RUB 15 billion exchange-traded ruble bonds bearing a coupon rate of 11.6% per annum in February 2021 (on the date of the early redemption at the discretion of the issuer stipulated in the issuance documentation);
- Loose monetary policy of the US Federal Reserve System which positively impacted cost of the Company's debt bearing floating interest rates. The effective interest rate of the Company's debt portfolio as of the end of the 1H2021 (2.8% in USD¹) decreased, as compared to the end of the 2020 (2.9% in USD¹).

¹ According to management accounts of the Company

INCOME TAX EXPENSE

In 1H2021 income tax expenses increased by USD 919 million, mainly due to an increase in profit before tax.

The effective income tax rate in 1H2021 amounted to 18.5%.

The breakdown of the income tax expense:

<i>USD million</i>	1H2021	1H2020	Change,%
Current income tax expense	458	697	(34%)
Deferred tax expense/(benefit)	521	(637)	n.a.
Total income tax expense	979	60	16x

The breakdown of the current income tax expense by tax jurisdictions:

<i>USD million</i>	1H2021	1H2020	Change,%
Russian Federation	431	685	(37%)
Finland	5	11	(55%)
Rest of the world	22	1	22x
Total	458	697	(34%)

EBITDA

<i>USD million</i>	1H2021	1H2020	Change,%
Operating profit	5,339	1,375	4x
Depreciation and amortisation	461	473	(3%)
Reversal of impairment of non-financial assets, net	(100)	(10)	10x
EBITDA	5,700	1,838	3x
EBITDA margin	64%	27%	37 p.p.

In 1H2021, EBITDA increased 3 times (or +USD 3,862 million) to USD 5,700 million primarily owing to higher revenue as well as decrease in expenses on environmental provisions.

STATEMENT OF CASH FLOWS

<i>USD million</i>	1H2021	1H2020	Change,%
Cash generated from operations before changes in working capital and income tax	5,982	4,059	47%
Movements in working capital	(2,764)	(385)	7x
Income tax paid	(873)	(483)	81%
Net cash generated from operating activities	2,345	3,191	(27%)
Capital expenditure	(990)	(551)	80%
Other investing activities	42	39	8%
Net cash used in investing activities	(948)	(512)	2x
Free cash flow	1,397	2,679	(48%)
Interest paid	(139)	(253)	(45%)
Other financing activities	(4,500)	(457)	10x
Net cash used in financing activities	(4,639)	(710)	7x
Effects of foreign exchange differences on balances of cash and cash equivalents	23	87	(74%)
Net (decrease)/increase in cash and cash equivalents	(3,219)	2,056	n.a.

In 1H2021, free cash flow decreased 48% to USD 1.4 billion. Decrease of cash generated from operating activities was exacerbated by more cash used in investing activities.

In 1H2021, net cash generated from operating activities decreased 27% to USD 2.3 billion. Settlement of environmental obligations and increase in income tax payments were partly offset by higher metal revenue.

In 1H2021, net cash used in investing activities doubled (or USD 436 million) primarily driven by a 80% capital expenditures increase (or USD 439 million).

Reconciliation of the net working capital changes between the balance sheet and cash flow statement is presented below.

<i>USD million</i>	1H2021	1H2020
Change of the net working capital in the balance sheet	(1,046)	(53)
Foreign exchange differences	40	(104)
Change in income tax balance	412	(201)
Change of long term components of working capital included in CFS	(29)	(35)
Provisions	(2,068)	(28)
Other changes	(73)	36
Change of working capital per cash flow	(2,764)	(385)

Capital investments breakdown by project is presented below:

<i>USD million</i>	1H2021	1H2020	Change,%
Polar Division, including:	295	220	34%
<i>Skalisty mine</i>	43	31	39%
<i>Taymirsky mine</i>	18	38	(53%)
<i>Komsomolsky mine</i>	16	24	(33%)
<i>Oktyabrsky mine</i>	5	6	(17%)
<i>Talnakh Concentrator</i>	28	17	65%
<i>Other Polar Division project</i>	185	104	78%
Kola MMC	67	50	34%
Sulfur project	222	33	7x
South cluster	94	37	3x
Energy Infrastructure Modernization	94	54	74%
Chita (Bystrinsky) project	29	47	(38%)
Other production projects	184	103	79%
Other non-production assets	5	7	(29%)
Total	990	551	80%

In 1H2021, CAPEX increased 80% (or USD 439 million) following higher investments in Sulfur project, South cluster, capacity expansion of Talnakh Concentrator as well as increased capital repairs, investments in industrial safety and modernization of the Company's basic assets.

DEBT AND LIQUIDITY MANAGEMENT

<i>USD million</i>	As of 30 June 2021	As of 31 December 2020	Change, USD million	Change,%
Non-current loans and borrowings	8,860	9,622	(762)	(8%)
Current loans and borrowings	581	12	569	48x
Lease liabilities	265	262	3	1%
Total debt	9,706	9,896	(190)	(2%)
Cash and cash equivalents	1,972	5,191	(3,219)	(62%)
Net debt	7,734	4,705	3,029	64%
Net debt /12M EBITDA	0.7x	0.6x	0.1x	

As of June 30, 2021, the Company's total debt decreased as compared to December 31, 2020 and amounted to USD 9,706 million primarily due to the early repayment of the RUB 15 billion exchange-traded ruble bonds in February 2021. Current loans and borrowings as of June 30, 2021 increased by USD 569 million as compared to December 31, 2020, primarily due to USD 500 million Eurobonds becoming a short-term liability as of June 30, 2021.

The Company's Net debt as of June 30, 2021 increased 64% as compared to December 31, 2020 due to the decrease in cash and cash equivalents by 62% (or USD 3,219 million) during the reporting period. This was primarily driven by a number of significant payments made during the 1H2021:

- USD 1,968 million repayment of the damage to water resources and soil in March 2021 in accordance with the court decision on the lawsuit filed by Rosprirodnadzor;
- USD 2,068 million buyback of the Company's shares in June 2021;
- USD 2,198 million final dividend payment for 2020 in June 2021.

Net debt / 12M EBITDA at the end of 1H2021 increased by 0.1x as compared to December 31, 2020 and amounted to 0.7x.

As of June 30, 2021, the Company was assigned investment grade credit ratings from all three international rating agencies Fitch, Moody's and S&P Global, and Russian rating agency "Expert RA".

Attachment A

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

US Dollars million

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Revenue		
Metal sales	8,597	6,445
Other sales	346	266
Total revenue	8,943	6,711
Cost of metal sales	(2,461)	(2,184)
Cost of other sales	(345)	(297)
Gross profit	6,137	4,230
General and administrative expenses	(447)	(434)
Selling and distribution expenses	(87)	(72)
Reversal of impairment of non-financial assets, net	100	10
Other operating expenses, net	(364)	(2,359)
Operating profit	5,339	1,375
Foreign exchange gain/(loss), net	110	(822)
Finance costs, net	(175)	(481)
Disposal of foreign joint operations	(20)	–
Income from investments	29	33
Profit before tax	5,283	105
Income tax expense	(979)	(60)
Profit for the period	4,304	45
Attributable to:		
Shareholders of the parent company	4,067	(31)
Non-controlling interests	237	76
	4,304	45
EARNINGS/(LOSS) PER SHARE		
Basic and diluted earnings/(loss) per share attributable to shareholders of the parent company (US Dollars per share)	25.7	(0.2)

Attachment B

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AT 30 JUNE 2021

US Dollars million

	At 30 June 2021	At 31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	11,792	10,762
Intangible assets	236	222
Other financial assets	94	81
Deferred tax assets	239	755
Other non-current assets	340	327
	12,701	12,147
Current assets		
Inventories	2,634	2,192
Trade and other receivables	450	537
Advances paid and prepaid expenses	108	79
Other financial assets	176	58
Income tax receivable	122	7
Other taxes receivable	337	444
Cash and cash equivalents	1,972	5,191
Other current assets	6	51
	5,805	8,559
TOTAL ASSETS	18,506	20,706
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	6	6
Share premium	1,254	1,254
Treasury shares	(2,075)	–
Translation reserve	(5,341)	(5,521)
Retained earnings	10,164	8,290
Equity attributable to shareholders of the parent company	4,008	4,029
Non-controlling interests	903	646
	4,911	4,675
Non-current liabilities		
Loans and borrowings	8,860	9,622
Lease liabilities	209	203
Provisions	674	560
Social liabilities	186	84
Trade and other long-term payables	41	32
Derivative financial instruments	56	52
Deferred tax liabilities	45	43
Other long-term liabilities	33	23
	10,104	10,619
Current liabilities		
Loans and borrowings	581	12
Lease liabilities	56	59
Trade and other payables	1,196	1,427
Dividends payable	11	47
Employee benefit obligations	389	401
Provisions	224	2,162
Social liabilities	127	96
Derivative financial instruments	77	93
Income tax payable	58	358
Other taxes payable	249	329
Other current liabilities	523	428
	3,491	5,412
TOTAL LIABILITIES	13,595	16,031
TOTAL EQUITY AND LIABILITIES	18,506	20,706

Attachment C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2021

US Dollars million

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
OPERATING ACTIVITIES		
Profit before tax	5,283	105
Adjustments for:		
Depreciation and amortisation	461	473
Reversal of impairment of non-financial assets, net	(100)	(10)
Loss on disposal of property, plant and equipment	12	3
Disposal of foreign joint operations	20	–
Change in provisions and allowances	239	2,206
Finance costs and income from investments, net	146	448
Foreign exchange (gain)/loss, net	(110)	822
Other	31	12
	5,982	4,059
Movements in working capital:		
Inventories	(345)	(101)
Trade and other receivables	(59)	(65)
Advances paid and prepaid expenses	(25)	(41)
Other taxes receivable	115	195
Employee benefit obligations	(18)	21
Trade and other payables	(288)	(244)
Provisions	(2,068)	(28)
Other taxes payable	(76)	(122)
Cash generated from operations	3,218	3,674
Income tax paid	(873)	(483)
Net cash generated from operating activities	2,345	3,191
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(962)	(519)
Purchase of other financial assets	(10)	(5)
Purchase of intangible assets	(28)	(32)
Loans issued	(3)	(1)
Proceeds from repayment of loans issued	10	1
Net change in deposits placed	–	(2)
Proceeds from disposal of property, plant and equipment	–	2
Proceeds from sale of other financial assets	–	1
Net cash inflow from disposal of foreign joint operations	1	–
Interest and other investment income received	44	43
Net cash used in investing activities	(948)	(512)

Attachment C

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)**

US Dollars million

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	1	2,400
Repayments of loans and borrowings	(208)	(4)
Payments of lease liabilities	(27)	(22)
Dividends paid	(2,198)	(2,831)
Interest paid	(139)	(253)
Acquisition of own shares from shareholders	(2,068)	–
Net cash used in financing activities	(4,639)	(710)
Net change in cash and cash equivalents	(3,242)	1,969
Cash and cash equivalents at the beginning of the period	5,191	2,784
Effects of foreign exchange differences		
on balances of cash and cash equivalents	23	87
Cash and cash equivalents at the end of the period	1,972	4,840

Attachment D
NET WORKING CAPITAL

<i>USD million</i>	At 30 June 2021	At 31 December 2020	Change	incl. effects of foreign exchange differences
Finished goods	623	547	76	13
Work-in-process	1,246	1,075	171	24
Other inventories	765	570	195	17
Trade and other receivables ¹	449	505	(56)	2
Advances paid and prepaid expenses	108	79	29	3
Taxes receivable	459	451	8	9
Employee benefit obligations	(389)	(401)	12	(8)
Trade and other payables*	(1,196)	(1,427)	231	(13)
Taxes payable	(307)	(687)	380	(7)
Total working capital	1,758	712	1,046	40

¹ Normalized on receivables from the registrar on transfer of dividends to shareholders

This announcement contains inside information in accordance with Article 7 of EU Regulation 596/2014 of 16 April 2014.

Full name and position of person making the announcement - Vladimir Zhukov, Vice - president, Investor Relations

ABOUT THE COMPANY

PJSC «MMC NORILSK NICKEL» is a diversified mining and metallurgical company, the world's largest producer of refined nickel and palladium and a leading producer of platinum, cobalt, copper and rhodium. The company also produces gold, silver, iridium, selenium, ruthenium and tellurium.

The production units of «NORILSK NICKEL» Group are located at the Norilsk Industrial District, on the Kola Peninsula and Bystrinsky region in Russia as well as in Finland.

PJSC «MMC «NORILSK NICKEL» shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges. PJSC «MMC «NORILSK NICKEL» ADRs trade over the counter in the US and on the London and Berlin Stock Exchanges.

Media Relations:

Phone: +7 (495) 785 58 00

Email: pr@nornik.ru

Investor Relations:

Phone: +7 (495) 786 83 20

Email: ir@nornik.ru