

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

NORICKEL REPORTS FULL YEAR 2021 AUDITED CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow, February 10, 2022 — PJSC MMC Norilsk Nickel the world's largest palladium and high-grade nickel and a major producer of platinum and copper, reports audited consolidated IFRS financial results for the full year ended December 31, 2021.

FY2021 HIGHLIGHTS

- Consolidated revenue increased 15% y-o-y to USD 17.9 billion owing to higher metal prices and sale of palladium from the inventories accumulated in 2020, which have positively offset production losses caused by industrial incidents in 1H21;
- Oktyabrsky mine returned to its full production capacity in the middle of May, while the Taimyrsky mine and Norilsk concentrator – in December 2021;
- EBITDA increased 37% y-o-y to USD 10.5 billion due to higher revenue, of which Bystrinsky GOK (Chita project) contributed USD1.1 billion, EBITDA margin amounted to 59%;
- Social expenses doubled to just over USD 1 billion mostly as result of provisions related to the agreements on social and economic development of the city of Norilsk and the Krasnoyarsk region;
- CAPEX increased 57% y-o-y to a record USD 2.8 billion driven by growth of investments into key strategic projects, including over USD 500 mln in Sulfur Programme 2.0, which was in active construction phase, and 3- and 4-fold, respectively, increase in investments in South Cluster and Talnakh Concentrator Phase-3 expansion. Expenditures on capitalised repairs, improvement of industrial safety and modernization of core assets were up more than 40% exceeding USD 800 mln;
- Net working capital was up y-o-y to USD 1.3 billion driven mostly by increase in metal inventories on the back higher MET and changes in income tax payables;
- Free cash flow decreased 34% y-o-y to USD 4.4 billion driven by the reimbursement of the environmental damages in the amount of USD 2 billion and increased capital expenditures;
- Net debt was almost flat y-o-y at USD 4.9 billion with net debt/EBITDA ratio of 0.5x as of December 31, 2021. Interest expenses decreased 38% due to efficient management of debt portfolio resulting in a record low average annual interest rate of 2.8%;
- In October 2021, the Company successfully placed a 5-year USD 500 mln Eurobond with a coupon rate of 2.80% marking the lowest ever spread to the benchmark in the history of Nornickel's public offerings;
- On December 27, 2021, EGM approved the interim dividend for the 9 months of 2021 in the amount of RUB 1,523.17 per ordinary share (approximately 20.81 at the RUB/USD exchange rate set by the Russian Central Bank as of the EGM date) for the total amount of RUB 232.84 bn (approximately USD 3.05 bn).

KEY CORPORATE HIGHLIGHTS

<i>USD million (unless stated otherwise)</i>	2021	2020	Change,%
Revenue	17,852	15,545	15%
EBITDA ¹	10,512	7,651	37%
EBITDA margin	59%	49%	10 p.p.
Net profit	6,974	3,634	92%
Capital expenditures	2,764	1,760	57%
Free cash flow ²	4,404	6,640	(34%)
Normalized net working capital ^{2,5}	1,269	712	78%
Net debt ²	4,914	4,705	4%
Net debt, normalized for the purpose of dividend calculation ⁴	4,902	3,469	41%
Net debt/12M EBITDA	0.5x	0.6x	(0.1x)
Net debt/12M EBITDA for dividends calculation	0.5x	0.5x	(0.0x)
Dividends paid per share (USD) ³	13.9	26.3	(47%)

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 interim dividends (at the rate of the Board of Directors meeting date) and bank deposits with maturity of more than 90 days

5) Normalized on receivables from the registrar on transfer of dividends to shareholders

MANAGEMENT DISCUSSION AND ANALYSIS

The President of Nornickel, Vladimir Potanin, commented on the results,

"In 2021, we had to deal with a number of new challenges. The two underground mines and Norilsk concentrator have been successfully restored to their full capacity after industrial incidents. Owing to the global economic recovery after 2020's COVID-driven recession, the demand for our products increased. In addition, the consumption of metals needed for the transition to green economy was exceptionally strong. Our company is one of the global leaders in these metals not just enjoying the world's lowest cash operating costs, but also the industry's lowest carbon footprint.

In 2021, Nornickel delivered strong financial performance. Revenue was up 15% y-o-y to USD 17.9 billion driven by higher metal prices and sales of palladium from earlier accumulated stocks. EBITDA increased almost 40% to USD 10.5 billion. Free cash flow, though, was down 34% to USD 4.4 billion due mostly to the reimbursement of environmental damages in the first half of the year and substantial increase of capital investments.

CAPEX increased 60% year-on-year to a record USD 2.8 billion, which was fully in line with the management guidance. We materially increased investments in modernization of equipment and other fixed assets including energy infrastructure with a focus on industrial health and safety and energy efficiency. Nornickel also continued executing on its SO₂ reduction programme in Norilsk. Last year investments in this project increased 4-fold year-on-year to over USD 500 million.

Our environmental strategy has started to deliver some tangible results. After the shutdown of smelting and metallurgical shops at Kola Peninsula SO₂ emissions in the area decreased 78% from 2020 and by over 90% as compared to 2015, even more than what we initially planned. In Norilsk, SO₂ emissions were down 14% year-on-year. After the completion of Phase 1 of the Sulfur programme that is scheduled by the end of this year, we expect that SO₂ emissions in Norilsk will decrease 45% next year versus 2015.

At the same time, we are deeply concerned about the high level of fatal incidents at our operations, which we find as totally unacceptable. Regrettably, we lost 11 our employees last year. The management team has developed a new holistic programme that should help to completely eradicate fatalities and we hope will start bearing fruits soon.

In 2021, the Company dramatically increased its social investments to over USD 1 billion owing mostly to provisions related to the long-term renovation of housing and social infrastructure in Norilsk until 2035”.

HEALTH AND SAFETY

In 2021, number of lost time injuries increased almost two times y-o-y (from 22 to 42). Regretfully, in the reported period, the number of fatal accidents increased to 11 from 9 in 2020, partly due to the group accident at Norilsk Concentrator in February that resulted in 3 casualties. All accidents have been thoroughly investigated and reported to the Board, action plans to tackle causes of each incident prepared. 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 focus on the most common causes leading to fatal and serious injuries.

METAL MARKETS

Nickel in 2021: series of supply curtailments in Class-1 nickel production as well as ramp-up of Indonesian NPI falling short of expectations together with exceptionally robust post-quarantine demand recovery in stainless and battery sectors and massive restocking throughout the value chain exacerbated by logistical constraints dramatically tightened the nickel market. As a result, the market recorded a material 166 kt deficit. Combined exchange stocks of LME and SHFE were down 60% to 107 kt, while the average annual price rallied 34% y-o-y to USD 18,488 per tonne reflecting an apparent deficit.

At the end of February, the nickel price reached its highest level since 2014 of USD 20,000 per tonne amid optimism towards the prospects of the global economic recovery fueled by ongoing massive stimulus packages dispatched across all major economies and a shift in global spending away from services to goods. However, the Tsingshan’s announcement to supply NPI-based nickel matte to Chinese battery material makers for further nickel sulphate production brought an end to the 11 months-long rally sending the LME price down to USD 16,000 per tonne.

The price renewed a seven-year high of USD 20,400 per tonne in mid-September as strong market fundamentals and falling LME stocks fuelled the speculative demand. However, the Evergrande’s debt crisis and widespread power curtailments in China eventually sent the price to below USD 18,000 per tonne in the end of September.

The LME Week in October revealed the optimism of the market participants and triggered another price rally, which was supported by strong fundamentals, especially in the EV sector, bullish sentiments among the traders and new concerns over supply, stemming from Vale’s reduced production guidance, temporary suspension of Onça Puma’s FeNi operations as well as unfavourable weather conditions in the Philippines hitting the mine output in Q4. As a result, the LME nickel price closed near \$21,000/t Ni in the end of December.

In 2021, one of the highest-ever annual growth rates in global nickel consumption of 17% y-o-y to 2.87 million tonnes was recorded. Lower stainless steel production in China (-1% y-o-y) caused by the power shortages was more than well offset by the significant growth of Indonesian stainless output (+90% y-o-y) and recovery in other stainless-producing countries and regions, where Americas and Japan were up 17% y-o-y, EMEA, India and South Korea +14% y-o-y, and Taiwan +13% y-o-y.

Rampant nickel demand in the battery sector (+73% y-o-y) benefited from exceptionally strong global BEV sales (+113% y-o-y) primarily driven by China (+158% y-o-y) followed by the USA (+95% y-o-y) and Europe (+64% y-o-y) on the back of government incentives, wider range of available EV models and overall improvement in consumer's sentiment. Other non-stainless sectors (specialty steels, standard alloys, superalloys and plating) increased their nickel consumption by 7% y-o-y driven by the end-use demand recovery and restocking across the value chain.

Global nickel production increased by 7% y-o-y to 2.7 million tonnes and fell materially short of our expectations, as the commissioning of Indonesian NPI capacities was behind the schedule owing to COVID-related constraints at Tsingshan's Morowali and Delong projects. Nevertheless, Indonesian NPI production still surged 46% y-o-y adding 270 kt of new supply, which offset positively the decline in Chinese NPI output (-17% y-o-y) and lower Class 1 nickel production (-6% y-o-y) resulting from the strike at the Vale's Sudbury division and temporary suspension of some operations of Norilsk Nickel.

Overall, in 2021, the nickel market went into a deficit of 166 kt (as opposed to the 2020 surplus of 82 kt), which was mainly registered in Class 1 nickel products. Moreover, 2H2021 was marked by increasing physical tightness, when significant outflows of nickel from exchange inventories were recorded, market premiums across all shapes were expanding, geographic arbitrage and steep backwardation emerged. Combined nickel inventories at LME and SHFE plunged by 60% to 107 kt by the end of 2021 from 265 kt at the end of 2020, with the notable acceleration of drawdown taking place also in 2H2021.

Nickel outlook: in 2022, we expect the market to swing to a mild 42 kt surplus, mostly in low-grade nickel, while the high-grade nickel market to be balanced or even develop a small deficit. This deficit may be caused by EV uptake outperforming current expectations and stronger stainless steel output, carrying 2021's momentum well into this year. At the same time, the ramp-up of the Indonesian NPI capacities may fall short of high expectations again as the pandemic-related and operational constraints continues to take their toll.

The primary nickel consumption is forecasted to increase 16% y-o-y to 3.3 million tonnes in 2022 on the back of growing global stainless output (+9% y-o-y), where strong growth is expected in Indonesia (+24% y-o-y) and China (+16% y-o-y), robust nickel demand in batteries (+30% y-o-y) and growth of other non-stainless applications (+7% y-o-y).

Increase in supply is anticipated to outpace consumption growth, the Indonesian NPI supply is expected to surge again (+45% y-o-y to 1.2 million tonnes), alongside the production of nickel compounds for the EV market (+99% y-o-y to 400 kt) upon the launch of the NPI-to-matte conversion facilities and HPAL projects, while the recovery of Class 1 nickel production is expected to be quite modest (+5% y-o-y).

In the long run, nickel demand will benefit from the developing EV sector driven by government incentives all over the world. In our base-case scenario, we estimate the nickel consumption in batteries to grow to nearly 1 Mt by 2030 to a 30% of total nickel demand. We see upside risks to our base case, as carbon neutrality goals are getting more ambitious, while subsidies-driven electrification and cost optimization of the battery cell production might outperform current expectations. The battery value chain will require low carbon nickel units, which are likely to be in shortage considering the projected aggressive pace of electrification. Additionally, nickel's role as a critical metal for a low carbon economy is further enhanced by its ever-increasing usage in renewable energy.

Copper in 2021: the market was fairly balanced as the copper demand was recovering on the back of the global economic rebound, while the US and China announced multi-trillion infrastructure plans. Despite some issues in copper mining, the production of refined metal increased sufficiently enough to meet the higher demand. On the back of the rising importance of the ESG agenda, governments and investors worldwide began to pay closer attention to copper intensive technologies, such as renewable energy, transport electrification and the reduction of GHG emissions, driving higher speculative demand, which resulted in a decrease in exchange stocks and price spikes. The average LME copper price in 2021 increased 51% y-o-y to USD 9,317 per tonne.

Having started the year at USD 7,900 per tonne, the copper price continued its upward movement through 2021, mainly due to faster than expected global economic recovery, backed by improving market sentiment, a successful global rollout of vaccination, and new government stimulus packages. Labour unions' protests in Chile and Peru and the new scrap policy in China limited supply recovery and contributed to the upward price trend through the year.

The price increased to an all-time high of USD 10,724 per tonne in May due to the US Infrastructure and Rescue plan news, declining LME stocks and increased speculative interest. In the middle of the year, China's inventory selling, strengthening US dollar, new COVID-19 Delta variant concerns pushed the price back to a USD 9,000 per tonne level. However, worries over inflation, production stoppages in Latin America, energy-related disruptions in China and declining global exchange stocks pushed the price to the second-highest mark in October 2021, followed by price stabilisation at just below USD 10,000 per tonne further towards the year-end.

In 2021, copper demand grew 4% to 24.4 Mt. Europe demand increased 9% to 3.9 Mt, North America added 11% to 2.6 Mt, China – 1% up to 12.6 Mt.

Global mine production increased by 2.5% to 21.5 Mt. All major producers were able to adjust to the measures against the spread of COVID-19, as well as new mines were developed in Chile and DRC. However, there were moderate mine disruptions in Chile and Peru, the main copper-producing countries. Antamina (Glencore and BHP), Las Bambas (MMG), Antapakkay (Glencore), Escondida (BHP) and many others were hit by union strikes, negatively impacting mine output.

At the same time, major refined copper producers increased output by 3% to 24.6 Mt in 2021. China increased production by 7% to 10 Mt, DRC increased production by 10% to 1.5 Mt, while the US by 12% to 1 Mt. In Chile production fell by 4% to 2.2 Mt, in Japan it decreased by 3% to 1.5 Mt and in Russia by 9% to 934 kt.

In 2021, the copper market was close to a balance. At the end of 2021, the surplus amounted to 128kt, or less than 1% of annual consumption, compared with a surplus of 443 kt in 2020.

In 2021, exchange stocks on the LME decreased by 19 kt to 89 kt by the year-end, SHFE decreased by 48kt to 38kt, COMEX stocks decreased by 9 kt to 69 kt. Total exchange copper stocks decreased by 76 kt to 189 kt (or -28% y-o-y) to a multi-year low level.

Copper outlook: neutral in the short-term. The market is expected to be in a mild deficit of 82kt in 2022 as the global consumption will be growing on the back of further post-COVID global economic recovery and increasing investments in renewable energy and transport electrification. Although we forecast that mine production will grow in 2022, the increase of refined metal output will not be sufficient to match the demand, in our view. In spite of favourable market fundamentals, there are downside risks for copper market related to macro factors such as reduction of liquidity injection and increase of interest rates globally in 2022.

In our opinion, the copper market will remain generally balanced in the near term, running a deficit of less than 1% of the global consumption (or 82 kt). In 2022, the global copper consumption is expected to grow 3% to 25.1 Mt as the major economies continue their recovery after the global pandemic and ongoing roll-out of copper-intensive clean energy technologies and decarbonization plans. In spite of elevated copper price level, the substitution with aluminum is to be very limited as aluminum price is trading also at multi-year high levels.

In 2022, global mine production is expected to increase by 4% to 22.3 Mt owing to the ramp-up of new mines in DRC and Peru and also due to the expansion of existing projects. Refined copper production will grow by 2% to 25 Mt, in our assessment.

In the longer run, copper demand will greatly benefit from the race for carbon-neutrality that will require massive upgrade of the backbone energy infrastructure. Currently, the number of probable copper mining projects is too small to meet the upcoming demand that might shift the market into a sizeable deficit, if no new projects are started in the next 2-3 years.

Palladium in 2021: price reached its new historical high of nearly USD 3,000 per troy ounce on the back of anticipated automotive market recovery and supply concerns caused by the temporary mines and a concentrator suspension at Norilsk Nickel in the first half of the year. Chip shortage and additional supply from South Africa eased the market tightness and caused price correction closer to the end of the year. Palladium substitution with platinum in automotive catalysts was limited and did not impact the demand significantly.

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 the accelerating recovery of global car production after a major recession of 2020 and supply shocks. Production losses at Norilsk amplified the positive momentum as market participants worried about the potential physical tightness of the supply. However, as the expectations for the resolution of the semiconductor supply crisis were pushed back towards 2H 2022-1H 2023, automakers reduced purchases of palladium. The minimum price of the metal in 2021 was reached in December and amounted to USD 1,576 per troy ounce.

The average palladium price in 2021 increased 9% y-o-y to USD 2,398 per troy ounce.

In 2021, the global palladium demand grew by 4% y-o-y to 10 moz mainly on the back of the recovery of automotive consumption. Although the initial expectations for this recovery in 2021 were significantly higher, the global automotive production still increased 2% y-o-y to 76 million, which was 9% lower than the pre-COVID 2019 level. Full recovery of the auto industry is now expected in 2H2022 – 2023.

Palladium supply in 2021 increased by 3% to 9.8 moz. The temporary suspension of operations in Norilsk caused a significant decrease in the Russian output. Nonetheless, the shortfall was completely positively offset by South African miners, which recovered from the COVID-related disruptions and started releasing their work-in-progress material accumulated in 2020. At the same time, recycling was subdued, as the low availability of new vehicles impacted negatively the number of old cars hitting the scrapyards.

As a result, the market was in a small deficit of 0.2 moz in 2021.

Palladium outlook: positive; the market is expected to run a 0.3 moz deficit in 2022; chip shortage easing, which is expected in 2H2022, should boost palladium demand by 7% y-o-y; supply to grow by 5% y-o-y mostly on the back of Nornickel returning to normal production and additional secondary supply.

In 2022, we expect industrial palladium consumption to increase 6% y-o-y to 10.6 moz. The automotive industry will be the main driver of this growth as the chip shortage is expected to ease in 2H 2022. Taking into account the industry production lead time, OEMs will have to start restocking PGMs already in 1Q 2022. Offtake in other industries, such as electronics and chemical industry, will remain unchanged, in our view.

Global palladium output is anticipated to increase 5% to 10.3 moz in 2022. Primary supply from South Africa and Nornickel is expected to return to normal as the work-in-progress material stocks are depleting in the former, whereas operations of the latter have already returned to full capacity. We forecast that recycling will resume its growth as new car availability to improve in 2H 2022.

As a result, we expect a mild (relative to the recent history) deficit of 0.3 moz in 2022.

Platinum in 2021: market remained oversupplied as refined metal production went up ahead of the demand; after reaching a 6-year high of USD 1,300 per troy ounce, the price consolidated between USD 900 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 on the back of expectations of automotive market recovery and aggressive outlook for the growth of the hydrogen economy. After that, the price corrected downwards towards a range of USD 900-1,100 per troy ounce. The minimum price for 2021 of USD 911 per troy ounce was recorded in December, somewhat rebounding towards the end of the year on growing inflation fears.

In 2021, the average LPPM platinum price increased 23% y-o-y to USD 1,090 per troy ounce.

In 2021, the global platinum demand grew by 11% to 7.1 moz. The recovery was supported by demand revival in industrial applications (chemical, glass, petroleum) and the introduction of China VI emission legislation, driving up platinum consumption in heavy-duty vehicles. Jewellery demand increased by 8%. At the same time, platinum consumption in Europe was impacted negatively by falling diesel share.

In 2021, the global platinum supply increased by 22% to 8.1 moz, predominantly due to the release of work-in-progress materials and strong primary production growth in South Africa. As a result, the platinum market was in surplus of 0.9 moz.

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 in 2022.

In 2022, we forecast that platinum demand (excl. investments) will be flat at 7.5 moz, as automotive industry recovery due to semiconductor supply chains disruption easing will be offset negatively by a decrease of diesel vehicles market share. Demand in other industrial applications is expected to contract in 2022, due to the high base of the previous year. Jewellery and investment demand is not expected to grow significantly, although it can be supported by inflation expectations.

Global platinum output is anticipated to increase by 1% to 8.2 moz in 2022. Most of the previously accumulated stocks in South Africa were already processed in 2021. However, additional ounces will come from Russia and secondary sources.

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 for platinum.

KEY SEGMENTAL HIGHLIGHTS¹

<i>USD million (unless stated otherwise)</i>	2021	2020	Change,%
Revenue	17,852	15,545	15%
GMK Group	11,836	12,700	(7%)
South cluster	767	694	11%
KGMK Group	9,893	8,926	11%
NN Harjavalta	1,493	1,308	14%
GRK Bystrinskoye	1,346	1,004	34%
Other mining	28	137	(80%)
Other non-metallurgical	1,533	1,387	11%
Eliminations	(9,044)	(10,611)	(15%)
EBITDA	10,512	7,651	37%
GMK Group	5,456	6,171	(12%)
South cluster	397	407	(2%)
KGMK Group	3,758	1,757	2x
NN Harjavalta	59	70	(16%)
GRK Bystrinskoye	1,076	717	50%
Other mining	(16)	(14)	14%
Other non-metallurgical	11	31	(65%)
Eliminations	716	(556)	n.a.
Unallocated	(945)	(932)	1%
EBITDA margin	59%	49%	10 p.p.
GMK Group	46%	49%	(3 p.p.)
South cluster	52%	59%	(7 p.p.)
KGMK Group	38%	20%	18 p.p.
NN Harjavalta	4%	5%	(1 p.p.)
GRK Bystrinskoye	80%	71%	9 p.p.
Other mining	(57%)	(10%)	(47 p.p.)
Other non-metallurgical	1%	2%	(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 establish 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 2021, revenue of GMK Group segment decreased 7% to USD 11,836 million primarily due to the decrease of revenue from selling matte to Kola MMC as well as lower copper sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator, that was partly offset positively by higher realized metal prices.

Revenue of South cluster segment increased 11% to USD 767 million primarily driven by higher realized prices of semi-products delivered to GMK Group that was partly negatively offset by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue of KGМК Group segment increased 11% to USD 9,893 million primarily owing to higher realized metal prices, that was partly negatively offset by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue of NN Harjavalta increased 14% to USD 1,493 million driven by higher realized metal prices, that was partly offset negatively by lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue of GRK Bystrinskoye segment increased 34% to USD 1,346 million primarily driven by higher copper and iron prices.

Revenue of Other mining segment decreased 80% to USD 28 million owing to lower sales volumes of semi-products following the termination of Nkomati's operations in 1H2021.

Revenue of Other non-metallurgical segment increased 11% to USD 1,533 million primarily due to increase in revenue from other sales, that was partly offset negatively by lower sales volumes of semi-products following the termination of Nkomati's operations in 1H2021.

In 2021, EBITDA of GMK Group segment decreased 12% to USD 5,456 million primarily owing to lower revenue, as well as higher social expenses and higher cash operating costs due to higher mineral extraction tax and temporarily re-introduced export duties, which were partly positively offset by the lower expenses on environmental provisions.

EBITDA of South cluster segment decreased 2% to USD 397 million due to the increase in mineral extraction tax in 2021, which was partly positively offset by higher revenue.

EBITDA of KGМК Group segment increased 2 times to USD 3,758 million primarily owing to higher revenue and higher margin on matte processing, following the revision of a purchase price formula, that was partly negatively offset by temporary re-introduced export duties.

EBITDA of NN Harjavalta decreased 16% to USD 59 million owing to lower sales volumes due to the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

EBITDA of GRK Bystrinskoye segment increased 50% to USD 1,076 million primarily due to higher revenue.

EBITDA of Other mining segment decreased by USD 2 million to a negative USD 16 million.

EBITDA of Other non-metallurgical segment decreased by USD 20 million and amounted to USD 11 million.

EBITDA of Unallocated segment decreased by USD 13 million and amounted to a negative USD 945 million.

SALES VOLUME AND REVENUE	2021	2020	Change,%
Metal sales			
Group			
Nickel, thousand tons ¹	200	221	(10%)
from own Russian feed	174	198	(12%)
from 3d parties feed	3	3	0%
in semi-products ²	23	20	15%
Copper, thousand tons ¹	383	500	(23%)
from own Russian feed	308	427	(28%)
in semi-products ²	75	73	3%
Palladium, koz ¹	2,687	2,634	2%
from own Russian feed	2,656	2,604	2%
in semi-products ²	31	30	3%
Platinum, koz ¹	628	689	(9%)
from own Russian feed	621	684	(9%)
in semi-products ²	7	5	40%
Rhodium, koz ¹	53	58	(9%)
from own Russian feed	51	56	(9%)
in semi-products ²	2	2	0%
Cobalt, thousand tons ¹	5	6	(17%)
from own Russian feed	4	5	(20%)
in semi-products ²	1	1	0%
Gold, koz ¹	370	386	(4%)
from own Russian feed	191	192	(1%)
in semi-products ²	179	194	(8%)
Average realized prices of refined metals produced by the Group			
Metal			
Nickel (USD per tonne)	18,528	13,916	33%
Copper (USD per tonne)	9,322	6,221	50%
Palladium (USD per oz)	2,388	2,176	10%
Platinum (USD per oz)	1,088	882	23%
Rhodium (USD per oz)	19,946	12,056	65%
Cobalt (USD per tonne)	39,857	30,745	30%
Gold (USD per oz)	1,804	1,764	2%
Revenue, USD million³			
Nickel	3,627	3,144	15%
including semi-products	345	342	1%
Copper	3,789	3,078	23%
including semi-products	607	424	43%
Palladium	6,665	6,365	5%
including semi-products	69	147	(53%)
Platinum	685	622	10%
including semi-products	10	19	(47%)
Rhodium	1,056	682	55%
including semi-products	28	6	5x
Gold	654	676	(3%)
including semi-products	309	336	(8%)
Other metals	627	410	53%
including semi-products	391	224	75%
Revenue from metal sales	17,103	14,977	14%
Revenue from other sales	749	568	32%
Total revenue	17,852	15,545	15%

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 accounted for 21% of the Group's total metal revenue in 2021.

In 2021, nickel revenue increased 15% (or +USD 483 million) to USD 3,627 million. The increase was primarily driven by higher realized nickel price (+USD 958 million), which was partially offset negatively by lower sales volume (-USD 478 million).

The average realized price of refined nickel increased 33% from USD 13,916 per tonne in 2020 to USD 18,528 per tonne in 2021.

Sales volume of refined nickel produced from the Company's own Russian feed, decreased 12% (or -24 thousand tonnes) to 174 thousand tonnes owing the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Sales volume of refined nickel produced from third-party feed remained unchanged at 3 thousand tonnes.

In 2021, sales of nickel in semi-products increased 1% to USD 345 million primarily due to an increase in the sales volume of semi-products following the shut down of a smelter at Kola MMC, which was almost fully negatively offset by lower sales volume of semi-products produced by Nkomati.

In 2021, revenue from the resale of nickel purchased from third parties amounted to USD 3 million.

Copper

In 2021, copper sales accounted for 22% of the Group's total metal sales, increasing 1 p.p. y-o-y. Copper revenue increased 23% (or +USD 711 million) to USD 3,789 million. The increase was primarily driven by higher realized copper price (+USD 1,528 million), which was partly offset negatively by lower sales volume (-USD 1,122 million).

The average realized price of refined copper increased 50% from USD 6,221 per tonne in 2020 to USD 9,322 per tonne in 2021.

Physical volume of refined copper sales from the Company's own Russian feed decreased 28% (or -119 thousand tonnes) to 308 thousand tonnes primarily driven by the temporary suspension of operations at Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue from copper in semi-products in 2021 increased 43% to USD 607 million driven by higher copper price.

In 2021, revenue from the resale of copper purchased from third parties amounted to USD 305 million.

Palladium

In 2021, palladium accounted for 39% of the Group's total metal revenue, down by 3 p.p. y-o-y. Palladium revenue increased 5% (or +USD 300 million) to USD 6,665 million due to higher realized price (+USD 544 million) and increase in sales volume (+USD 56 million).

The average realized price of refined palladium increased 10% from USD 2,176 per troy ounce in 2020 to USD 2,388 per troy ounce in 2021.

Physical volume of refined palladium sales from the Company's own Russian feed increased 2% (or +52 thousand troy ounces) to 2,656 thousand troy ounces in 2021. The increase in sales volume was driven by the sale of metal from the stock accumulated in 2020, that more than offset by the negative impact from the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue of palladium in semi-products decreased 53% to USD 69 million in 2021 primarily due to lower sales volume of semi-products produced by Nkomati.

In 2021, revenue from the resale of palladium purchased from third parties amounted to USD 253 million (vs USD 553 million in 2020).

Platinum

In 2021, platinum sales increased 10% (or +USD 63 million) to USD 685 million. Platinum remained unchanged at 4% of the Group's total metal revenue. The increase in realized platinum price (+USD 141 million) was partly negatively offset by the decline in sales volume (-USD 78 million).

Physical volume of refined platinum sales from the Company's own Russian feed decreased 9% (or -63 thousand troy ounces) to 621 thousand troy ounces in 2021 due to the negative impact from the temporary suspension of Oktyabrsky and Taimyrsky mines and Norilsk Concentrator.

Revenue of platinum in semi-products in 2021 decreased 47% to USD 10 million primarily due to lower sales volume of semi-products produced by Nkomati.

Rhodium

In 2021, revenue from rhodium increased 55% (or +USD 374 million) due to the higher realized price.

Revenue from the resale of rhodium purchased from third parties amounted to USD 14 million in 2021.

Gold

In 2021, revenue from gold declined 3% (or -USD 22 million) primarily due to lower realized volume of semi-products produced by Bystrinsky project.

Other metals

In 2021, revenue from other metals increased 53% (or +USD 217 million) to USD 627 million primarily driven by higher revenue from iron ore concentrate on the back of higher realized price.

OTHER SALES

In 2021, other sales increased 32% (or +USD 181 million) to USD 749 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 2021, the cost of metal sales increased 12% (or +USD 557 million) to USD 5,057 million, driven by the following factors:

- Increase in cash operating costs by 25% (or +USD 988 million);
- Comparative effect of change in metal inventories y-o-y leading to the cost of metal sales reduction by USD 429 million.

Cash operating costs

In 2021, total cash operating costs increased 25% (or +USD 988 million) to USD 4,874 million mainly due to the introduction of temporary Nickel and Copper export custom duties in 2H2021 (+USD 442 million) and increase in mineral extraction tax and other levies in real terms (+USD 379 million).

Inflationary growth of cash operating costs (+USD 159 million) was partly positively offset by Russian rouble depreciation against USD (-USD 40 million).

<i>USD million</i>	2021	2020	Change,%
Labour	1,406	1,307	8%
Materials and supplies	715	731	(2%)
Mineral extraction tax and other levies	627	248	3x
Purchases of refined metals for resale	581	482	21%
Export custom duties	442	–	100%
Third party services	410	276	49%
Transportation expenses	130	90	44%
Fuel	122	109	12%
Electricity and heat energy	118	151	(22%)
Purchases of raw materials and semi-products	95	298	(68%)
Sundry costs	228	194	18%
Total cash operating costs	4,874	3,886	25%
Depreciation and amortisation	843	845	0%
Increase in metal inventories	(660)	(231)	3x
Total	5,057	4,500	12%

Labour

In 2021, labour costs increased 8% (or USD +99 million) to USD 1,406 million amounting to 29% of the Group's total cash operating costs driven by the following factors:

- -USD 28 million – positive effect of the Russian rouble depreciation against US dollar;
- +USD 77 million - indexation of salaries and wages in line with the terms of collective bargaining agreement;
- +USD 37 million – increase in headcount in Norilsk industrial region.

Materials and supplies

In 2021, expenses for materials and supplies decreased 2% (or USD 16 million) to USD 715 million driven by the following factors:

- -USD 2 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 32 million – lower consumption of materials due to termination of Nkomati's operations;
- +USD 18 million – inflation of materials and supplies prices.

Mineral extraction tax and other levies

In 2021, mineral extraction tax and other levies increased 3 times (or USD 379 million) to USD 627 million driven by the following factors:

- -USD 4 million - positive effect of the Russian rouble depreciation against US dollar;
- +USD 383 million – primarily due to the increase of mineral extraction tax in 2021.

Purchases of refined metals for resale

In 2021, purchases of refined metals for resale increased 21% (or USD 99 million) to USD 581 million owing to the purchases of copper in order to cover production losses caused by the temporary suspension of two mines and the Norilsk Concentrator, which was partly offset negatively by lower purchases of palladium.

Export custom duties

In 2021, export custom duties amounted to USD 442 million due to introduction of temporary Nickel and Copper export custom duties by the Government of the Russian Federation, which were effective from August until December 2021.

Third-party services

In 2021, cost of third-party services increased 49% (or USD 134 million) to USD 410 million mainly driven by:

- +USD 121 million – increase in repairs and mining-related services;
- +USD 13 million – price inflation of third-party services.

Transportation expenses

In 2021, transportation expenses increased 44% (or USD 40 million) to USD 130 million driven by the following factors:

- -USD 1 million - positive effect of the Russian rouble depreciation against US dollar;
- +USD 7 million – price inflation of expenses;
- +USD 34 million – primarily increase in transportation expenses in Norilsk industrial region related to higher volumes of services purchased as part of the program targeting improvement of industrial safety of production facilities.

Fuel

In 2021, fuel expenses increased 12% (or USD 13 million) to USD 122 million driven by the following factors:

- -USD 2 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 12 million – due to the shutdown of smelting and metallurgical workshops at Kola MMC;
- +USD 33 million – price inflation of fuel.

Electricity and heat energy

In 2021, electricity and heat energy expenses decreased 22% (or USD 33 million) to USD 118 million driven by the following:

- -USD 1 million - positive effect of the Russian rouble depreciation against US dollar;
- -USD 35 million - cost decrease primarily related to the shutdown of smelting and metallurgical workshops at Kola MMC and termination of Nkomati's operations.
- +USD 3 million – price inflation of fuel.

Purchases of raw materials and semi-products

In 2021, purchases of raw materials and semi-products decreased 68% (or USD 203 million) to USD 95 million due to cessation of third-party copper concentrate consumption and termination of Nkomati's operations.

Sundry costs

In 2021, sundry costs increased 18% (or +USD 34 million) to USD 228 million mostly due to increase in clean-up expenses in Norilsk industrial region and also due to price inflation and growth of security and industrial safety expenses.

Depreciation and amortisation

In 2021, depreciation and amortisation expenses were unchanged compared to 2020 and amounted to USD 843 million.

Increase in metal inventories

Comparative effect of change in metal inventory amounted to -USD 429 million resulting in a respective decrease of cost of metal sales primarily due to increase in the cost of work in progress and finished goods following the changes in legislation in 2021 (increase in MET and introduction of temporary export custom duties).

COST OF OTHER SALES

In 2021, cost of other sales increased by USD 189 million to USD 753 million primarily due to 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>	2021	2020	Change, %
Transportation expenses	81	72	13%
Marketing expenses	48	44	9%
Staff costs	19	19	0%
Other	36	32	13%
Total	184	167	10%

In 2021, selling and distribution expenses increased 10% (or +USD 17 million) to USD 184 million primarily due to increase in transportation expenses (+USD 9 million).

GENERAL AND ADMINISTRATIVE EXPENSES

<i>USD million</i>	2021	2020	Change, %
Staff costs	577	529	9%
Third party services	191	142	35%
Depreciation and amortisation	83	67	24%
Taxes other than mineral extraction tax and income tax	76	69	10%
Transportation expenses	18	18	0%
Other	44	44	0%
Total	989	869	14%

In 2021, general and administrative expenses increased 14% (or USD 120 million) to USD 989 million. Positive effect of the Russian rouble depreciation amounted to -USD 16 million. Changes of the general and administrative expenses in real terms were primarily driven by the following factors:

- +USD 58 million – increase in staff costs, including salaries indexation and one-off payments related to management bonuses.
- +USD 52 million – increase of third-party services primarily related to the IT security and consulting services related to the ESG strategy implementation.

OTHER OPERATING EXPENSES, NET

<i>USD million</i>	2021	2020	Change, %
Social expenses	1,031	500	2x
Environmental provisions	176	2,242	(92%)
Expenses on industrial incidents response	69	–	100%
Change in other provisions	(3)	24	n.a.
Change in provision on production facilities shut down	(3)	(10)	(70%)
Other, net	15	(19)	n.a.
Total	1,285	2,737	(53%)

In 2021, other operating expenses, net decreased by USD 1,452 million to USD 1,285 million driven by the following factors:

- • -USD 2,066 million – primarily due to the high base effect of 2020, when 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 damages was recognised;
- • +USD 531 million – increase in social expenses provisions related to agreements on socio-economic development of Norilsk and Krasnoyarsk region;
- • +USD 69 million - expenses on industrial incidents response in 2021.

FINANCE COSTS, NET

<i>USD million</i>	2021	2020	Change, %
Interest expense, net of amounts capitalised	225	364	(38%)
Changes in fair value of other non-current and other current liabilities	66	262	(75%)
Unwinding of discount on provisions and payables	59	61	(3%)
Interest expense on lease liabilities	15	12	25%
Fair value (gain)/loss on the cross-currency interest rate swap contracts	(68)	182	n.a.
Other, net	(18)	(2)	9x
Total	279	879	(68%)

In 2021, finance costs, net declined 68% y-o-y to USD 279 million primarily driven by the following factors:

- -USD 250 million – income from a change in the fair value of cross-currency interest rate swaps in 2021, primarily due to the expiration of several instruments with final settlements falling into the period of temporary appreciation of the Russian ruble against the US dollar compared to the exchange rate at the beginning of 2021, compared to the loss from a change in the fair value in 2020.
- -USD 196 million – comparative effect of change in the fair value of put option in relation to transactions with the owners of non-controlling interests of Bystrinsky GOK, which expired on 31.12.2021.
- -USD 139 million – a 38% decrease in the interest expense, net of amounts capitalized, due to the effective debt portfolio management despite a 6% increase of the gross debt (proactive refinancing of some liabilities on more competitive terms), which, in turn, was achieved due to the following activities:
 - full redemption of a USD 1 billion Eurobond bearing a coupon rate of 5.55% per annum in October 2020 and full early repayment of a RUB 60 billion term loan with 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);
 - in September 2020 and in October 2021 the Company successfully priced two five-year Eurobond issues in the amount of USD 500 million each with a coupon rate of 2.55% and 2.80%, respectively;
 - in 2021, a number of maturing bilateral facilities totaling US\$725mm were successfully refinanced at similar or better pricing terms.

INCOME TAX EXPENSE

In 2021, income tax expense increased by USD 1 366 million driven mostly by the increase of profit before tax.

The effective income tax rate in 2021 of 24.9% was above the Russian statutory tax rate of 20%, which was primarily driven by the income tax provision related to the compensation of environmental damages as well as recognition of non-deductible social expenses.

The breakdown of the income tax expense:

<i>USD million</i>	2021	2020	Change, %
Current income tax expense	1,695	1,685	1%
Deferred tax expense/(benefit)	616	(740)	n.a.
Total income tax expense	2,311	945	2x

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

<i>USD million</i>	2021	2020	Change, %
Russian Federation	1,668	1,648	1%
Finland	5	11	(55%)
Rest of the world	22	26	(15%)
Total	1,695	1,685	1%

EBITDA

<i>USD million</i>	2021	2020	Change,%
Operating profit	9,536	6,400	49%
Depreciation and amortisation	928	943	(2%)
Impairment of non-financial assets, net	48	308	(84%)
EBITDA	10,512	7,651	37%
EBITDA margin	59%	49%	10 p.p.

In 2021, EBITDA increased 37% (or +USD 2,861 million) to a USD 10,512 million primarily due to higher revenue.

STATEMENT OF CASH FLOWS

<i>USD million</i>	2021	2020	Change,%
Cash generated from operations before changes in working capital and income tax	11,479	10,254	12%
Movements in working capital	(2,226)	(662)	3x
Income tax paid	(2,211)	(1,304)	70%
Net cash generated from operating activities	7,042	8,288	(15%)
Capital expenditure	(2,764)	(1,760)	57%
Other investing activities	126	112	13%
Net cash used in investing activities	(2,638)	(1,648)	60%
Free cash flow	4,404	6,640	(34%)
Interest paid	(315)	(510)	(38%)
Other financing activities	(3,732)	(3,822)	(2%)
Net cash used in financing activities	(4,047)	(4,332)	(7%)
Effects of foreign exchange differences on balances of cash and cash equivalents	(1)	99	n.a.
Net increase in cash and cash equivalents	356	2,407	(85%)

In 2021, free cash flow decreased 34% to USD 4.4 billion following the decrease of cash generated from operating activities and increase in cash used in investing activities.

In 2021, net cash generated from operating activities decreased 15% to USD 7.0 billion. Settlement of environmental obligations and increase in income tax payments were partly positively offset by higher metal revenue.

In 2021, net cash used in investing activities increased 60% to USD 2.6 billion primarily driven by a 57% capital expenditures increase to USD 2.8 billion.

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

<i>USD million</i>	2021	2020
Change of the net working capital in the balance sheet	(557)	273
Foreign exchange differences	15	(290)
Change in income tax payable	524	(359)
Change of long term components of working capital	(56)	(95)
Provisions	(2,145)	(186)
Other changes	(7)	(5)
Change of working capital per cash flow	(2,226)	(662)

Capital investments breakdown by project is presented below:

<i>USD million</i>	2021	2020	Change,%
Polar Division, including:	843	665	27%
<i>Skalisty mine</i>	95	109	(13%)
<i>Taymirsky mine</i>	38	97	(61%)
<i>Komsomolsky mine</i>	32	51	(37%)
<i>Oktyabrsky mine</i>	10	16	(38%)
<i>Talnakh Concentrator</i>	167	38	4x
<i>Other Polar Division project</i>	501	354	42%
Kola MMC	205	155	32%
Sulfur project	526	154	3x
South cluster	304	114	3x
Energy and gas infrastructure modernization	316	219	44%
Chita (Bystrinsky) project	62	98	(37%)
Other production projects	490	344	42%
Other non-production assets	18	11	64%
Total	2,764	1,760	57%

In 2021, CAPEX increased 57% (or USD 1,004 million) to a record USD 2,764 million driven by growth of investments in key strategic projects. Sulfur Programme that entered its active phase recorded over USD 500 million of CAPEX, while investments in South Cluster and Talnakh Concentrator expansion increased 3- and 4-fold, respectively. Expenditures on capital repairs, improvement of industrial safety and modernization of core assets were up more than 40% exceeding USD 800 million.

DEBT AND LIQUIDITY MANAGEMENT

<i>USD million</i>	As of 31 December 2021	As of 31 December 2020	Change, USD million	Change,%
Non-current loans and borrowings	8,616	9,622	(1,006)	(10%)
Current loans and borrowings	1,610	12	1,598	100%
Lease liabilities	235	262	(27)	(10%)
Total debt	10,461	9,896	565	6%
Cash and cash equivalents	5,547	5,191	356	7%
Net debt	4,914	4,705	209	4%
Net debt /12M EBITDA	0.5x	0.6x	(0.1x)	

As of December 31, 2021, the Company's total debt increased 6% compared to December 31, 2020 and amounted to USD 10,461 million. The increase was primarily driven by the new US\$500mm five-year Eurobond successfully priced in October 2021 with the purpose to increase the available liquidity cushion for the scheduled 2022 debt repayments. Current loans and borrowings as of December 31, 2021 increased by USD 1,598 million as compared to December 31, 2020, primarily due to the two Eurobonds totaling USD 1,500 million maturing in April and October 2022 becoming a short-term liability as of December 31, 2021. Current loans and borrowings are fully covered by the balance sheet liquidity and available limits under committed credit lines.

The Company's Net debt as of December 31, 2021 increased 4% compared to December 31, 2020 due to the increase in total debt. Despite the Net debt increase, Net debt / 12M EBITDA as at the end of 2021 decreased by 0.1x compared to December 31, 2020 and amounted to 0.5x.

As of December 31, 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

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2021, 2020 AND 2019

US Dollars million

	For the year ended 31 December		
	2021	2020	2019
Revenue			
Metal sales	17,103	14,977	12,851
Other sales	749	568	712
Total revenue	17,852	15,545	13,563
Cost of metal sales	(5,057)	(4,500)	(4,499)
Cost of other sales	(753)	(564)	(678)
Gross profit	12,042	10,481	8,386
General and administrative expenses	(989)	(869)	(938)
Selling and distribution expenses	(184)	(167)	(133)
(Impairment)/reversal of impairment of non-financial assets, net	(48)	(308)	24
Other operating expenses, net	(1,285)	(2,737)	(303)
Operating profit	9,536	6,400	7,036
Foreign exchange (loss)/gain, net	(53)	(1,034)	694
Finance costs, net	(279)	(879)	(306)
Disposal of foreign joint operations	29	–	–
Gain from disposal of subsidiaries	–	19	2
Income from investments	52	73	98
Profit before tax	9,285	4,579	7,524
Income tax expense	(2,311)	(945)	(1,558)
Profit for the year	6,974	3,634	5,966
Attributable to:			
Shareholders of the parent company	6,512	3,385	5,782
Non-controlling interests	462	249	184
	6,974	3,634	5,966
EARNINGS PER SHARE			
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	41.9	21.4	36.5

Attachment B

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021, 2020 AND 2019

US Dollars million

	At 31 December		
	2021	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	12,699	10,762	11,993
Intangible assets	265	222	215
Other financial assets	89	81	223
Deferred tax assets	167	755	98
Other non-current assets	345	327	370
	13,565	12,147	12,899
Current assets			
Inventories	3,026	2,192	2,475
Trade and other receivables	468	537	362
Advances paid and prepaid expenses	111	79	74
Other financial assets	43	58	51
Income tax receivable	203	7	68
Other taxes receivable	412	444	644
Cash and cash equivalents	5,547	5,191	2,784
Other current assets	60	51	117
	9,870	8,559	6,575
TOTAL ASSETS	23,435	20,706	19,474
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	6	6	6
Share premium	1,218	1,254	1,254
Treasury shares	(305)	–	–
Translation reserve	(5,415)	(5,521)	(4,899)
Retained earnings	8,184	8,290	7,452
	3,688	4,029	3,813
Non-controlling interests	1,100	646	474
	4,788	4,675	4,287
Non-current liabilities			
Loans and borrowings	8,616	9,622	8,533
Lease liabilities	178	203	180
Provisions	894	560	636
Social liabilities	633	84	38
Trade and other long-term payables	55	32	37
Derivative financial instruments	72	52	–
Deferred tax liabilities	73	43	60
Other non-current liabilities	43	23	281
	10,564	10,619	9,765
Current liabilities			
Loans and borrowings	1,610	12	1,087
Lease liabilities	57	59	44
Trade and other payables	2,224	1,427	1,706
Dividends payable	3,146	47	1,553
Employee benefit obligations	417	401	393
Provisions	146	2,162	49
Social liabilities	158	96	51
Derivative financial instruments	15	93	–
Income tax payable	41	358	36
Other taxes payable	269	329	503
Other current liabilities	–	428	–
	8,083	5,412	5,422
TOTAL LIABILITIES	18,647	16,031	15,187
TOTAL EQUITY AND LIABILITIES	23,435	20,706	19,474

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021, 2020 AND 2019

US Dollars million

	For the year ended 31 December		
	2021	2020	2019
OPERATING ACTIVITIES			
Profit before tax	9,285	4,579	7,524
Adjustments for:			
Depreciation and amortisation	928	943	911
Impairment/(reversal of impairment) of non-financial assets, net	48	308	(24)
Loss on disposal of property, plant and equipment	35	19	19
Gain from disposals of subsidiaries and foreign joint operations	(29)	(19)	(2)
Change in provisions and allowances	896	2,477	233
Finance costs and income from investments, net	227	806	208
Foreign exchange loss/(gain), net	53	1,034	(694)
Other	36	107	51
	11,479	10,254	8,226
Movements in working capital:			
Inventories	(796)	(119)	48
Trade and other receivables	38	(161)	(122)
Advances paid and prepaid expenses	(30)	(32)	14
Other taxes receivable	31	125	(331)
Employee benefit obligations	34	20	62
Trade and other payables	669	(239)	(247)
Provisions	(2,145)	(186)	(35)
Other taxes payable	(27)	(70)	304
Cash generated from operations	9,253	9,592	7,919
Income tax paid	(2,211)	(1,304)	(1,910)
Net cash generated from operating activities	7,042	8,288	6,009
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(2,683)	(1,686)	(1,262)
Purchase of share in associates	(21)	(14)	–
Purchase of intangible assets	(81)	(74)	(62)
Loans issued	(6)	(3)	(3)
Proceeds from repayment of loans issued	43	36	54
Net change in deposits placed	(35)	(4)	78
Proceeds from disposal of property, plant and equipment	12	2	10
Net cash inflow/(outflow) from disposal of subsidiaries and foreign joint operations	49	28	(20)
Interest and other investment income received	84	67	85
Net cash used in investing activities	(2,638)	(1,648)	(1,120)

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021, 2020 AND 2019 (CONTINUED)

US Dollars million

	For the year ended 31 December		
	2021	2020	2019
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	1,000	2,903	3,212
Repayments of loans and borrowings	(415)	(2,552)	(2,163)
Payments of lease liabilities	(55)	(46)	(45)
Dividends paid	(2,198)	(4,165)	(4,166)
Dividends paid to non-controlling interest	–	–	(1)
Net proceeds on exchange of flows			
under cross-currency interest rate swaps	4	38	37
Interest paid	(315)	(510)	(497)
Acquisition of own shares from shareholders	(2,068)	–	–
Net cash used in financing activities	(4,047)	(4,332)	(3,623)
Net increase in cash and cash equivalents	357	2,308	1,266
Cash and cash equivalents at the beginning of the year	5,191	2,784	1,388
Effects of foreign exchange differences			
on balances of cash and cash equivalents	(1)	99	130
Cash and cash equivalents at the end of the year	5,547	5,191	2,784

Attachment D
NET WORKING CAPITAL

<i>USD million</i>	31.12.2021	31.12.2020	Change	incl. effects of foreign exchange differences
Finished goods	767	547	220	(7)
Work-in-process	1,494	1,075	419	(4)
Other inventories	765	570	195	(2)
Trade and other receivables	468	505	(37)	(1)
Advances paid and prepaid expenses	111	79	32	-
Taxes receivable	615	451	164	(6)
Employee benefit obligations	(417)	(401)	(16)	4
Trade and other payables*	(2,224)	(1,427)	(797)	36
Taxes payable	(310)	(687)	377	(5)
Total working capital	1,269	712	557	15

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 and South Africa.

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.

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