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Press release

25 July 2022

Q2 & 6M 2022 NLMK Group Trading Update

Q2 2022 highlights:

- Steel output stood at 4.4 m t (-2% qoq; -4% yoy).
- Sales reduced by -12% to 4.0 m t (-7% yoy) driven by an increase in intragroup slab supplies and a decline in demand in key markets. Finished product sales stood at 2.2 m t (-13 % qoq, -19 % yoy).
- Sales on NLMK's "home" markets reduced by 3% qoq to 2.6 m t (-7% yoy) driven by the slow-down in demand in the Russian market.
- Export sales totalled 1.2 m t (-33 % qoq; -17 % yoy).

6M 2022 highlights:

- Steel output reached 8.9 m t (-1% yoy).
- Sales grew by 4% yoy to 8.6 m t driven by the increase in demand for semi-products in export markets in Q1 2022.
- Sales on "home" markets declined by 5% yoy to 5.2 m t.
- Sales to export markets increased by 13% yoy to 2.9 m t.

** Hereinafter, Q2 2022 output and sales figures are preliminary and can be updated. Hereinafter, NLMK Group steel output and sales on "home" markets are shown taking into account NBH performance. Product sales are shown without taking into account NBH performance. Sales to NLMK Group's "home" markets are understood to be sales by NLMK Group companies in the regions where the products are produced in Russia, the EU, and the US.*



NLMK Group's Q2 2022 operating performance

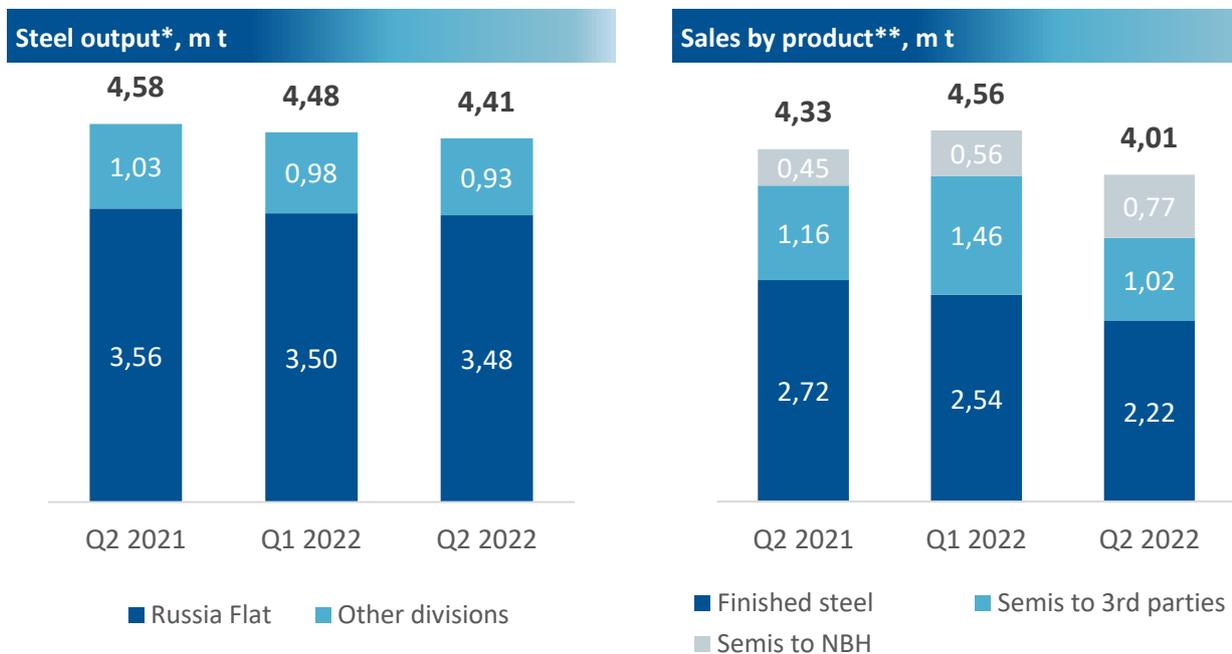
Steel output stood at 4.4 m t (-2% qoq; -4% yoy) against the backdrop of reduced steel production at NLMK Russia Long.

Sales went down to 4.0 m t (-12% qoq; -7% yoy) driven by the increase in NLMK's intragroup slab supply by 0.4 m t qoq and a decline in demand in key markets.

Sales mix: Semi-finished products accounted for 45% of sales (flat qoq; +8 p.p. yoy). Finished product sales declined by 13% qoq to 2.2 m t (-19 % yoy).

Sales on 'home' markets stood at 2.6 m t (-3% qoq; -7% yoy). Supply to the US market amounted to 0.4 m t (-3% qoq; -25% yoy) against the backdrop of low buying activity amid high stocks accumulated. In Europe, sales increased by 20% qoq to 0.7 m t (+45% yoy) due to higher shipments of hot-rolled steel at La Louvière. In Russia, sales decreased by 10% qoq to 1.5 m t (-15% yoy) driven by the slowdown in economic activity amid external trade and financial restrictions.

Sales in export markets dropped by 33% qoq to 1.2 m t (-17% yoy).



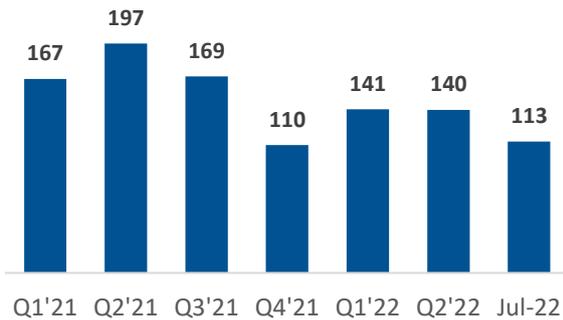
*with NBH; ** without NBH



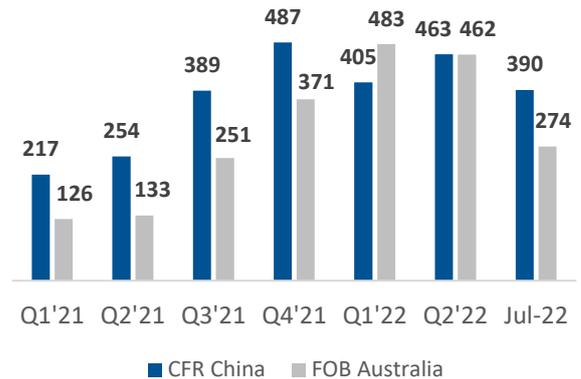
RAW MATERIALS MARKET IN Q2 2022

- Prices for Australian coking coal decreased by 4% qoq (+3.5x yoy).** In May, prices approached the level of multi-year highs following the European Union’s announcement on introducing an embargo on Russian coal supplies, and worsening weather conditions in Australia. By the end of the quarter, coal prices declined due to the decrease in steel prices and the normalization of trade flows. The price of imported coking coal in China grew by 14% qoq (+82% yoy). Prices peaked in April following the lockdown in one of China's largest coal-producing regions. The price trend then reversed due to the growth of supplies from Russia and Mongolia following an ease of pandemic restrictions and domestic production recovery.
- Prices for iron ore materials remained flat qoq (-29% yoy).** In April, prices grew driven by an increase in steel production in China, worsening weather conditions in Brazil and Australia, and a reduction in supplies of iron ore from Ukraine. In the second half of the quarter, prices declined against the backdrop of a low steel/raw material spread, weak demand for steel products amid the lockdown restrictions in China.
- Scrap prices in the US and the EU reduced by 6% qoq (+7% yoy)** driven by declining prices for finished products, seasonal growth in scrap collection and falling steel demand in Turkey. Ruble-denominated prices in Russia decreased by 19% qoq (-13 % yoy).

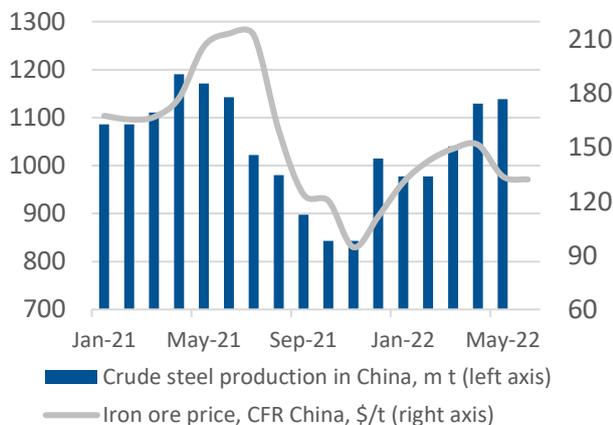
Iron ore price, CFR China, \$/t



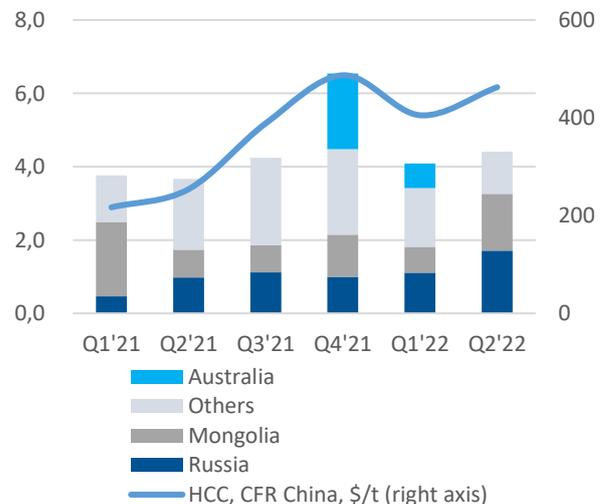
Hard coking coal price, \$/t



Crude steel output and iron ore price in China



Hard coking coal import in China, m t



*Price trends calculated using the Company's estimates and data from Metal Expert



STEEL MARKETS IN Q2 2022

- **Steel prices in China declined by 5% qoq (-14% yoy)** against the backdrop of declining steel products consumption driven by lower activity in the construction sector and other metal-intensive industries amid a strict lockdown caused by another outbreak of COVID-19.
- **Western markets posted a moderate increase in steel product prices.** Average steel prices in the US and the EU increased by 5% and 3% qoq, respectively, due to rush demand in March-April driven by the rebalancing of global trade flows. In May, the price trend reversed amid a partial normalization of supply chains, growth in imports from Asia, and lower prices for metallurgical raw materials. Final demand slowed down as energy prices grew and monetary policy tightened.
- **In Russia, dollar-denominated prices for steel products increased by 16% qoq** amid ruble appreciation (+23% qoq). Ruble-denominated prices for steel products decreased by 10% qoq due to excess supply caused by export sanctions. Moreover, a slowdown in overall domestic demand had a negative impact.
- **Global steel production increased by 7% qoq** driven mainly by China, where steel output grew by 14% qoq. In the US and the EU, production increased by 4% and 3% qoq, respectively, driven by higher steel product prices in the first half of the quarter. In Russia, steel output declined qoq.



SEGMENTAL PERFORMANCE

NLMK RUSSIA FLAT PRODUCTS¹

Q2 2022 performance

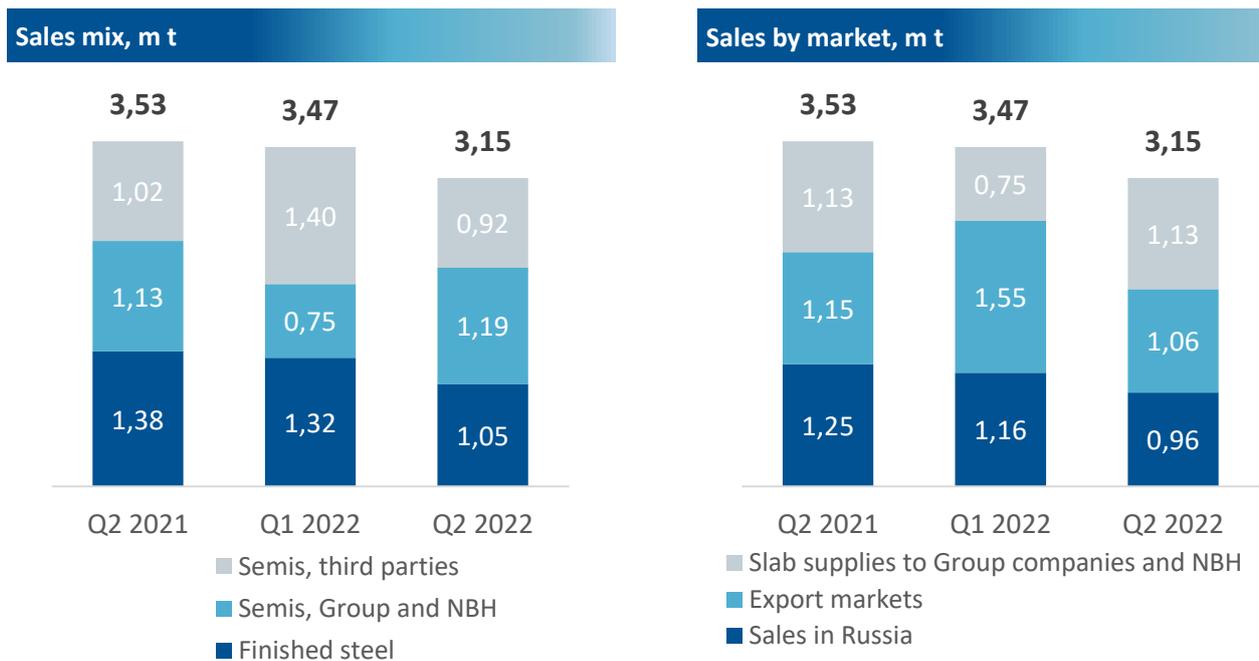
Steel output stood at 3.5 m t (-1% qoq; -2% yoy).

Sales in the Segment decreased to 3.2 m t, down 9% qoq (-11% yoy). The decline in slab demand in the EU and Middle East markets was in full offset by intragroup sales to the Group's foreign assets. The Segment's sales decreased due to deceleration of demand for hot- and cold-rolled steel in the key steel consuming industries in the Russian market.

Sales mix: sales of semi-finished products to third parties decreased to 0.9 m t, down 35% qoq (-10% yoy) due to lower demand in export sales and increased intragroup supply of slabs. Semi-finished product sales to the Group companies and NBH grew to 1.2 m t, up 58% qoq (+5% yoy).

Finished rolled product sales in Q2 decreased to 1.0 m t, down 20% (-24% yoy) as domestic demand declined amid a slowdown of the economy.

Sales markets: sales in Russia decreased by 17% qoq to 1.0 m t (-23% yoy). Export sales decreased to 2.2 m t, down 5% qoq (-4% yoy); the share of export in sales reached 70% (+4% p.p. qoq; +5 p.p. yoy).



¹ NLMK Russia Flat Products companies include NLMK Lipetsk, VIZ-Steel, and Altai-Koks. Export sales are calculated including the corresponding share of trading companies.



6M 2022 performance

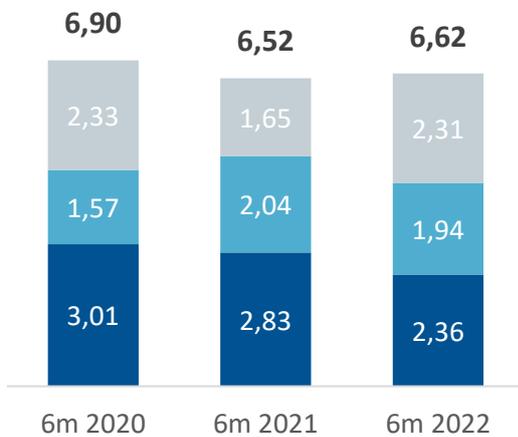
Steel output stood at 7.0 m t (+1% yoy). Utilization of steel capacities was 96% (+1 p.p. yoy).

Sales in the Segment totalled 6.6 m t (+1% yoy) against the backdrop of increased demand for slabs and pig iron in export markets.

Sales mix: sales of semi-finished products to third parties increased to 2.3 m t, up 40% yoy, as export shipments grew in Q1 2022. Slab sales to the Group companies and NBH decreased to 1.9 m t, down 5% yoy. Finished rolled product sales decreased by 17% yoy to 2.4 m t.

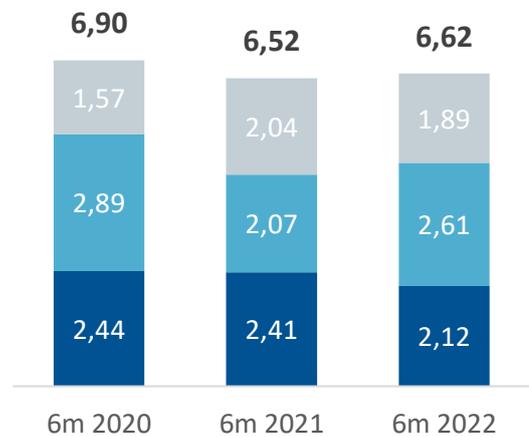
Sales markets: sales in Russia decreased to 2.1 m t, down 12% yoy, due to declining demand in the Russian market in Q2 2022. Export sales grew to 4.5 m t, up 9% yoy; the share of export in sales reached 68% (+5% p.p. yoy).

Sales mix, m t



- Semis, third parties
- Simes, Group and NBH
- Finished steel

Sales by market, m t



- Slab supplies to Group companies and NBH
- Export markets
- Sales in Russia



NLMK RUSSIA LONG PRODUCTS²

Q2 2022 performance

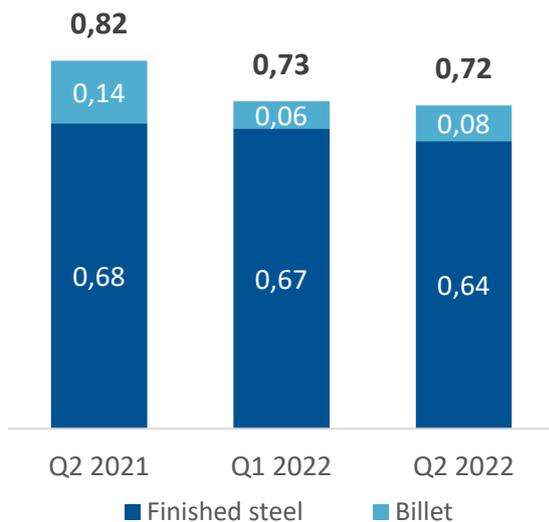
Steel output decreased to 0.7 m t, down 12% qoq (-8% yoy) as planned repairs were underway at NLMK Ural. Steel output at NLMK Kaluga was reduced amid declining demand in the Russian market and restrictions on export to the EU. Steel capacity utilization in the Segment was 82% (-12 p.p. qoq; -8 p.p. yoy).

Sales stood at 0.72 m t (-1% qoq; -12% yoy) as demand for long products in Russia decreased. This was offset by pivoting sales of square billets from Europe to Turkey. Finished product sales totalled 0.64 m t (-4% qoq; -6% yoy). The share of finished products in sales was 89% (-3 p.p. qoq; +6 p.p. yoy).

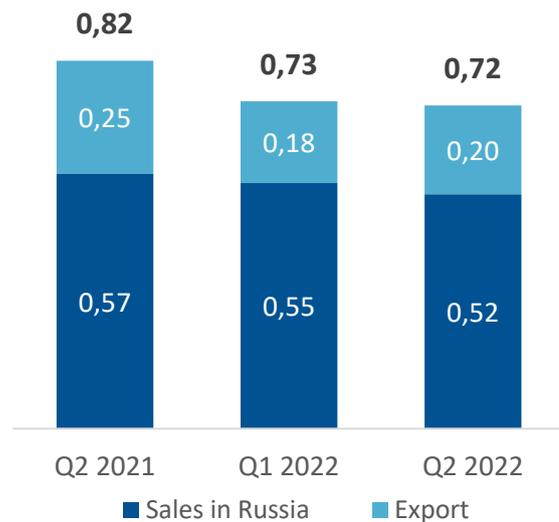
Sales markets: export sales grew to 0.20 m t, up 9% qoq (-21% yoy). Sales in Russia decreased to 0.52 m t, down 5% qoq (-5% yoy) as a result of lower demand. The share of sales in Russia was 73% (-3 p.p. qoq; +3 p.p. yoy).

Scrap: scrap sales increased to 1.3 m t, up 43% qoq (-19% yoy) amid the seasonal accumulation of scrap stocks. The share of scrap sales to Group companies was 99%.

Sales mix, m t



Sales by market, m t



² NLMK Russia Long Product companies include NLMK Ural, NLMK Metalware, NLMK Kaluga, and scrap collecting facilities. Export sales of long products are calculated taking into account the corresponding share of trading companies' sales.



6M 2022 performance

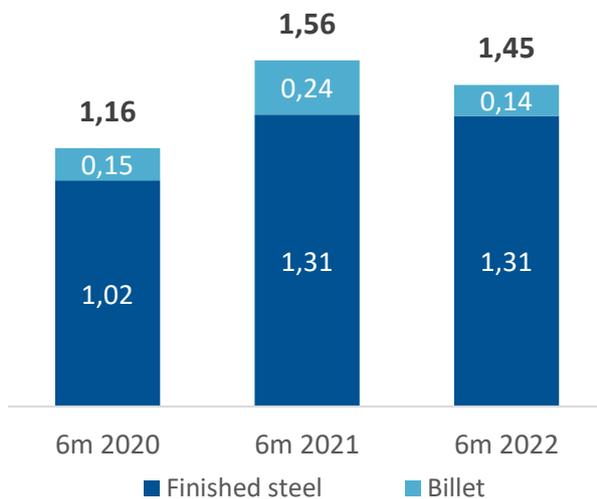
Steel output decreased to 1.5 m t, down 2% yoy, due to planned repairs in Q2 2022.

Sales decreased to 1.4 m t, down 7% yoy, following the decline of demand for billets in export markets. Finished product shipments totalled 1.3 m t (flat yoy). The share of finished products in sales reached 90% (+6 p.p. yoy).

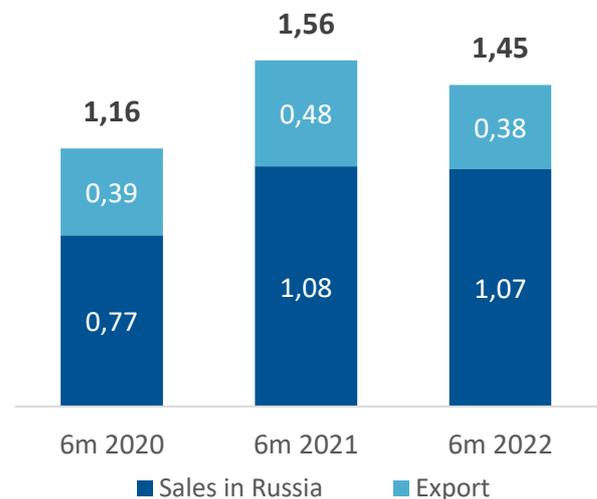
Sales markets: export sales dropped to 0.4 m t, down 20% yoy, amid decreased sales of square billets. Sales in Russia decreased by 1% vs. the same period last year, totalling 1.1 m t. The share of sales in Russia reached 74% (+5 p.p. yoy).

Scrap: scrap sales decreased to 2.1 m t, down 10% yoy from the high base of Q2 2021, when demand for raw materials grew at an outstripping rate while the steel/raw materials spread was expanding. The share of scrap sales to Group companies was 99%.

Sales mix, m t



Sales by market, m t





MINING AND PROCESSING OF RAW MATERIALS

Q2 2022 performance

Iron ore raw materials output decreased to 4.6 m t, down 7% qoq (-9% yoy) due to improvements in the quality of concentrate with the corresponding increase in iron ore consumption.

Iron ore sales decreased to 4.8 m t, down 2% qoq (-8% yoy) following the reduction of production output.

Sales to third parties grew to 101 k t.



6M 2022 performance

Iron ore raw materials output decreased by 3% yoy to 9.6 m t.

Iron ore sales totalled 9.65 m t (-3% yoy).

Sales to third parties decreased to 190 k t.





NLMK USA

Q2 2022 performance

Sales in the Segment decreased to 0.4 m t, down 3% (-25% yoy) amid the slowdown of consumer activity. A further decline in prices is expected as end-demand will be slowing down and the level of stocks accumulated since the beginning of 2022 is high.

6M 2022 performance

Sales in the Segment decreased to 0.8 m t (-18% yoy) from the high base of the same period last year when consumption was on the rise amid pent-up demand.

NLMK DANSTEEL:

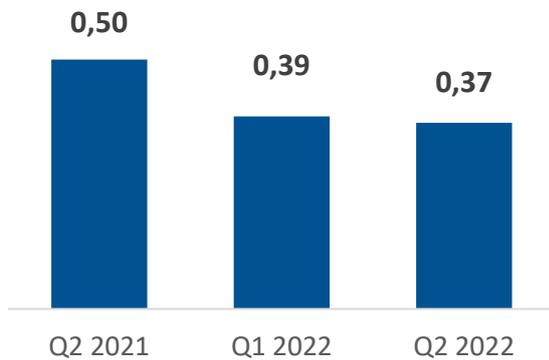
Q2 2022 performance

Sales decreased to 0.16 m t, down 7% (-4% yoy) due to a demand slowdown amid expectations of further price reductions for thick plate in Europe.

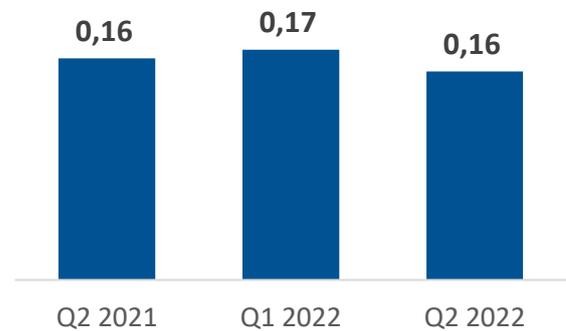
6M 2022 performance

Sales decreased to 0.32 m, down 4%, amid end-demand normalization and stock accumulation in Europe.

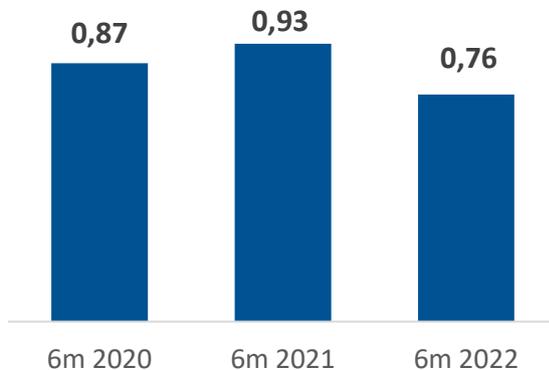
NLMK USA sales, m t



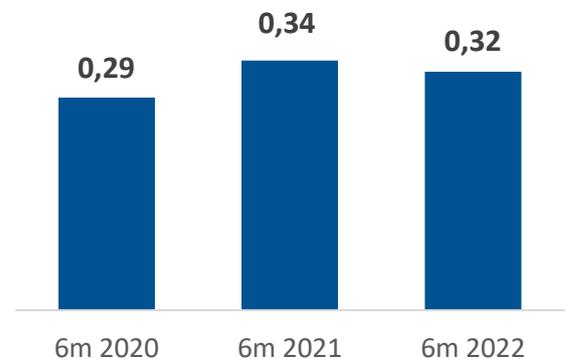
NLMK Dansteel sales, m t



NLMK USA sales, m t



NLMK Dansteel sales, m t





JOINT VENTURE – NLMK Belgium Holdings (NBH)³

Q2 2022 performance

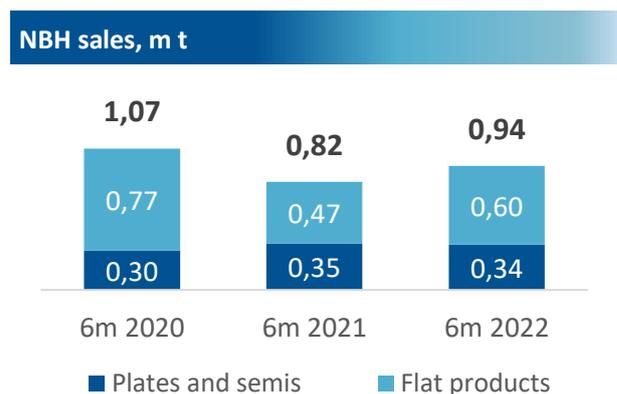
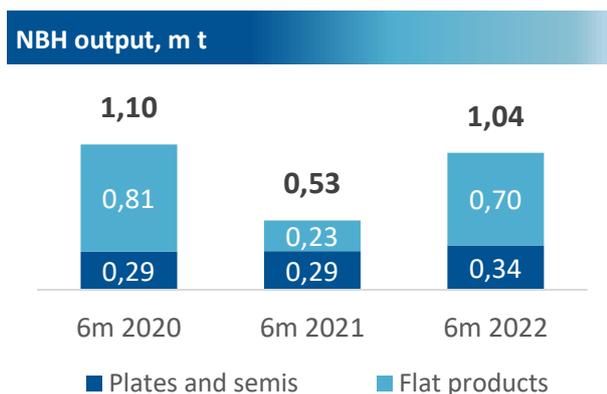
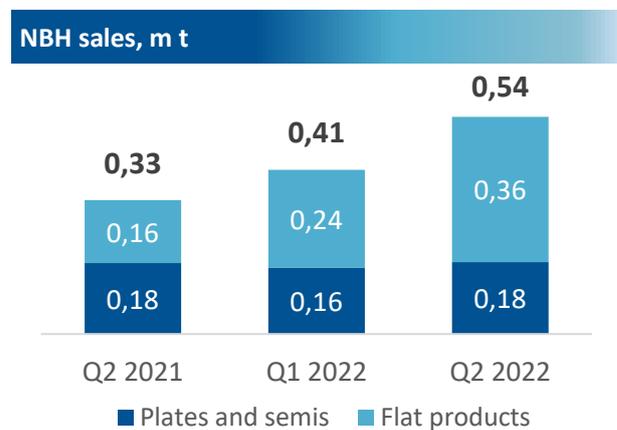
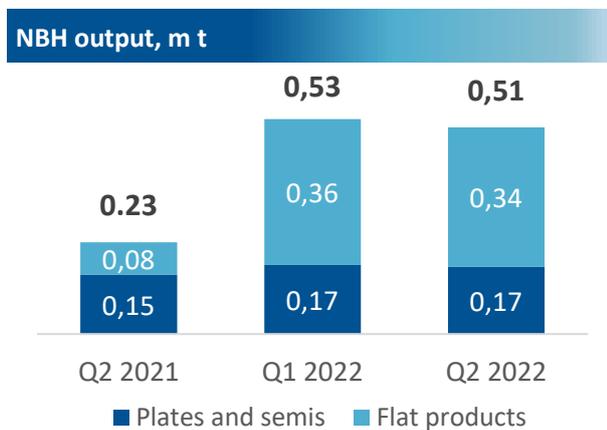
Steel product output decreased to 0.51 m t, down 4% qoq, as hot-rolled steel production was reduced at NLMK La Louvière in response to the slowdown in demand at quarter-end. Production output increased 2.3 times vs. the same period last year due to the completion of the first upgrading phase at NLMK La Louvière Hot Strip Mill (Strategy 2022 project).

Sales grew by 32% qoq to 0.54 m t (+62% yoy) due to the low base effect of the previous quarter when shipments were down due to high consumer stock levels and logistic constraints amid the transport shortage.

6M 2022 performance

Steel product output doubled yoy, up to 1.0 m t, amid hot-rolling mill upgrades at NLMK La Louvière, completed in May 2021.

Sales grew to 0.94 m t, up 15% yoy, driven by H1 2022 production growth. Sell-off of finished-product stocks in 1H 2021 accounts for the high-base effect.



³ NBH assets include producers of plate NLMK Clabecq (Belgium), NLMK Verona (Italy) and producers of strip products NLMK La Louvière (Belgium) and NLMK Strasbourg (France).