

Chairman's letter



The Company's leadership managed to fully deliver on its production guidance and – more importantly – to sell all metals produced in the reporting period by redirecting sales to friendly countries.

Dear shareholders,

The year 2023 was marked by a slump in prices for our core metals and lingering external political pressure on Russian business, which could not but impact our annual financial results. Our revenue decreased 15% to USD 14.4 billion while EBITDA was down 21% to USD 6.9 billion.

Nevertheless, the Company's leadership managed to fully deliver on its production guidance and – more importantly – to sell all metals produced in the reporting period by redirecting sales to friendly countries. At the same time, effective cost control measures backed by forex tailwind resulted in lower cash operating costs and a solid EBITDA margin of 48%.

Despite challenging conditions in the global financial and commodities markets and non-cooperation by certain equipment suppliers, we continued to execute

48%

EBITDA margin

USD 3 BN

Total investments

48%

Targeted reduction in pollutant emissions by 2026

our investment programme, which amounted to USD 3 billion in 2023. I would like to specifically highlight the launch of the keenly anticipated Sulphur Project at Nadezhda Metallurgical Plant, which became the largest environmental programme in Russia in recent years. When the project reaches its full capacity, it will help meet legal requirements for reducing pollutant emissions in Norilsk by at least 20% in 2024, and by 45% in 2025, from a 2015 baseline.

Our environmental efforts were not limited to the Sulphur Project. For example, we made significant progress in cleaning up legacy pollution in the Norilsk Industrial District, reducing wastewater discharge, and boosting waste utilisation. The Company also teamed up with several research teams from the Siberian Branch of the Russian Academy of Sciences to conduct a biodiversity study across the Company's footprint that was unique in scope and depth.

As far as occupational health and safety is concerned, we continued our mine safety programmes by deploying new digital solutions and improving equipment and personnel tracking systems.

Tragically, five fatal accidents were recorded at the Company in 2023, compared to four such accidents in the year prior. All accidents were thoroughly investigated, with the resulting reports submitted to the Board of Directors and action plans developed to eliminate their root causes. The Company continues improving the quality of its incident investigations to prevent new accidents, while also redesigning its occupational safety communications with employees. As Board Chairman, I reiterate that achieving zero work-related fatalities is a top strategic priority for Nornickel.

Last year, the Company also focussed on joint business diversification projects to support technology innovation. Polar Lithium, a joint venture between Nornickel and ROSATOM, has been awarded a licence to develop Kolmozerskoye, Russia's largest lithium deposit. The development of this deposit will enable us to become Russia's first-ever producer of lithium-bearing raw materials and eventually high-tech products such as lithium-ion batteries. Nornickel also acquired an interest in Russian Stainless Company, which is implementing a project for the

production of flat-rolled stainless steel products in the Volgograd Region. Through this project, Nornickel will substantially boost its nickel sales in the domestic market and integrate into the manufacturing of high-tech products from steels and alloys.

On top of this, Nornickel was lauded as a top performer in sustainability and responsible business practices and recognised as a first-degree winner of the Responsible Business Leaders national award.

Finally, to accommodate our more than 400,000 shareholders, we have decided to do a share split to boost our stock's liquidity and make our shares more accessible to a wider range of retail investors, as well as to pay a dividend for the first nine months of 2023. We believe that this move will contribute to further expansion of Nornickel's shareholder base and the growth of the Russian stock market more broadly.

Andrey Bougrov

Chairman of the Board of Directors MMC Norilsk Nickel