PJSC Polyus

Management Report

30 June 2021

24 August 2021

Contents

Cautionary statement

24 August 2021 – PJSC Polyus (the “Company” or “Polyus”) issues this Interim Management Report (“IMR”) to summarise recent operational activities and to provide trading guidance in respect of the condensed consolidated interim financial statements for the three and six months ended 30 June 2021.

This IMR has been prepared solely to provide additional information to stakeholders to assess the Company’s and its subsidiaries’ (the “group”) strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Polyus and its subsidiaries undertakings when viewed as a whole.

Responsibility statement

Management of PJSC “Polyus” are responsible for the preparation of the condensed consolidated interim financial statements that present fairly the financial position of PJSC “Polyus” and its subsidiaries (the “group”) as of 30 June 2021, and the results of its operations, cash flows and changes in equity for the three and six months then ended, in compliance with International Accounting Standard 34 (“IAS 34”).

In preparing the condensed consolidated interim financial statements, Management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- compliance with the requirements of IAS 34 and providing additional disclosures when compliance with the specific requirements of IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group’s consolidated financial position and financial performance; and
- making an assessment of the group’s ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the group;
- maintaining adequate accounting records that are sufficient to show and explain the group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the group, and which enable them to ensure that the condensed consolidated interim financial statements of the group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards in the jurisdictions in which the group operates;
- taking such steps as are reasonably available to them to safeguard the assets of the group; and
- preventing and detecting fraud and other irregularities.

The condensed consolidated interim financial statements of the group for the three and six months ended 30 June 2021 were approved by Directors on 24 August 2021.

By order of the Board of Directors,

Chief Executive Officer

Pavel Grachev

Management Discussion and Analysis

The second quarter and first half 2021 key metrics overview

$ million (if not mentioned otherwise)	**2Q 2021**	**1Q 2021**	**Q-o-Q**	**2Q 2020**	**Y-o-Y**	**1H 2021**	**1H 2020**	**Y-o-Y**
Operating highlights								
Gold production (koz)[1]	671	592	13%	690	(3%)	1,263	1,285	(2%)
Gold sold (koz)	679	569	19%	672	1%	1,248	1,216	3%
Realised prices								
Weighted-average refined gold selling price, $/oz	1,815	1,788	2%	1,723	5%	1,803	1,664	8%
Financial performance								
Total revenue	1,245	1,028	21%	1,157	8%	2,273	2,029	12%
Operating profit	753	612	23%	702	7%	1,365	1,183	15%
Operating profit margin	60%	60%	0 ppts	61%	(1) ppts	60%	58%	2 ppts
Profit for the period	643	450	43%	684	(6%)	1,093	295	N.A.
Earnings per share - basic (US Dollar)	4.78	3.33	44%	5.11	(6%)	8.11	2.07	N.A.
Earnings per share - diluted (US Dollar)	4.76	3.32	43%	5.11	(7%)	8.08	2.07	N.A.
Adjusted net profit[2]	582	469	24%	538	8%	1,051	876	20%
Adjusted net profit margin	47%	46%	1 ppts	46%	1 ppts	46%	43%	3 ppts
Adjusted EBITDA[3]	899	739	22%	860	5%	1,638	1,449	13%
Adjusted EBITDA margin	72%	72%	0 ppts	74%	(2) ppts	72%	71%	1 ppts
Net cash flow from operations	693	686	1%	652	6%	1,379	1,196	15%
Capital expenditure[4]	179	127	41%	127	41%	306	251	22%
Cash costs								
Total cash cost (TCC) per ounce sold ($/oz)[5]	390	386	1%	340	15%	388	364	7%
All-in sustaining cash cost (AISC) per ounce sold ($/oz)[6]	667	641	4%	574	17%	655	623	5%
Financial position								
Cash and cash equivalents	1,532	1,800	(15%)	1,654	(7%)	1,532	1,654	(7%)
Net debt (incl. derivatives)[7]	2,366	2,074	14%	2,506	(6%)	2,366	2,506	(6%)
Net debt (incl. derivatives)/adjusted EBITDA (x)[8]	0.6	0.5	20%	0.8	(25%)	0.6	0.8	(25%)

[1] Gold production is comprised of 671 thousand ounces of refined gold in the second quarter of 2021 and 569 thousand ounces of refined gold and 23 thousand ounces of gold in flotation concentrate in the first quarter 2021.
[2] Adjusted net profit is defined by the group as net profit / (loss) for the period adjusted for impairment loss / (reversal of impairment), unrealised (gain) / loss on derivative financial instruments, net, foreign exchange (gain) / loss, net, and associated deferred and current income tax related to such items.
[3] Adjusted EBITDA is defined by the group as profit for the period before income tax, depreciation and amortisation, (gain) / loss on derivative financial instruments (including the effect of the disposal of a subsidiary and subsequent accounting at equity method), finance costs, net, interest income, foreign exchange loss / (gain), net, impairment loss / (reversal of impairment), (gain) / loss on property, plant and equipment disposal, expenses associated with an equity-settled share-based payment plan, expenses associated with covid-19, loss on transfer of Omchak power grid and special charitable contributions as required to ensure calculation of the Adjusted EBITDA is comparable with the prior period.
[4] Capital expenditure figures are presented on an accrual basis (here presented net of the Sukhoi Log deposit license acquisition cost and net of Omchak power grid construction cost). For details see reconciliation on page 20.
[5] TCC is defined by the group as the cost of gold sales, less property, plant and equipment depreciation and amortisation and change in allowance for obsolescence of inventory, expenses associated with covid-19 and adjusted by non-monetary change in inventory. TCC per ounce sold is the cost of producing an ounce of gold, which includes mining, processing and refining costs. The group calculates TCC per ounce sold as TCC divided by total ounces of gold sold for the period. The group calculates TCC and TCC per ounce sold for certain mines on the same basis, using corresponding mine-level financial information.
[6] AISC is defined by the group as TCC plus selling, general and administrative expenses, stripping activity asset additions, sustaining capital expenditures, unwinding of discounts on decommissioning liabilities, provision for annual vacation payment, employee benefit obligations cost, and change in allowance for obsolescence of inventory less amortisation and depreciation included in selling, general and administrative expenses. AISC is an extension of TCC and incorporates costs related to sustaining production and additional costs which reflect the varying costs of producing gold over the life-cycle of a mine. The group believes AISC is helpful in understanding the economics of gold mining. AISC per ounce sold is the cost of producing and selling an ounce of gold, including mining, processing, transportation and refining costs, general costs from both mine and alluvial operations, and the additional expenditures noted in the definition of AISC. The group calculates AISC per ounce sold as AISC divided by total ounces of gold sold for the period.
[7] Net debt is defined as non-current borrowings plus current borrowings less cash and cash equivalents and bank deposits. Net debt also includes assets and liabilities under cross-currency and interest rate swaps at the reporting date. Net debt excludes derivative financial instrument assets/liabilities other than cross-currency and interest rate swaps, site restoration and environmental obligations, deferred tax and other non-current liabilities. Net debt should not be considered as an alternative to current and non-current borrowings, and should not necessarily be construed as a comprehensive indicator of the group's overall liquidity.
[8] The group calculates net debt (incl. derivatives) to Adjusted EBITDA as net debt (including derivatives) divided by Adjusted EBITDA for the last twelve months.

Key highlights for the second quarter of 2021

1. Total gold sales volumes amounted to 679 thousand ounces, up 19% compared to the first quarter of 2021. This was driven by higher production volumes of refined gold across all deposits, as well as the start of the washing season at Alluvials and the recommencement of heap leaching operations at Kuranakh. This also includes 9 thousand ounces of gold contained in concentrate from Olimpiada, compared to zero sales in the first quarter of 2021.
2. In the second quarter, the group's revenue amounted to $1,245 million, up 21% compared to the previous quarter. This is mainly attributable to the aforementioned growth in gold sales volumes. At the same time, the average realised refined gold price was 2% higher compared to the first quarter, at $1,815 per ounce.
3. In the second quarter, the group's TCC increased by 1% to $390 per ounce compared to $386 per ounce in the previous quarter, mainly due to start of the washing season at Alluvials.
4. In the second quarter of 2021, the group's adjusted EBITDA amounted to $899 million, a 22% increase compared to $739 million in the previous quarter, mainly driven by higher gold sales volumes during the quarter.
5. In the second quarter of 2021, net profit amounted to $643 million, compared to $450 million in the first quarter.
6. Adjusted net profit amounted to $582 million in the second quarter, up 24% compared to the first quarter of 2021.
7. Net cash generated from operations was $693 million in the second quarter, compared to $686 million in the previous quarter.
8. Capital expenditures ("capex") for the period increased to $179 million, from $127 million in the previous reporting period.
9. Cash and cash equivalents decreased to $1,532 million as at 30 June 2021 (31 March 2021: $1,800 million), while the net debt position, including liabilities under cross-currency and interest rate swaps increased to $2,366 million (31 March 2021: $2,074 million). The group's net liabilities under cross-currency and interest rate swaps related to bank credit facilities and rouble bonds totalled approximately $303 million as of the end of the second quarter (31 March 2021: net liabilities of $358 million).
10. The net debt (incl. derivatives)/adjusted EBITDA ratio stood at 0.6x compared to 0.5x at the end of previous quarter.
11. Dividends for the second half of 2020, approved at the AGM on 27 May 2021, were paid in June 2021 in the amount of $702 million. The total dividend for the full year of 2020 was $1,116 million.
12. The Company's Board of Directors has recommended dividends for the first half of 2021 in the amount of 267.48 Russian roubles per ordinary share. The dividend amount is equivalent to approximately $3.61 per ordinary share or $1.81 per depositary share (with two depositary shares representing interest in one ordinary share)[9]. The total recommended dividend for the first half of 2021 is approximately $491 million, in line with the Company's dividend policy. The dividend is subject to approval by the Company's Extraordinary General Shareholders' Meeting on 29 September 2021. The dividend record date is expected to be 11 October 2021, subject to approval by the EGM.
13. During the second quarter of 2021, the Company allocated $25 million towards measures aimed at preventing the spread of COVID-19. Of this total amount, $9 million is included into Cost of gold sales (additional staff expenses related to extended working shifts), and $11 million is in Other expenses (COVID-19 test kits, medical services and support provided to regional hospitals). The remaining $5 million is mostly attributed to infrastructure facilities which was capitalised as part of property, plant and equipment in the Statement of Financial position. The expenses associated with COVID-19 and recognised as part of Cost of gold sales were excluded from both TCC and AISC calculations. At the same time, all P&L expenses related to COVID-19 ($20 million) were excluded from the adjusted EBITDA calculation.

[9] Based on the currency exchange rate of the Central Bank of Russia of 74.0666 Russian roubles per 1 U.S. dollar as of 24 August 2021.

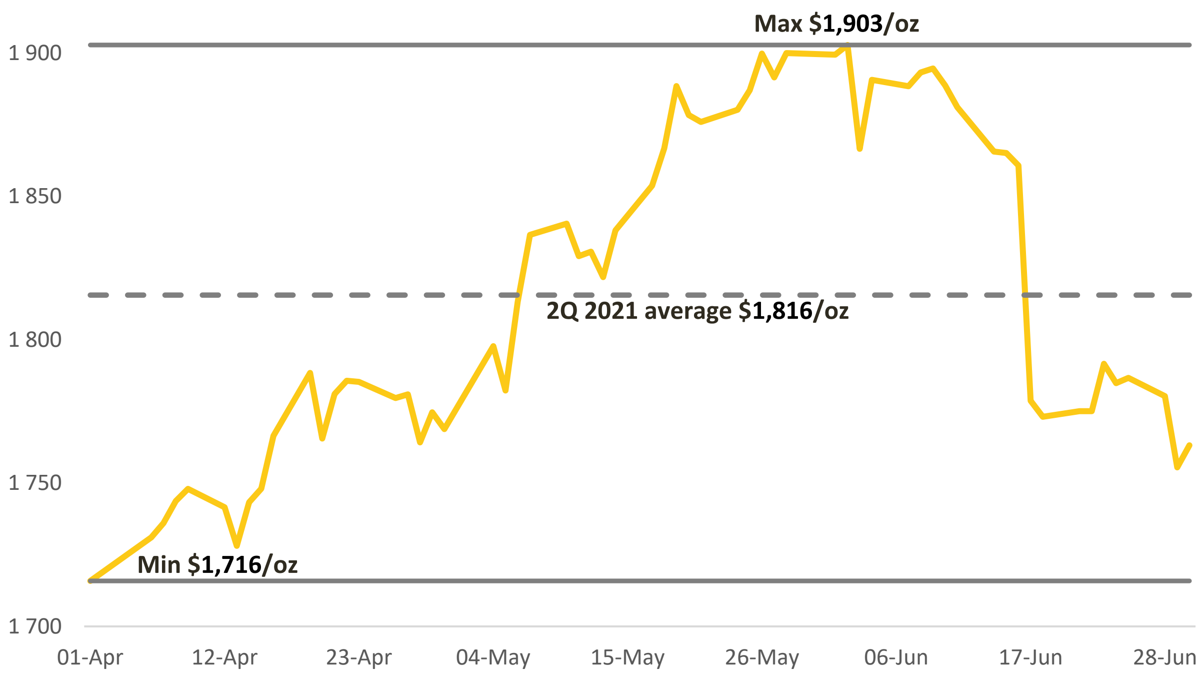
Review of external factors

The group's results are significantly affected by movements in the price of gold and currency exchange rates (principally the RUB/USD rate).

Gold price dynamics

The market price of gold is a significant factor that influences the group's profitability and operating cash flow generation. In the second quarter of 2021, the average London Bullion Market Association (LBMA) gold price was $1,816 per ounce, compared to $1,794 per ounce in the previous quarter and $1,711 per ounce in the second quarter of 2020. In the first half 2021, the average LBMA gold price was $1,805 per ounce, 10% above the first half 2020 average of $1,645 per ounce.

LBMA gold price dynamics in 2Q 2021 $/oz

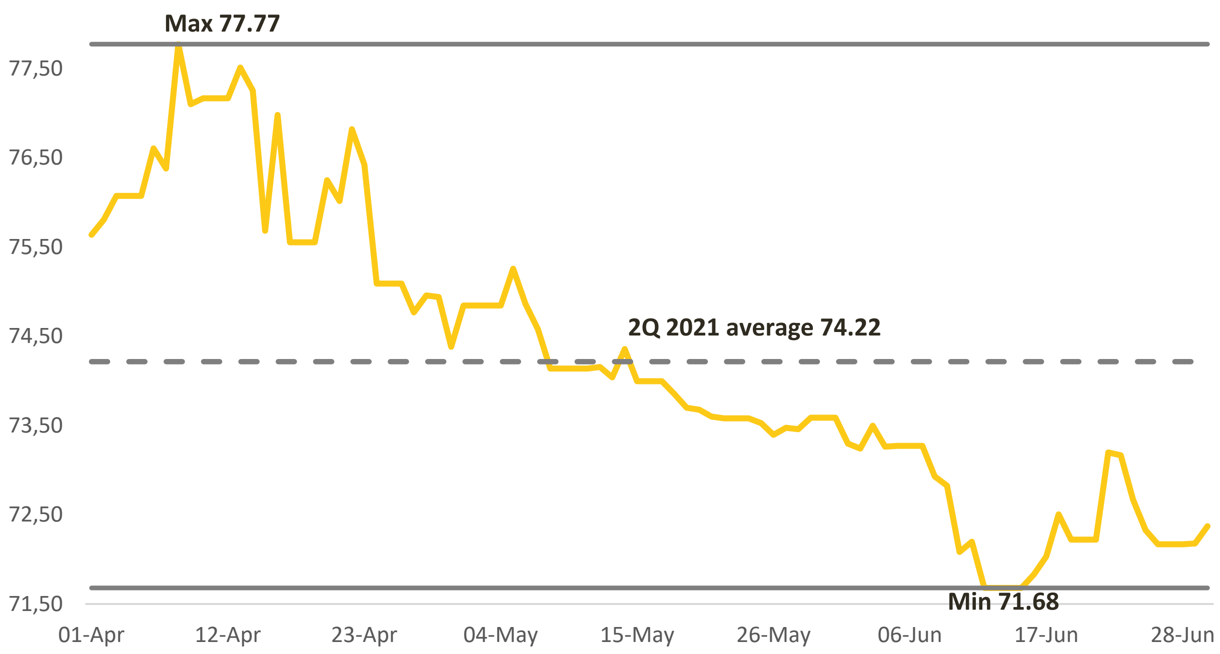


Source: London Bullion Market Association

Rouble exchange rate dynamics

The group's revenue from gold sales is linked to the US dollar (USD), whereas most of the group’s operating expenses are denominated in Russian roubles (RUB). The strengthening of the RUB against the USD can negatively impact the group’s margins by increasing the USD value of its RUB-denominated costs, while a weaker RUB positively affects its margins as it reduces the USD value of the group’s RUB-denominated costs. In the second quarter of 2021, the average RUB/USD exchange rate amounted to 74.22, compared to 74.34 in the previous quarter and 72.36 in the second quarter of 2020.

RUB/USD dynamics, 2Q 2021



Source: The Central Bank of the Russian Federation

Inflationary trends

All of the group’s operations are located in Russia. The rouble-based annualised Russian Consumer Price Index (CPI), calculated by the Federal State Statistics Service, was at 6.5% as of the end of the second quarter of 2021, compared to 5.8% as of the end of the previous quarter and 3.2% as of the end of the second quarter of 2020.

Financial review of the second quarter and first half 2021

Statement of profit or loss review

REVENUE ANALYSIS

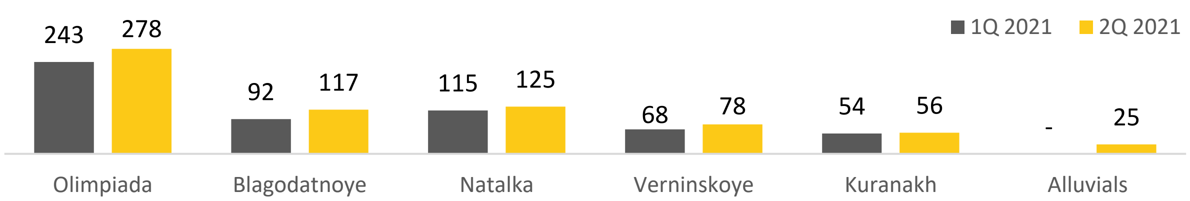
	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Gold sales (koz)	679	569	19%	1,248	1,216	3%
Weighted-average refined gold selling price, $/oz	1,815	1,788	2%	1,803	1,664	8%
Average afternoon gold LBMA price fixing ($/oz)	1,816	1,794	1%	1,805	1,645	10%
Premium of average selling price over average LBMA price fixing ($/oz)	(1)	(6)	(83%)	(2)	19	N.A.
Gold sales ($ million)	1,230	1,017	21%	2,247	2,009	12%
Other sales ($ million)	15	11	36%	26	20	30%
Total revenue ($ million)	**1,245**	**1,028**	**21%**	**2,273**	**2,029**	**12%**

In the second quarter, the group's revenue from gold sales amounted to $1,230 million, a 21% increase compared to the previous quarter. Gold sales totalled 679 thousand ounces, a 19% increase compared to the previous quarter, driven by higher production volumes of refined gold across all deposits, as well as the start of the washing season at Alluvials and the recommencement of heap leaching operations at Kuranakh. This also includes 9 thousand ounces of gold contained in concentrate from Olimpiada, compared to zero sales in the first quarter of 2021. At the same time, the average realised refined gold price was 2% higher than in the first quarter, at $1,815 per ounce.

Revenue breakdown by business unit, 2Q 2021 vs. 1Q 2021

Assets	2Q 2021 ($ million)			1Q 2021 ($ million)		
	Gold sales	Other sales	Total sales	Gold sales	Other sales	Total sales
Olimpiada	502	1	503	434	1	435
Blagodatnoye	212	-	212	165	-	165
Natalka	227	-	227	205	1	206
Verninskoye	142	-	142	116	-	116
Kuranakh	101	1	102	97	1	98
Alluvials	46	1	47	-	1	1
Other	-	12	12	-	7	7
Total	**1,230**	**15**	**1,245**	**1,017**	**11**	**1,028**

Gold sold by mine, koz



CASH COSTS ANALYSIS

In the second quarter, the group's cost of gold sales increased by 18% compared to the previous quarter, to $355 million, while cash operating costs increased by 12%, to $296 million.

Cost of gold sales breakdown

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Cash operating costs[10]	**296**	**265**	**12%**	**561**	**579**	**(3%)**
Depreciation and amortisation (D&A) of operating assets	93	94	(1%)	187	211	(11%)
Total cost of production	**389**	**359**	**8%**	**748**	**790**	**(5%)**
Increase in stockpiles, gold-in-process and refined gold inventories	(34)	(58)	(41%)	(92)	(183)	(50%)
Cost of gold sales	**355**	**301**	**18%**	**656**	**607**	**8%**

Cash operating costs - breakdown by item

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Consumables and spares	70	64	9%	134	143	(6%)
Employee compensation	83	76	9%	159	163	(2%)
Mineral Extraction Tax ("MET")	61	50	22%	111	98	13%
Fuel	26	25	4%	51	62	(18%)
Power	15	15	0%	30	31	(3%)
Other[9]	41	35	17%	76	82	(7%)
Total	**296**	**265**	**12%**	**561**	**579**	**(3%)**

In the second quarter of 2021, consumables and spares expenses increased by 9% compared to the previous quarter. This was driven by the recommencement of the washing season at Alluvials and the seasonal start of heap leaching operations at Kuranakh, as well as higher prices for milling balls, ammonium nitrate and copper sulphate.

Employee compensation expenses (excluding additional expenses related to Covid-19) increased by 9% compared to the previous quarter. This mainly reflects the aforementioned factors related to the alluvial operations and annual salary indexation across all business units.

The group's MET expenses increased by 22% compared to the previous quarter. This reflects higher production volumes of gold dore as well as an increase in sales volumes of flotation concentrate during the period.

In the second quarter, fuel costs increased by 4% compared to the previous quarter due to the start of the washing season at Alluvials.

Power costs remained flat quarter-on-quarter.

Cash operating costs - breakdown by key business units[11], 2Q 2021 vs. 1Q 2021

$ million	Olimpiada 2Q 2021	Olimpiada 1Q 2021	Blagodatnoye 2Q 2021	Blagodatnoye 1Q 2021	Natalka 2Q 2021	Natalka 1Q 2021	Verninskoye 2Q 2021	Verninskoye 1Q 2021	Kuranakh 2Q 2021	Kuranakh 1Q 2021	Alluvials 2Q 2021	Alluvials 1Q 2021
Consumables and spares	30	30	9	9	13	12	5	6	7	6	5	-
Employee compensation	21	20	5	7	12	13	7	7	11	10	11	-

[10] The group calculates cash operating costs as the sum of the following costs within cost of sales for the period: Labour, Consumables and spares, Tax on mining, Fuel, Power, Outsourced mining services and other costs, including Refining, logistics and costs on explosives. Other costs also include $9 million and $11 million of COVID-19 expenses related to employee compensation in the second and in the first quarter of 2021, respectively and $20 million for the first half of 2021. The expenses associated with COVID-19 and recognised as part of Cost of gold sales were excluded from both TCC and AISC calculations.

[11] Calculated on standalone basis and do not include other non-producing business units and consolidation adjustments

MET	31	27	13	11	3	3	3	3	6	6	4	-
Fuel	6	5	4	4	6	8	1	2	3	4	3	-
Power	6	6	1	2	5	6	1	1	2	2	1	-
Other	16	19	11	11	15	17	9	8	3	4	4	1
Total	**110**	**107**	**43**	**44**	**54**	**59**	**26**	**27**	**32**	**32**	**28**	**1**

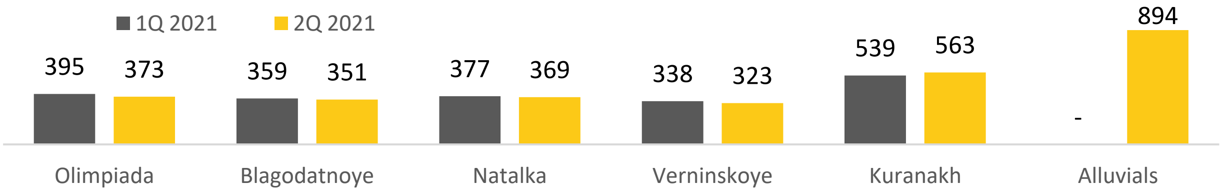
TOTAL CASH COSTS

TCC calculation

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Cost of gold sales before by-product	**362**	**301**	**20%**	**663**	**608**	**9%**
Antimony by-product credit	(7)	-	N.A.	(7)	(1)	N.A.
Cost of gold sales	**355**	**301**	**18%**	**656**	**607**	**8%**
Property, plant and equipment depreciation	(93)	(94)	(1%)	(187)	(211)	(11%)
Expenses related to COVID-19 in cost of gold sales	(9)	(11)	(18%)	(20)	(19)	5%
Non-monetary changes in inventory	13	22	(41%)	35	66	(47%)
TCC	**266**	**218**	**22%**	**484**	**443**	**9%**
Gold sold (koz)	679	569	19%	1,248	1,216	3%
TCC per ounce sold ($/oz)	**390**	**386**	**1%**	**388**	**364**	**7%**

In the second quarter, the group's TCC increased by 1% to $390 per ounce compared to $386 per ounce in the previous quarter, mainly due to start of the washing season at Alluvials.

TCC performance by mine, $/oz



In the second quarter, TCC at Olimpiada declined to $373 per ounce, a 6% decrease compared to the first quarter of 2021. This was driven by the sales of antimony-rich flotation concentrate, which resulted in by-product credit ($25 per ounce in the second quarter compared to zero in the first quarter) during the quarter. In addition, a higher recovery rate in ore processed (83.8% in the second quarter compared to 82.5% in the first quarter) also positively impacted the costs performance for the period.

At Blagodatnoye, TCC amounted to $351 per ounce, down 2% compared to the first quarter. This was driven by higher average grades in ore processed (1.80 grams per tonne in the second quarter compared to 1.65 grams per tonne in the first quarter), which was partially offset by the higher maintenance expenses during the quarter.

In the second quarter, TCC at Natalka decreased to $369 per ounce, down 2% compared to the previous quarter, driven by an increase in recovery rate to 71.8%.

In the second quarter, TCC at Verninskoye amounted to $323 per ounce, down 4% compared to the first quarter. This was driven by the increase in hourly throughput (451 t/h in the second quarter compared to 407 t/h in the first quarter), following the completion of the capacity expansion program of the Verninskoye Mill to 3.5 million tonnes per annum.

At Kuranakh, TCC rose to $563 per ounce, up 4% compared to the first quarter, due to scheduled maintenance works and higher prices for reagents in the reporting period. In addition, a decrease in average grade in ore processed at the Mill (1.22 grams per tonne in the second quarter compared to 1.25 grams per tonne in the first quarter) also negatively impacted the cost performance.

At Alluvials, TCC stood at $894 per ounce, reflecting the start of washing season.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

In the second quarter, the group's selling, general, and administrative (SG&A) expenses amounted to $80 million, a 10% increase compared to the previous quarter.

SG&A breakdown by item

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Employee compensation	58	54	7%	112	122	(8%)
Distribution expenses related to gold-bearing products	0	1	(100%)	1	4	(75%)
Taxes other than mineral extraction tax and income taxes	5	4	25%	9	10	(10%)
Professional services	3	2	50%	5	4	25%
Depreciation and amortisation	7	6	17%	13	12	8%
Other	7	6	17%	13	10	30%
Total	**80**	**73**	**10%**	**153**	**162**	**(6%)**

ALL-IN SUSTAINING COSTS (AISC)

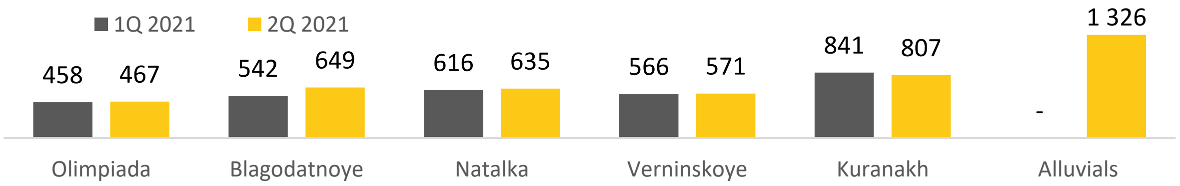
In the second quarter, the group's AISC increased to $667 per ounce, up 4% reflecting higher sustaining capital expenditures and higher levels of stripping activities.

All-in sustaining costs calculation

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Total TCC	**266**	**218**	**22%**	**484**	**443**	**9%**
selling, general and administrative expenses	80	73	10%	153	162	(6%)
amortisation and depreciation related to SG&A	(7)	(6)	17%	(13)	(12)	8%
stripping activity asset additions[12]	58	45	29%	103	75	37%
sustaining capital expenditure[13]	57	34	68%	91	88	3%
unwinding of discounts on decommissioning liabilities	1	1	0%	2	2	0%
adding back expenses excluded from cost of gold sales						
change in allowance for obsolescence of inventory	(2)	-	N.A.	(2)	-	N.A.
Total all-in sustaining costs	**453**	**365**	**24%**	**818**	**758**	**8%**
Gold sold (koz)	679	569	19%	1,248	1,216	3%
All-in-sustaining cost ($/oz)	**667**	**641**	**4%**	**655**	**623**	**5%**

In the second quarter of 2021, AISC at Olimpiada increased to $467 per ounce due to higher sustaining capital expenditures in the reporting period. AISC at Blagodatnoye increased to $649 per ounce, while AISC at Natalka increased to $635 per ounce, both driven by higher sustaining capital expenditures during the quarter and higher levels of stripping activity. AISC at Verninskoye increased to $571 per ounce due to higher sustaining capital expenditures in the reporting period. AISC at Kuranakh decreased to $807 per ounce, on the back of lower sustaining capital expenditures and lower levels of stripping activity during the quarter.

All-in sustaining costs by mine, $/oz



12 Following an update of the methodology and extraction of the depreciation and COVID-19 related expenses included in the additions to the stripping activity asset. The amount of non-cash depreciation was $17 million in the second quarter of 2021, $18 million in the first quarter of 2021. The amount of COVID-19 related expenses amounted was $2 million in the second quarter of 2021 and $4 million in the first quarter of 2021.

13 Sustaining capital expenditures represent capital expenditures at existing operations comprising mine development costs and ongoing replacement of mine equipment and other capital facilities, and does not include capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

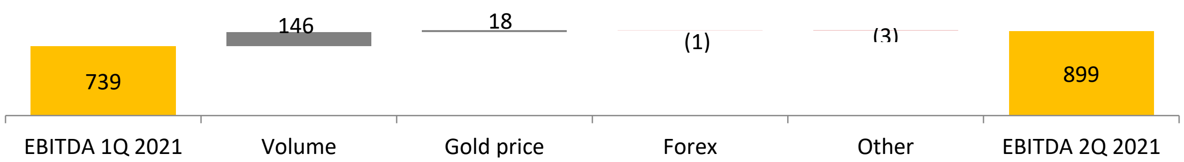
ADJUSTED EBITDA

In the second quarter of 2021, the group's adjusted EBITDA amounted to $899 million, a 22% increase compared to $739 million in the previous quarter, driven by higher gold sales volumes over the period.

Adjusted EBITDA calculation

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Profit before income tax	**776**	**537**	**45%**	**1,313**	**397**	**N.A.**
Expenses related to COVID-19	20	24	(17%)	44	36	22%
Depreciation and amortisation	91	81	12%	172	160	8%
(Gain) / loss on revaluation of derivative financial instruments, net	(69)	12	N.A.	(57)	461	N.A.
Finance costs, net	51	51	0%	102	127	(20%)
Equity-settled share-based payment plans	12	10	20%	22	43	(49%)
Foreign exchange (gain) / loss, net	(2)	15	N.A.	13	213	(94%)
Interest income	(3)	(3)	0%	(6)	(15)	(60%)
Impairment	5	-	N.A.	5	2	N.A.
Special charitable contributions	16	7	N.A.	23	24	(4%)
Gain on property, plant and equipment disposal	2	5	(60%)	7	1	N.A.
Adjusted EBITDA	**899**	**739**	**22%**	**1,638**	**1,449**	**13%**
Total revenue	1,245	1,028	21%	2,273	2,029	12%
Adjusted EBITDA margin (%)	**72%**	**72%**	**0ppts**	**72%**	**71%**	**1ppts**

Adjusted EBITDA bridge, $ million



Adjusted EBITDA breakdown by business unit, $ million

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Olimpiada	370	310	19%	680	622	9%
Blagodatnoye	160	121	32%	281	272	3%
Natalka	165	144	15%	309	230	34%
Verninskoye	109	87	25%	196	169	16%
Alluvials	19	(5)	N.A.	14	21	(33%)
Kuranakh	62	59	5%	121	107	13%
Other[14]	14	23	(39%)	37	28	32%
Total	**899**	**739**	**22%**	**1,638**	**1,449**	**13%**

FINANCE COST ANALYSIS

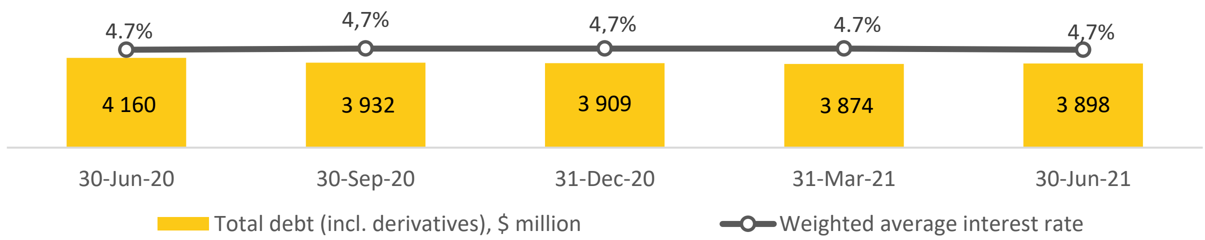
$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Interest on borrowings	49	47	4%	96	132	(27%)
Interest on lease liabilities	1	1	0%	2	2	0%
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	-	N.A.	-	4	(100%)
Unwinding of discounts	2	1	100%	3	5	(40%)
Loss \ (gain) on exchange of interest payments under cross currency swap and interest rate swap	(1)	2	N.A.	1	(16)	n.a.
Total finance cost expensed	**51**	**51**	**0%**	**102**	**127**	**(20%)**

The group's total finance costs remained flat quarter-on-quarter at $51 million. In the first half 2021, the group's total finance costs were $102 million, down 20% compared to the previous year period. Interest

[14] Reflects consolidation adjustments and financial results of Sukhoi log and non-producing business units, including exploration business unit, capital construction business unit and unallocated segments

on borrowings decreased 27% year-on-year to $96 million. This reflects the decline in gross debt over the course of the last 12 months.

Weighted average interest rate dynamics[15]



Foreign exchange loss and derivatives

The group's foreign exchange gain was $2 million in the second quarter, compared to a $15 million loss in the first quarter, which reflects the revaluation of USD-denominated bank deposits, USD-denominated accounts receivables and USD-denominated liabilities as at 30 June 2021 due to FX rate fluctuation

Valuation of derivative financial instruments as at 30 June 2021

$ million	Asset	Liability	Fair value recorded in the statement of financial position	Profit & loss (expenses)/ income
Cross-currency swaps	19	(315)	(296)	68
Interest rate swaps	-	(7)	(7)	1
Total	**19**	**(322)**	**(303)**	**69**

Cross-currency and interest rate swaps[16]

In the second quarter of 2021, the overall positive effect from cross-currency and interest rate swaps on finance cost amounted to $1 million. This was presented within note 9 of the condensed consolidated interim financial statement as a gain on the exchange of interest payments under interest rate and cross currency swaps.

PROFIT BEFORE TAX & INCOME TAXES

In the second quarter of 2021, the group recognised profit before tax of $776 million. Income tax amounted to $133 million, resulting in an effective income tax rate of 17%.

NET PROFIT

In the second quarter of 2021, net profit totalled $643 million, compared to net profit of $450 million in the first quarter. The net profit growth primarily reflects the change in operating profit.

[15] Weighted average interest rate is calculated as of the end of the period
[16] For additional information on cross-currency and interest rate swaps, see Note 15 of the condensed consolidated interim financial statements

Adjusted net profit calculation

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Net profit for the period	643	450	43%	1,093	295	N.A.
Impairment	5	-	N.A.	5	2	N.A.
(Gain) / loss on derivative financial instruments, net	(69)	12	N.A.	(57)	461	N.A.
Foreign exchange (gain) / loss, net	(2)	15	N.A.	13	213	(94%)
Effect of deferred and income tax on items above	5	(8)	N.A.	(3)	(95)	(97%)
Adjusted net profit	**582**	**469**	**24%**	**1,051**	**876**	**20%**
Total revenue	1,245	1,028	21%	2,273	2,029	12%
Adjusted net profit margin	**47%**	**46%**	**1 ppts**	**46%**	**43%**	**3 ppts**

Statement of financial position review

DEBT

The Company's gross debt remained broadly flat at $3,898 million, compared to $3,874 million as at the end of the first quarter of 2021.

As at 30 June 2021, the Company's cash position decreased to $1,532 million (31 March 2021: $1,800 million), while its net debt position increased, compared to the previous quarter and amounted to $2,366 million (31 March 2021: $2,074 million). Among other factors, the change in cash position reflects a dividend payout for the second half of 2020 in amount of $702 million. The total dividend payout for the full year of 2020 corresponded to $1,116 million.

The group's liabilities under cross currency and interest rate swaps related to RUB-denominated bank credit facilities and rouble bonds totalled approximately $303 million as of the end of the second quarter.

In July, the Company exercised its call-option and fully repaid the principal amount of RUB 15 billion of rouble bonds (USD 203 million equivalent as of the date of transaction), which corresponds to approximately USD 255 million decrease of debt including derivatives.

Debt breakdown by type

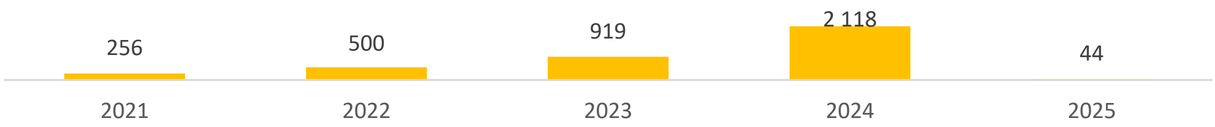
$ million	30 June 2021	31 March 2021	31 December 2020
Eurobonds	1,736	1,735	1,734
RUB bonds	569	559	556
Finance lease	82	72	70
Bank loans	1,511	1,508	1,549
Total	**3,898**	**3,874**	**3,909**

The group's debt portfolio remains dominated by USD-denominated instruments.

Debt breakdown by currency[17]

	30 June 2021		31 March 2021		31 December 2020	
	$ million	% of total	$ million	% of total	$ million	% of total
RUB	1,656	42%	1,576	41%	1,614	41%
USD	2,242	58%	2,298	59%	2,295	59%
Total	**3,898**	**100%**	**3,874**	**100%**	**3,909**	**100%**

Debt maturity schedule (as at 30 June 2021)[18], $ million



CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

As at 30 June 2021, the group's cash and cash equivalents and bank deposits totalled 1,532 million, down 15% compared to the end of the first quarter of 2021. The group's cash position is primarily held in USD-denominated instruments. Existing cash balances cover all principal debt repayments up to 2022.

Cash, cash equivalents, and bank deposits breakdown by currency

$ million	30 June 2021	31 March 2021	31 December 2020
RUB	246	100	152
USD	1,286	1,700	1,293
Total	**1,532**	**1,800**	**1,445**

NET DEBT

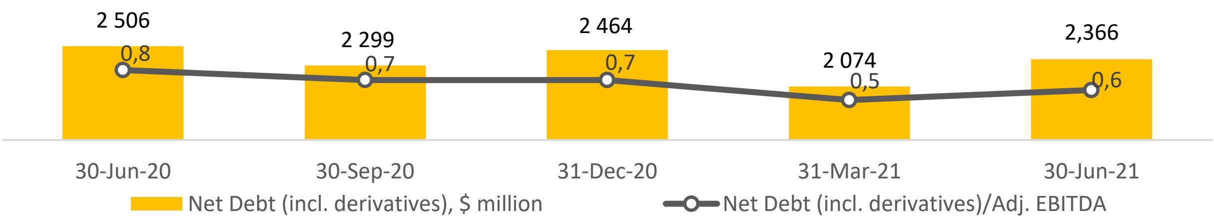
At the end of the second quarter of 2021, the group's net debt amounted to $2,366 million, up 4% from $2,074 million at the end of the first quarter of 2021.

Net debt calculation

$ million	30 June 2021	31 March 2021	31 December 2020
Non-current borrowings	3,145	3,122	3,642
+ Current borrowings	753	752	267
- Cash and cash equivalents	(1,532)	(1,800)	(1,445)
Net debt	**2,366**	**2,074**	**2,464**

The net debt/adjusted EBITDA ratio increased to 0.6x compared to the end of the first quarter 2021, reflecting an increase in net debt position.

Net debt and net debt/adjusted EBITDA (last 12 months)[19] ratio

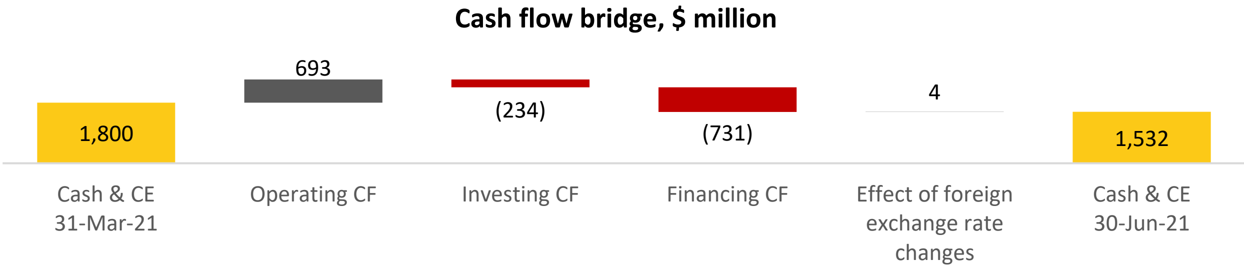


[17] The breakdown does not factor in any cross-currency swaps.

[18] The breakdown is based on actual maturities and excludes $17 million of banking commissions and lease liabilities recognised under IFRS 16 as of 30 June 2021 in amount of $82 million (the remaining $4 million of the total amount of lease liabilities of $82 million presented in the Note 19 and included in the bridge).

[19] Net debt to Adjusted EBITDA ratio is calculated as net debt as of the end of the relevant period divided by Adjusted EBITDA for the relevant period. For the purpose of the net debt to Adjusted EBITDA ratio as of 30 June 2021, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 June 2021 (being Adjusted EBITDA for 2020 less Adjusted EBITDA for the six months ended 30 June 2020 plus Adjusted EBITDA for the six months ended 30 June 2021). For the purpose of the net debt to Adjusted EBITDA ratio as of 31 March 2021, Adjusted EBITDA is calculated as the trailing twelve months ended on 31 March 2021 (being Adjusted EBITDA for 2020 less Adjusted EBITDA for the three months ended 31 March 2020 plus Adjusted EBITDA for the three months ended 31 March 2021). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 September 2020, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 September 2020 (being Adjusted EBITDA for 2019 less Adjusted EBITDA for the nine months ended 30 September 2019 plus Adjusted EBITDA for the nine months ended 30 September 2020). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 June 2020, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 June 2020 (being Adjusted EBITDA for 2019 less Adjusted EBITDA for the six months ended 30 June 2019 plus Adjusted EBITDA for the six months ended 30 June 2020).

Statement of cash flows review



In the second quarter 2021, cash flow from operations increased to $693 million, due to higher sales volumes in the reporting period. Cash outflow on investing activities increased to $234 million, while net financing cash outflow amounted to $731 million, reflecting $702 million of dividend payments for the second half of 2020.

OPERATING CASH FLOW

In the second quarter, the group generated operational cash inflow of $693 million, which was negatively impacted by a working capital outflow of $79 million. This figure mainly reflects an increase in trade receivables related to sales of antimony-rich flotation concentrate and accumulation of ore stockpiles inventory at Natalka and Blagodatnoye. In addition, this also reflects seasonal increase in unfinished product amounts at Alluvials and Kuranakh.

INVESTING CASH FLOW

In the second quarter, capital expenditures increased to $179 million, compared to $127 million in the previous quarter.

At Olimpiada, capital expenditures increased to $36 million in the second quarter of 2021, compared to $28 million in the previous quarter. In the second quarter, the Company made a license payment for the extension of the Olimpiada mine area. Polyus also upgraded its mining fleet with the delivery of three Komatsu bulldozers and a Liebherr excavator to the site. Polyus is progressing with initiatives to expand throughput capacity at Olimpiada, with the objective of reaching 15 million tonnes per annum. In addition, Polyus technical specialists introduced a Vertimill grinding unit, targeting BIO complex productivity improvement and lower losses at the CIL. Over the course of the second quarter, Polyus continued to improve the efficiency of BIO complex. This resulted in increased processing capacity and improved performance of the BIO units, following the modernization of BIO-3 unit and ongoing calibration of the flowsheet at BIO complex.

At Blagodatnoye, capital expenditures doubled from $21 million in the first quarter of 2021 to $46 million in the second quarter. During the period, the Company selected the primary contractor who will be engaged for the Mill-5 expansion project and finalised the tender process for long-lead equipment suppliers including making the first advanced payments to contractors. In addition, Polyus advanced with engineering studies on in-pit crushing and conveying (IPCC) system introduction as well as proceeded with construction of the crushed ore stockyard. The Company acquired and started using four 220-tonne CAT 793D trucks and completed groundworks and site preparation; construction workers began arriving on site in the second quarter.

During the quarter, capital expenditure at Natalka increased to $25 million, compared to $20 million in the previous quarter. Polyus is continuing the active phase of construction of the second start-up complex of a new tailings storage facility, where the main components of the water recycling system have been built. The Company also finished core and RC drilling as part of the 2020-2021 grade control program.

At Verninskoye, capital expenditure was broadly flat, totaling $14 million in the second quarter compared to $15 million in the previous quarter. This reflects the completion of the capacity expansion program at the Verninskoye Mill to 3.5 million tonnes per annum in May 2021.

At Kuranakh, capital expenditure in the quarter totaled $13 million. The Company made the investment decision for the expansion of Kuranakh mill to 7.5 mtpa, with the key equipment purchasing process launched. Separately, the construction of the second heap leaching pad is ongoing, with the conveyor equipment assembled and installed, and the pre-commission in process.

At Alluvials, capital expenditure amounted to $6 million in the second quarter of 2021. This covered the ongoing replacement of worn-out equipment, in addition to conducting exploration activities.

In the second quarter, capital expenditure relating to IT increased to $10 million, reflecting the integration of the ERP system in Krasnoyarsk.

At Sukhoi Log, Polyus progressed with the Bankable Feasibility Study. The Company is currently proceeding with mine planning and tradeoffs as well as the general layout, processing plant and tailings storage facility design as part of the BFS. The Company also began comprehensive engineering studies required for the BFS and the project design documentation.

Polyus has advanced with its deep-level and flank exploration drilling campaign. During the reporting period, Polyus drilled a total of 12,000 meters, completing 27,000 meters drilled of a planned total of 40,000 meters for 2021.

Capex breakdown

$ million	2Q 2021	1Q 2021	Q-o-Q	1H 2021	1H 2020	Y-o-Y
Olimpiada	36	28	29%	64	58	10%
Blagodatnoe	46	21	N.A.	67	14	N.A.
Natalka	25	20	25%	45	66	(32%)
Verninskoye	14	15	(7%)	29	30	(3%)
Kuranakh	13	12	8%	25	15	67%
Alluvials	6	4	50%	10	9	11%
Sukhoi Log	13	9	44%	22	10	0%
IT capex	10	6	67%	16	13	23%
Other[20]	16	12	33%	28	36	(22%)
CAPEX	**179**	**127**	**41%**	**306**	**251**	**22%**
Omchak electricity transmitting line	-	-	N.A.	-	18	N.A.
Items capitalised[21], net	55	41	34%	96	54	75%
Change in working capital for purchase of property, plant and equipment	(13)	28	N.A.	15	28	(44%)
Purchase of PP&E[22]	**221**	**196**	**13%**	**417**	**351**	**19%**

In the second quarter, the total cash spent on the purchase of PP&E increased to $221 million, compared to $196 million in the previous quarter. This mainly reflects the respective increase in total capital expenditure, as outlined above.

FINANCING CASH FLOW

In the second quarter, net financing cash outflow amounted to $731 million compared to $132 million of cash outflow in the prior period, primarily due to payment of dividends in amount of $702 million.

DIVIDEND UPDATE

The Company's Board of Directors has recommended dividends for the first half of 2021 in the amount of 267.48 Russian roubles per ordinary share. The dividend amount is equivalent to approximately $3.61 per ordinary share or $1.81 per depositary share (with two depositary shares representing interest in one ordinary share)[23]. The total recommended dividend for the first half of 2021 is approximately $491 million, in line with the Company's dividend policy. The dividend is subject to approval by the Company's

[20] Reflects expenses related to exploration business unit and other unallocated CAPEX.
[21] Including capitalised stripping costs. For more details see Note 12 of the condensed consolidated interim financial statements.
[22] Presented net of the Sukhoi Log deposit license acquisition cost and payments to Rostec.
[23] Based on the currency exchange rate of the Central Bank of Russia of 74.0666 Russian roubles per 1 U.S. dollar as of 24 August 2021.

Extraordinary General Shareholders' Meeting on 29 September 2021. The dividend record date is expected to be 11 October 2021, subject to approval by the EGM.

Going concern

The financial position of the group, its cash flows, liquidity position, and borrowing facilities are set out in this MD&A on pages 15 to 18. As of 30 June 2021 the group held $1,532 million in cash and cash equivalents and bank deposits and had a net debt of $2,366 million, with $1,213 million of undrawn but committed credit facilities, subject to covenant compliance. Details on borrowings and credit facilities are disclosed in note 20 to the condensed consolidated interim financial statements. In assessing its going-concern status, the Directors have considered the uncertainties affecting future cash flows and have taken into account its financial position, anticipated future trading performance, borrowings, and other available credit facilities, as well as its forecast compliance with the covenants on those borrowings and its capital expenditure commitments and plans. In the event of certain reasonably possible adverse pricing and forex scenarios and the risks and uncertainties below, management has within its control the option of deferring uncommitted capital expenditure, or managing the dividend payment profile to maintain the group's funding position.

Having examined all the scenarios, the Directors concluded that no covenants will be breached in any of these adverse pricing scenarios for at least the next 12 months from the date of signing condensed consolidated interim financial statements. Accordingly, the Board is satisfied that the group's forecasts and projections, having taken into account reasonably possible changes in trading performance, show that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the condensed consolidated interim financial statements.

Risks and uncertainties

The group's activities are associated with a variety of risks that could affect its operational and financial results and, consequently, shareholder returns. Successful risk management requires, among other things, identifying and assessing potential threats and developing measures to mitigate them.

The group's financial results depend largely on gold prices. The gold market follows cyclical patterns and is sensitive to general macroeconomic trends. The group constantly monitors the gold market, implements cost optimisation measures and reviews its investment program.

Starting from March 2014, a number of sanction packages have been imposed by the United States ("US") and the European Union ("EU") on certain Russian officials, businessmen and companies. The impact of further economic developments on future operations and financial position of the group is at this stage difficult to determine.

The Management do not believe that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2020. Detailed explanation of the risks summarized below, together with the group's risk mitigation plans, can be found on pages 17 to 20 of the 2020 Annual Report, which is available at https://polyus.com/en/media/press-releases/pjsc-polyus-2020-annual-review/

The health and safety of our employees remains the group's utmost focus. The group continues to monitor the COVID-19 threat level and assess the potential health risks for its employees, with all monitoring systems in place. For additional comments on operating environment, see note 25 of the condensed consolidated interim financial statements.

The group's activities expose it to a variety of financial risks, which are summarised below. The group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. The Board of Directors is responsible for overseeing the group's risk management framework.

Foreign exchange risk

As stated on page 8, the group's revenue is linked to the USD, as the gold price is quoted in this currency. Thus the group's strategy is to have mostly USD-denominated debt and to keep its cash and deposits in USD. As of 30 June 2021, 84% of the cash and cash equivalents and bank deposits of the group were in USD – see page 16 of this MD&A for a detailed description. As part of this strategy, the group entered into a number of cross-currency swaps with leading Russian banks economically to hedge interest payments and the exchange of the principal amounts (see page 14).

Interest rate risk

The group is not materially exposed to interest rate risk, as only 4% of the group's debt portfolio is made up of USD floating rate borrowings.

Inflation risk

As stated on page 8, the group's earnings are exposed to inflationary trends in Russia, and inflation negatively impacts the group's earnings, increasing future operating costs. To mitigate rouble inflation risk, the group estimates possible inflation levels and incorporates them into its cost planning; it has implemented cost reduction initiatives at its operations, and its treasury team is responsible for ensuring that the majority of cash and cash equivalents are held in USD.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To Shareholders and Board of Directors of Public Joint Stock Company “Polyus”:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of PJSC “Polyus” and its subsidiaries (the “group”) as of 30 June 2021, and the related condensed consolidated interim statements of profit or loss, other comprehensive income and cash flows for the three and six months then ended, condensed consolidated interim statement of changes in equity for the six months then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Igor Tokarev
Engagement partner

24 August 2021

The Entity: Public Joint Stock Company "Polyus"

Primary State Registration Number: 1068400002990

Certificate of registration in the Unified State Register № 84 000060259 of 17 March 2006, issued by Interdistrict Inspectorate of Federal Tax Authorities №2 of Krasnoyarsk territory, Taimyr (Dolgan-Nenetsk) and Evenki autonomous okrugs

Address: 123056, Russian Federation, Moscow, Krasina, 3/1, office 801.

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

PJSC “Polyus”

Condensed consolidated interim financial statements

for the three and six months ended 30 June 2021 (unaudited)

PJSC “POLYUS”

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of US Dollars)

		Three months ended 30 June		Six months ended 30 June	
	Notes	**2021**	**2020**	**2021**	**2020**
Gold sales	5	1,230	1,148	2,247	2,009
Other sales		15	9	26	20
Total revenue		**1,245**	**1,157**	**2,273**	**2,029**
Cost of gold sales	6	(355)	(326)	(656)	(607)
Cost of other sales		(14)	(8)	(24)	(18)
Gross profit		**876**	**823**	**1,593**	**1,404**
Selling, general and administrative expenses	7	(80)	(76)	(153)	(162)
Other expenses, net		(43)	(45)	(75)	(59)
Operating profit		**753**	**702**	**1,365**	**1,183**
Finance costs, net	9	(51)	(57)	(102)	(127)
Interest income		3	4	6	15
Gain / (loss) on revaluation of derivative financial instruments, net	10	69	73	57	(461)
Foreign exchange gain / (loss), net		2	126	(13)	(213)
Profit before income tax		**776**	**848**	**1,313**	**397**
Income tax expense		(133)	(164)	(220)	(102)
Profit for the period		**643**	**684**	**1,093**	**295**
Profit / (loss) for the period attributable to:					
Shareholders of the Company		644	685	1,093	277
Non-controlling interests		(1)	(1)	-	18
		643	**684**	**1,093**	**295**
Weighted average number of ordinary shares ’000					
- for basic earnings per share	19	135,005	134,107	134,848	133,708
- for diluted earnings per share	19	135,345	134,346	135,223	133,941
Earnings / (loss) per share (US Dollar per share)					
- basic		4.78	5.11	8.11	2.07
- diluted		4.76	5.11	8.08	2.07

PJSC “POLYUS”

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of US Dollars)

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Profit for the period	**643**	**684**	**1,093**	**295**
Other comprehensive income / (loss) for the period				
Items that may be subsequently reclassified to profit or loss:				
Effect of translation to presentation currency	133	178	66	(183)
Other comprehensive income / (loss) for the period	**133**	**178**	**66**	**(183)**
Total comprehensive income for the period	**776**	**862**	**1,159**	**112**
Total comprehensive income for the period attributable to:				
Shareholders of the Company	774	853	1,158	107
Non-controlling interests	2	9	1	5
	776	**862**	**1,159**	**112**

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

(in millions of US Dollars)

	Notes	30 Jun. 2021	31 Dec. 2020
Assets			
Non-current assets			
Intangible assets	11	142	132
Property, plant and equipment	12	4,402	4,121
Inventories	14	580	519
Deferred tax assets		119	109
Derivative financial instruments and investments	15	36	17
Other receivables and non-current assets		27	28
		5,306	**4,926**
Current assets			
Inventories	14	646	595
Deferred expenditure		41	17
Advances paid to suppliers and prepaid expenses		55	29
Trade and other receivables	16	36	133
Taxes receivable	17	96	120
Income tax prepaid		14	30
Cash and cash equivalents	18	1,532	1,445
		2,420	**2,369**
Total assets		**7,726**	**7,295**
Equity and liabilities			
Capital and reserves			
Share capital	19	5	5
Additional paid-in capital	19	2,387	2,410
Treasury shares	19	(226)	(288)
Translation reserve		(2,979)	(3,044)
Retained earnings		3,667	3,272
Equity attributable to shareholders of the Company		**2,854**	**2,355**
Non-controlling interests		23	91
		2,877	**2,446**
Non-current liabilities			
Borrowings	20	2,882	3,329
Derivative financial instruments	15	282	330
Deferred tax liabilities		301	259
Site restoration, decommissioning and environmental obligations		63	63
Other non-current liabilities		45	57
		3,573	**4,038**
Current liabilities			
Borrowings	20	713	225
Derivative financial instruments	15	40	42
Trade and other payables	21	395	399
Taxes payable	22	92	101
Income tax payable		36	44
		1,276	**811**
Total liabilities		**4,849**	**4,849**
Total equity and liabilities		**7,726**	**7,295**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of US Dollars)

			Equity attributable to shareholders of the Company							
	Notes	***Number of outstanding shares '000***	**Share capital**	**Additional paid-in capital**	**Treasury shares**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 31 December 2019		***133,196***	**5**	**2,049**	**(103)**	**(2,727)**	**2,586**	**1,810**	**103**	**1,913**
Profit for the period		-	-	-	-	-	277	**277**	18	**295**
Other comprehensive loss		-	-	-	-	(170)	-	**(170)**	(13)	**(183)**
Total comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(170)**	**277**	**107**	**5**	**112**
Equity-settled share-based compensation (LTIP), net of tax		-	-	15	-	-	-	**15**	-	**15**
Execution of conversion option by bondholders		*449*	-	317	43	(3)	-	**357**	-	**357**
Shares awarded under LTIP		*370*	-	(13)	36	(5)	(24)	**(6)**	-	**(6)**
Purchase of additional ownership in SL Gold		*246*	-	5	24	-	2	**31**	(2)	**29**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	**-**	(1)	**(1)**
Balance at 30 June 2020		***134,261***	**5**	**2,373**	**-**	**(2,905)**	**2,841**	**2,314**	**105**	**2,419**
Balance at 31 December 2020		**134,705**	**5**	**2,410**	**(288)**	**(3,044)**	**3,272**	**2,355**	**91**	**2,446**
Profit for the period		-	-	-	-	-	1,093	**1,093**	-	**1,093**
Other comprehensive income		-	-	-	-	65	-	**65**	1	**66**
Total comprehensive income		**-**	**-**	**-**	**-**	**65**	**1,093**	**1,158**	**1**	**1,159**
Equity-settled share-based compensation (LTIP), net of tax	19	-	-	11	-	-	-	**11**	-	**11**
Shares awarded under LTIP	19	*351*	-	(34)	74	-	(39)	**1**	-	**1**
Share buyback	19	*(62)*	-	-	(14)	-	14	**-**	-	**-**
Dividends declared to shareholders of the Company	19	-	-	-	-	-	(711)	**(711)**	-	**(711)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	**-**	(31)	**(31)**
Decrease of non-controlling interests due to change in the net assets of the subsidiary	19	-	-	-	-	-	38	**38**	(38)	**-**
Other		*11*	-	-	2	-	-	**2**	-	**2**
Balance at 30 June 2021		***135,005***	**5**	**2,387**	**(226)**	**(2,979)**	**3,667**	**2,854**	**23**	**2,877**

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

(in millions of US Dollars)

	Notes	Three months ended 30 June 2021	Three months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
Operating activities					
Profit before income tax		**776**	**848**	**1,313**	**397**
Adjustments for:					
Finance costs, net	9	51	57	102	127
Interest income		(3)	(4)	(6)	(15)
(Gain) / loss on revaluation of derivative financial instruments, net	10	(69)	(73)	(57)	461
Depreciation and amortisation		91	86	172	160
Foreign exchange (gain) / loss, net		(2)	(126)	13	213
Other		17	6	22	19
		861	**794**	**1,559**	**1,362**
Movements in working capital					
Inventories		(30)	(63)	(51)	(116)
Deferred expenditure		(5)	(6)	(22)	(25)
Trade and other receivables		(14)	30	93	108
Advances paid to suppliers and prepaid expenses		(7)	(22)	(23)	(37)
Taxes receivable		(15)	(2)	22	7
Trade and other payables and accrued expenses		(2)	3	14	27
Taxes payable		(6)	1	(28)	15
Cash flows from operations		**782**	**735**	**1,564**	**1,341**
Income tax paid		(89)	(83)	(185)	(145)
Net cash generated from operating activities		**693**	**652**	**1,379**	**1,196**
Investing activities[1]					
Purchase of property, plant and equipment (excluding purchase of additional ownership in LLC SL Gold and construction of the Omchak high-voltage power grid) and intangible assets		(221)	(156)	(417)	(333)
Purchase of additional ownership in LLC SL Gold		-	-	-	(28)
Payments for the Omchak high voltage power grid	5	-	(10)	-	(18)
Interest received		4	4	7	15
Loans issued		(17)	-	(17)	-
Net cash utilised in investing activities		**(234)**	**(162)**	**(427)**	**(364)**
Financing activities[1]					
Proceeds from borrowings		-	-	-	112
Repayment of borrowings		(3)	(681)	(7)	(911)
Interest paid		(24)	(48)	(92)	(135)
Commissions on borrowings paid		-	-	-	(4)
Repayments of lease liability		(3)	(4)	(8)	(8)
Net proceeds on exchange of interest payments under cross currency swaps	9	2	6	1	16
Net payment on exchange of interest payments under interest rate swaps	9	(1)	-	(2)	-
Payments for close out of revenue stabilizer programme		-	-	-	(32)
Increase of ownership in subsidiaries		-	-	(24)	-
Payment for share buyback	19	-	-	(32)	-
Dividends paid to shareholders of the Company	19	(702)	-	(701)	-
Other		-	-	2	-
Net cash utilised in financing activities		**(731)**	**(727)**	**(863)**	**(962)**
Net (decrease) / increase in cash and cash equivalents		**(272)**	**(237)**	**89**	**(130)**
Cash and cash equivalents at the beginning of the period	**18**	**1,800**	**1,878**	**1,445**	**1,801**
Effect of foreign exchange rate changes on cash and cash equivalents		4	13	(2)	(17)
Cash and cash equivalents at the end of the period	**18**	**1,532**	**1,654**	**1,532**	**1,654**

[1] Significant non-cash transactions relating to investing (right-of-use assets recognition and LTIP payments in treasury shares) and financing activities (lease liabilities recognition) are disclosed in the notes 13 and 19 to these condensed consolidated interim financial statements, respectively.

1. GENERAL

Public Joint Stock Company Polyus (the “Company” or “Polyus”) was incorporated in Moscow, Russian Federation, on 17 March 2006.

The principal activities of the Company and its controlled entities (the “group”) are the extraction, refining and sale of gold. The mining and processing facilities of the group are located in the Krasnoyarsk, Irkutsk, Magadan regions and the Sakha Republic of the Russian Federation. The group also performs research and exploration works. Further details regarding the nature of the business of the significant subsidiaries of the group are presented in note 27.

The shares of the Company are “level one” listed on the Moscow Exchange. Global depository shares (“GDSs”) each representing interest in ½ of an ordinary share in the Company are traded on the main market for listed securities of the London Stock Exchange plc (“LSE”). The controlling shareholder of the Company is Polyus Gold International Limited (“PGIL”), a company registered in Jersey. The most senior parent of the Company is Wandle Holdings Limited, a company registered in Cyprus. As of 30 June 2021 and 31 December 2020, the ultimate controlling party of the Company was Mr. Said Kerimov.

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Going concern

In assessing the appropriateness of the going concern assumption, management has taken account of the group’s financial position, expected future trading performance, its borrowings, available credit facilities and its capital expenditure commitments, expectations of the future gold price, currency exchange rates and other risks facing the group. After making appropriate enquiries, management considers that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of signing these condensed consolidated interim financial statements and that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

2.2. Compliance with the International Financial Reporting Standards (“IFRS”)

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Accordingly, the condensed consolidated interim financial statements do not include all information and disclosures required for a complete set of financial statements, and should be read in conjunction with the group’s consolidated financial statements for the year ended 31 December 2020.

2.3. Basis of presentation

The entities of the group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction in which they are incorporated and registered. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, such financial information has been adjusted to ensure that the condensed consolidated interim financial statements are presented in accordance with IFRS.

The condensed consolidated interim financial statements of the group are prepared on the historical cost basis, except for derivative financial instruments and certain trade receivables, which are accounted for at fair value.

(in millions of US Dollars)

2.4. IFRS standards first time applied in 2021

The following is a list of new or amended IFRS standards and interpretations that have been applied by the group in these condensed consolidated interim financial statements:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
Interest Rate Benchmark Reform phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Replacement of LIBOR with alternative Risk-free Rates	1 January 2021	No effect
Amendment to IFRS 16	Extension of the availability of the practical expedient for COVID-19-related rent concessions	1 April 2021	No effect

2.5. IFRS standards to be applied after 2021

The following standards and interpretations, which have not been applied in these condensed consolidated interim financial statements, were in issue but not yet effective:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
Amendment IFRS 3	Updates of references to or from the Conceptual Frameworks to the IFRS standards	1 January 2022	No effect
Amendment IAS 16	Proceeds before Intended Use	1 January 2022	Under review
Amendment IFRS 1	Subsidiary as a first-time adopter	1 January 2022	No effect
Amendment IAS 41	Taxation in fair value measurements	1 January 2022	No effect
Amendment IAS 37	Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022	No effect
Amendment IFRS 9	Fees in the ‘10 per cent’ test for derecognition of financial liabilities	1 January 2022	No effect
IFRS 17	Insurance contracts	1 January 2023	No effect
Amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendment IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023	No effect
Amendment IAS 8	New definition of the accounting estimates	1 January 2023	No effect
Amendment IAS 1	Disclosure of accounting policy	1 January 2023	No effect

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the group’s audited consolidated financial statements for the year ended 31 December 2020.

IAS 34 requires calculation of income tax benefit/expense for interim reporting periods to be based on the expected annual effective income tax rate. Non-taxable / (non-deductible) gains / (losses) on revaluation of certain *Derivative financial instruments* as well as certain other items of less predictable nature are excluded from determining the expected annual effective income tax rate, which may result in significant variations of effective income tax rate between different interim periods.

The group presents its condensed consolidated interim financial statements in the US Dollar (“USD”), as management believes it is a more convenient presentation currency for international users of the condensed consolidated interim financial statements of the group as it is a common presentation currency in the mining industry. As of 30 June 2021, quarterly-end RUB/ US Dollar exchange rate used in the preparation of the condensed consolidated interim financial statements was 72.37 (31 December 2020: 73.88).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgements, estimates and assumptions made by management of the group and applied in the accompanying condensed consolidated interim financial statements for the three and six months ended 30 June 2021 are consistent with those applied in the preparation of the consolidated financial statements of the group for the year ended 31 December 2020.

5. SEGMENT INFORMATION

For management purposes the group is organised by separate business segments identified by a combination of operating activities and geographical area bases with separate financial information available and reported regularly to the chief operating decision maker ("CODM"), being the Budget Committee and the Investment Committee.

The following is a description of operations of the group's identified reportable segments and those that do not meet the quantitative reporting threshold:

- ***Olimpiada business unit*** (Krasnoyarsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Olimpiada mine, as well as research, exploration and development work at the Olimpiada deposit.
- ***Blagodatnoye business unit*** (Krasnoyarsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Blagodatnoye mine, as well as research, exploration and development work at the Blagodatnoye deposit.
- ***Natalka business unit*** (Magadan region of the Russian Federation) – mining (including initial processing) and sale of gold from the Natalka mine, as well as research, exploration and development work at the Natalka deposit.
- ***Verninskoye business unit*** (Irkutsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Verninskoye mine.
- ***Kuranakh business unit*** (Sakha Republic of the Russian Federation) – mining (including initial processing) and sale of gold from the Kuranakh mines.
- ***Alluvials business unit*** (Irkutsk region of the Russian Federation) – mining (including initial processing) and sale of gold from several alluvial deposits.
- ***Exploration business unit*** (Krasnoyarsk, Irkutsk, Amur and other regions of the Russian Federation) – exploration and evaluation works in several regions of the Russian Federation other than those related to Sukhoi Log deposit.
- ***Sukhoi Log business unit*** (Irkutsk region of the Russian Federation) – exploration and evaluation works at the Sukhoi Log deposit.
- ***Unallocated*** – the group does not allocate segment results of companies that perform management, investing activities and certain other functions. Neither standalone results nor the aggregated results of these companies are significant enough to be disclosed as operating segments because quantitative thresholds are not met.

The reportable gold production segments derive their revenue primarily from gold sales. The CODM performs an analysis of the operating results based on these separate business units and evaluates the reporting segment's results, for purposes of resource allocation, based on the measurements of:

- Gold sales;
- Ounces of gold sold, in thousands;
- Adjusted earnings before interest, tax, depreciation and amortisation and other items (Adjusted EBITDA);
- Total cash cost (TCC);
- Total cash cost per ounce of gold sold (TCC per ounce); and
- Capital expenditures.

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these condensed consolidated interim financial statements. The group's non-current assets are located in the Russian Federation.

Business units	Gold sales	Ounces of gold sold in thousands[2]	Adjusted EBITDA	TCC[2]	TCC per ounce (US dollar)[2]	Capital expenditures
For the three months ended 30 June 2021						
Olimpiada	502	278	370	102	373	36
Blagodatnoye	212	117	160	41	351	46
Natalka	227	125	165	47	369	25
Verninskoye	142	78	109	25	323	14
Kuranakh	101	56	62	32	563	13
Alluvials	46	25	19	23	894	6
Exploration	-	-	-	-	-	3
Sukhoi Log	-	-	-	-	-	13
Unallocated	-	-	14	(4)	-	23
Total	**1,230**	**679**	**899**	**266**	**390**	**179**
For the three months ended 30 June 2020						
Olimpiada	489	290	370	92	314	33
Blagodatnoye	200	117	155	38	324	6
Natalka	190	110	136	40	361	28
Verninskoye	118	68	91	21	306	14
Kuranakh	99	57	63	29	511	9
Alluvials	52	30	25	22	746	5
Exploration	-	-	-	-	-	3
Sukhoi Log	-	-	-	-	-	6
Unallocated	-	-	20	(14)	-	23
Total	**1,148**	**672**	**860**	**228**	**340**	**127**
For the six months ended 30 June 2021						
Olimpiada	936	521	680	197	383	64
Blagodatnoye	377	209	281	74	355	67
Natalka	432	240	309	90	373	45
Verninskoye	258	143	196	47	330	29
Kuranakh	198	110	121	61	551	25
Alluvials	46	25	14	23	887	10
Exploration	-	-	-	-	-	7
Sukhoi Log	-	-	-	-	-	22
Unallocated	-	-	37	(8)	-	37
Total	**2,247**	**1,248**	**1,638**	**484**	**388**	**306**
For the six months ended 30 June 2020						
Olimpiada	846	516	622	177	342	58
Blagodatnoye	365	220	272	75	341	14
Natalka	341	205	230	79	385	66
Verninskoye	226	137	169	45	329	30
Kuranakh	179	108	107	58	538	15
Alluvials	52	30	21	22	746	9
Exploration	-	-	-	-	-	7
Sukhoi Log	-	-	-	-	-	10
Unallocated	-	-	28	(13)	-	42
Total	**2,009**	**1,216**	**1,449**	**443**	**364**	**251**

[2] Unaudited and not reviewed

Adjusted EBITDA reconciles to the IFRS reported figures on a consolidated basis as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Profit before income tax	**776**	**848**	**1,313**	**397**
Finance costs, net (note 9)	51	57	102	127
Interest income	(3)	(4)	(6)	(15)
Depreciation and amortisation	91	86	172	160
Foreign exchange (gain) / loss, net	(2)	(126)	13	213
(Gain) / loss on revaluation of derivative financial instruments, net (note 10)	(69)	(73)	(57)	461
Equity-settled share-based plans (LTIP) (note 19)	12	17	22	43
Expenses related to COVID-19 (note 25)	20	36	44	36
Special charitable contributions	16	19	23	24
Impairment of property, plant and equipment	5	-	5	2
Gain on disposal of property, plant and equipment and intangible assets	2	-	7	1
Adjusted EBITDA	**899**	**860**	**1,638**	**1,449**

The measurement of TCC per ounce of gold sold reconciles to the IFRS reported figures on a consolidated basis as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Cost of gold sales before by-product	362	327	663	608
Antimony by-product sales	(7)	(1)	(7)	(1)
Cost of gold sales (note 6)	**355**	**326**	**656**	**607**
Adjusted for:				
Depreciation and amortisation (note 6)	(93)	(115)	(187)	(211)
Effect of depreciation, amortisation, accrual and provisions in inventory change	13	36	35	66
Expenses related to COVID-19 in cost of gold sales	(9)	(19)	(20)	(19)
TCC[3]	**266**	**228**	**484**	**443**
Ounces of gold sold, in thousands[3]	679	672	1,248	1,216
TCC per ounce of gold sold, USD per ounce[3]	**390**	**340**	**388**	**364**

Gold sales

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Refined gold	1,216	1,114	2,233	1,962
Gold in flotation concentrate	14	34	14	47
Total	**1,230**	**1,148**	**2,247**	**2,009**

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the three and six months ended 30 June 2021 and 2020.

Gold sales in the Alluvial business unit are more heavily weighted towards the second half of the calendar year, with all annual sales usually occurring from May until October.

Geographical segments of gold sales

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Russian Federation	1,216	1,121	2,233	1,982
Outside of Russian Federation	14	27	14	27
Total	**1,230**	**1,148**	**2,247**	**2,009**

[3] Unaudited and not reviewed

(in millions of US Dollars)

Reconciliation of capital expenditures to the property plant and equipment additions (note 12) is presented below:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Capital expenditures	**179**	**127**	**306**	**251**
Construction of the Omchak high-voltage power grid	-	10	-	18
Stripping activity assets additions (note 12)	76	49	143	102
Less: intangible and other non-current assets additions	(9)	(7)	(14)	(16)
Property plant and equipment additions (note 12)	**246**	**179**	**435**	**355**

6. COST OF GOLD SALES

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Depreciation and amortisation	93	115	187	211
Employee compensation	92	102	179	182
Consumables and spares	70	72	134	143
Mineral extraction tax	61	54	111	98
Fuel	26	27	51	62
Power	15	15	30	31
Other	32	31	56	63
Total cost of production	**389**	**416**	**748**	**790**
Increase in stockpiles, gold-in-process and refined gold inventories	(34)	(90)	(92)	(183)
Total	**355**	**326**	**656**	**607**

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Employee compensation	58	56	112	122
Depreciation and amortisation	7	6	13	12
Taxes other than mineral extraction tax and income taxes	5	5	9	10
Distribution expenses related to gold flotation concentrate	-	3	1	4
Professional services	3	2	5	4
Other	7	4	13	10
Total	**80**	**76**	**153**	**162**

8. OTHER EXPENSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Expenses related to COVID-19 (note 25)	11	17	24	17
Special charitable contributions	16	19	23	24
Gain on disposal of property, plant and equipment and intangible assets	2	-	7	1
Impairment of property, plant and equipment	5	-	5	2
Other	9	9	16	15
Total	**43**	**45**	**75**	**59**

(in millions of US Dollars)

9. FINANCE COSTS, NET

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Interest on borrowings	49	61	96	132
Interest on lease liabilities	1	1	2	2
Gain on exchange of interest payments under cross currency swaps	(2)	(6)	(1)	(16)
Loss on exchange of interest payments under interest rate swaps	1	-	2	-
Unwinding of discounts	2	1	3	5
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	-	-	4
Total	**51**	**57**	**102**	**127**

10. GAIN / (LOSS) ON REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS, NET

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Revaluation gain / (loss) on cross currency swaps	68	118	55	(319)
Revaluation loss on revenue stabiliser	-	-	-	(29)
Revaluation gain / (loss) on interest rate swaps	1	(1)	2	(8)
Revaluation loss on conversion option	-	(44)	-	(105)
Total	**69**	**73**	**57**	**(461)**

11. INTANGIBLE ASSETS

	Internally-generated software	Purchased software	Internally-generated other	Total
Cost	85	28	30	**143**
Accumulated amortisation and impairment	(9)	(8)	(3)	**(20)**
Net book value at 31 December 2019	**76**	**20**	**27**	**123**
Additions	11	1	3	**15**
Reclassification	-	1	-	**1**
Amortisation charge	(2)	(3)	(1)	**(6)**
Effect of translation to presentation currency	(9)	(2)	(4)	**(15)**
Cost	86	26	30	**142**
Accumulated amortisation and impairment	(10)	(9)	(5)	**(24)**
Net book value at 30 June 2020	**76**	**17**	**25**	**118**
Cost	95	28	34	**157**
Accumulated amortisation and impairment	(12)	(8)	(5)	**(25)**
Net book value at 31 December 2020	**83**	**20**	**29**	**132**
Additions	10	2	1	**13**
Reclassification	2	(2)	-	**-**
Amortisation charge	(2)	(3)	(1)	**(6)**
Effect of translation to presentation currency	3	-	-	**3**
Cost	110	28	36	**174**
Accumulated amortisation and impairment	(14)	(11)	(7)	**(32)**
Net book value at 30 June 2021	**96**	**17**	**29**	**142**

(in millions of US Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Stripping activity assets	Capital construction in progress	Exploration and evaluation assets	Total
Cost	4,484	918	717	641	**6,760**
Accumulated depreciation and impairment	(1,686)	(301)	(63)	(30)	**(2,080)**
Net book value at 31 December 2019	**2,798**	**617**	**654**	**611**	**4,680**
Additions	-	102	230	23	**355**
Transfers	144	-	(135)	(9)	**-**
Disposals	(2)	-	(1)	-	**(3)**
Depreciation charge	(213)	(52)	-	-	**(265)**
Impairment	-	-	-	(2)	**(2)**
Effect of translation to presentation currency	(322)	(72)	(76)	(70)	**(540)**
Other	10	-	-	1	**11**
Cost	4,097	916	729	580	**6,322**
Accumulated depreciation and impairment	(1,682)	(321)	(57)	(26)	**(2,086)**
Net book value at 30 June 2020	**2,415**	**595**	**672**	**554**	**4,236**
Cost	4,130	971	629	590	**6,320**
Accumulated depreciation and impairment	(1,767)	(346)	(61)	(25)	**(2,199)**
Net book value at 31 December 2020	**2,363**	**625**	**568**	**565**	**4,121**
Additions	-	143	243	49	**435**
Transfers	237	-	(237)	-	**-**
Disposals	(2)	-	(2)	-	**(4)**
Depreciation charge	(206)	(40)	-	-	**(246)**
Impairment	-	-	(5)	-	**(5)**
Effect of translation to presentation currency	52	15	11	12	**90**
Other	18	-	(1)	(6)	**11**
Cost	4,461	1,138	642	646	**6,887**
Accumulated depreciation and impairment	(1,999)	(395)	(65)	(26)	**(2,485)**
Net book value at 30 June 2021	**2,462**	**743**	**577**	**620**	**4,402**

The carrying value of rights-of-use assets included in fixed assets is disclosed in note 13.

Mineral rights

The carrying values of mineral rights included in fixed assets and exploration and evaluation assets were as follows:

	30 Jun. 2021	31 Dec. 2020
Mineral rights presented within:		
- fixed assets	57	57
- exploration and evaluation assets	356	346
Total	**413**	**403**

(in millions of US Dollars)

Exploration and evaluation assets

The carrying values of exploration and evaluation assets were as follows:

	30 Jun. 2021	31 Dec. 2020
Sukhoi Log	434	409
Chertovo Koryto	33	31
Olimpiada	44	27
Razdolinskoye	29	29
Burgakhchan area	21	17
Panimba	16	17
Bamsky	16	15
Natalka	7	7
Blagodatnoye	7	6
Other	13	7
Total	**620**	**565**

Depreciation and amortisation charges are allocated as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Depreciation in change in inventory	11	37	33	66
Capitalised within property, plant and equipment	21	19	47	46
Less: amortisation of intangible and other non-current assets	(3)	(3)	(6)	(7)
Total depreciation capitalised as part of other assets	**29**	**53**	**74**	**105**
Depreciation and amortisation within cost of production (note 6)	93	115	187	211
Less: depreciation in change in inventory	(11)	(37)	(33)	(66)
Selling, general and administrative expenses (note 7)	7	6	13	12
Cost of other sales	2	2	5	3
Total depreciation in profit or loss	**91**	**86**	**172**	**160**
Total depreciation of property, plant and equipment	**120**	**139**	**246**	**265**

13. LEASES

The most significant leases of the group are office leases. Movements of the right-of-use assets presented within *Property, Plant and Equipment* (note 12) were as follows:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Related party transactions	**Non-related party transactions**	**Total**	**Related party transactions**	**Non-related party transactions**	**Total**
Carrying value as of the beginning of the period	**46**	**11**	**57**	**58**	**22**	**80**
Changes in right-of-use assets due to lease indexation, modification and recognition of new contracts	-	16	16	1	-	1
Depreciation charge	(2)	(3)	(5)	(2)	(3)	(5)
Effect of translation to presentation currency	1	1	2	(6)	(3)	(9)
Carrying value as of the end of the period	**45**	**25**	**70**	**51**	**16**	**67**

(in millions of US Dollars)

Movements of the lease liabilities presented within *Borrowings* (note 20) were as follows:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Related party transactions	Non-related party transactions	Total	Related party transactions	Non-related party transactions	Total
Carrying value as of the beginning of the period	**51**	**19**	**70**	**53**	**27**	**80**
Changes in lease liabilities due to lease indexation, modification and recognition of new contracts	-	16	16	1	-	1
Foreign exchange loss, net	(1)	-	(1)	7	2	9
Interest on lease liabilities	2	-	2	2	-	2
Repayments of lease liability	(3)	(3)	(6)	(4)	(5)	(9)
Effect of translation to presentation currency	1	-	1	(7)	(2)	(9)
Carrying value as of the end of the period	**50**	**32**	**82**	**52**	**22**	**74**

14. INVENTORIES

	30 Jun. 2021	31 Dec. 2020
Stockpiles	565	505
Gold-in-process	15	14
Inventories expected to be used after 12 months	**580**	**519**
Stockpiles	170	150
Gold-in-process	124	101
Antimony in gold-antimony flotation concentrate and silver	9	4
Refined gold and gold in flotation concentrate	4	4
Materials and supplies	366	365
Less: obsolescence provision for materials and supplies	(27)	(29)
Inventories expected to be used in the next 12 months	**646**	**595**
Total	**1,226**	**1,114**

15. DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

	30 June 2021			31 December 2020		
	Non-Current	Current	Total	Non-Current	Current	Total
Cross currency swaps	19	-	19	17	-	17
Loans receivable	17	-	17	-	-	-
Total derivative financial assets and investments	**36**	**-**	**36**	**17**	**-**	**17**
Cross currency swaps	275	40	315	321	42	363
Interest rate swaps	7	-	7	9	-	9
Total derivative financial liabilities	**282**	**40**	**322**	**330**	**42**	**372**

(in millions of US Dollars)

Cross currency swaps

The following terms were in place as of 30 June 2021:

	Nominal		Interest payments		
Expiration date	**Group pays (USD million)**	**Group receives (RUB million)**	**Frequency**	**Group pays (in USD)**	**Group receives (in RUB)**
July 2021	173	10,000	semi-annually	LIBOR + 4.45%	12.1%
July 2021	82	5,300	semi-annually	5.9%	12.1%
March 2024	125	8,225	quarterly	5.09%	MosPrime 3m + 0.2%
April 2024	965	64,801	quarterly	5.00%	MosPrime 3m - 0.45%
October 2024	310	20,000	semi-annually	3.23%	7.4%
March 2025	125	8,169	quarterly	2.8%	MosPrime 3m + 0.27%

Interest rate swaps

The following terms were in place as of 30 June 2021:

		Interest payments		
Expiration date	**Nominal (USD million)**	**Frequency**	**Group pays**	**Group receives**
February 2024	150	monthly	2.425%-2.44%	LIBOR

16. TRADE AND OTHER RECEIVABLES

	30 Jun. 2021	31 Dec. 2020
Trade receivables for gold-bearing products	16	115
Other receivables	36	32
Less: allowance for other receivables	(16)	(14)
Total	**36**	**133**

17. TAXES RECEIVABLE

	30 Jun. 2021	31 Dec. 2020
Reimbursable value added tax	95	118
Other prepaid taxes	1	2
Total	**96**	**120**

18. CASH AND CASH EQUIVALENTS

	30 Jun. 2021	31 Dec. 2020
Current USD bank accounts	1,170	1,115
Current RUB bank accounts	20	69
Bank deposits denominated in USD	116	178
Bank deposits denominated in RUB	226	83
Total	**1,532**	**1,445**

Bank deposits within cash and cash equivalents include deposits with original maturity less than three months or repayable on demand without loss on principal and accrued interest denominated in RUB and USD and accrue interest at the following rates:

Interest rates:

- Bank deposits denominated in USD	0.1-0.7%	0.5-0.9%
- Bank deposits denominated in RUB	3.9-5.7%	4.0-4.7%

19. SHARE CAPITAL AND RESERVES

Authorised share capital of the Company as of 30 June 2021 comprised issued and fully paid 136,069 thousand ordinary shares at par value of RUB 1 each, of which 1,064 thousand was included within treasury shares.

Equity-settled share-based compensation (long-term incentive plan)

PJSC Polyus grants long-term incentive awards according to which the members of management of the group are entitled to a conditional award in the form of PJSC Polyus’ ordinary shares, which vest upon achievement of financial and non-financial performance targets on expiry of performance periods. Expenses arising from the LTIP are recognised in the condensed consolidated interim statement of profit or loss within *Selling, general and administrative expenses.*

Share buyback

During the first quarter of 2021, the group completed a share buyback started in December 2020 by acquiring 62 thousand of the Company’s ordinary shares from its shareholders. As of 31 December 2020, a liability in the amount of USD 14 million was recognised in respect of shares to be delivered.

Dividends

On 27 May 2021, Shareholders of the Company declared dividends of 387.15 RUR per share and equivalent of USD 717 million (at the CBR currency exchange rate as of 27 May 2021) in total in respect of the second half of financial year 2020 (excluding dividends on treasury shares owned by the subsidiary of the Company and equivalent of USD 6 million).

During the three months ended 30 June 2021, dividends to non-controlling interests in the amount of USD 31 million were declared. This resulted in a decrease of the share of the subsidiary’s net assets that remained attributable to the non-controlling interests in the amount of USD 38 million.

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share (“EPS”) is as follows (in thousands of shares):

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Ordinary shares in issue at the beginning of the period	**135,005**	**133,968**	**134,705**	**133,196**
Conversion of convertible bond	-	293	-	449
Shares awarded for LTIP	-	-	351	370
Purchase of additional ownership in SL Gold (payable in treasury shares)	-	-	-	246
Share buyback	-	-	(62)	-
Other	-	-	11	-
Ordinary shares in issue at the end of the period	**135,005**	**134,261**	**135,005**	**134,261**
Weighted average number of ordinary shares – basic EPS	**135,005**	**134,107**	**134,848**	**133,708**
Dilutive effect of potentially issuable shares under LTIP	340	239	375	233
Weighted average number of ordinary shares – diluted EPS	**135,345**	**134,346**	**135,223**	**133,941**
Profit after tax attributable to the shareholders of the Company (million USD)	644	685	1,093	277
Profit after tax attributable to the shareholders of the Company for diluted EPS calculation (million USD)	**644**	**685**	**1,093**	**277**

(in millions of US Dollars)

20. BORROWINGS

	Nominal rate %	30 Jun. 2021	31 Dec. 2020
Eurobonds with fixed interest rate due in 2022	4.699%	482	481
Eurobonds with fixed interest rate due in 2023	5.250%	786	785
Eurobonds with fixed interest rate due in 2024	4.7%	468	468
Notes due in 2029 (Rusbonds) with noteholders' early repayment option in 2024	7.4%	276	270
Notes due in 2025 (Rusbonds) with noteholders' early repayment option in 2021	12.1%	207	203
Credit facilities with financial institutions nominated in RUR with variable interest rates	Central bank rate + 2.3% MosPrime + 0.2% / + 0.27% / - 0.45%	1,145	1,128
Credit facilities with financial institutions nominated in USD with variable interest rates	USD LIBOR + 1.65%	149	149
Lease liabilities nominated in USD and RUR	5.26%	82	70
Sub-total		**3,595**	**3,554**
Less: current portion of long-term borrowings due within 12 months		(713)	(225)
Long-term borrowings		**2,882**	**3,329**

Unused credit facilities

As of 30 June 2021, the group has unused credit facilities in the total amount of USD 1,213 million (31 December 2020: USD 1,243 million).

Pledge

As of 30 June 2021 and 31 December 2020, all shares of JSC TaigaEnergoStroy belonging to the group were pledged to secure a credit line. Additionally, the group pledged proceeds from certain gold sale agreements as a security for another credit facility.

Other matters

There were a number of financial covenants under several loan agreements in effect as of 30 June 2021 according to which the respective subsidiaries of the Company and the Company itself are limited in their level of leverage and other financial and non-financial parameters.

The group tests covenants quarterly and was in compliance with the covenants as of 30 June 2021.

21. TRADE AND OTHER PAYABLES

	30 Jun. 2021	31 Dec. 2020
Employee compensation payable	67	94
Interest payable	59	57
Trade payables	72	49
Accrued annual leave	44	33
Share buyback (note 19)	-	33
Payables for shares of PJSC Lenzoloto	-	24
Dividends payable	60	2
Other accounts payable and accrued expenses	93	107
Total	**395**	**399**

(in millions of US Dollars)

22. TAXES PAYABLE

	30 Jun. 2021	31 Dec. 2020
Value added tax	20	33
Social taxes	26	24
Mineral extraction tax	22	24
Property tax	5	5
Other taxes	19	15
Total	**92**	**101**

23. RELATED PARTIES

There were no transactions with related parties throughout the six months ended 30 June 2021, except for those presented within note 13 and compensation of the key management personnel as detailed below.

Key management personnel[4]

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Short-term compensation to key management personnel accrued	4	6	10	11
Equity-settled share-based compensation (LTIP)	9	13	17	34
Total	**13**	**19**	**27**	**45**

24. COMMITMENTS

Commitments for future lease payments due under non-cancellable lease agreements excluded from the scope of IFRS 16

The Land in the Russian Federation on which the group’s production facilities are located is owned by the state. The group leases this land through operating lease agreements, which expire in various years through to 2065. Future lease payments due under non-cancellable operating lease agreements excluded from IFRS 16 scope (note 13) were as follows:

	30 Jun. 2021	31 Dec. 2020
Due within one year	9	8
From one to five years	26	24
Thereafter	50	49
Total	**85**	**81**

Capital commitments

The group’s contracted capital expenditure commitments are as follows:

	30 Jun. 2021	31 Dec. 2020
Projects in Krasnoyarsk	106	97
Project Natalka	100	73
Project Sukhoi Log	32	-
Other capital commitments	39	26
Total	**277**	**196**

[4] During the six months ended 30 June 2021, following an analysis of involvement of each individual member of management in the decision making process within the group, it was concluded that certain members were to be excluded from the list of the key management personnel. Amounts for the three and six months ended 30 June 2020 were updated, respectively.

(in millions of US Dollars)

25. OPERATING ENVIRONMENT - IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The group may face increasingly broad effects of COVID-19 due to its negative impact on the global economy and major financial markets from production interruptions or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. The significance of COVID-19 on the group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

The health and safety of employees remains the group's utmost focus. The group continues to monitor the COVID-19 threat level and assess the potential health risks for its employees, with all monitoring systems in place. The impact on the group's operations was principally limited to provision of temporary accommodation and treatment facilities at the group's production sites for the affected employees, implementation of additional sanitary measures, and charitable contributions to hospitals and other institutions in group's operating regions.

Costs directly attributable to dealing with the COVID-19 pandemic comprise additional compensation paid to employees, donations to regional administrations, hospitals and other institutions as well as additional health and safety expenses. The group's direct and incremental costs related to COVID-19 were included in the following captions of the condensed consolidated interim financial statements as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	**2020**	**2021**	**2020**
Cost of gold sales (Employee compensation)	9	19	20	19
Other expenses, net	11	17	24	17
Total expenses related to COVID-19 recognised in profit or loss	**20**	**36**	**44**	**36**
(Decrease) / increase in stockpiles, gold-in-process and refined gold inventories	(1)	9	3	9
Property plant and equipment additions (infrastructure facilities and stripping activity asset)	6	11	13	11
Total costs related to COVID-19	**25**	**56**	**60**	**56**

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, current trade and other receivables and accounts payable approximate their fair value given the short-term nature of these instruments. Non-current other receivables are discounted at discount rates derived from observable market input data. Trade receivables for gold-bearing products are carried at fair value through profit or loss (Level 2 of the fair value hierarchy in accordance with IFRS 13).

Determination of fair value of derivative financial instruments

		Fair value inputs	
Derivative financial instrument	**Valuation technique**	**Inputs to valuation techniques used to measure fair value**	**Fair value hierarchy of inputs in accordance with IFRS 13**
Cross-currency swaps	Discounted cash flow valuation technique	Spot currency exchange rates, USD LIBOR and RUB interest rates	Level 2
Interest rate swaps	Discounted cash flow valuation technique	USD LIBOR rates	Level 2

The fair value of derivative financial instruments includes an adjustment for credit risk in accordance with IFRS 13. The adjustment is calculated based on the expected exposure. For positive expected exposures, credit risk is based on the observed credit default swap spreads for each particular counterparty or, if they are unavailable, for equivalent peers of the counterparty. For negative expected exposures, the credit risk is based on the observed credit default swap spread of the group's peer.

(in millions of US Dollars)

Borrowings and deferred consideration are carried at amortised cost. The fair value of the group’s borrowings excluding lease liabilities is estimated as follows:

	30 June 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Eurobonds (Level 1)	1,736	1,840	1,734	1,852
Borrowings (Level 2)	1,294	1,299	1,277	1,278
Rusbonds (Level 1)	483	486	473	497
Total	**3,513**	**3,625**	**3,484**	**3,627**

The fair value of all of the group’s borrowings except for the Eurobonds and Rusbonds is within Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of the Eurobonds and Rusbonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13, because the Eurobonds and Rusbonds are publicly traded in an active market. The fair value of borrowings and bonds is determined using a discounted cash flow valuation technique with reference to observable market inputs: spot currency exchange rates, forward USD LIBOR and RUB interest rates, the company’s own credit risk and quoted price of the convertible bonds.

27. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The basis of distribution of accumulated retained earnings for companies operating in the Russian Federation is defined by legislation as the current year net profit of the company, as calculated in accordance with Russian accounting standards. However, the legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and accordingly management believes at present it would not be appropriate to disclose an amount for distributable profits and reserves in these condensed consolidated interim financial statements.

Information about significant subsidiaries of the group

		Effective % held at[5]	
Subsidiaries	**Nature of business**	**30 Jun. 2021**	**31 Dec. 2020**
Incorporated in Russian Federation			
JSC Polyus Krasnoyarsk	Mining (open pit)	100	100
JSC Polyus Aldan	Mining (open pit)	100	100
JSC Polyus Verninskoye	Mining (open pit)	100	100
JSC GMC Lenzoloto	Holding company of Alluvials business unit	100	100
JSC Polyus Magadan	Mining (open pit)	100	100
LLC Polyus Stroy	Construction	100	100
LLC Polyus Sukhoi Log (renamed, previously LLC SL Gold)	Exploration and evaluation of the Sukhoi Log deposit	100	100

JSC Polyus Krasnoyarsk regional investment project (Blagodatnoye business unit)

JSC Polyus Krasnoyarsk is undertaking an investment project to increase mining and processing facilities of the Blagodatnoye mine (Mill-5 project). According to the Directive of the Government of the Krasnoyarsk region JSC Polyus Krasnoyarsk was included in the register of the participants of regional investment projects (RInvP) starting from 2021. As a result, the subsidiary has been granted a right to apply reduced corporate income tax rates in relation to the Mill-5 project income and reducing MET coefficients in relation to minerals extracted under the Mill-5 project.

Considering the expected start of production under the Mill-5 project, JSC Polyus Krasnoyarsk expects to apply the following reduced tax rates:

- Mineral extraction tax (MET): 0% for 2025-2026 increasing by 1.2% every two years thereafter to 6%. The amount of tax savings should not exceed the amount of investments in Mill-5 project;
- Corporate income tax: 5% for 2025-2028.

[5] Effective % held by the Company, including holdings by other subsidiaries of the group.

JSC Polyus Verninskoye regional investment project (Verninskoye business unit)

In July 2021, the amount of mineral extraction tax savings exceeded the amount of investments in the regional investment project, therefore, starting from August 2021, JSC Polyus Verninskoye does not benefit from the reduced mineral extraction tax, and a reduced income tax rate is not applied as well.

28. EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the reporting date that would adjust amounts of assets, liabilities, income or expenses or that should be disclosed in these condensed consolidated interim financial statements, except for the following;

- In July 2021, the group exercised its call-option and repaid in advance of maturity USD 203 million of Rusbonds (RUB 15,000 million translated at exchange rate at the date of transaction). In connection with this on expiration of cross currency swaps the group exchanged principal amounts paying USD 255 million and receiving RUB 15,300 million.