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AIX, MOEX: POLY

Polymetal International plc

Q3 2023 production results

Polymetal International plc reports production results for the third quarter ended September 30, 2023.

“In Q3, we returned to positive cash flow generation after seasonal working capital release and a decline in previously accumulated gold bullion. We continue to work on further release of unsold inventories and production in line with the guidance”, said Vitaly Nesis, Group CEO of Polymetal International plc.

HIGHLIGHTS

- There have been no fatal accidents during the first nine months of 2023 among Polymetal’s workforce and contractors (similar to 9M 2022). Lost time injury frequency rate (LTIFR) stood on par with 9M 2022 at 0.09. Nine lost-time accidents mostly related to falling or hit by an object were recorded during 9M 2023 (none in Kazakhstan) with two of them in Q3.
- In Q3, gold equivalent production (“GE”) grew by 12% year-on-year (y-o-y) to 508 Koz driven by increases within Russian operations (Urals, Mayskoye and Dukat).
- GE output for the first nine months of 2023 was up by 6% y-o-y to 1,272 Koz, including 340 Koz in Kazakhstan and 932 Koz in Russia.
- Concentrate inventories at Kyzyl and inventories in Russia have been unwound materially during Q3. The Company recorded a materially lower sales-production gap versus the previous quarter. Sales volumes for the first nine months of 2023 amounted to 1.1 Moz of GE. New challenges facing sales from Russia include sale of silver bullion (instead of concentrate) and significant tightening of concentrate exports regulations.
- Revenue for the reporting quarter and nine months increased by 17% and 22% y-o-y to US\$ 834 and US\$ 2,149 million respectively on the back of sales volumes recovery and higher metal prices.
- EBITDA for the first nine months of 2023 reached US\$ 995 million representing a margin of 46% (US\$ 301 million in Kazakhstan, US\$ 694 million in Russia). A y-o-y increase of 60% is attributable to revenue growth and exchange rate driven operating costs decrease in Russia.
- Net Debt decreased by 10% quarter-on-quarter and stood at US\$ 2.33 billion (US\$ 0.12 billion in Kazakhstan and US\$ 2.21 billion in Russia) as the Company generated positive free cash flow supported by seasonal factor and inventories release, as well as enjoyed lower costs and lower value of Rouble-denominated debt due to favorable exchange rate movements.
- Polymetal is on track to meet its full-year production guidance of 1.7 Moz of GE (1.2 Moz in Russia and 500 Koz in Kazakhstan). TCC and AISC guidance of US\$ 950-1,000/GE oz and US\$ 1,300-1,400/GE oz respectively is also maintained. The estimate remains contingent on the RUB/USD and KZT/USD exchange rates which have a significant effect on the Group’s local currency denominated operating costs.

HIGHLIGHTS

	3 months ended September 30,		% change	9 months ended September 30,		% change
	2023	2022		2023	2022	
<u>PRODUCTION (Koz of GE)</u>¹						
Kazakhstan	127	133	-5%	340	377	-10%
Kyzyl	84	82	+2%	212	217	-2%
Varvara	43	51	-16%	128	160	-20%
Russia	381	321	+19%	932	821	+14%
TOTAL	508	454	+12%	1,272	1,198	+6%
<u>SALES (Koz of GE)</u>						
Kazakhstan	110	108	+2%	310	347	-11%
Russia ²	336	321	+5%	826	641	+29%
TOTAL	446	429	+4%	1,136	988	+15%
<u>REVENUE</u>³ (US\$m)						
Kazakhstan	209	181	+15%	602	624	-4%
Russia	626	533	+17%	1,547	1,138	+36%
TOTAL	834	714	+17%	2,149	1,762	+22%
<u>EBITDA</u>³ (US\$m)						
Kazakhstan	101	93	+9%	301	354	-15%
Russia	335	101	+232%	694	266	+161%
TOTAL	436	194	+125%	995	620	+60%
<u>NET DEBT</u>⁴ (US\$m)						
Kazakhstan	120	201	-41%	120	277	-57%
Russia	2,206	2,389	-8%	2,206	2,117	+4%
TOTAL	2,326	2,590	-10%	2,326	2,393	-3%
<u>SAFETY</u>						
LTIFR ⁵ (Employees)	0.06	0.11	-47%	0.09	0.09	-0%
Fatalities	0	0	NA	0	0	NA

Notes:

(1) Based on 80:1 Au/Ag conversion ratio and excluding base metals. Discrepancies in calculations are due to rounding. Mayskoye production reporting approach was amended to record production as soon as the ownership title for gold is transferred to a buyer at the mine site's concentrate storage facility. Previous periods were restated accordingly.

(2) Excluding ounces at Mayskoye, which ownership title has already been transferred to a buyer, but not shipped.

(3) Calculated based on the unaudited consolidated management accounts.

(4) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 30 June 2023 (for the three months period) and 31 December 2022 (for the nine months period).

(5) LTIFR = lost time injury frequency rate per 200,000 hours worked. Company employees only are taken into account.

CONFERENCE CALL AND WEBCAST

The Company will hold a webcast on Tuesday, 31 October 2023, at 10:00 London time (16:00 Astana time).

To participate in the webcast, please register using the following link:

<https://event.on24.com/wcc/r/4380844/257261F9AB918B8B717A3B0CE97CFDA4>.

Webcast details will be sent to you via email after registration.

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FORWARD-LOOKING STATEMENTS

This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements speak only as at the date of this release. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "should" or similar expressions or, in each case their negative or other variations or by discussion of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements all include matters that are not historical facts. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the company's control that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company's present and future business strategies and the environment in which the company will operate in the future. Forward-looking statements are not guarantees of future performance. There are many factors that could cause the company's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

KYZYL

	3 months ended September 30,		% change	9 months ended September 30,		% change
	2023	2022		2023	2022	
MINING						
Waste mined, Mt	21.5	20.6	+4%	60.2	62.3	-3%
Ore mined (open pit), Kt	644	558	+15%	1,808	1,689	+7%
PROCESSING						
Ore processed, Kt	640	565	+13%	1,833	1,651	+11%
Gold grade, g/t	4.7	5.6	-17%	4.9	5.1	-3%
Gold recovery	88.8%	89.2%	-0%	88.8%	88.7%	+0%
Concentrate produced, Kt	28.4	28.9	-2%	89.9	78.3	+15%
Concentrate gold grade, g/t	93.9	98.4	-5%	89.6	95.0	-6%
Gold in concentrate, Koz ¹	86	92	-7%	259	239	+8%
Concentrate shipped, Kt	15	16	-1%	34	42	-20%
Payable gold shipped, Koz	28	30	-6%	62	78	-21%
Amursk POX						
Concentrate processed, Kt	19	14	+33%	47	35	+34%
Gold grade, g/t	108.0	136.8	-21%	113.6	134.0	-15%
Gold produced, Koz	56	52	+7%	150	139	+8%
TOTAL PRODUCTION						
Gold, Koz	84	82	+2%	212	217	-2%

Note:

(1) For information only; not considered as gold produced and therefore not reflected in the table representing total production. It will be included in total production upon shipment to off-taker or dore production at Amursk POX.

(2) To be further processed at Amursk POX.

In Q3, Kyzyl produced 84 Koz of gold representing a 2% y-o-y increase. The planned decrease in gold grade versus the high base of 2022, hence lower concentrate production, was compensated by larger volumes of processed concentrate at Amursk POX after implementation of certain technological solutions.

Concentrate sales are stabilising after the drop in H1 recording relatively stable y-o-y dynamics in Q3.

The mining and processing volumes have been growing throughout the year to align with the earlier announced concentrator capacity extension (2.4 Mtpa).

VARVARA

	3 months ended September 30,		% change	9 months ended September 30,		% change
	2023	2022		2023	2022	
<u>MINING</u>						
Waste mined, Mt	10.4	10.8	-4%	31.9	32.1	-1%
Ore mined (open pit), Kt	676	963	-30%	2,200	3,032	-27%
<u>PROCESSING</u>						
Leaching						
Ore processed, Kt	787	823	-4%	2,332	2,421	-4%
Gold grade, g/t	1.4	1.7	-19%	1.4	1.7	-16%
Gold recovery ¹	89.9%	91.0%	-1%	89.3%	90.6%	-1%
Gold production (in dore), Koz	32	41	-21%	99	128	-23%
Flotation						
Ore processed, Kt	193	197	-2%	569	567	+0%
Gold grade, g/t	2.5	2.9	-14%	2.3	2.8	-18%
Recovery ¹	87.1%	86.4%	+1%	86.8%	89.4%	-3%
Gold in concentrate, Koz	10	10	+7%	29	32	-7%
<u>TOTAL PRODUCTION</u>						
Gold, Koz	43	51	-16%	128	160	-20%

Note:

(1) Technological recovery, includes gold and copper within work-in-progress inventory. Does not include toll-treated ore.

Varvara production continued to be impacted by a planned decrease in Komar ore grade at the leaching circuit and lower share of high-grade third-party feed at the flotation circuit.

SUSTAINABILITY, HEALTH AND SAFETY

There were no fatal accidents during the first nine months of 2023 among Polymetal's workforce and contractors (consistent with 9M 2022). Lost time injury frequency rate (LTIFR) among the Group's employees decreased by 52% y-o-y to 0.06 in Q3 (0.12 in Q3 2022) and remained flat at 0.09 in 9M 2023. During the reporting quarter, three lost-time injuries were recorded at Polymetal's sites (all in Russia): two among employees and one among contractor workers. All were classified as minor (fall and jamming) and were followed by proper investigations aimed at improving the safety of workplaces.