EN+ GROUP IPJSC

Consolidated Interim Condensed Financial Information for the six months ended 30 June 2023

Contents

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Interim Condensed Financial Information for the six months ended 30 June 2023

The following statement, which should be read in conjunction with the auditors' responsibilities stated in the auditors' report on the review of the consolidated interim condensed financial information set out on pages 4-5, is made with a view to distinguishing the respective responsibilities of management and those of the auditors in relation to the consolidated interim condensed financial information of EN+ GROUP IPJSC and its subsidiaries.

Management is responsible for the preparation of the consolidated interim condensed financial information for the six months ended 30 June 2023 in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

In preparing the consolidated interim condensed financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated interim condensed financial information; and
- Preparing the consolidated interim condensed financial information on a going concern basis, unless it is inappropriate to presume that the Group will continue in the business for the foreseeable future.

Management, within its competencies, is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- Taking steps to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

This consolidated interim condensed financial information was approved by the Board of Directors on 16 August 2023 and was signed on its behalf by:

General Director of EN+ GROUP IPJSC — Vladimir Kiriukhin

NEW CHALLENGES
NEW SOLUTIONS

ООО «ЦАТР – аудиторские услуги»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 495 705 9700
+7 495 755 9700
Факс: +7 495 755 9701
ОГРН: 1027739707203
ИНН: 7709383532
ОКПО: 59002827

TSATR – Audit Services LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 495 705 9700
+7 495 755 9700
Fax: +7 495 755 9701
www.b1.ru

Report on Review of Interim Financial Information

To the Board of Directors of
International public joint-stock company
EN+ GROUP

Introduction

We have reviewed the accompanying consolidated interim condensed financial information of International public joint-stock company EN+ GROUP and its subsidiaries (the "Group"), which comprise the consolidated interim condensed statements of profit or loss and other comprehensive income for the six months ended 30 June 2023, consolidated interim condensed statement of financial position as at 30 June 2023 and the related consolidated interim condensed statements of cash flows and changes in equity for the six months then ended, and notes to the consolidated interim condensed financial information (the consolidated interim condensed financial information). Management of the Group is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial information 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 consolidated interim condensed financial information 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 consolidated interim condensed financial information are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

NEW CHALLENGES
NEW SOLUTIONS

Emphasis of matter

We draw attention to Note 1(f) to the consolidated interim condensed financial information as at 30 June 2023, which indicates that the geopolitical tensions and sanctions imposed by a range of countries, accompanied by the volatility of commodity, stock and currency markets, may significantly affect operational, investing and financing activity of the Group. As stated in Note 1(f), these events or conditions, along with other matters as set forth in Note 1(f) to the consolidated interim condensed financial information, indicate that material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

M.S. Khachaturian
Partner
TSATR – Audit Services Limited Liability Company

16 August 2023

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the entity

Name: International public joint-stock company EN+ GROUP
Record made in the State Register of Legal Entities on 9 July 2019, State Registration Number 1193926010398.
Address: Russia 236006, Kalinigrad, Oktyabrskaya street, office 34, b. 8.

		Six months ended 30 June	
		2023 (unaudited)	**2022 (unaudited)**
	Note	**USD million**	**USD million**
Revenue	5	7,283	8,324
Cost of sales		(5,720)	(5,276)
Gross profit		**1,563**	**3,048**
Distribution expenses		(405)	(349)
General and administrative expenses		(434)	(461)
Impairment of non-current assets		(77)	(86)
Other operating expenses, net	6	(56)	(212)
Results from operating activities		**591**	**1,940**
Share of profits of associates and joint ventures	10	303	1,365
Finance income	7	182	243
Finance costs	7	(437)	(935)
Profit before tax		**639**	**2,613**
Current income tax expense	8	(286)	(536)
Deffered income tax credit/(charge)	8	309	(276)
Income tax credit/(charge)		**23**	**(812)**
Profit for the period		**662**	**1,801**
Attributable to:			
Shareholders of the Parent Company		480	1,084
Non-controlling interests		182	717
Profit for the period		**662**	**1,801**
Earnings per share			
Basic and diluted earnings per share (USD)	9	0.956	2.158

The Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

		Six months ended 30 June	
		2023 (unaudited)	**2022 (unaudited)**
	Note	**USD million**	**USD million**
Profit for the period		**662**	**1,801**
Other comprehensive income or loss			
Items that will never be reclassified subsequently to profit or loss (net of tax)			
Actuarial loss on post retirement benefit plans		(5)	–
		(5)	**–**
Items that are or may be reclassified subsequently to profit or loss (net of tax)			
Foreign currency translation differences on foreign subsidiaries		(782)	972
Foreign currency translation differences for equity-accounted investees	10	(914)	1,995
Change in fair value of cash flow hedge	14	–	(214)
		(1,696)	**2,753**
Other comprehensive income or loss for the period		**(1,701)**	**2,753**
Total comprehensive income or loss for the period		**(1,039)**	**4,554**
Attributable to:			
Shareholders of the Parent Company		(569)	2,631
Non-controlling interests		(470)	1,923
Total comprehensive income or loss for the period		**(1,039)**	**4,554**

The Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

	Note	30 June 2023 (unaudited) USD million	31 December 2022 USD million
Assets			
Non-current assets			
Property, plant and equipment		10,377	11,607
Goodwill and intangible assets		2,146	2,417
Interests in associates and joint ventures	10	4,583	5,194
Deferred tax assets		213	98
Investments in equity securities measured at fair value through profit and loss		426	459
Derivative financial assets	14	56	90
Other non-current assets	11(e)	255	311
Total non-current assets		**18,056**	**20,176**
Current assets			
Inventories		4,288	4,383
Trade and other receivables	11(a)	1,259	1,477
Prepayments and VAT recoverable	11(b)	809	820
Income tax receivable		17	217
Short-term investments		72	50
Derivative financial assets	14	36	78
Cash and cash equivalents		1,670	3,477
Total current assets		**8,151**	**10,502**
Total assets		**26,207**	**30,678**
Equity and liabilities			
Equity	12		
Share capital		–	–
Share premium		1,516	1,516
Treasury shares		(1,579)	(1,579)
Additional paid-in capital		9,193	9,193
Revaluation reserve		3,480	3,480
Other reserves		79	82
Foreign currency translation reserve		(6,468)	(5,422)
Retained earnings		690	210
Total equity attributable to shareholders of the Parent Company		**6,911**	**7,480**
Non-controlling interests		4,782	5,252
Total equity		**11,693**	**12,732**
Non-current liabilities			
Loans and borrowings	13	9,311	9,702
Deferred tax liabilities		1,013	1,222
Provisions – non-current portion		346	380
Other non-current liabilities		156	175
Total non-current liabilities		**10,826**	**11,479**
Current liabilities			
Loans and borrowings	13	1,648	3,898
Provisions – current portion		133	146
Trade and other payables	11(c)	1,292	1,687
Advances received	11(d)	210	309
Other taxes payable		405	427
Total current liabilities		**3,688**	**6,467**
Total equity and liabilities		**26,207**	**30,678**

The Consolidated Interim Condensed Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

		Six months ended 30 June	
		2023 (unaudited)	**2022 (unaudited)**
	Note	**USD million**	**USD million**
Operating activities			
Profit for the period		**662**	**1,801**
Adjustments for:			
Depreciation and amortization		373	339
Impairment of non-current assets		77	86
Foreign exchange (gain)/loss	7	(112)	103
Loss on disposal of property, plant and equipment	6	5	12
Share of profits of associates and joint ventures	10	(303)	(1,365)
Interest expense	7	385	484
Interest income	7	(42)	(65)
Change in fair value of derivative financial instruments	7	40	348
Revaluation of financial assets and liabilities	7	12	(176)
Dividend income	7	(28)	(2)
Income tax (credit)/charge	8	(23)	812
(Recovery of write-down)/write-down of inventories to net realisable value		(10)	157
Impairment of trade and other receivables	6	2	99
Operating profit before changes in working capital and provisions		**1,038**	**2,633**
Decrease/(increase) in inventories		115	(1,325)
Decrease/(increase) in trade and other receivables		357	(593)
Decrease in trade and other payables and provisions		(547)	(735)
Cash flows generated from / (used in) operations before income taxes paid		**963**	**(20)**
Income taxes paid		(157)	(516)
Cash flows generated from / (used in) operating activities		**806**	**(536)**
Investing activities			
Proceeds from disposal of property, plant and equipment		7	6
Acquisition of property, plant and equipment		(576)	(630)
Acquisition of intangible assets		(7)	(9)
Cash (used in) / received from other investments		(28)	147
Cash paid for investment in equity securities measured at fair value through profit and loss	11(f)	(5)	(88)
Interest received		40	58
Dividends from associates and joint ventures		–	1,640
Dividends from financial assets		2	2
Cash outflow from disposal of subsidiary		–	(16)
Contributions to associates and joint venture		–	(1)
Change in restricted cash		1	–
Cash flows (used in) / generated from investing activities		**(566)**	**1,109**

The Consolidated Interim Condensed Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

		Six months ended 30 June	
		2023 (unaudited)	**2022 (unaudited)**
	Note	**USD million**	**USD million**
Financing activities			
Proceeds from borrowings		4,774	2,399
Repayment of borrowings		(6,336)	(2,910)
Restructuring fees		(22)	(9)
Interest paid		(406)	(451)
Settlement of derivative financial instruments		96	(379)
Acquistion of non-controlling interest		–	(14)
Cash flows used in financing activities		**(1,894)**	**(1,364)**
Net change in cash and cash equivalents		**(1,654)**	**(791)**
Cash and cash equivalents at beginning of the period, excluding restricted cash		3,474	2,328
Effect of exchange rate fluctuations on cash and cash equivalents		(152)	275
Cash and cash equivalents at end of the period, excluding restricted cash		**1,668**	**1,812**

Restricted cash amounted to USD 2 million, USD 3 million and USD 2 million at 30 June 2023, 31 December 2022 and 30 June 2022, respectively.

The Consolidated Interim Condensed Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

	Attributable to shareholders of the Parent Company									
USD million	**Share premium**	**Treasury share reserve**	**Additional paid-in capital**	**Revalu-ation reserve**	**Other reserves**	**Foreign currency translation reserve**	**Retained earnings / (accumula-ted losses)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2022	**1,516**	**(1,579)**	**9,193**	**2,945**	**153**	**(5,561)**	**(892)**	**5,775**	**4,536**	**10,311**
Total comprehensive income										
Profit for the period (unaudited)	–	–	–	–	–	–	1,084	1,084	717	1,801
Other comprehensive (loss)/income for the period (unaudited)	–	–	–	–	(122)	1,669	–	1,547	1,206	2,753
Total comprehensive (loss)/income for the period (unaudited)	**–**	**–**	**–**	**–**	**(122)**	**1,669**	**1,084**	**2,631**	**1,923**	**4,554**
Transactions with owners										
Change in effective interest in subsidiaries	–	–	–	17	–	–	19	36	(50)	(14)
Total transactions with owners	**–**	**–**	**–**	**17**	**–**	**–**	**19**	**36**	**(50)**	**(14)**
Balance at 30 June 2022 (unaudited)	**1,516**	**(1,579)**	**9,193**	**2,962**	**31**	**(3,892)**	**211**	**8,442**	**6,409**	**14,851**
Balance at 1 January 2023	**1,516**	**(1,579)**	**9,193**	**3,480**	**82**	**(5,422)**	**210**	**7,480**	**5,252**	**12,732**
Total comprehensive income										
Profit for the period (unaudited)	–	–	–	–	–	–	480	480	182	662
Other comprehensive loss for the period (unaudited)	–	–	–	–	(3)	(1,046)	–	(1,049)	(652)	(1,701)
Total comprehensive (loss)/income for the period (unaudited)	**–**	**–**	**–**	**–**	**(3)**	**(1,046)**	**480**	**(569)**	**(470)**	**(1,039)**
Balance at 30 June 2023 (unaudited)	**1,516**	**(1,579)**	**9,193**	**3,480**	**79**	**(6,468)**	**690**	**6,911**	**4,782**	**11,693**

The Consolidated Interim Condensed Statement of Changes in Equity is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Information set out on pages 12 to 28.

1 Background

(a) Organisation

EN+ GROUP IPJSC (the “Parent Company” or EN+) was established as a limited liability company according to the legislation of the British Virgin Islands on 30 April 2002 under the name of Baufinanz Limited. On 18 March 2004, the Parent Company registered a change of its legal name to Eagle Capital Group Limited. On 25 August 2005, the Parent Company changed its domicile to Jersey and was renamed to En+ Group Limited. On 1 June 2017, the Parent Company changed its status to a public company and was renamed to EN+ GROUP PLC. On 9 July 2019, the Parent Company changed its domicile to the Russian Federation with a registration as EN+ GROUP International public joint-stock company (EN+ GROUP IPJSC). The Parent Company’s registered office is Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

On 8 November 2017, the Parent Company successfully completed an initial public offering of global depositary receipts on the London Stock Exchange. On 17 February 2020, the Parent Company’s ordinary shares were included into the “Level 1” part of the list of securities admitted to trading on Moscow Exchange.

EN+ GROUP IPJSC is the parent company for a vertically integrated aluminium and power group, engaged in aluminium production and energy generation (together with the Parent Company referred to as “the Group”).

As at 30 June 2023 Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of the Parent Company and his direct or indirect shareholding cannot exceed 45% of the shares of the Parent Company.

The other significant holders as at 30 June 2023 were as follows:

	Shareholding	**Voting rights**
Parent Company’s subsidiary	21.37%	7.04%
Glencore Group Funding Limited	10.55%	10.55%
Other shareholders	23.13%	13.96%
Independent trustees	–	33.45%

Glencore Group Funding Limited is a subsidiary of Glencore Plc.

Based on the information at the Group’s disposal at the reporting date, there is no individual that has an indirect prevailing ownership interest in the Parent Company exceeding 50%, who could exercise voting rights in respect of more than 35% of the Parent Company’s issued share capital or has an opportunity to exercise control over the Parent Company.

Related party transactions are detailed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 are available at the Parent Company’s website https://www.enplusgroup.com.

(b) Operations

The Group is a leading vertically integrated aluminium and power producer, which combines the assets and results of its Metals and Power segments.

The Metals segment operates in the aluminium industry primarily in the Russian Federation, Guinea, Jamaica, Ireland, Italy and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and value-added products.

The Power segment engages in all major areas of the power industry, including electric power generation, power trading and supply. It also includes supporting operations engaged in the supply of coal resources to the Group. The Group’s principal power plants are located in East Siberia and Volga Region, the Russian Federation.

(c) Business environment in emerging economies

The Russian Federation, Jamaica and Guinea have been experiencing political and economic changes that have affected, and may continue to affect, the activities of enterprises operating in these environments. Consequently, operations in these countries involve risks that typically do not exist in other markets, including reconsideration of privatisation terms in certain countries where the Group operates following changes in governing political powers.

The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as counter sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity, commodity and currency markets. The longer term effects of implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The consolidated interim condenced financial information reflect management's assessment of the impact of the Russian, Jamaican and Guinean business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(d) Seasonality

Demand for heat and electricity is subject to seasonal fluctuations and depends on weather conditions. The highest revenues from heat sales are generated in the period from October to March. Electricity sales are also subject to seasonality, though to a lesser extent, with the highest revenue period also being from October to March. The seasonality factor affects fuel consumption and energy purchases.

Furthermore, equipment repair and maintenance costs tend to grow in the period from April to September. The seasonality of these operations does not have an impact on the accounting treatment of operating income and expenses.

(e) OFAC sanctions

On 6 April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Parent Company, JSC EuroSibEnergo ("EuroSibEnergo") and UC RUSAL Plc ("UC RUSAL") as Specially Designated Nationals ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Parent Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, frozen, and could not have been transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licences were issued at the time of the designation and subsequently certain transactions were authorised with the Parent Company, EuroSibEnergo and UC RUSAL, and with their respective debt and equity.

On 27 January 2019, OFAC announced the removal of the Parent Company and its subsidiaries, including UC RUSAL and EuroSibEnergo, from OFAC's SDN list and Blocked Persons with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to:

- Ending Mr Oleg Deripaska's control of the Group, through the reduction of his direct and indirect ownership interest in the Parent Company to below 50%;
- Establishing independent voting arrangements for the Parent Company's shares held by certain shareholders;
- Corporate governance changes, including, inter alia, overhauling the composition of the EN+ Board to ensure that independent directors constitute the majority of the Board, and ongoing reporting and certifications by the Parent Company and UC RUSAL to OFAC concerning compliance with the conditions for sanctions' removal.

(f) Going concern

This consolidated interim condensed financial information have been prepared assuming that the Group will continue as a going concern. Accordingly, these statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities or any other adjustments that might result from the Group being unable to continue as a going concern.

Ban of Australian government for the export of alumina and bauxite to Russia and stoppage of production at Nikolaev Alumina Refinery Company Ltd due to developments in Ukraine influenced the availability of alumina and bauxite or increase the purchase prices for the Group. Difficulties with logistics caused the Group to rebuild the supply and sales chains and lead to additional logistics costs. If the situation in Ukraine and overall geopolitical tension persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Group's business, financial condition, prospects and results of operations.

Potentially the Group may have difficulties with equipment deliveries that may postpone realization of some investment projects and modernization programs for existing production facilities.

The facts described above, as well as the volatility of commodity markets, stock, currency markets and interest rates, create material uncertainty in the Group's ability to meet its financial obligations on time and continue as a going concern entity. Management constantly evaluates the current situation and prepares forecasts taking into account different scenarios of the events and conditions development. The Group's management expects that prices on the world commodity markets will grow and improve the results of operating activities. The Group is also revising supply and sales chains, ensuring an optimal equity and debt ratio, searching for resolutions of logistic difficulties, as well as the ways to service its obligations in order to adapt the current economic changes to maintain the continuance of the Group's operations.

2 Basis of preparation

(a) Statement of compliance

This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

This consolidated interim condensed financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022.

3 Significant accounting policies

The accounting policies applied in this consolidated interim condensed financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the consolidated interim condensed financial information of the Group and are listed below:

- IFRS 17 *Insurance Contracts*;
- *Definition of Accounting Estimates* – Amendments to IAS 8;
- *Disclosure of Accounting Policies* – Amendments to IAS 1 and IFRS Practice Statement 2;
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – Amendments to IAS 12;
- *International tax reform – Pillar Two Model Rules* – Amendments to IAS 12.

4 Segment reporting

(a) Reportable segments

Based on the current management structure and internal reporting the Group has identified two operating segments:

a) *Metals.* The Metals segment comprises UC RUSAL with disclosures being based on the public financial statements of UC RUSAL. All adjustments made to UC RUSAL financial statements, including any adjustments arising from different timing of IFRS first time adoption, are included in "Adjustments" column.

Power assets of UC RUSAL are included within the Metals segment.

b) *Power.* The Power segment mainly comprises the power assets, as described in note 1(b).

These business units are managed separately and the results of their operations are reviewed by the key management personnel and Board of Directors on a regular basis.

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior management monitors the results, assets and liabilities and cash flows attributable to each reportable segment on the following bases:

- Total segment assets include all tangible, intangible assets and current assets.
- Total segment liabilities include all current and non-current liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- The measure used for reporting segment results is the net profit and Adjusted EBITDA (key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness). Segment profit or loss and Adjusted EBITDA are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.
- Adjusted EBITDA for any period represents the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment for the relevant period.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), the carrying value of investments and share of profits/(losses) of associates and joint ventures, depreciation, interest income and expenses, other finance income and costs, income tax, gain or loss on disposal of property, plant and equipment, impairment of non-current assets used by the segments in their operations. Inter-segment pricing is determined primarily on a consistent basis using market benchmarks.

The Group acquired property, plant and equipment in the total amount of USD 620 million for the six months ended 30 June 2023 (USD 872 million for the six months ended 30 June 2022). The carrying amount of property, plant and equipment disposed during the six months ended 30 June 2023 comprised USD 352 million (USD 125 million for the six months ended 30 June 2022).

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Six months ended 30 June 2023				
Statement of profit or loss and other comprehensive income				
Revenue from external customers	*5,841*	*1,442*	–	*7,283*
Primary aluminium and alloys	4,740	–	–	4,740
Alumina and bauxite	286	–	–	286
Semi-finished products and foil	279	160	–	439
Electricity	69	829	–	898
Heat	34	252	–	286
Other	433	201	–	634
Inter-segment revenue	*104*	*558*	*(662)*	–
Total segment revenue	**5,945**	**2,000**	**(662)**	**7,283**
Operating expenses (excluding depreciation and gain or loss on disposal of PPE)	(5,655)	(1,269)	687	(6,237)
Adjusted EBITDA	**290**	**731**	**25**	**1,046**
Depreciation and amortisation	(251)	(123)	1	(373)
Loss on disposal of PPE	(5)	–	–	(5)
Impairment of non-current assets	(67)	(10)	–	(77)
Results from operating activities	**(33)**	**598**	**26**	**591**
Share of profits and impairment of associates and joint ventures	303	–	–	303
Interest expense, net	(188)	(155)	–	(343)
Other finance income/(costs), net	187	(99)	–	88
Profit before tax	**269**	**344**	**26**	**639**
Income tax credit/(charge)	151	(127)	(1)	23
Profit for the period	**420**	**217**	**25**	**662**

USD million	**Metals**	**Power**	**Adjustments**	**Total**
30 June 2023				
Statement of financial position				
Segment assets, excluding cash and cash equivalents and interests in associates and joint ventures	15,371	5,455	(872)	19,954
Investment in Metals segment	–	4,595	(4,595)	–
Cash and cash equivalents	1,487	183	–	1,670
Interests in associates and joint ventures	4,567	16	–	4,583
Total segment assets	**21,425**	**10,249**	**(5,467)**	**26,207**
Segment liabilities, excluding loans, borrowings and bonds	2,372	1,338	(155)	3,555
Loans and borrowings	7,776	3,183	–	10,959
Total segment liabilities	**10,148**	**4,521**	**(155)**	**14,514**
Total segment equity	11,277	5,728	(5,312)	11,693
Total segment equity and liabilities	**21,425**	**10,249**	**(5,467)**	**26,207**

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Six months ended 30 June 2023				
Statement of cash flows				
Cash flows from / (used in) operating activities	**236**	**571**	**(1)**	**806**
Cash flows (used in) / from investing activities	**(398)**	**(171)**	**3**	**(566)**
Acquisition of property, plant and equipment, intangible assets	(417)	(167)	1	(583)
Cash paid for investment in equity securities measured at fair value through profit and loss	(5)	–	–	(5)
Cash (used in) / from other investments	(11)	(19)	2	(28)
Interest received	29	11	–	40
Other investing activities	6	4	–	10
Cash flows used in financing activities	**(1,443)**	**(449)**	**(2)**	**(1,894)**
Interest paid	(242)	(164)	–	(406)
Restructuring fees	(21)	(1)	–	(22)
Settlements of derivative financial instruments	96	–	–	96
Other financing activities	(1,276)	(284)	(2)	(1,562)
Net change in cash and cash equivalents	**(1,605)**	**(49)**	**–**	**(1,654)**

USD million	**Metals**	**Power**	**Adjustments**	**Total**
Six months ended 30 June 2022				
Statement of profit or loss and other comprehensive income				
Revenue from external customers	*7,032*	*1,292*	–	*8,324*
Primary aluminium and alloys	5,814	–	–	5,814
Alumina and bauxite	305	–	–	305
Semi-finished products and foil	286	160	–	446
Electricity	110	736	–	846
Heat	30	227	–	257
Other	487	169	–	656
Inter-segment revenue	*121*	*466*	*(587)*	–
Total segment revenue	**7,153**	**1,758**	**(587)**	**8,324**
Operating expenses (excluding depreciation and gain or loss on disposal of PPE)	(5,346)	(1,155)	554	(5,947)
Adjusted EBITDA	**1,807**	**603**	**(33)**	**2,377**
Depreciation and amortisation	(247)	(93)	1	(339)
Loss on disposal of PPE	(5)	(7)	–	(12)
Impairment of non-current assets	(23)	(63)	–	(86)
Results from operating activities	**1,532**	**440**	**(32)**	**1,940**
Share of profits and impairment of associates and joint ventures	1,366	(1)	–	1,365
Interest expense, net	(134)	(285)	–	(419)
Other finance (costs)/income, net	(400)	127	–	(273)
Profit before tax	**2,364**	**281**	**(32)**	**2,613**
Income tax expense	(684)	(130)	2	(812)
Profit for the period	**1,680**	**151**	**(30)**	**1,801**

USD million	Metals	Power	Adjustments	Total
31 December 2022				
Statement of financial position				
Segment assets, excluding cash and cash equivalents and interests in associates and joint ventures	16,261	6,690	(944)	22,007
Investment in Metals segment	–	4,595	(4,595)	–
Cash and cash equivalents	3,196	281	–	3,477
Interests in associates and joint ventures	5,174	20	–	5,194
Total segment assets	**24,631**	**11,586**	**(5,539)**	**30,678**
Segment liabilities, excluding loans, borrowings and bonds	2,867	1,680	(201)	4,346
Loans and borrowings	9,457	4,143	–	13,600
Total segment liabilities	**12,324**	**5,823**	**(201)**	**17,946**
Total segment equity	12,307	5,763	(5,338)	12,732
Total segment equity and liabilities	**24,631**	**11,586**	**(5,539)**	**30,678**

USD million	Metals	Power	Adjustments	Total
Six months ended 30 June 2022				
Statement of cash flows				
Cash flows (used in) / from operating activities	**(958)**	**422**	**–**	**(536)**
Cash flows from / (used in) investing activities	**1,244**	**(135)**	**–**	**1,109**
Acquisition of property, plant and equipment, intangible assets	(465)	(174)	–	(639)
Cash paid for investment in equity securities measured at fair value through profit and loss	(88)	–	–	(88)
Returns of other investments	135	12	–	147
Dividends from associates and joint ventures	1,640	–	–	1,640
Interest received	36	22	–	58
Other investing activities	(14)	5	–	(9)
Cash flows used in financing activities	**(975)**	**(389)**	**–**	**(1,364)**
Interest paid	(179)	(272)	–	(451)
Restructuring fees	(6)	(3)	–	(9)
Settlements of derivative financial instruments	(379)	–	–	(379)
Other financing activities	(411)	(114)	–	(525)
Net change in cash and cash equivalents	**(689)**	**(102)**	**–**	**(791)**

5 Revenue

(a) Revenue by types

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Sales of primary aluminium and alloys	**4,740**	**5,814**
Third parties	4,608	5,717
Related parties – companies capable of exerting significant influence	130	89
Related parties – other	–	6
Related parties – associates and joint ventures	2	2
Sales of alumina and bauxite	**286**	**305**
Third parties	171	152
Related parties – associates and joint ventures	115	153
Sales of semi-finished products and foil	**439**	**446**
Third parties	439	446
Sales of electricity	**898**	**846**
Third parties	878	827
Related parties – other	–	2
Related parties – associates and joint ventures	20	17
Sales of heat	**286**	**257**
Third parties	284	247
Related parties – companies capable of exerting significant influence	2	1
Related parties – other	–	9
Other revenue	**634**	**656**
Third parties	529	503
Related parties – companies capable of exerting significant influence	14	7
Related parties – other	–	4
Related parties – associates and joint ventures	91	142
	7,283	**8,324**

(b) Revenue by primary regions

	Six months ended 30 June	
	2023	2022
	USD million	USD million
CIS	3,291	3,249
Asia	1,978	1,616
Europe	1,885	2,891
America	95	501
Other	34	67
	7,283	**8,324**

All revenue of the Group relates to revenue from contracts with customers.

6 Other operating expenses, net

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Charitable donations	(26)	(28)
Loss on disposal of property, plant and equipment	(5)	(12)
Impairment of trade and other receivables	(2)	(99)
Other operating expenses, net	(23)	(73)
	(56)	**(212)**

7 Finance income and costs

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Finance income		
Foreign exchange gain	112	–
Interest income	42	65
Dividend income	28	2
Revaluation of financial assets and liabilities	–	176
	182	**243**

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Finance costs		
Interest expense	(385)	(484)
Change in fair value of derivative financial instruments (note 14)	(40)	(348)
Revaluation of financial assets	(12)	–
Foreign exchange loss	–	(103)
	(437)	**(935)**

8 Income tax

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Current income tax expense		
Current tax for the period	(286)	(536)
Deferred income tax credit/(charge)		
Origination and reversal of temporary differences	309	(276)
	23	**(812)**

The Parent Company is a resident of Russia’s SAR (special administrative region) and a Russian tax resident. Companies which register in the SAR as part of the continuance out of a foreign jurisdiction (such as the Parent Company) may have a number of tax benefits, subject to certain conditions.

The Parent Company and its subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For the Parent Company and subsidiaries domiciled in the Russian Federation the applicable tax rate is 20%, Guinea – from 0% to 30%; China − 25%; Kazakhstan − 20%; Australia − 30%; Jamaica − 25%; Ireland − 12.5%; Sweden − 20.6% and Italy − 26.9%. For the Group’s subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary’s tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates are 9.07% and 11.82% for Swiss subsidiaries. For the RUSAL’s significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the year ended 31 December 2022 were the same as for the period ended 30 June 2023 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.06% and 11.8% accordingly, and for Italy which amounted to 27.9%.

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the six months ended 30 June 2023 and 30 June 2022.

	Six months ended 30 June	
	2023	**2022**
Weighted average number of shares	502,337,774	502,337,774
Profit for the period attributable to the shareholders of the Parent Company, USD million	480	1,084
Basic and diluted earnings per share, USD	**0.956**	**2.158**

There were no outstanding dilutive instruments during the periods ended 30 June 2023 and 30 June 2022.

10 Interests in associates and joint ventures

The Group has the following movements in investments in associates and joint ventures:

	Six months ended 30 June	
	2023	**2022**
	USD million	**USD million**
Balance at beginning of the period	**5,194**	**4,028**
Group's share of post acquisition profits and impairment	303	1,365
Contribution	–	1
Dividends	–	(764)
Foreign currency translation	(914)	1,995
Balance at end of the period	**4,583**	**6,625**
Goodwill included in interest in associates	2,029	2,691

Investment in Norilsk Nickel

The Group's share of profit of Norilsk Nickel for the six months ended 30 June 2023 was USD 212 million, and the foreign currency translation loss for the six months ended 30 June 2023 USD 763 million. The carrying value of the Group's investment in the investee comprises USD 3,734 million as at 30 June 2023.

The market value of the investment in Norilsk Nickel as at 30 June 2023 was USD 6,836 million (31 December 2022: USD 8,775 million). The market value was determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

11 Non-derivative financial instruments

(a) Trade and other receivables

	30 June 2023	**31 December 2022**
	USD million	**USD million**
Trade receivables from third parties	1,093	1,295
Trade receivables from related parties, including	69	50
- *Related parties – companies capable of exerting significant influence*	*57*	*45*
- *Related parties – associates and joint ventures*	*12*	*5*
Other receivables from third parties	169	235
Dividends receivable	21	–
	1,352	**1,580**
Impairment of receivables	(93)	(103)
	1,259	**1,477**

(b) Prepayments and VAT recoverable

	30 June 2023 USD million	31 December 2022 USD million
VAT recoverable	486	552
Advances paid to third parties	216	311
Advances paid to related parties, including	104	88
- *Related parties – companies capable of exerting significant influence*	*1*	–
- *Related parties – associates and joint ventures*	*103*	*88*
Other taxes receivable	122	18
Other current assets	7	7
	935	**976**
Impairment of prepayments and VAT recoverable	(126)	(156)
	809	**820**

(c) Trade and other payables

	30 June 2023 USD million	31 December 2022 USD million
Accounts payable to third parties	824	1,047
Accounts payable to related parties, including	80	115
- *Related parties – companies capable of exerting significant influence*	*5*	*6*
- *Related parties – associates and joint ventures*	*75*	*109*
Other payables and accrued liabilities	278	326
Dividends payable	5	–
Income tax payable	105	199
	1,292	**1,687**

Lease liabilities that are expected to be settled within one year for the amount of USD 20 million are included in other payables and accrued liabilities as at 30 June 2023 (31 December 2022: USD 24 million).

Non-current part of lease liabilities as at 30 June 2023 amounted to USD 41 million (31 December 2022: USD 49 million) is presented in other non-current liabilities.

(d) Advances received

	30 June 2023 USD million	31 December 2022 USD million
Advances received from third parties	191	296
Advances received from related parties, including	19	13
- *Related parties – associates and joint ventures*	*19*	*13*
	210	**309**

Advances received represent contract liabilities to perform obligations under contracts with customers and are recognised in trade and other payables line in the statement of financial position. Advances received are short-term and revenue in respect of the contract liability at the beginning of the period is expected to be recognized as revenue within next 12 months from the reporting date.

(e) Other non-current assets

	30 June 2023 USD million	31 December 2022 USD million
Long-term deposits	125	125
Other non-current assets	130	186
	255	**311**

(f) Investments in equity securities measured at fair value through profit and loss

During the six months ended 30 June 2023 Metals segment continued to acquire equity securities of RusHydro, 434,666,000 shares were bought for a total consideration of USD 5 million. As at 30 June 2023 the Group's nominal interest in RusHydro shares was 9.64%. The Group treats them as equity securities measured at fair value through profit and loss.

Fair value is estimated in accordance with Level 1 of the fair value hierarchy. The market value was determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

(g) Fair value measurement

Management believes that the fair values of financial assets and liabilities approximate their carrying amounts.

12 Equity

(a) Share capital, additional paid-in capital and transactions with shareholders

As at 30 June 2023 the Parent Company's share capital is divided into 638,848,896 ordinary shares with a nominal value of USD 0.00007 each. The Parent Company may also issue 75,436,818.286 ordinary shares.

As at 30 June 2023 and 31 December 2022 all issued ordinary shares were fully paid.

(b) Treasury share reserve

The reserve for the Group's treasury shares comprises the cost of the Parent Company's shares held by the Group. As at 30 June 2023 and 31 December 2022 the Group held 136,511,122 of Parent Company's own shares.

(c) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated interim condensed financial information of foreign subsidiaries and equity-accounted investees.

(d) Other reserves

Other reserves include the cumulative unrealised actuarial gains and losses on the Group's defined post retirement benefit plans, the effective portion of the accumulative change in fair value of cash flow hedges and the Group's share of other comprehensive income of equity-accounted investees other than foreign currency translation.

(e) Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of hydro assets at the reporting date.

(f) Dividends

The Parent Company may distribute dividends from retained earnings and profit for the reporting period in compliance with the current legislation of the Russian Federation and the provisions of its Charter.

During the six months ended 30 June 2023 and 30 June 2022, the Parent Company did not declare or pay any dividends.

13 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings.

	30 June 2023	31 December 2022
	USD million	USD million
Non-current liabilities		
Secured bank loans	3,998	5,333
Unsecured bank loans	1,394	858
Bonds	3,919	3,511
	9,311	**9,702**
Current liabilities		
Secured bank loans	1,004	1,212
Unsecured bank loans	495	1,260
Interest payable	41	78
Bonds	108	1,348
	1,648	**3,898**

(a) Loans and borrowings

Metals

The nominal value of the Metals segment loans and borrowings was USD 4,538 million at 30 June 2023 (31 December 2022: USD 4,883 million).

In February 2023, RUSAL entered into a new credit facility with a Russian bank in the total amount up to USD 4.4 billion and maturity on 24 December 2027. On 3 February 2023 the funds in the amount of 15.8 billion Chinese yuan were partially drawdown with an interest rate 4.75% and were used to refinance the principal outstanding under the existing debt with a Russian bank.

Power

The nominal value of Power segment loans and borrowings was USD 2,444 million at 30 June 2023 (31 December 2022: USD 3,881 million).

As at 30 June 2023 the amount of interest payable on Group's secured bank loans and unsecured bank loans was USD 13 million and USD 6 million, respectively (31 December 2022: USD 21 million and USD 9 million, respectively).

Security and pledges

The Group's bank loans and guarantees are secured by pledges of shares of the Group's subsidiaries and by a pledge of shares of an associate, the details of which are disclosed in the Group's consolidated financial statements as of and for the year ended 31 December 2022.

The secured bank loans are also secured by property, plant and equipment with a carrying amount of USD 107 million (31 December 2022: USD 53 million).

As at 30 June 2023 and 31 December 2022, rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the syndicated Pre-Export Finance Term Facility Agreements (PXFs) dated 28 January 2021.

(b) Bonds payable

As at 30 June 2023 the Group had bonds nominated in roubles, Chinese yuan and eurobonds nominated in US dollars outstanding.

Metals

Type	Series	The number of bonds traded in the market	Nominal value, USD million	Nominal interest rate	Put-option date	Maturity date
Bond	BO-01	30,263	–	0.01%	–	07.04.2026
Bond	BO-001P-01	3,490,970	40	9.50%	25.10.2023	16.04.2029
Eurobond	–	40,089	40	5.3%	–	03.05.2023
Eurobond	–	28,180	28	4.85%	–	01.02.2023
Bond	BO-05	2,000,000	276	3.90%	05.08.2024	28.07.2027
Bond	BO-06	2,000,000	276	3.90%	05.08.2024	28.07.2027
Bond	BO-001P-01	6,000,000	826	3.75%	–	24.04.2025
Bond	BO-001P-02	1,000,000	138	3.95%	–	23.12.2025
Bond	BO-001P-03	3,000,000	416	LPR1Y + 0.2%	–	24.12.2025
Bond	001PC-01	2,379,660	328	3.75%	–	07.03.2025
Bond	001PC-02	2,352,869	324	3.75%	–	07.03.2025
Bond	001PC-03	2,367,763	326	3.75%	–	07.03.2025
Bond	001PC-04	1,778,060	245	3.75%	–	07.03.2025

On 23 January 2023 the exchange-traded non-convertible interest-bearing RUB denominated bonds of RUSAL Bratsk series BO-001P-02 were fully repaid.

On 8 February 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 4.85% to noteholders who hold Eurobond through National Settlement Depository (“NSD”) and other Russian custodians being the NSD direct participants in the amount of USD 418 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

On 16 May 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 5.3% to noteholders who hold Eurobond through NSD and other Russian custodians being the NSD direct participants in the amount of USD 419 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

On 6 June 2023 the exchange-traded non-convertible interest-bearing RUB denominated bonds of RUSAL Bratsk series BO-002P-01 were fully repaid.

Power

Type	Series	The number of bonds traded in the market	Nominal value, USD million	Nominal interest rate	Put-option date	Maturity date
Bond	001PC-01	2,075,377	286	4.45%	−	22.12.2025
Bond	001PC-02	1,792,146	247	5.45%	−	27.03.2026
Bond	001PC-03	1,026,910	141	5.45%	−	22.05.2025
Bond	001PC-01	670,000	92	5.40%	−	06.05.2026

On 31 March 2023 the Power segment placed its second commercial non-convertible interest-bearing yuan bonds series 001PC-02 in the total amount CNY 1,792,146,000 with a coupon rate fixed at 5.45% p.a. Maturity of the bonds is March 2026.

On 10 May 2023 the Power segment placed the exchange-traded non-convertible interest-bearing yuan bonds series 001PC-01 in the total amount CNY 670,000,000 with a coupon rate fixed at 5.40% p.a. Maturity of the bonds is May 2026.

On 25 May 2023 the Power segment placed its third commercial non-convertible interest-bearing yuan bonds series 001PC-03 in the total amount CNY 1,026,910,000 with a coupon rate fixed at 5.45% p.a. Maturity of the bonds is May 2025.

Total foreign exchange loss on bonds for the six months ended 30 June 2023 accounted in other comprehensive income as part of cash flow hedge result amounted to USD nil million (USD 255 million for the six months ended 30 June 2022).

As at 30 June 2023, the amount of interest payable on Group's bonds was 22 million (31 December 2022: USD 48 million).

14 Derivative financial assets

Derivative financial instruments are attributable to the following contracts of UC RUSAL:

	30 June 2023	31 December 2022
	USD million	USD million
Forward contracts for aluminium and other instruments	92	168
	92	**168**
Non-current	56	90
Current	36	78

Derivative financial instruments are recorded at their fair value at each reporting date. Fair value is estimated in accordance with Level 3 of the fair value hierarchy based on management estimates and consensus economic forecasts of relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during the six months ended 30 June 2023.

The movement in the balance of Level 3 fair value measurements of derivatives is as follows:

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Balance at the beginning of the period	**168**	**(64)**
Unrealised changes in fair value recognised in the consolidated interim condensed statement of profit or loss (finance costs) during the period	(40)	(348)
Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period	–	(214)
Realised portion of metals, electricity and cross currency swaps	(36)	872
Balance at the end of the period	**92**	**246**

Sensitivity analysis showed that derivative financial instruments are not particularly sensitive to changes in main inputs.

15 Commitments

Capital commitments

The Group had outstanding capital commitments which had been contracted for at 30 June 2023 and 31 December 2022 in the amount of USD 712 million and USD 787 million, including VAT, respectively. These commitments are due over a number of years.

16 Contingencies

(a) Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different from the authorities' previous interpretations or practices. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

(b) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking capital projects to improve its future environmental performance.

(c) Legal contingencies

The Group's business activities expose it to a variety of lawsuits and claims which are monitored, assessed and contested on the ongoing basis. Where management believes that a lawsuit or another claim would result in the outflow of the economic benefits for the Group, a best estimate of such outflow is included in provisions in the consolidated interim condensed financial information. As at 30 June 2023 the amount of claims, where management assesses outflow as possible approximates USD 33 million (31 December 2022: USD 33 million).

17 Related party transactions

(a) Transactions with related parties

The Group transacts with related parties, the majority of which are under control of SUAL Partners Limited or its shareholders, associates and joint ventures and other related parties.

Sales to related parties for the period are disclosed in note 5. Receivables from related parties and payables to related parties as at the reporting date are disclosed in note 11. Purchases of raw materials and services from related parties for the period were as follows:

	Six months ended 30 June	
	2023	**2022**
	USD million	**USD million**
Purchase of raw materials	**(266)**	**(539)**
Companies capable of exerting significant influence	(17)	(12)
Associates and joint ventures	(249)	(527)
Energy costs	**(51)**	**(49)**
Companies capable of exerting significant influence	(25)	(21)
Associates and joint ventures	(26)	(28)
Other costs	**–**	**(26)**
Associates and joint ventures	–	(26)
	(317)	**(614)**

All trade and other receivables and payables with related parties are non-secured and expected to be settled in cash within 12 months after the reporting date.

At 30 June 2023, included in non current liabilities are balances of related parties – associates and joint ventures of USD 16 million (31 December 2022: USD 16 million).

(b) Remuneration to key management

For the six months ended 30 June 2023 remuneration to key management personnel comprised short-term benefits and amounted to USD 9 million from which Board members received USD 3 million (for the six months ended 30 June 2022: USD 9 million from which Board members received USD 3 million).

18 Events subsequent to the reporting date

There were no significant events subsequent to the reporting date.