RUSAL

# Interim Report 2021

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## FINANCIAL AND OPERATING HIGHLIGHTS

| | For the six months ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| *USD million (unless otherwise specified)* | | |
| Revenue | **5,449** | 4,015 |
| Adjusted EBITDA | **1,315** | 219 |
| Adjusted EBITDA Margin | **24.1%** | 5.5% |
| Share of Profits of Associates and Joint Ventures | **1,171** | 27 |
| Profit/(Loss) before taxation | **2,161** | (204) |
| Net Profit/(Loss) | **2,018** | (124) |
| Net Profit/(Loss) Margin | **37.0%** | (3.1%) |
| Adjusted Net Profit/(Loss) | **679** | (63) |
| Adjusted Net Profit/(Loss) Margin | **12.5%** | (1.6%) |
| Recurring Net Profit/(Loss) | **1,803** | (76) |
| Recurring Net Profit/(Loss) Margin | **33.1%** | (1.9%) |
| **Earnings/(Losses) per Share *(USD)*** | **0.1328** | (0.0082) |

| | **As at 30 June 2021** | As at 31 December 2020 |
|---|---|---|
| Total Assets | **20,466** | 17,378 |
| Total Equity | **9,340** | 6,543 |
| Net Debt | **4,099** | 5,563 |

# CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present to you RUSAL's 2021 Interim Report.

As we regard the first half of our 2021 financial year by no means did we expect to find ourselves still facing the ongoing pressures of the pandemic. What started as an unprecedented global phenomenon has become the new normal and we have been forced to quickly adapt and move forward. Looking back on our performance, I feel immensely proud to be the Chairman of such a resilient, flexible and forward-looking Company. Our employees have shown great professionalism, adaptability and dedication, turning every challenge into an opportunity.

We have had a half year with many uncertainties, however, we have continued to focus on our people, sustainability developments, community outreach and executing the broader business strategy, eventually emerging as a stronger business. The premium, high service and standard we offer to our customers and for which RUSAL is well known was maintained.

Investors and lenders continue to support RUSAL's sustainability goals and low carbon agenda. In January, we signed our second sustainability-linked pre-export finance facility for an amount of up to USD200,000,000. This followed the success of the first Russian sustainability-linked syndicated pre-export finance facility arranged in 2019. The interest rate under the facility is subject to a sustainability discount or premium depending on the Company's fulfillment of the applicable key performance indicators (KPIs) which will be further agreed between the parties.

We remain 100% committed to providing the market with the lowest carbon footprint aluminium possible and we pursue our ambitious environmental goals and strategy to achieve carbon neutrality by 2050 within our Group's Net Zero initiative, with the ultimate aim to deliver the promise of carbon free aluminium production through our ground-breaking inert anode technology.

In April, we started test shipments of the world's lowest carbon footprint aluminium produced by our revolutionary technology on inert anode cells. The use of an inert anode in the electrolysis process makes it possible to almost completely eliminate greenhouse gas emissions. After the end of the Review Period, we were pleased to sign an agreement with Ball Corporation, one of the world's leading providers of sustainable aluminum packaging solutions, to produce aerosols and other containers made using the inert anode technology.

Another highlight was the strengthening of our diversified offering following the acquisition of Aluminium Rheinfelden in April 2021, one of Germany's leading manufacturers of aluminium alloys and semis and a major supplier to the global automotive industry. We are focused on rebuilding the business and unlocking the potential of its R&D platform to deliver a new generation of sustainable aluminium solutions. Not only is the integration progressing well, but we have announced that we will supply Aluminium Rheinfelden with ALLOW, our low carbon aluminium delivering a significant boost to the sustainability credentials of the Company.

Whilst there are challenges ahead, with COVID-19 still being a potential downside risk for the global economy, we will do our best to adapt and overcome any obstacles. I would like to thank the Directors and senior management, who have worked tirelessly to ensure RUSAL is leading the industry, and also thousands of employees who have dedicated their time to carrying us through what continue to be extraordinary times.

**Bernard Zonneveld**
*Chairman of the Board*
13 August 2021

Dear Shareholders,

As we present to you and share RUSAL's 2021 Interim Report, I am proud to say that in the first half of our financial year, as a business, we have demonstrated our robustness and adaptability, ability to withstand and overcome obstacles no matter their size. The ongoing COVID-19 pandemic has continued to present significant economic challenges over the last few months, across all businesses and industries, as well as creating instability and volatility for the aluminium market. We have been able to maintain an uninterrupted operational service for our customers, never letting quality standards slip, which is testament to the commitment and agility of our employees. RUSAL's aluminium production remained largely unchanged in the first half of 2021 compared to the previous year — 1.868 million tonnes.

The market situation in the first half of this year was favorable for the aluminum industry. Against the backdrop of the market recovery, after the crisis of 2020 caused by the COVID-19 pandemic, global demand for primary aluminum increased by 11.9% in the first half of 2021 compared to the previous year — up to 33.9 million tonnes.

Our Company has come a long way from being a primary aluminium producer to a preferred supplier of high-quality, sustainable VAP products for leading global brands. RUSAL has been named the preferred global supplier of high-quality primary foundry alloys for Kosei, the global wheel and auto components manufacturer. Earlier this year, we announced partnership agreements to deliver low-carbon aluminium products to Henan Mingtai Aluminum, a large-scale modern aluminium processing enterprise, and Hodaka, an innovative producer of high-quality aluminium alloys. This successful cooperation is a result of our commitment to core values and environmental stewardship progress.

This year, we announced an unprecedented overhaul program focused on building new production capacities at the smelters in Krasnoyarsk, Bratsk, Irkutsk and Novokuznetsk. At all four locations, we plan to build new potrooms using prebaked anodes which utilize the most modern and environmentally friendly technology. The modernization program shall minimize the environmental impact of metallurgical production and reduce energy consumption by up to 20%. The work is preliminarily scheduled to start this year, with an expected completion date by 2030. This large-scale project will positively contribute to the development of cities and to the improved quality of life for residents where RUSAL has a presence. The program will also have a positive effect on the wider economy with extensive job creation, multiple enterprises and organizations expect new orders, resulting in increased tax revenue at all levels. This is a very ambitious program that meets the global trend for achieving a greener economy, and we are proud to be pioneers in this aspect. Along with the construction of the BEMO HPP and smelter project, the Taishet aluminium smelter, and the implementation of the inert anode technology, this will go down in the aluminium industry history as a new breakthrough, changing the paradigm of relations between society and business.

Outside of the Company's direct operations, RUSAL played an important role in supporting the communities in which we are based in fighting against COVID-19. Following the construction of seven new medical centers in Siberia and the Urals, it gives me great pride to report that these sites continue to play a critical role in treating patients with COVID-19.

I would like to take this opportunity to thank our management team who have worked and continued to work tirelessly to align our operations with the new reality we face, whilst ensuring the safety of our most important asset — our people. I would also like to pay tribute to all our dedicated employees, who have continued to work endlessly ensuring our production remains uninterrupted and all client obligations are met.

During these uncertain times, as a team and company, we continue to focus on our long-term priorities, strategic vision and business goals, in order to meet our commitment of being leading low carbon aluminium producer.

**Evgenii Nikitin**
*General Director*
13 August 2021

## Overview of Trends in the Aluminium Industry and Business Environment

### Market overview[1]

- The aluminium market continued its recovery in 2Q 2021 with LME aluminum price growth above USD2,500/tonne. The Shanghai Futures Exchange ("SHFE") price in China remains supported by domestic demand and despite metal reserves sales from China's State Reserves Bureau is also experiencing constant low stock levels, supply disruptions and strong seasonality factors. The current SHFE price holds above RMB19,000/tonne;

- At the same time, the highly contagious Delta variant of COVID-19 has led to an increase in new infections and deaths worldwide recently. Rising cases of Delta is potentially a significant downside risk for the global economy due to possible closures, and the related decrease in demand and fall of commodity prices, including aluminum.

- Overall increased post-pandemic supply and expectations of potential curb of stimulation and QE programmes due to fast recovery of global economy may potentially lead to correction of global commodity prices from high levels of the 2H 2021. And this in turn might cause tightening of metal producers' profitability margins.

- In 1H21, global primary aluminium demand grew by 11.9% year-on-year to 33.9 million tonnes. In the Rest of the World ("RoW") demand increased by 14.6% to 14.1 million tonnes, while demand in China increased by 10.1% to 19.8 million tonnes;

- The worldwide supply of primary aluminium continued to grow in 1H 2021 increased by 5.7% year-on-year to 33.8 million tonnes, mostly driven by growth in China of 8.9% to 19.7 million tonnes, while in RoW production grew by just 1.6% to 14.1 million tonnes. The strong de-carbonization commitments announced by China have started to disrupt the balance in the market since aluminium capacity cuts had already started to take place in certain coal abundant provinces during 2Q 2021. The large emerging aluminum smelter hub Yunnan also suffered from power shortages caused by the dry season, resulting in operating capacity cuts of 800 thousand tonnes as well as commissioning delays at newly built projects. As a result operating capacity in China lowered to 39.88 million tonnes in June compared to 39.93 million tonnes as at the end of 1Q 2021;

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[1] Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

- On the backdrop of these trends in the Chinese aluminium industry, significant investment is already being made into scrap recovery hubs in China, which can potentially replace some primary metal deficit in future.

- Chinese unwrought aluminum and products exports grew by 10.6% in 1H 2021 year-on-year to 2.6 million tonnes from a low base in 1H 2020 that was affected by COVID lockdowns across markets ex-China;

- As of the end of 1H 2021 total LME stocks were below 1.5 million tonnes. Total canceled metal warrants surged to 627 thousand tonnes and constitute 40% of total stocks. Metal held outside of LME warehouses (off-warrant reported stocks) fell for the third month in a row – down to 0.87 million tonnes in May 2021, 13% below its peak 1.74 million tonnes in February 2021;

- Regional stocks in China continued to see a decline following seasonally strong demand and dropped below 870 thousand tonnes from its peak of 1.26 million tonnes during 1Q 2021;

- Regional premiums remained strong with Midwest Al premium reaching levels above 30 cents/lb and EU DP premium – above USD300/tonne.

- Overall the global market was roughly balanced in 1H21 compared to around 1.7 million tonnes of surplus observed during the same period of 2020.

## Our Business

The principal activities of the Group are bauxite and nepheline ore mining and processing alumina refining and aluminium smelting, as well as sales of bauxite, alumina and various primary aluminium and secondary products. There were no significant changes in the Group's principal activities for the six months ended 30 June 2021.

## Financial and operating performance

The tables below provide key selected financial, production and other information for the Group.

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| **Key operating data[1]** | | |
| *(thousand tonnes)* | | |
| Primary aluminium | 1,868 | 1,867 |
| Alumina | 4,102 | 4,022 |
| Bauxite (wet) | 7,637 | 7,469 |
| Sales of primary aluminium and alloys | 2,000 | 1,890 |
| *(USD per tonne)* | | |
| Aluminium segment cost per tonne[2] | 1,523 | 1,564 |
| Aluminium price per tonne quoted on the LME[3] | 2,245 | 1,592 |
| Average premiums over LME price[4] | 203 | 141 |
| Alumina price per tonne[5] | 288 | 264 |

1 Figures based on total respective attributable output.

2 For any period, "Aluminium segment cost per tonne" is calculated as aluminium segment revenue (excluding sales of third parties' metal) less aluminium segment results less amortization and depreciation (excluding margin on sales of third parties' metal and alumina intersegment margin) divided by sales volume of the aluminium segment (excluding volumes of third parties' aluminium sold).

3 Aluminium price per tonne quoted on the LME represents the average of the daily closing official London Metals Exchange ("LME") prices for each period.

3 Average premiums over LME realized by the Company based on management accounts.

5 Average alumina price per tonne provided in this table is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

## Key selected data from the consolidated interim condensed statement of income

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| *(USD million)* | | |
| Revenue | 5,449 | 4,015 |
| Cost of sales | (3,819) | (3,520) |
| Gross profit | 1,630 | 495 |
| Adjusted EBITDA | 1,315 | 219 |
| *Margin (% of revenue)* | *24.1%* | *5.5%* |
| Profit/(Loss) for the period | 2,018 | (124) |
| *Margin (% of revenue)* | *37.0%* | *(3.1%)* |
| Adjusted Net Profit/(Loss) for the period | 679 | (63) |
| *Margin (% of revenue)* | *12.5%* | *(1.6%)* |
| Recurring Net Profit/(Loss) | 1,803 | (76) |
| *Margin (% of revenue)* | *33.1%* | *(1.9%)* |

**Aluminium production**

RUSAL produced 1.868 million tonnes of aluminum in the six months ended 30 June 2021, compared to 1.867 million tonnes in the same period of 2020. The output has remained nearly the same.

The value-added production volumes for the six months ended 30 June 2021 increased to 965 thousand tonnes from 730 thousand tonnes in the same period of 2020, following improved market conditions.

**Alumina production**

Alumina production increased by 1.96%, amounting to 4.102 million tonnes in the six months ended 30 June 2021, compared with 4.022 million tonnes for the six months ended 30 June 2020.

## Bauxite and nepheline production

Bauxite production increased by 2.3% to 7.637 million tonnes for the six months ended 30 June 2021, from 7.469 million tonnes for the six months ended 30 June 2020. The increase of bauxite production was due to the growth in consumption of own bauxite at the alumina refineries.

Production of nepheline ore decreased by 4.6% to 2.161 million tonnes for the six months ended 30 June 2021, from 2.264 million tonnes for the six months ended 30 June 2020. The decline is largely due to the more difficult mining and geological conditions of the lower horizons of Nepheline mines.

## Foil and packaging productions

Aluminium foil and packaging material production by the Group's plants totaled 53.8 thousand tonnes for the six months ended 30 June 2021. There was a 9.7% increase from 49.1 thousand tonnes in the six months ended 30 June 2020.

| **Foil mills** | **Six months ended 30 June** | | **Change six months on six months** |
|---|---|---|---|
| *(thousand tonnes)* | **2021** | **2020** | **%** |
| **Russia** | | | |
| Sayanal | 19.2 | 17.5 | 9.7% |
| Ural Foil | 14.9 | 11.7 | 27.4% |
| Sayana Foil | 2.8 | 2.3 | 21.7% |
| **Armenia** | | | |
| Armenal | 16.9 | 17.5 | (3.4%) |
| **Total production** | **53.8** | **49.1** | **9.6%** |

## Other business

RUSAL's output from its non-core business recorded the following results for the six months ended 30 June 2021 compared to the respective period in the previous year.

| | Six months ended 30 June | | Change six months on six months |
|---|---|---|---|
| | **2021** | **2020** | **%** |
| *(thousand tonnes)* | | | |
| Secondary alloys | 24.7 | 7.5 | 229.3% |
| Silicon | 13.2 | 14.3 | (7.7%) |
| Powder | 14.3 | 11.8 | 21.2% |
| Wheels *(thousand units)* | 1,456 | 1,002 | 45.3% |

*Coal production results*

Coal production, which is represented by the Group's 50% share in LLP Bogatyr Komir, increased by 0.7% to 11.122 million tonnes for the six months ended 30 June 2021 compared to 11.042 million tonnes for the six months ended June 2020.

## Revenue

| Revenue | Six months ended 30 June 2021 | | | Six months ended 30 June 2020 | | |
|---|---|---|---|---|---|---|
| | USD million | thousand tonnes | Average sales price (USD/t) | USD million | thousand tonnes | Average sales price (USD/t) |
| Sales of primary aluminium and alloys | 4,574 | 2,000 | 2,287 | 3,318 | 1,890 | 1,756 |
| Sales of alumina | 276 | 830 | 333 | 242 | 776 | 312 |
| Sales of foil and other aluminium products | 232 | | | 178 | | |
| Other revenue[6] | 367 | | | 277 | | |
| **Total revenue** | **5,449** | | | **4,015** | | |

Total revenue increased by USD1,434 million, or 35.7% to USD5,449 million in the first six months of 2021 from USD4,015 million in the corresponding period of 2020.

Revenue from sales of primary aluminium and alloys for the first six months of 2021 increased by USD1,256 million, or by 37.9%, to USD4,574 million, as compared to USD3,318 million for the first half of 2020, primarily due to 30.2% increase in the weighted-average realized aluminium price per tonne (to an average of USD2,287 per tonne in the first six months of 2021 from USD1,756 per tonne in the first six months of 2020) driven by an increase in the LME aluminium price (to an average of USD2,245 per tonne in the first six months of 2021 from USD1,592 per tonne in the first six months of 2020), as well as the 5.8% increase in the sales volumes.

[6] Including energy and bauxite.

Revenue from sales of alumina increased by 14.0% to USD276 million in the first six months of 2021 from USD242 million in the corresponding period of 2020 primarily due to an increase in the average sales price by 6.7% together with 7.0% increase in sales volumes.

Revenue from sales of foil and other aluminium products increased by USD54 million, or by 30.3%, to USD232 million in the first six months of 2021, as compared to USD178 million for the corresponding period of 2020, primarily due to an increase in sales volumes of foil and aluminium wheels between the comparable periods.

Revenue from other sales, including sales of other products, bauxite and energy services increased by 32.5% to USD367 million in the first six months of 2021 as compared to USD277 million for the respective period of 2020, due to a 31.5% increase in sales of other materials (such as hydrate by 149.9%, silicon by 66.2% and aluminium powder by 30.6%).

The table below shows the breakdown of the Group's revenues by geographic segment for the six months ended 30 June 2021 and 2020, showing the percentage of revenue attributable to each region:

| | **Six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2021** | | **2020** | |
| | **USD million** | **% of revenue** | **USD million** | **% of revenue** |
| Europe | 1,980 | 37% | 1,874 | 47% |
| CIS | 1,692 | 31% | 1,126 | 28% |
| America | 497 | 9% | 292 | 7% |
| Asia | 1,213 | 22% | 699 | 17% |
| Other | 67 | 1% | 24 | 1% |
| **Total** | **5,449** | **100%** | **4,015** | **100%** |

Note: Data based on location of customers, which may differ from the location of final consumers.

**Cost of sales**

The following table shows the breakdown of RUSAL's cost of sales for the six months ended 30 June 2021 and 2020:

| | Six months ended 30 June 2021 | 2020 | Change, year-on-year | Share of costs,% (Six months ended 30 June 2021) |
|---|---|---|---|---|
| *(USD million)* | | | | |
| Cost of alumina | 356 | 296 | 20.3% | 9.3% |
| Cost of bauxite | 225 | 211 | 6.6% | 5.9% |
| Cost of other raw materials and other costs | 1,428 | 1,130 | 26.4% | 37.4% |
| Purchases of primary aluminium from JV | 305 | 235 | 29.8% | 8.0% |
| Energy costs | 985 | 988 | (0.3%) | 25.8% |
| Depreciation and amortization | 303 | 266 | 13.9% | 7.9% |
| Personnel expenses | 278 | 257 | 8.2% | 7.3% |
| Repairs and maintenance | 182 | 183 | (0.5%) | 4.8% |
| Net change in provisions for inventories | 5 | 4 | 25.0% | 0.1% |
| Change in finished goods | (248) | (50) | 396.0% | (6.5%) |
| **Total cost of sales** | **3,819** | **3,520** | **8.5%** | **100.00%** |

Total cost of sales increased by USD299 million, or 8.5%, to USD3,819 million for the first six months of 2021, as compared to USD3,520 million for the corresponding period of 2020. The increase was primarily driven by 5.8% growth primary aluminium sales volume.

Cost of alumina increased to USD356 million for the first half of 2021 as compared to USD296 million for the same period of 2020 primarily due to the increase in alumina purchase price by 29.4% between the periods.

Cost of raw materials (other than alumina and bauxite) and other costs increased by 26.4% for the first half of 2021 compared to the same period of 2020, due to an increase in raw materials purchase price (prices for the raw petroleum coke by 21.8%, raw pitch coke by 45.5%, pitch by 42.9%, anode blocks by 39.1%).

Energy costs remained relatively constant between the first half of 2021 and 2020 as there was no significant fluctuation in the average electricity tariff (US 2.91 cent/kWh for the first six months of 2021 as compared to US 2.95 cent/kWh for the same period of 2020).

The finished goods mainly consist of primary aluminium and alloys (app. 94%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 30.9% increase in the first half of 2021 and 9.0% increase in the same period of 2020.

**Gross profit**

As a result of the foregoing factors, RUSAL reported a gross profit of USD1,630 million for the six months ended 30 June 2021 compared to USD495 million for the same period of 2020, representing an increase in gross profit margin to 29.9% from 12.3% between the periods.

**Distribution and other expenses**

Distribution expenses increased by 8.4% to USD246 million in the six months of 2021 from USD227 million for the same period of 2020 following the increase in primary aluminium sales volume.

Administrative expenses increased to USD258 million in the six months of 2021 as compared to USD248 million in the six months of 2020.

Increase in the other expenses was primarily driven by USD67 million impairment loss on trade and other receivables for the six months ended 30 June 2021 compared to USD3 million reversal of impairment for the six months ended 30 June 2020.

## Results from operations and Adjusted EBITDA

| | Six months ended 30 June 2021 | 2020 | Change, year-on-year |
|---|---|---|---|
| *(USD million)* | | | |
| **Reconciliation of Adjusted EBITDA** | | | |
| Results from operating activities | 942 | (106) | NA |
| Add: | | | |
| Amortization and depreciation | 317 | 274 | 15.7% |
| Impairment of non-current assets | 55 | 51 | 7.8% |
| Loss on disposal of property, plant and equipment | 1 | – | 100.0% |
| **Adjusted EBITDA** | **1,315** | **219** | **500.5%** |

Adjusted EBITDA, defined as results from operating activities adjusted for amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment, increased to USD1,315 million during the first six months of 2021, as compared to USD219 million for the same period of 2020. The factors that contributed to the increase in Adjusted EBITDA were the same that influenced the operating results of the Company.

## Finance income and expenses

| | Six months ended 30 June 2021 | 2020 | Change, year-on-year |
|---|---|---|---|
| *(USD million)* | | | |
| **Finance income** | | | |
| Interest income on third party loans and deposits | 12 | 16 | (25.0%) |
| Net foreign exchange gain | – | 87 | (100.0%) |
| Revaluation of investments measured at fair value through profit and loss | 13 | – | 100.0% |
| Change in fair value of derivative financial instruments, including: | – | 12 | (100.0%) |
| *Change in fair value of embedded derivatives* | *–* | *46* | *(100.0%)* |
| *Change in other derivatives instruments* | *–* | *(34)* | *(100.0%)* |
| | **25** | **115** | **(78.3%)** |

| | Six months ended 30 June 2021 | 2020 | Change, year-on-year |
|---|---|---|---|
| *(USD million)* | | | |
| **Finance expenses** | | | |
| Interest expense on bank and company loans, bonds and other bank charges, including: | (184) | (236) | (22.0%) |
| *Interest expense* | *(168)* | *(225)* | *(25.3%)* |
| *Bank charges* | *(16)* | *(11)* | *45.5%* |
| Interest expense on provisions | (2) | (3) | (33.3%) |
| Net foreign exchange loss | (48) | – | 100.0% |
| Change in fair value of derivative financial instruments, including: | (235) | – | 100.0% |
| *Change in fair value of embedded derivatives* | *(65)* | – | *100.0%* |
| *Change in other derivatives instruments* | *(170)* | – | *100.0%* |
| Lease interest cost | 0 | (1) | (100.0%) |
| | **(469)** | **(240)** | **95.4%** |

Finance income decreased by USD90 million, or 78.3% to USD25 million for the first six months of 2021 compared to USD115 million for the same period of 2020 primarily due to the net foreign exchange loss for the first six months of 2021 compared to the net foreign exchange gain for the same period of 2020.

Finance expenses increased by USD229 million or by 95.4% to USD469 million for the first six months of 2021 as compared to USD240 million for the corresponding period of 2020, primarily due to the reason described above as well as an increase in net loss from change in fair value of derivative financial instruments for the first six months of 2021 due to strong appreciation in prices for the metal hedged which were offset by a 22.0% decrease of interest expense and other bank charges mostly driven by depreciation of Ruble against US dollar between the comparable periods.

**Share of profits/(losses) of associates and joint ventures**

| | Six months ended 30 June 2021 | Six months ended 30 June 2020 | Change, year-on-year |
|---|---|---|---|
| *(USD million)* | | | |
| Share of profits/(losses) of Norilsk Nickel, with | 1,124 | (13) | NA |
| Effective shareholding of | 26.39% | 27.82% | |
| **Share of profits/(losses) of associates** | **1,124** | **(13)** | **NA** |
| **Share of profits of joint ventures** | **47** | **40** | **17.5%** |

Share of profits of associates was USD1,124 million in the first six months of 2021 compared to share of losses of associates USD13 million in the corresponding period of 2020. Share of profits/(losses) of associates in both periods resulted from the Company's investment in Norilsk Nickel.

The market value of RUSAL's stake in Norilsk Nickel was USD13,800 million as at 30 June 2021, as compared to USD14,123 million as at 31 December 2020.

The share of profits of joint ventures was USD47 million in the first six months of 2021 as compared to USD40 million for the same period of 2020. The Company's joint ventures include investments in BEMO, LLP Bogatyr Komir, Mega Business and Alliance (coal and transportation business in Kazakhstan).

**Profit/(Loss) before taxation**

As a result of the foregoing factors, the Company's profit before taxation was USD2,161 million for the first six months of 2021, compared to the loss before taxation of USD204 million for the same period of 2020.

**Income tax**

The Company recognized income tax expense in amount of USD143 million for the six months ended 30 June 2021 as compared to USD80 million income tax credit for the first half of 2020.

**Profit/(Loss) for the period**

As a result of the above, profit for the period comprised of USD2,018 million for the first half of 2021, compared to the loss of USD124 million for the same period of 2020.

**Adjusted and Recurring Net Profit/(Loss)**

| | Six months ended 30 June | | Change, year-on-year |
|---|---|---|---|
| | **2021** | **2020** | |
| *(USD million)* | | | |
| **Reconciliation of Adjusted and Recurring Net Profit/(Loss)** | | | |
| Profit/(Loss) for the period | 2,018 | (124) | NA |
| Adjusted for: | | | |
| Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with | (1,124) | 13 | NA |
| Change in the fair value of derivative financial liabilities, net of tax (20%) | 222 | (3) | NA |
| Impairment of non-current assets, net of tax | 55 | 51 | 7.8% |
| Gain from partial disposal of investment in associate | (492) | – | 100.0% |
| **Adjusted Net Profit/(Loss)** | **679** | **(63)** | **NA** |
| **Add back:** | | | |
| Share of profits/(losses) of Norilsk Nickel, net of tax | 1,124 | (13) | NA |
| **Recurring Net Profit/(Loss)** | **1,803** | **(76)** | **NA** |

Adjusted Net Profit/(Loss) for any period is defined as the Net Profit/(Loss) adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments and the net effect of impairment of non-current assets. Recurring Net Profit/(Loss) for any period is defined as Adjusted Net Profit/(Loss) plus the Company's net effective share in Norilsk Nickel's results.

**Segment reporting**

The Group has four reportable segments, as described in the Annual Report, which are the Group's strategic business units: Aluminium, Alumina, Energy and Mining and Metals. These business units are managed separately and results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina.

| | **Six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2021** | | **2020** | |
| | **Aluminium** | **Alumina** | **Aluminium** | **Alumina** |
| *(USD million)* | | | | |
| Segment revenue | | | | |
| *thousand tonnes* | *1,853* | *3,777* | *1,787* | *3,910* |
| *USD million* | *4,209* | *1,183* | *3,137* | *1,180* |
| Segment result | 1,215 | (39) | 180 | (45) |
| Segment result margin | 28.9% | (3.3%) | 5.7% | (3.8%) |
| Segment EBITDA[7] | 1,386 | 64 | 342 | 33 |
| Segment EBITDA margin | 32.9% | 5.4% | 10.9% | 2.8% |
| Capital expenditure | (293) | (86) | (278) | (103) |

Key drivers for the increase in margin in the aluminium segment are disclosed in "Cost of sales" and "Results from operations and Adjusted EBITDA" above. Detailed segment reporting can be found in the consolidated interim condensed financial information included in this Interim Report.

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7 Segment EBITDA for any period is defined as segment result adjusted for amortization and depreciation for the segment.

**Working capital**

The following table sets forth the Group's current assets, current liabilities and working capital as at the dates indicated:

| | As at 30 June 2021 | As at 31 December 2020 |
|---|---|---|
| *(USD million)* | | |
| ***Current assets*** | | |
| Inventories | 2,714 | 2,292 |
| Trade and other receivables | 1,437 | 1,163 |
| Short-term investments | 125 | 163 |
| Derivative financial assets | 22 | 30 |
| Cash and cash equivalents | 3,766 | 2,229 |
| **Total current assets** | **8,064** | **5,877** |
| ***Current liabilities*** | | |
| Loans and borrowings | 1,360 | 730 |
| Trade and other payables | 2,052 | 1,836 |
| Derivative financial liabilities | 94 | 157 |
| Provisions | 73 | 68 |
| **Total current liabilities** | **3,579** | **2,791** |
| **Net current assets** | **4,485** | **3,086** |
| **Working Capital** | **2,099** | **1,619** |

The Group had working capital of USD2,099 million as at 30 June 2021, up by 29.6% from USD1,619 million as at 31 December 2020. Inventories increased by USD422 million, or 18.4%, to USD2,714 million as at 30 June 2021 from USD2,292 million as at 31 December 2020.

Trade and other receivables increased by USD274 million, or 23.6%, to USD1,437 million as at 30 June 2021 from USD1,163 million as at 31 December 2020, due to the increase in trade receivables from third parties.

Trade and other payables increased by USD216 million, or 11.8%, to USD2,052 million as at 30 June 2021 from USD1,836 million as at 31 December 2020. The rise was primarily attributable to an increase in advances received from the Group's main customers.

**Capital expenditure**

RUSAL recorded capital expenditures (which constitute payments for the acquisition of property, plant and equipment and intangible assets) of USD554 million in the first half of 2021 (including pot rebuilds for USD66 million). RUSAL's capital expenditure for the six months ended 30 June 2021 was primarily aimed at maintaining existing production facilities.

The table below shows the breakdown of RUSAL's capital expenditure for the six months ended 30 June 2021 and 2020:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2021** | **2020** |
| *(USD million)* | | |
| **Development capital expenditure** | 182 | 169 |
| **Maintenance, including:** | | |
| Pot rebuilds costs | 66 | 63 |
| Re-equipment | 306 | 169 |
| **Total capital expenditure** | **554** | **401** |

**Loans and borrowings**

The nominal value of the Group's loans and borrowings was USD5,380 million as at 30 June 2021, not including bonds, which amounted to an additional USD2,457 million.

Below is an overview of certain key terms of the selected facilities in the Group's loan portfolio as at 30 June 2021:

| Facility/Lender | Principal amount outstanding as at 30 June 2021 | Tenor/Repayment schedule | Pricing |
|---|---|---|---|
| | | *Syndicated facilities* | |
| PXF Facility 2019 | USD1.085 billion | Up to USD1.085 billion syndicated aluminium pre-export finance term facility — until November 2024 equal quarterly repayments starting from January 2022 | 3 month LIBOR plus 2.1% p.a. |
| PXF Facility 2021 | USD200 million | Up to USD200 million syndicated aluminium pre-export finance term facility — until January 2024 equal quarterly repayments starting from April 2022 | 3 month LIBOR plus 1.8% p.a. |
| | | *Bilateral loans* | |
| Russian Regional Development Bank (RRDB) | USD375 million | 2 tranches, the last repayment in April 2022, bullet repayment at final maturity date | 2.3% – 2.97% p.a. |
| Sberbank | USD2.1 billion | December 2027, quarterly repayments starting from September 2024 | 3 month LIBOR plus 3.0% p.a. |
| | RUB106.4 billion | | Key rate of the Bank of Russia plus 1.9% p.a. |
| | | *Bonds* | |
| Eurobond | USD512 million | February 2022, repayment at final redemption date | 5.125% p.a. |
| Eurobond | USD482 million | May 2023, repayment at final redemption date | 5.3% p.a. |
| Eurobond | USD498 million | February 2023, repayment at final redemption date | 4.85% p.a. |
| RUB bonds | RUB70 billion, swapped into USD, for equivalent USD1.1 billion (after cross-currency swaps) | 5 tranches, the last repayment is May 2030, repayments at final redemption dates, subject to bondholders' put option exercisable within 3.0-3.5 years | 2.9% – 4.69% p.a. (after cross-currency swaps) |

The average maturity of the Group's debt as at 30 June 2021 was 3.3 years.

## Security

As of the date of this Interim Report, the Group's debt (save for several unsecured loans and bonds) is secured, among others, by assignment of receivables under specified contracts, certain pledges of shares of a number of the Group's subsidiaries, designated accounts, shares in Norilsk Nickel (representing 25.13% of Norilsk Nickel's total nominal issued share capital).

## Key events

On 28 January 2021, RUSAL signed the sustainability-linked pre-export finance facility for an amount of up to USD200 million. Following the success of the first Russian sustainability-linked syndicated pre-export finance facility arranged in 2019 by international and Russian banks, RUSAL continues to pursue its ambitious decarbonization goals. The group of international banks continues to support the Company in its aim to develop low-carbon aluminium technologies and sustainable aluminium production. The interest rate under the facility is subject to a sustainability discount or premium depending on the Company's fulfillment of the applicable key performance indicators which will be further agreed between the parties. The proceeds were used to refinance more expensive debt.

In March, RUSAL announced the signing and commencement of the drawdown of a syndicated loan agreement for an amount of up to RUB45 billion with VTB and Gazprombank. As part of the loan agreement, VTB will provide RUB30 billion, whilst Gazprombank will provide RUB15 billion. The term of financing is up to 15 years. The funds raised will be used to finance the completion of the start-up phase of the TaAZ smelter and partial refinancing of investments made in 2020.

**Report on the Payment of Declared (Accrued) Dividends on Shares of a Joint-Stock Company**

During 2020, the Board of Directors did not recommend or approve any dividends, the Annual General Meeting 2021 resolved not to distribute profit of the Company based on the results of 2020 and not to pay dividends based on the results of 2020.

During the first six months of 2021, the Company had no dividend payout arrears.

**Dividends**

No dividends were recommended or approved by the Board of Directors during the first six months of 2021.

*Cash flows*

In the first half of 2021, the Company used net cash generated from operating activities of USD666 million to service its outstanding debt and capital expenditure requirements.

The following table summarizes the Company's cash flows for the six months ended 30 June 2021 and 2020:

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| *(USD million)* | | |
| Net cash generated from operating activities | 666 | 173 |
| Net cash generated from investing activities | 1,220 | 398 |
| Net cash used in financing activities | (355) | (188) |
| Net increase in cash and cash equivalents | 1,531 | 383 |
| Cash and cash equivalents at the beginning of the period | 2,216 | 1,768 |
| Cash and cash equivalents at the end of the period | 3,753 | 2,084 |

Net cash generated from operating activities increased to USD666 million in the first six months of 2021 from USD173 million for the corresponding period in 2020.

The increase in net cash generated from investing activities for the first six months of 2021 totaled USD1,220 million compared to net cash USD398 million generated from investing activities for the first six months of 2020 was primarily due to USD1,421 million received from partial disposal of shares in associate. Net cash by acquisition of property, plant and equipment and intangible assets was USD554 million and USD401 million for the first six months of 2021 and for the first six months of 2020, respectively.

Net cash used in the financing activities increased by USD167 million to USD355 million in the first half of 2021 from USD188 million in the corresponding period in 2020 due to different debt and interest repayment schedule.

*Cash and cash equivalents*

As at 30 June 2021 and 31 December 2020, cash and cash equivalents including restricted cash were USD3,766 million and USD2,229 million, respectively. Restricted cash amounted to USD13 million and USD13 million as at 30 June 2021 and 31 December 2020, respectively.

## Financial ratios

*Gearing*

The Group's gearing ratio, which is the ratio of Total Debt (including both long-term and short-term borrowings and bonds outstanding) to total assets was 38.4% and 44.8% as at 30 June 2021 and 31 December 2020, respectively.

*Return on Equity*

The Group's return on equity, which is the amount of Net Profit/(Loss) as a percentage of total equity, was positive 21.6% and negative 2.1% as at 30 June 2021 and 2020, respectively.

*Interest Coverage Ratio*

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest, was 14.9 and nil for the six months ended 30 June 2021 and 2020, respectively.

**Interest Rate and Foreign Currency Risk**

A description of the Group's interest rate and foreign exchange risks is set out on page 234, 235 of the 2020 Annual Report. The information on interest rate and foreign currency rate risk disclosed in the consolidated financial statements for the year ended 31 December 2020 remains relevant as at 30 June 2021.

**Employees**

The following table sets forth the aggregate average number of people (full-time equivalents) employed by each division of the Group during the first half of 2020 and the first half of 2021 respectively.

| **Division** | **First half of 2021 ended 30 June 2021** | **First half of 2020 ended 30 June 2020** |
|---|---|---|
| Aluminium | 20,423 | 19,747 |
| Alumina | 24,755 | 22,302 |
| Engineering and Construction | 1,467 | 1,427 |
| Energy | 21 | 29 |
| Downstream | 4,591 | 4,589 |
| Management | 695 | 665 |
| Technology and Process Directorate | 1,516 | 1,381 |
| Others | 3,471 | 3,342 |
| **Total** | **56,939** | **53,482** |

*Remuneration and benefit policies*

The fundamental principle of RUSAL's remuneration policy is creating a remuneration structure to ensure that a highly professional team is formed and works efficiently, which contributes to the dynamic development of the Company and achievement of its strategic goals.

Remuneration structure:

1. Remuneration for work

   The Company has built a comprehensive personnel incentive system, the main component of which is a monetary remuneration for work. Such monetary remuneration for work is determined with reference to employee's skills, complexity, quantity, quality, and conditions of the work performed, as well as regional and industrial specifics. It comprises compensation and incentive components.

   1.1. The key purposes of the Company's personnel incentive system include:

   - encouraging employees to achieve the Company's goals;
   - raising labor productivity, improving the quality of produced products;
   - continuous improvement of the production and business processes and systems, promoting innovations;
   - compliance with internal corporate regulations, performance discipline, standards and requirements in the field of health, occupational and fire safety;
   - recruiting and retaining key and highly-skilled employees;
   - developing the potential of employees, professional and personal competencies; and
   - providing financial stability for employees and their families.

1.2. When managing the employee remuneration, the Company adheres to the following principles:

- full compliance with the applicable laws of the regions where the Company operates;
- impartiality and fairness of any decisions made;
- clarity and transparency of any applied tools and systems;
- dependence of the remuneration on individual and collective performance;
- competitiveness of the remuneration structure and amount in the regions where the Company operates; and
- focus on the best market practices.

2. Benefits and compensations

2.1. RUSAL, being a socially oriented enterprise, apart from mandatory compensations (prescribed by the applicable laws), also provides its employees with a wide list of additional benefits and compensations, guided by the following key principles:

- connection of the benefits with the social priorities of the Company: social stability and protection of employees, opportunities for personal and professional development, healthy lifestyle;
- targeted nature of the benefits (the Company provides an employee with a benefit, not a cash compensation);
- loyalty to internal corporate suppliers of services and products;
- competitiveness of the benefits in the regions where the Company operates; and
- focus on the best market practices.

2.2. Being the most significant benefits in the Company's social package, the following benefits are provided in addition to those prescribed by the laws:

- shift/daily meal allowance that provides an employee with a hot three-course lunch during a business day;

- possibility to engage in sports and participate in sporting events free of charge;

- free of charge corporate medical services based on LLC RUSAL Medical Center;

- subsidized vouchers for health resort treatment and rehabilitation in health centers located in Russia;

- possibility to purchase voluntary medical insurance policies at subsidized prices both for employees and their family members;

- festivals devoted to anniversaries of production facilities and the professional holiday, Metal Industry Day. There are annual New Year celebrations for children of employees, where each child is presented with a gift from the Company;

- financial aid to pensioners, who worked at the Company's production facilities before and are registered with charity foundations, as well as to WWII Veterans, Survivors of Siege, Prisoners, and Home Front Workers; and

- corporate housing program that enables employees to purchase housing on subsidized conditions.

3. Bonuses based on the results of the year

3.1. For employees of the White Collar Workers (WCW) category:

The key tool to manage the performance of white collar workers is the system applicable to the Company for setting personal key performance indicators for employees and assessing their achievement. This ensures the management to maintain the operating functionality, improvements and development of employees.

The system is based on the following key strategic priorities of the Company:

- human resources: development of an employee on their professional and managerial competencies, as well as competencies of subordinate employees;
- innovations: improvement, development and increase in the efficiency of production and business processes;
- market: increase in the Company's competitiveness in the market, understanding of the market and end consumers; and
- product: improvement of the quality of products/systems/processes, work performance and customer satisfaction.

3.2. For employees of the Workers category:

Bonuses are paid to workers for fulfillment of the production program pro rata to the time worked in the year (including the absence in regular vacations and business travels).

The criteria for paying bonuses to the employees of the Company's production sites include:

- a bonus is paid to the employees who are hired and employed by the production site as of the date of bonus distribution;
- bonuses are paid to the staff pro rata according to the time that he or she has worked during a remuneration-covered period (including the scheduled vacations and business trips);
- the workers who had their monthly bonus reduced, or a disciplinary reprimand, or were dismissed from their work, receive a bonus adjusted by reduction/decreasing factors; and
- no bonus will be paid to the workers who were dismissed during the reporting period (except from transferred employees within the Company) or who had a no-show at work or were detained while inebriated/intoxicated.

## Audit Committee

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of RUSAL's financial reporting process, risk management and internal control systems, to oversee the audit process and to perform other duties and responsibilities assigned to the Audit Committee by the Board.

The Audit Committee consists of independent non-executive Directors. The members are as follows: four independent non-executive Directors, Mr. Kevin Parker (Chairman), Mr. Bernard Zonneveld, Mr. Dmitry Vasiliev, and Ms. Anna Vasilenko (since 24 June 2021).

The Audit Committee held three meetings in the first half of 2021. At the meeting on 15 March 2021, the Audit Committee reviewed the consolidated and separate financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards ("IFRS") (the "Financial Statements"), and Results Announcement for the year ended 31 December 2020. At the meeting on 17 May 2021, the Audit Committee reviewed the annual accounting (financial) statements of the Company for 2020 (for the period from 25 September 2020 to 31 December 2020), prepared in accordance with the Russian Accounting Standards (RAS).

On 11 August 2021, the Audit Committee held its fourth meeting in 2021. The Audit Committee considered matters regarding auditing and financial reporting, including the consolidated interim condensed financial information for the six-month period ended 30 June 2021. The Audit Committee is of the opinion that the consolidated interim condensed financial information for the six-month period ended 30 June 2021 complies with the applicable accounting standards, the HKSE Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

## Contingencies

The Board has reviewed and considered contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 16 to the consolidated interim condensed financial information. For detailed information about contingent liabilities, please refer to note 16 of the consolidated interim condensed financial information. Details of the amounts of provisions are also disclosed in note 14 to the consolidated interim condensed financial information.

**Business risks**

In the 2020 Annual Report, the Company identified a number of business risks that affect its business. For the first half of 2021, the Company has identified the following additional risks affecting its business:

- non-fulfillment of obligations under the metal supply contracts due to a volatile market during the COVID-19 pandemic;

- possibility of a significant difficult-to-predict change in demand for primary metals and alloys, including a decrease in demand;

- reduction in the turnout of production and other personnel involved in the Group's operating activities, and in the production volume;

- the Group's competitive position in the global aluminium industry is highly dependent on the continued access to uninterrupted electricity supply, in particular, long-term contracts for such electricity. Increased electricity prices, as well as interruptions in the supply of electricity, could have a material adverse effect on the Group's business, financial condition and the results of operations;

- the Group relies on the provision of uninterrupted transportation services and access to infrastructure for the transportation of its materials and end products across significant distances which is outside of the Company's control, and depends on the prices for such services (particularly, rail tariffs) which could increase;

- the Group is exposed to foreign currency fluctuations, which may affect its financial results;

- the Group's business may be affected by labor disruptions, shortages of skilled labor and labor cost inflation;

- the Group relies on third-party suppliers for certain materials;

- equipment failures or other difficulties may result in production curtailments or shutdowns;

- the Group operates in an industry that gives rise to health, safety and environmental risks; and

- the Group is exposed to risks relating to the multi-jurisdictional regulatory, social, legal, tax, and political environment in which the Group operates.

## Investments in subsidiaries

There were no other material acquisitions and disposals of subsidiaries for the six months ended 30 June 2021.

Details of the principal subsidiaries are set out in the financial statements for the year ended 31 December 2020 included in the Annual Report and save for the foregoing, there were no significant changes in the course of the half year ended 30 June 2021.

### Interests in Associates and Joint Ventures

The market value of RUSAL's stake in Norilsk Nickel was USD13,800 million as at 30 June 2021 compared to USD11,771 million as at 30 June 2020 and USD14,123 million as at 31 December 2020.

For further information on interests in Associates and Joint Ventures, please refer to note 10 to the consolidated interim condensed financial information.

### Material events in the first half of 2021 and since the end of that period

| | |
|---|---|
| 19 January 2021 | RUSAL and Mingtai Aluminium formed partnership to produce low carbon products. RUSAL's strategic supply of low-carbon primary aluminium under the ALLOW brand will be delivered to Mingtai's plants, including the new Gwangyang rolling mill in South Korea. |
| 8 February 2021 | RUSAL announced operating results for the 4Q 2020 and full year 2020. |

| | |
|---|---|
| 11 February 2021 | RUSAL strengthened premium automotive offering with acquisition of aluminium producer in Germany. As part of its long-term growth strategy, RUSAL intends to rebuild the Aluminium Rheinfelden businesses and increase the production of alloys to 30 thousand tonnes per year, unlocking the potential of its R&D platform to deliver a new generation of sustainable aluminium solutions that can be produced on an industrial level in combination with RUSAL's smelters. |
| 19 February 2021 | RUSAL became a preferred supplier of a Japanese company Kosei. The Company has been named the preferred global supplier of high-quality primary foundry alloys of Kosei, the global wheel and auto components manufacturer. |
| 19 February 2021 | On 28 January 2021 RUSAL signed the sustainability-linked pre-export finance facility for an amount up to USD200,000,000. Following the success of the first Russian sustainability-linked syndicated pre-export finance facility arranged in 2019 by international and Russian banks, RUSAL continues to pursue its ambitious decarbonization goals. The group of international banks continues to support the Company in its aim to develop low-carbon aluminium technologies and sustainable aluminium production. The interest rate under the facility is subject to a sustainability discount or premium depending on the Company's fulfillment of the applicable key performance indicators (KPIs) which will be further agreed between the parties. The proceeds were used to refinance a more expensive debt. |
| 25 February 2021 | RUSAL announced investment of RUB4.5 billion in the modernization of the Sayanogorsk and Khakas Aluminium smelters in 2021. The majority of the funds will be used to upgrade the production of electrodes, install new equipment in the foundry division and improve the energy efficiency of enterprises. |

| | |
|---|---|
| 1 March 2021 | RUSAL announced signing and starting the drawdown of a syndicated loan agreement for up to RUB45 billion with VTB and Gazprombank. As part of the loan agreement, VTB will provide RUB30 billion, whilst Gazprombank will provide RUB15 billion. The term of financing is up to 15 years. The funds raised will be used to help finance the completion of the start-up phase of the TaAZ smelter and partial refinancing of investments made in 2020. |
| 17 March 2021 | RUSAL announced results for the year ended 31 December 2020. |
| 26 March 2021 | RUSAL welcomes the Bystrinsky project spin-off in favor of all shareholders of Norilsk Nickel. |
| 31 March 2021 | RUSAL has allocated over USD1 billion to environmental projects over the last 10 years. Thanks to the environmental measures and initiatives implemented by RUSAL over the last decade, the volume of emissions from the Company's enterprises has decreased by almost 20%, industrial wastewater discharges have decreased by more than twice, and the consumption of fresh water has decreased by a third. |
| 16 April 2021 | RUSAL completed acquisition of Aluminium Rheinfelden following approval by the German Federal Cartel Office and the German Federal Ministry for Economic Affairs and Energy. |
| 19 April 2021 | RUSAL launched ScAlution — a new brand for its aluminium-scandium solution products. Under the new brand, the Company will produce the entire range of aluminium-scandium products, including master alloys, slabs, billets, as well as wire and powders for additive technologies. |
| 22 April 2021 | RUSAL began test shipments of the world's lowest carbon footprint aluminium produced by a revolutionary technology on inert anode cells. The use of an inert anode in the electrolysis process makes it possible to almost completely eliminate greenhouse gas emissions. |
| 26 April 2021 | RUSAL commissioned a new open pit mine in the Komi Republic with reserves of over 14 million tonnes of bauxite. |

| | |
|---|---|
| 27 April 2021 | RUSAL announced 1Q 2021 operating results. |
| 29 April 2021 | RUSAL announced Key Commercial Appointments. Roman Andryushin was appointed as Deputy General Director of RUSAL for Sales in Russia, the CIS and China. The Company was also delighted to see the return of Steve Hodgson as Director of Sales and Marketing. |
| 19 May 2021 | RUSAL planned for fundamental transformation. The Company is pursuing a proposed demerger of its higher carbon assets to unlock value through the creation of two businesses with separate strategies. |
| 20 May 2021 | RUSAL and the world's leading manufacturer of rolled aluminum for heat exchangers and specialized packaging Gränges signed a cooperation agreement to cooperate on the development of aluminium alloys for automotive applications. |
| 4 June 2021 | RUSAL and the Kuzbass government signed a cooperation agreement for the completion of the construction of the Krapivinskaya hydroelectric power station. |
| 15 June 2021 | RUSAL submitted application to participate in the buyback of Norilsk Nickel shares. |
| 25 June 2021 | RUSAL announced results of the Annual General Meeting 2021. |
| 9 July 2021 | RUSAL and Ball Corporation partnered to produce ultra-low carbon aerosols and other containers made from the world's lowest carbon aluminium, made with ground-breaking inert anode technology. |
| 13 July 2021 | RUSAL to Supply Aluminium Rheinfelden with ALLOW Low Carbon Aluminium. |
| 22 July 2021 | RUSAL published its annual Sustainability Report on the Hong Kong Stock Exchange, the Company's website, Interfax. |
| 27 July 2021 | RUSAL announced 2Q 2021 operating results. |

Ernst & Young LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com/ru

ООО «Эрнст энд Янг»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 (495) 705 9700
+7 (495) 755 9700
Факс: +7 (495) 755 9701
ОКПО: 59002827
ОГРН: 1027739707203
ИНН: 7709383532

**Report on Review of Consolidated Interim Condensed Financial Information**

**To the Board of Directors of International public joint-stock company United Company RUSAL**

***Introduction***

We have reviewed the accompanying consolidated interim condensed financial information of International public joint-stock company United Company RUSAL and its subsidiaries (the "Group"), which comprise the consolidated interim condensed statement of financial position as at 30 June 2021 and the related consolidated interim condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on consolidated interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). 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 this consolidated interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Building a better working world

***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 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

***Other matter***

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 16 March 2021.

The consolidated interim condensed financial information of the Group for the six months ended 30 June 2020 were reviewed by another auditor who issued a review report with an unqualified conclusion on those statements on 12 August 2020.

**Mikhail Khachaturian**
**Partner**
**Ernst & Young LLC**
13 August 2021

***Details of the entity***

Name: International public joint-stock company United Company RUSAL
Record made in the State Register of Legal Entities on 25 September 2020, State Registration Number 1203900011974.
Address: Russia 236006, Kaliningrad, Oktyabrskaya street, Office 411, b.8.

***Details of the auditor***

Name: Ernst & Young LLC
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.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

## Consolidated Interim Condensed Statement of Income

| | Note | Six months ended 30 June 2021 (unaudited) USD million | 2020 (unaudited) USD million |
|---|---|---|---|
| **Revenue** | 5 | 5,449 | 4,015 |
| Cost of sales | 6(a) | (3,819) | (3,520) |
| **Gross profit** | | **1,630** | **495** |
| Distribution expenses | 6(b) | (246) | (227) |
| Administrative expenses | 6(b) | (258) | (248) |
| Impairment of non-current assets | 6(b) | (55) | (51) |
| Net other operating expenses | 6(b) | (129) | (75) |
| **Results from operating activities** | | **942** | **(106)** |
| Finance income | 7 | 25 | 115 |
| Finance expenses | 7 | (469) | (240) |
| Share of profits of associates and joint ventures | 10 | 1,171 | 27 |
| Gain from partial disposal of investment in associate | 10 | 492 | – |
| **Profit/(loss) before taxation** | | **2,161** | **(204)** |
| Income tax (expense)/gain | 8 | (143) | 80 |
| **Profit/(loss) for the period** | | **2,018** | **(124)** |
| Attributable to Shareholders of the Company | | 2,018 | (124) |
| **Profit/(loss) for the period** | | **2,018** | **(124)** |
| **Earnings/(losses) per share** | | | |
| Basic and diluted earnings/(losses) per share (USD) | 9 | 0.1328 | (0.0082) |
| Adjusted EBITDA | 4,6(c) | 1,315 | 219 |

The consolidated interim condensed statement of 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 49 to 84.

## Consolidated Interim Condensed Statement of Comprehensive Income

| | Note | Six months ended 30 June 2021 (unaudited) USD million | 2020 (unaudited) USD million |
|---|---|---|---|
| **Profit/(loss) for the period** | | **2,018** | **(124)** |
| **Other comprehensive income or loss** | | | |
| *Items that will never be reclassified subsequently to profit or loss:* | | | |
| Actuarial gain on post retirement benefit plans | 14 | 1 | 7 |
| | | **1** | **7** |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | |
| Reclassification of accumulated foreign currency translation loss to Statement of Income due to partial disposal of investment in associate | | 613 | – |
| Change in fair value of cash flow hedges | 15 | (28) | (58) |
| Foreign currency translation differences on foreign operations | | 90 | (116) |
| Foreign currency translation differences for equity-accounted investees | 10 | 103 | (478) |
| | | **778** | **(652)** |
| **Other comprehensive income or loss for the period, net of tax** | | **779** | **(645)** |
| **Total comprehensive income or loss for the period** | | **2,797** | **(769)** |
| Attributable to: | | | |
| Shareholders of the Company | | **2,797** | **(769)** |

There was no significant tax effect relating to each component of other comprehensive income or loss.

The consolidated interim condensed statement of 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 49 to 84.

## Consolidated Interim Condensed Statement of Financial Position

| | Note | 30 June 2021 (unaudited) USD million | 31 December 2020 USD million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment and investment properties | | 5,096 | 4,855 |
| Intangible assets | | 2,436 | 2,407 |
| Interests in associates and joint ventures | 10 | 4,172 | 3,822 |
| Deferred tax assets | | 165 | 199 |
| Derivative financial assets | 15 | – | 20 |
| Investments in equity securities measured at fair value through profit and loss | 11(d) | 378 | 74 |
| Other non-current assets | 11(c) | 155 | 124 |
| **Total non-current assets** | | **12,402** | **11,501** |
| **Current assets** | | | |
| Inventories | | 2,714 | 2,292 |
| Short-term investments | | 125 | 163 |
| Trade and other receivables | 11(a) | 1,437 | 1,163 |
| Derivative financial assets | 15 | 22 | 30 |
| Cash and cash equivalents | | 3,766 | 2,229 |
| **Total current assets** | | **8,064** | **5,877** |
| **Total assets** | | **20,466** | **17,378** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | 12 | | |
| Share capital | | 152 | 152 |
| Share premium | | 15,786 | 15,786 |
| Other reserves | | 2,814 | 2,841 |
| Currency translation reserve | | (9,307) | (10,113) |
| Accumulated losses | | (105) | (2,123) |
| **Total equity** | | **9,340** | **6,543** |

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 49 to 84.

| | Note | 30 June 2021 (unaudited) USD million | 31 December 2020 USD million |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Loans and borrowings | 13 | 6,505 | 7,062 |
| Provisions | 14 | 390 | 405 |
| Deferred tax liabilities | | 434 | 453 |
| Derivative financial liabilities | 15 | 149 | 28 |
| Other non-current liabilities | | 69 | 96 |
| **Total non-current liabilities** | | **7,547** | **8,044** |
| **Current liabilities** | | | |
| Loans and borrowings | 13 | 1,360 | 730 |
| Trade and other payables | 11(b) | 2,052 | 1,836 |
| Derivative financial liabilities | 15 | 94 | 157 |
| Provisions | 14 | 73 | 68 |
| **Total current liabilities** | | **3,579** | **2,791** |
| **Total liabilities** | | **11,126** | **10,835** |
| **Total equity and liabilities** | | **20,466** | **17,378** |
| **Net current assets** | | **4,485** | **3,086** |
| **Total assets less current liabilities** | | **16,887** | **14,587** |

Approved and authorised for issue by the board of directors on 13 August 2021.

**Evgenii V. Nikitin**
*General Director*

**Alexander V. Popov**
*Chief Financial Officer*

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 49 to 84.

## Consolidated Interim Condensed Statement of Changes in Equity

| | Share capital USD million | Share premium USD million | Other reserves USD million | Currency translation reserve USD million | Accumulated losses USD million | Total equity USD million |
|---|---|---|---|---|---|---|
| **– Balance at 1 January 2021** | **152** | **15,786** | **2,841** | **(10,113)** | **(2,123)** | **6,543** |
| Profit for the period (unaudited) | – | – | – | – | 2,018 | 2,018 |
| Other comprehensive income for the period (unaudited) | – | – | (27) | 806 | – | 779 |
| **– Total comprehensive income for the period (unaudited)** | **–** | **–** | **(27)** | **806** | **2,018** | **2,797** |
| **– Balance at 30 June 2021 (unaudited)** | **152** | **15,786** | **2,814** | **(9,307)** | **(105)** | **9,340** |
| **– Balance at 1 January 2020** | **152** | **15,786** | **2,892** | **(9,201)** | **(2,882)** | **6,747** |
| Loss for the period (unaudited) | – | – | – | – | (124) | (124) |
| Other comprehensive loss for the period (unaudited) | – | – | (51) | (594) | – | (645) |
| **– Total comprehensive loss for the period (unaudited)** | **–** | **–** | **(51)** | **(594)** | **(124)** | **(769)** |
| **– Balance at 30 June 2020 (unaudited)** | **152** | **15,786** | **2,841** | **(9,795)** | **(3,006)** | **5,978** |

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 49 to 84.

## Consolidated Interim Condensed Statement of Cash Flows

| | Note | Six months ended 30 June 2021 (unaudited) USD million | 2020 (unaudited) USD million |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Profit/(loss) for the period** | | **2,018** | **(124)** |
| *Adjustments for:* | | | |
| Depreciation | 6 | 314 | 271 |
| Amortisation | 6 | 3 | 3 |
| Impairment of non-current assets | 6(b) | 55 | 51 |
| Impairment/(reversal of impairment) of trade and other receivables | 6(b) | 67 | (3) |
| Write-down of inventories to net realisable value | | 5 | 4 |
| Pension provision | | – | 1 |
| Change in fair value of derivative financial instruments | 7 | 235 | (12) |
| Net foreign exchange loss/(gain) | | 48 | (87) |
| Loss on disposal of property, plant and equipment | 6(b) | 1 | – |
| Interest expense | 7 | 186 | 240 |
| Interest income | 7 | (12) | (16) |
| Income tax expense/(gain) | 8 | 143 | (80) |
| Revaluation of investments measured at fair value through profit and loss | 7 | (13) | – |
| Share of profits of associates and joint ventures | 10 | (1,171) | (27) |
| Gain on partial disposal of investment in associate | 10 | (492) | – |
| **Cash from operating activities before changes in working capital and provisions** | | **1,387** | **221** |
| (Increase)/decrease in inventories | | (421) | 75 |
| (Increase)/decrease in trade and other receivables | | (339) | 208 |
| Increase in prepaid expenses and other assets | | (1) | (1) |
| Increase/(decrease) in trade and other payables | | 129 | (305) |
| Decrease in provisions | | (2) | (5) |
| **Cash generated from operations before income tax paid** | | **753** | **193** |
| Income taxes paid | | (87) | (20) |
| **Net cash generated from operating activities** | | **666** | **173** |

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 49 to 84.

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2021** | **2020** |
| | | **(unaudited)** | **(unaudited)** |
| | | **USD million** | **USD million** |
| **INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of property, plant and equipment | | 6 | 7 |
| Interest received | | 9 | 14 |
| Acquisition of property, plant and equipment | | (543) | (392) |
| Acquisition of intangible assets | | (11) | (9) |
| Cash paid for investments in equity securities measured at fair value through profit and loss | 11(d) | (291) | – |
| Cash received from/(paid for) other investments | | 32 | (22) |
| Acquisition of a subsidiary | | (21) | (1) |
| Proceeds from partial disposal of associate | 10 | 1,421 | – |
| Return of a contribution to joint venture | | – | 10 |
| Dividends from associates and joint ventures | | 618 | 790 |
| Changes in restricted cash | | – | 1 |
| **Net cash from investing activities** | | **1,220** | **398** |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | 490 | 214 |
| Repayment of borrowings | | (568) | (74) |
| Interest paid | | (185) | (244) |
| Payment of restructuring and other expenses | | (27) | – |
| Settlement of derivative financial instruments | | (65) | (84) |
| **Net cash used in financing activities** | | **(355)** | **(188)** |
| **Net increase in cash and cash equivalents** | | **1,531** | **383** |
| Cash and cash equivalents at the beginning of the period | | 2,216 | 1,768 |
| Effect of exchange rate changes on cash and cash equivalents | | 6 | (67) |
| **Cash and cash equivalents at the end of the period** | | **3,753** | **2,084** |

Restricted cash amounted to USD13 million and USD13 million at 30 June 2021 and 31 December 2020, 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 49 to 84.

## Notes To The Consolidated Interim Condensed Financial Information

All financial information as at and for the six-month period ended 30 June 2021 and 30 June 2020 is unaudited

### 1 Background

#### (a) Organisation

United Company RUSAL, international public joint-stock company (United Company RUSAL Plc prior to 25 September 2020) ("UC RUSAL IPJSC", the "Company" or "UC RUSAL") was established by the controlling shareholder of RUSAL Limited ("RUSAL") as a limited liability company under the laws of Jersey on 26 October 2006. On 27 January 2010, the Company successfully completed a placing on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and changed its legal form from a limited liability company to a public limited company.

On 23 March 2015, the shares of the Company were admitted to listing on PJSC Moscow Exchange MICEX-RTS ("Moscow Exchange") in the First Level quotation list. The trading of shares on Moscow Exchange commenced on 30 March 2015. There was no issue of new shares.

The extraordinary general meeting of the Company held on 1 August 2019 approved the application by the Company to the regulatory authorities in Russia for continuance as a company with the status of an International Company established under the laws of Russia (the "Redomiciliation"). On 25 September 2020 UC RUSAL changed its domicile to the Russian Federation as UC RUSAL IPJSC.

The Company's registered office as at 30 June 2021 is Oktyabrskaya st. 8, office 410, Kaliningrad, Kaliningrad Region, 236006, Russian Federation (prior to 25 September 2020: 3rd floor, 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands).

The Company directly or through its wholly owned subsidiaries controls a number of production and trading entities engaged in the aluminium business and other entities, which together with the Company are referred to as "the Group".

The shareholding structure of the Company as at 30 June 2021 and 31 December 2020 was as follows:

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| EN+ GROUP IPJSC ("EN+", former En+ Group Plc) | 56.88% | 56.88% |
| SUAL Partners Limited ("SUAL Partners") | 21.61% | 22.10% |
| Zonoville Investments Limited ("Zonoville") | 4.00% | 4.00% |
| Mr. Oleg V. Deripaska | 0.01% | 0.01% |
| Publicly held | 17.50% | 17.01% |
| **Total** | **100.00%** | **100.00%** |

At 30 June 2021 and 31 December 2020, the immediate parent of the Group was EN+ GROUP International public joint-stock company (EN+GROUP IPJSC) with the registered office at Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

Based on the information provided by EN+, at the reporting date there is no individual that has an indirect prevailing ownership interest in EN+ GROUP IPJSC exceeding 50%, who could exercise voting rights in respect of more than 35% of EN+ GROUP IPJSC's issued share capital or has an opportunity to exercise control over EN+ GROUP IPJSC. As at 30 June 2021 and 31 December 2020, Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of EN+ GROUP IPJSC and cannot exceed his direct or indirect shareholding over 44.95% of the shares of the EN+ GROUP IPJSC.

According to the information disclosed at the Stock Exchange of Hong Kong Limited Zonoville Investments Limited and SUAL Partners Limited are associates. Major ultimate beneficiaries of SUAL Partners are Mr. Victor Vekselberg and Mr. Len Blavatnik.

Related party transactions are disclosed in note 17.

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available at the Company's website www.rusal.com.

**(b) Seasonality**

There are no material seasonal events in business activity of the Group.

**(c) OFAC Sanctions**

On 6 April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Company, as a Specially Designated National ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, must have been frozen, and could not be transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and later on authorizing certain transactions with the Company, its majority shareholder EN+GROUP IPJSC En+ Group Plc ("EN+", former En+ Group Plc "En+"), and with their respective debt and equity.

On 27 January 2019, OFAC announced removal of the Company and En+ from OFAC's SDN List with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions including, but not limited to, corporate governance changes, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, stepping down of the Chairman of the Board, and ongoing reporting and certifications by the Company to OFAC concerning compliance with the conditions for removal.

**(d) COVID-19**

During the six months ended 30 June 2021, the Russian economy started to recover from the pandemic as a result of an increase in business activity and due to government support measures which was also supported by recovery of the global aluminium demand and production. The global demand and production of aluminium is also expected to demonstrate positive trends but may be affected by further COVID-19 developments. At the date of this analysis, the Group continues to assess the impact of the above factors on its financial position and future cash flows and thoroughly monitors all market developments. Considering the currently produced analysis and cash flows forecasts, management has concluded that the Group and the Company will continue operations and meet its obligations as they fall due. To mitigate the risks of potential COVID-19 development on the Group's operations management has implemented and continues to maintain a number of measures including those related to production and supply processes continuity, staff safety, support of local medical infrastructure in areas where the Group operates.

## 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* and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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 2020.

## 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 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amended standards became effective from January 1, 2021:

- *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects related to replacement of interbank offered rates (IBOR) with alternative risk-free rates (RFR). These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

## 4 Segment reporting

### (a) Reportable segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

*Aluminium.* The Aluminium segment is involved in the production and sale of primary aluminium and related products.

*Alumina.* The Alumina segment is involved in the mining and refining of bauxite into alumina and the sale of alumina.

*Energy.* The Energy segment includes the Group companies and projects engaged in the mining and sale of coal and the generation and transmission of electricity produced from various sources. Where the generating facility is solely a part of an alumina or aluminium production facility it is included in the respective reportable segment.

*Mining and Metals.* The Mining and Metals segment includes the equity investment in PJSC MMC Norilsk Nickel ("Norilsk Nickel").

Other operations include manufacturing of semi-finished products from primary aluminium for the transportation, packaging, building and construction, consumer goods and technology industries; and the activities of the Group's administrative centres. None of these segments meet any of the quantitative thresholds for determining reportable segments.

The Aluminium and Alumina segments are vertically integrated whereby the Alumina segment supplies alumina to the Aluminium segment for further refining and smelting with limited sales of alumina outside the Group. Integration between the Aluminium, Alumina and Energy segments also includes shared servicing and distribution.

**(b) Segment results, assets and liabilities**

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

Segment assets include all tangible, intangible assets and current assets with the exception of income tax assets and corporate assets. Segment liabilities include trade and other payables attributable to the production and sales activities of the individual segments. Loans and borrowings are not allocated to individual segments as they are centrally managed by the head office.

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 excluding impairment.

The measure used for reporting segment results is the statement of income before income tax adjusted for items not specifically attributed to individual segments, such as finance income, costs of loans and borrowings and other head office or corporate administration costs. The segment profit or loss is included in the internal management reports that are reviewed by the Group's CEO. Segment profit or loss is 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.

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, amortisation, impairment and additions of non-current segment assets used by the segments in their operations. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment capital expenditure is the total cost incurred during the reporting period to acquire property, plant and equipment and intangible assets other than goodwill.

The Group acquired property, plant and equipment in the total amount of USD636 million, including investment properties in the total amount of USD73 million, for the six months ended 30 June 2021 (USD464 million, including investment properties in the total amount of nil, for the six months ended 30 June 2020). The carrying amount of property, plant and equipment disposed during the six months ended 30 June 2021 comprised USD45 million (USD20 million for the six months ended 30 June 2020).

### *(i) Reportable segments*

**Six months ended 30 June 2021**

| | Aluminium USD million | Alumina USD million | Energy USD million | Mining and Metals USD million | Total USD million |
|---|---|---|---|---|---|
| Revenue from external customers | 4,618 | 442 | – | – | **5,060** |
| Inter-segment revenue | 150 | 1,262 | – | – | **1,412** |
| **Total segment revenue** | **4,768** | **1,704** | **–** | **–** | **6,472** |
| **Segment profit** | **1,102** | **58** | **–** | **–** | **1,160** |
| Depreciation/amortisation | (184) | (116) | – | – | **(300)** |
| **Segment EBITDA** | **1,286** | **174** | **–** | **–** | **1,460** |
| Impairment of non-current assets | (8) | (41) | – | – | **(49)** |
| Share of profits of associates and joint ventures | – | – | 47 | 1,124 | **1,171** |
| Non-cash expense | – | (4) | – | – | **(4)** |
| Capital expenditure | (293) | (86) | – | – | **(379)** |
| Non-cash adjustments to non-current segment assets related to site restoration | (4) | 7 | – | – | **3** |

**Six months ended 30 June 2020**

| | Aluminium USD million | Alumina USD million | Energy USD million | Mining and Metals USD million | Total USD million |
|---|---|---|---|---|---|
| Revenue from external customers | 3,351 | 379 | – | – | **3,730** |
| Inter-segment revenue | 92 | 1,203 | – | – | **1,295** |
| **Total segment revenue** | **3,443** | **1,582** | **–** | **–** | **5,025** |
| **Segment profit** | **28** | **47** | **–** | **–** | **75** |
| Depreciation/amortisation | (169) | (91) | – | – | **(260)** |
| **Segment EBITDA** | **197** | **138** | **–** | **–** | **335** |
| Impairment of non-current assets | (9) | (38) | – | – | **(47)** |
| Share of profits/(losses) of associates and joint ventures | – | – | 19 | (13) | **6** |
| Non-cash expense | – | (2) | – | – | **(2)** |
| Capital expenditure | (278) | (103) | – | – | **(381)** |
| Non-cash adjustments to non-current segment assets related to site restoration | – | (13) | – | – | **(13)** |

### At 30 June 2021

| | Aluminium USD million | Alumina USD million | Energy USD million | Mining and Metals USD million | Total segment result USD million |
|---|---|---|---|---|---|
| Segment assets | 7,679 | 2,585 | – | – | **10,264** |
| Interests in associates and joint ventures | – | – | 719 | 3,416 | **4,135** |
| **Total segment assets** | | | | | **14,399** |
| Segment liabilities | (1,004) | (661) | (13) | – | **(1,678)** |
| **Total segment liabilities** | | | | | **(1,678)** |

### 31 December 2020

| | Aluminium USD million | Alumina USD million | Energy USD million | Mining and Metals USD million | Total segment result USD million |
|---|---|---|---|---|---|
| Segment assets | 6,987 | 2,572 | – | – | **9,559** |
| Interests in associates and joint ventures | – | – | 662 | 3,122 | **3,784** |
| **Total segment assets** | | | | | **13,343** |
| Segment liabilities | (854) | (668) | (13) | – | **(1,535)** |
| **Total segment liabilities** | | | | | **(1,535)** |

***(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities***

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Revenue** | | |
| Reportable segment revenue | 6,472 | 5,025 |
| Elimination of inter-segment revenue | (1,412) | (1,295) |
| Unallocated revenue | 389 | 285 |
| **Consolidated revenue** | **5,449** | **4,015** |

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Profit/(loss)** | | |
| Reportable segment profit | 1,160 | 75 |
| Impairment of non-current assets | (55) | (51) |
| Share of profits of associates and joint ventures | 1,171 | 27 |
| Loss on disposal of property, plant and equipment | (1) | – |
| Finance income | 25 | 115 |
| Finance expenses | (469) | (240) |
| Gain from partial disposal of investment in associate | 492 | – |
| Unallocated expense | (162) | (130) |
| **Consolidated profit/(loss) before taxation** | **2,161** | **(204)** |

| | Six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | USD million | USD million |
| **Adjusted EBITDA** | | |
| Reportable segments EBITDA | 1,460 | 335 |
| Unallocated depreciation | 17 | 14 |
| Unallocated expenses | (162) | (130) |
| **Consolidated adjusted EBITDA** | **1,315** | **219** |

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| | USD million | USD million |
| **Assets** | | |
| Reportable segment assets | 14,399 | 13,343 |
| Unallocated assets | 6,067 | 4,035 |
| **Consolidated total assets** | **20,466** | **17,378** |

| | 30 June 2021 | 31 December 2020 |
|---|---|---|
| | USD million | USD million |
| **Liabilities** | | |
| Reportable segment liabilities | (1,678) | (1,535) |
| Unallocated liabilities | (9,448) | (9,300) |
| **Consolidated total liabilities** | **(11,126)** | **(10,835)** |

## 5 Revenue

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Revenue from contracts with customers** | **5,449** | **4,015** |
| **Sales of products** | **5,340** | **3,935** |
| Sales of primary aluminium and alloys | 4,574 | 3,318 |
| Sales of alumina and bauxite | 277 | 243 |
| Sales of foil and other aluminium products | 232 | 178 |
| Sales of other products | 257 | 196 |
| **Provision of services** | **109** | **80** |
| Supply of energy | 80 | 53 |
| Provision of transportation services | 3 | 4 |
| Provision of other services | 26 | 23 |
| **Total revenue by types of customers** | **5,449** | **4,015** |
| Third parties | 5,056 | 3,592 |
| Related parties – companies capable of exerting significant influence | 123 | 209 |
| Related parties – companies related through parent company | 98 | 61 |
| Related parties – associates and joint ventures | 172 | 153 |
| **Total revenue by primary regions** | **5,449** | **4,015** |
| Europe | 1,980 | 1,874 |
| CIS | 1,692 | 1,126 |
| America | 497 | 292 |
| Asia | 1,213 | 699 |
| Other | 67 | 24 |

Revenue from sale of primary aluminium and alloys relates to aluminium segment (note 4). Revenue from sales of alumina and bauxite relates to alumina segment. Revenue from sale of foil and other aluminium products and other products and services relates mostly to the revenue of non-reportable segments.

## 6 Cost of sales and operating expenses

### (a) Cost of sales

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Cost of alumina, bauxite and other materials** | **(1,663)** | **(1,459)** |
| *Third parties* | *(1,641)* | *(1,446)* |
| *Related parties – companies capable of exerting significant influence* | *(7)* | *(8)* |
| *Related parties – companies related through parent company* | *(7)* | *(5)* |
| *Related parties – associates and joint ventures* | *(8)* | – |
| **Purchases of primary aluminium** | **(481)** | **(271)** |
| *Third parties* | *(170)* | *(34)* |
| *Related parties – companies related through parent company* | *(6)* | *(2)* |
| *Related parties – associates and joint ventures* | *(305)* | *(235)* |
| **Energy costs** | **(985)** | **(988)** |
| *Third parties* | *(613)* | *(562)* |
| *Related parties – companies capable of exerting significant influence* | *(18)* | *(13)* |
| *Related parties – companies related through parent company* | *(337)* | *(401)* |
| *Related parties – associates and joint ventures* | *(17)* | *(12)* |
| **Personnel costs** | **(278)** | **(257)** |
| **Depreciation and amortisation** | **(303)** | **(266)** |
| **Change in finished goods** | **248** | **50** |
| **Other costs** | **(357)** | **(329)** |
| *Third parties* | *(282)* | *(259)* |
| *Related parties – companies related through parent company* | *(14)* | *(13)* |
| *Related parties – associates and joint ventures* | *(61)* | *(57)* |
| | **(3,819)** | **(3,520)** |

**(b) Distribution, administrative and other operating expenses, and impairment of non-current assets**

| | Six months ended 30 June 2021 USD million | Six months ended 30 June 2020 USD million |
|---|---|---|
| Transportation expenses | (202) | (188) |
| Personnel costs | (125) | (116) |
| (Impairment)/reversal of impairment of trade and other receivables | (67) | 3 |
| Impairment of non-current assets (note 6(d)) | (55) | (51) |
| Consulting and legal expenses | (34) | (34) |
| Taxes other than on income | (23) | (21) |
| Packaging materials | (18) | (16) |
| Charitable donations | (18) | (15) |
| Security | (16) | (16) |
| Depreciation and amortisation | (14) | (8) |
| Repair and other services | (10) | (9) |
| Auditors’ remuneration | (3) | (3) |
| Short-term lease and variable lease payments | (1) | (10) |
| Loss on disposal of property, plant and equipment | (1) | – |
| Other expenses | (101) | (117) |
| | **(688)** | **(601)** |

**(c) EBITDA and operating effectiveness measures**

Adjusted EBITDA is the key non-IFRS financial measure used by the Group as reference for assessing operating effectiveness.

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| Results from operating activities | 942 | (106) |
| *Add:* | | |
| Amortisation and depreciation | 317 | 274 |
| Impairment of non-current assets | 55 | 51 |
| Loss on disposal of property, plant and equipment | 1 | – |
| **Adjusted EBITDA** | **1,315** | **219** |

**(d) Impairment of non-current assets**

Management has identified an impairment indicator, being the export duties imposed on aluminium exported from Russia, which are enacted for the period from 1 August 2021 to 31 December 2021 in amount of 15% of the price of aluminium exported. Management has analysed all CGUs and concluded that none of them are sensitive to this new indicator except for Taishet aluminium smelter. With the current duties regime, there is no additional impairment of Taishet aluminium smelter, however, if the duties are prolonged after 31 December 2021, depending on their amount and duration, impairment of Taishet aluminium smelter may be required.

Management has concluded that no impairment or reversal of previously recognised impairment loss relating to property, plant and equipment should be recognised in this consolidated interim condensed financial information apart from minor impairment of specific items of USD55 million disclosed above.

## 7 Finance income and expenses

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Finance income** | | |
| Interest income on third party loans and deposits | 12 | 16 |
| Net foreign exchange gain | – | 87 |
| Revaluation of investments measured at fair value through profit and loss | 13 | – |
| Change in fair value of derivative financial instruments (refer to note 15) | – | 12 |
| | **25** | **115** |
| **Finance expenses** | | |
| Interest expense on bank loans wholly repayable within 5 years, bonds and other bank charges | (138) | (236) |
| Interest expense on bank loans wholly repayable after 5 years | (46) | – |
| Interest expense on provisions | (2) | (3) |
| Net foreign exchange loss | (48) | – |
| Change in fair value of derivative financial instruments (refer to note 15) | (235) | – |
| Leases interest costs | – | (1) |
| | **(469)** | **(240)** |

## 8 Income tax

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| ***Current tax*** | | |
| Current tax for the period | 112 | 25 |
| ***Deferred tax*** | | |
| Origination and reversal of temporary differences | 31 | (105) |
| **Actual tax (gain)/expense** | **143** | **(80)** |

The Company is a tax resident of Russia with an applicable corporate tax rate of 20%. Subsidiaries pay income taxes in accordance with the legislative requirements of their respective tax jurisdictions. For subsidiaries domiciled in Russia, the applicable tax rate is 20%; in Ukraine of 18%; Guinea of 0%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 20.6% and Italy of 27.9%. 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 9.08% and 11.85% for different subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2020 and the year ended 31 December 2020 were the same as for the period ended 30 June 2021 except for tax rate for Sweden which amounted to 21.4% and tax rates for subsidiaries domiciled in Switzerland which amounted to 9.1% and 11.91% accordingly.

## 9 Losses or earnings per share

The calculation of basic losses or earnings per share is based on the loss or profit attributable to ordinary equity shareholders for the six-months periods ended 30 June 2021 and 30 June 2020.

Weighted average number of shares:

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| Issued ordinary shares at beginning of the period | 15,193,014,862 | 15,193,014,862 |
| Effect of treasury shares | – | – |
| Weighted average number of shares at end of the period | 15,193,014,862 | 15,193,014,862 |
| **Profit/(loss)for the period, USD million** | **2,018** | **(124)** |
| **Basic and diluted earnings/(losses) earnings per share, USD** | **0.1328** | **(0.0082)** |

There were no outstanding dilutive instruments during the periods ended 30 June 2021 and 30 June 2020.

No dividends were declared and paid during the periods presented.

## 10 Interests in associates and joint ventures

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Balance at the beginning of the period** | **3,822** | **4,240** |
| Group's share of profits | 1,171 | 27 |
| Partial disposal of investment in associate | (313) | – |
| Return of investment | – | (11) |
| Dividends | (611) | (335) |
| Foreign currency translation | 103 | (478) |
| **Balance at the end of the period** | **4,172** | **3,443** |
| Goodwill included in interests in associates | 1,902 | 2,148 |

**Investment in Norilsk Nickel**

The Group has participated in the repurchase of Norilsk Nickel shares to raise additional funds to finance its own investment programme. The Group sold 3,691,465 shares for RUR27,780 per share, with the aggregate consideration of USD1,418 million. The carrying value of the shares sold amounted to USD313 million, and USD613 million of currency translation reserve attributed to the shares sold was reclassified to profit/(loss) for the period, resulting in net gain of USD492 million recognised in the consolidated statement of income. The effective interest in Norilsk Nickel held by the Group after the transaction comprised 26.39%.

As at 30 June 2021, the pledge of shares of Norilsk Nickel decreased from 25%+1 share to 1 share.

The Group's share of profit of Norilsk Nickel was USD1,124 million, other comprehensive income was USD nil million, the foreign currency translation gain of USD93 million for the six months ended 30 June 2021. The carrying value of the Group's investment in the investee comprises USD3,416 million as at 30 June 2021.

The market value of the investment in Norilsk Nickel as at 30 June 2021 was USD13,800 million (31 December 2020: USD14,123 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 2021 USD million | 31 December 2020 USD million |
|---|---|---|
| Trade receivables from third parties | 696 | 429 |
| Impairment loss on trade receivables | (24) | (23) |
| **Net trade receivables from third parties** | **672** | **406** |
| **Trade receivables from related parties, including:** | **129** | **70** |
| *Related parties – companies capable of exerting significant influence* | *77* | *50* |
| *Impairment loss on trade receivables from related parties – companies capable of exerting significant influence* | *(2)* | *(1)* |
| *Net trade receivables from related parties – companies capable of exerting significant influence* | *75* | *49* |
| *Related parties – companies related through parent company* | *53* | *13* |
| *Related parties – associates and joint ventures* | *1* | *8* |
| VAT recoverable | 342 | 325 |
| Impairment loss on VAT recoverable | (24) | (24) |
| **Net VAT recoverable** | **318** | **301** |
| Advances paid to third parties | 106 | 105 |
| Impairment loss on advances paid | (1) | (2) |

| | 30 June 2021 USD million | 31 December 2020 USD million |
|---|---|---|
| **Net advances paid to third parties** | **105** | **103** |
| **Advances paid to related parties, including:** | **81** | **67** |
| *Related parties – companies capable of exerting significant influence* | *–* | *1* |
| *Related parties – companies related through parent company* | *1* | *–* |
| *Related parties – associates and joint ventures* | *80* | *66* |
| **Prepaid expenses** | **10** | **8** |
| **Prepaid income tax** | **14** | **15** |
| **Prepaid other taxes** | **17** | **29** |
| Other receivables from third parties | 159 | 170 |
| Impairment loss on other receivables | (73) | (9) |
| **Net other receivables from third parties** | **86** | **161** |
| **Other receivables from related parties, including:** | **5** | **3** |
| *Related parties – companies related through parent company* | *21* | *18* |
| *Impairment loss on other receivables from related parties – companies related through parent company* | *(18)* | *(15)* |
| *Net other receivables to related parties – companies related through parent company* | *3* | *3* |
| *Related parties – associates and joint ventures* | *2* | *–* |
| | **1,437** | **1,163** |

All of the trade and other receivables are expected to be settled or recognised as an expense within one year or are repayable on demand.

***Ageing analysis***

Included in trade and other receivables are trade receivables (net of loss allowance for expected credit losses) with the following ageing analysis as of the reporting dates:

| | **30 June 2021 USD million** | **31 December 2020 USD million** |
|---|---|---|
| Current (not past due) | 674 | 385 |
| 1-30 days past due | 77 | 77 |
| 31-60 days past due | 20 | 2 |
| 61-90 days past due | 15 | 1 |
| More than 90 days past due | 15 | 11 |
| Amounts past due | 127 | 91 |
| | **801** | **476** |

Aging analysis is performed based on number of days receivable is overdue. Trade receivables are on average due within 60 days from the date of billing. The receivables that are neither past due nor impaired (i.e. current) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral over these balances.

***Impairment of trade receivables***

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for expected credit loss during the period is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| Balance at the beginning of the period | (24) | (31) |
| (Impairment loss) recognized/Reversal of impairment | (1) | 6 |
| Uncollectible amounts written off | (1) | – |
| **Balance at the end of the period** | **(26)** | **(25)** |

**(b) Trade and other payables**

| | 30 June 2021 USD million | 31 December 2020 USD million |
|---|---|---|
| **Accounts payable to third parties** | **591** | **547** |
| **Accounts payable to related parties, including:** | **114** | **96** |
| *Related parties – companies capable of exerting significant influence* | *5* | *3* |
| *Related parties – companies related through parent company* | *43* | *44* |
| *Related parties – associates and joint ventures* | *66* | *49* |
| **Advances received** | **967** | **860** |
| **Advances received from related parties, including:** | **6** | **–** |
| *Related parties – associates and joint ventures* | *6* | *–* |
| **Other payables and accrued liabilities to third parties** | **153** | **159** |
| **Other payables and accrued liabilities to related parties, including:** | **4** | **4** |
| *Related parties – companies related through parent company* | *4* | *4* |
| **Current tax liabilities** | **30** | **11** |
| **Other taxes payable** | **187** | **159** |
| | **2,052** | **1,836** |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Advances received represent contract liabilities to perform obligations under contracts with customers and are recognized in Trade and other payables line in the statement of financial position. Advances received, represent short-term and revenue in respect of the contract liabilities at the beginning of the period and are fully recognized during the period.

Included in trade and other payables are trade payables with the following ageing analysis as at the reporting date. Ageing analysis is performed based on number of days payable is overdue.

| | **30 June 2021 USD million** | **31 December 2020 USD million** |
|---|---|---|
| Current | 587 | 529 |
| Past due 0-90 days | 94 | 93 |
| Past due 91-120 days | 7 | 8 |
| Past due over 120 days | 17 | 13 |
| Amounts past due | 118 | 114 |
| | **705** | **643** |

Lease liabilities that are expected to be settled within one year for the amount of USD12 million are included in other payables and accrued liabilities as at 30 June 2021 (31 December 2020: USD25 million).

**(c) Other non-current assets**

| | 30 June 2021 USD million | 31 December 2020 USD million |
|---|---|---|
| Long-term deposits | 138 | 111 |
| Other non-current assets | 17 | 13 |
| | **155** | **124** |

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

The Group accumulated 31,426,697,466 shares or 7% of RusHydro for a total consideration of USD366 million through several transactions from July 2020 till April 2021 and treats them as equity securities measured at fair value through profit and loss.

**(e) Fair value measurement**

Management believes that the fair values of financial assets and liabilities approximate their carrying amounts, except for the fixed rate borrowings.

## 12 Equity

### (a) Share capital

| | Six months ended 30 June 2021 | | Six months ended 30 June 2020 | |
|---|---|---|---|---|
| | USD | Number of shares | USD | Number of shares |
| – Ordinary shares at the end of the period, authorised | 200 million | 20 billion | 200 million | 20 billion |
| – Ordinary shares at 1 January | 151,930,148 | 15,193,014,862 | 151,930,148 | 15,193,014,862 |
| **Ordinary shares at the end of the period of USD0.01 each, issued and paid** | **151,930,148** | **15,193,014,862** | **151,930,148** | **15,193,014,862** |

### (b) Other reserves

The acquisition of RUSAL Limited by the Company has been accounted for as a non-substantive acquisition. The consolidated share capital and share premium represent only the share capital and share premium of the Company and the share capital and other paid in capital of RUSAL Limited prior to the acquisition has been included in other reserves.

In addition, 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 net change in fair value of cash flow hedges and the Group's share of other comprehensive income of associates.

### (c) Distributions

Following Company's redomiciliation in September 2020 (note 1(a)), the 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.

### (d) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations and equity accounted investees.

## 13 Loans and borrowings

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

| | 30 June 2021 USD million | 31 December 2020 USD million |
|---|---|---|
| ***Non-current liabilities*** | | |
| Secured bank loans | 4,730 | 4,603 |
| Unsecured bank loans | 37 | 22 |
| Bonds | 1,738 | 2,437 |
| | **6,505** | **7,062** |
| ***Current liabilities*** | | |
| Secured bank | 202 | 270 |
| Unsecured bank loans | 383 | 403 |
| Bonds | 719 | 1 |
| Accrued interest | 56 | 56 |
| | **1,360** | **730** |

**(a) Loans and borrowings**

As at 30 June 2021, the secured bank loans are secured by certain pledges of shares of a number of Group subsidiaries and 1 share of Norilsk Nickel (Note 10). In July 2021, the Group pledged additional shares and as of the date of issuance of this consolidated interim condensed financial information 25.13% of Norilsk Nickel shares outstanding in the market secure banks loans.

As at 31 December 2020, the secured bank loans were secured by certain pledges of shares of a number of Group subsidiaries, 25% +1 share of Norilsk Nickel and property, plant and equipment with a carrying amount of USD28 million.

As at 30 June 2021, 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 25 October 2019 and dated 28 January 2021.

As at 31 December 2020, 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 (PXF) dated 25 October 2019.

On 28 January 2021, the Group entered into new three-year sustainability-linked pre-export finance facility for up to USD200 million. The interest rate is subject to a sustainability discount or premium depending on the Company's fulfilment of the sustainability key performance indicators (KPI). The proceeds were used to refinance the principal outstanding under the existing debt.

In December 2020, Taishet Aluminium Smelter signed a 15 years syndicated loan agreement for up to RUR 45bln with VTB and Gazprombank to finance project construction, including refinancing of own expenses made in 2020. Drawdowns commenced in February 2021 and shall be made further on in accordance with the disbursement schedule.

The nominal value of the Group's loans and borrowings was USD5,380 million as at 30 June 2021 (31 December 2020: USD5,329 million).

**(b) Bonds**

As at 30 June 2021, 30,263 series BO-01 bonds, 15,000,000 series BO-001P-01 bonds, 15,000,000 series BO-001P-02 bonds, 15,000,000 series BO-001P-03 bonds, 15,000,000 series BO-001P-04 bonds, 10,000,000 series BO-002P-01 bonds were outstanding (traded in the market).

The closing market price as at 30 June 2021, was RUB 740, RUB 1,012, RUB 1,015, RUB 1,005, RUB 997 and RUB 982 per bond for the six tranches, respectively.

As at 30 June 2021, the amount of accrued interest on unsecured bank loans, secured bank and bonds was USD3 million, USD9 million and 44 million, respectively (31 December 2020: USD3 million, USD9 million and USD44 million, respectively).

## 14 Provisions

| USD million | Pension liabilities | Site restoration | Provisions for legal claims | Total |
|---|---|---|---|---|
| **Balance at 1 January 2020** | **60** | **371** | **17** | **448** |
| Provisions made during the period | 3 | 18 | – | 21 |
| Provisions reversed during the period | – | (3) | – | (3) |
| Actuarial gain | (7) | – | – | (7) |
| Provisions utilised during the period | (2) | (3) | – | (5) |
| Foreign currency translation | (6) | (13) | – | (19) |
| **Balance at 30 June 2020** | **48** | **370** | **17** | **435** |
| ***Non-current*** | ***44*** | ***348*** | ***–*** | ***392*** |
| ***Current*** | ***4*** | ***22*** | ***17*** | ***43*** |
| **Balance at 1 January 2021** | **55** | **401** | **17** | **473** |
| Provisions made during the period | 3 | 23 | – | 26 |
| Provisions reversed during the period | – | (27) | – | (27) |
| Actuarial gain | (1) | – | – | (1) |
| Provisions utilised during the period | (2) | (2) | – | (4) |
| Foreign currency translation | – | (4) | – | (4) |
| **Balance at 30 June 2021** | **55** | **391** | **17** | **463** |
| ***Non-current*** | ***51*** | ***339*** | ***–*** | ***390*** |
| ***Current*** | ***4*** | ***52*** | ***17*** | ***73*** |

## 15 Derivative financial assets/liabilities

| | 30 June 2021 USD million | | 31 December 2020 USD million | |
|---|---|---|---|---|
| | Derivative assets | Derivative liabilities | Derivative assets | Derivative liabilities |
| Petroleum coke supply contracts and other raw materials | – | 77 | 31 | 43 |
| Forward contracts for aluminium and other instruments | 22 | 26 | 19 | 9 |
| Cross currency swap | – | 140 | – | 133 |
| **Total** | **22** | **243** | **50** | **185** |
| ***Non-current*** | ***–*** | ***149*** | ***20*** | ***28*** |
| ***Current*** | ***22*** | ***94*** | ***30*** | ***157*** |

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 six-month period ended 30 June 2021. The following significant assumptions were used in estimating derivative instruments:

| | **2021** | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|---|
| LME Al Cash, USD per tonne | 2,520 | 2,490 | 2,447 | 2,411 | 2,375 |
| Platt's FOB Brent, USD per barrel | 74 | 69 | 65 | 62 | – |

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

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| **Balance at the beginning of the period** | **(135)** | **54** |
| Unrealised changes in fair value recognised in the consolidated interim condensed statement of income (finance income/(expense)) during the period | (235) | 12 |
| Unrealised changes in fair value recognised in other comprehensive income (cash flow hedge) during the period | (28) | (58) |
| Realised portion of electricity, coke and raw material contracts and cross currency swap | 177 | 4 |
| **Balance at the end of the period** | **(221)** | **12** |

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

## 16 Commitments and contingencies

### (a) Capital commitments

The Group has entered into contracts that result in contractual obligations primarily relating to various construction and capital repair works. The commitments as at 30 June 2021 and 31 December 2020 were approximately USD356 million and USD516 million, including VAT, respectively. These commitments are due over a number of years.

### (b) 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. Notably 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 to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

**(c) Environmental contingencies**

The Group and its predecessor entities have operated in the Russian Federation, Ukraine, 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 significant capital projects to improve its future environmental performance and to bring it into full compliance with current legislation.

**(d) 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 (refer to note 14). As at 30 June 2021 the amount of claims, where management assesses outflow as possible approximates USD21 million (31 December 2020: USD21 million).

## 17 Related party transactions

### (a) Transactions with management and close family members

***Management remuneration***

Key management received the following remuneration, which is included in personnel costs:

| | Six months ended 30 June | |
|---|---|---|
| | **2021** | **2020** |
| | **USD million** | **USD million** |
| Salaries and bonuses | 33 | 34 |
| | **33** | **34** |

The remuneration for the six months ended 30 June 2021 includes contributions to the state pension funds. The comparative information for the six months ended 30 June 2020 is restated accordingly.

### (b) Transactions with associates and joint ventures

Sales to associates and joint ventures are disclosed in note 5, purchases from associates and joint ventures are disclosed in note 6, accounts receivable from associates and joint ventures as well as accounts payable to associates and joint ventures are disclosed in note 11.

### (c) Transactions with other related parties

The Group transacts with other related parties, the majority of which are companies related through parent company or under the control of SUAL Partners Limited or its controlling shareholders.

Sales to related parties for the period are disclosed in note 5, purchases from related parties are disclosed in note 6, finance income and expenses with related parties are disclosed in note 7, accounts receivable from related parties as well as accounts payable to related parties are disclosed in note 11.

**(d) Related parties balances**

As at 30 June 2021, non-current assets include balances of related parties –– associates and joint ventures of USD2 million (31 December 2020: associates and joint ventures of USD4 million). As at 30 June 2021, non-current liabilities include balances of related parties – associates and joint ventures of USD13 million (31 December 2020: USD12 million).

As at 30 June 2021, current assets include balances of related parties –– companies related through parent company of USD50 million (31 December 2020: companies related through parent company of USD50 million).

**(e) Pricing policies**

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm's length.

The Group has entered into three categories of related-party transactions: (i) those entered into on an arm's length basis, (ii) those entered into on non-arm's length terms but as part of a wider deal resulting from arms' length negotiations with unrelated third parties, and (iii) transactions unique to the Group and the counterparty.

## 18 Events subsequent to the reporting date

The Group evaluated subsequent events from 30 June 2021 through the date the consolidated interim condensed financial information was issued and concluded that no subsequent events have occurred that would required recognition or disclosure in the consolidated interim condensed financial information other than disclosed in Note 13 (a).

## Repurchase, sale and redemption by the Group of its securities during the period

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the six months ended 30 June 2021.

## Directors' Particulars

*Retirement, Re-appointment and Appointment of Directors*

In accordance with Article 24.1 of the Charter, each of Mr. Evgeny Kuryanov, Mr. Evgenii Nikitin and Mr. Evgenii Vavilov (being executive Directors), Mr. Vladimir Kolmogorov, Mr. Marco Musetti and Mr. Vyacheslav Solomin (being non-executive Directors), Mr. Christopher Burnham, Mr. Nicholas Jordan, Mr. Kevin Parker, Mr. Randolph N. Reynolds, Dr. Evgeny Shvarts, Ms. Anna Vasilenko, Mr. Dmitry Vasiliev and Mr. Bernard Zonneveld (being independent non-executive Directors), were elected by the General Shareholders Meeting at the Annual General Meeting of Shareholders held on 24 June 2021 (the "Annual General Meeting 2021") for the term until the next Annual General Meeting of Shareholders.

Dr. Elsie Leung Oi-sie, an independent non-executive Director, retired as an independent non-executive Director with effect from 24 June 2021 at the conclusion of the Annual General Meeting 2021.

Ms. Anna Vasilenko was appointed as an independent non-executive Director at the Annual General Meeting 2021.

*Change of Directors and change to the composition of the Board Committees*

Ms. Anna Vasilenko was appointed as an independent non-executive Director and as a member of each of the Audit Committee and the Remuneration Committee of the Company, with effect from 24 June 2021.

Mr. Nicholas Jordan was appointed as the chairman of the Remuneration Committee of the Company with effect from 24 June 2021.

*Change of particulars of Directors*

Mr. Nicholas Jordan ceased to be a member of the board of directors of En+ as an independent director from 26 May 2021.

Mr. Bernard Zonneveld ceased to be a member of the board of the Netherlands-Ukraine Council for Trade Promotion from April 2021.

Mr. Marco Musetti ceased to be a member of the board of directors of Sulzer AG from April 2021.

Ms. Vasilenko was elected as independent director of PJSC "Russian Aquaculture" on 30 June 2021.

Save as disclosed above, there was no change of particulars of the Directors which are required to be disclosed under Rule 13.51B (1) of the Listing Rules.

## Directors' and General Director's and Substantial Shareholders' interests in Shares

*Directors' and General Director's interests*

As at 30 June 2021, none of the Directors or the General Director had any interest and short position, whether beneficial or non-beneficial, in the Shares, underlying Shares, and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which was notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the General Director are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified by the Directors to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 to the HKSE Listing Rules (as incorporated by the Company in its Codes for Securities Transactions – for further information, please refer to the section on "Directors' securities transactions" below).

*Substantial Shareholders' interest and short positions in the Shares, underlying Shares, and debentures of the Company*

As at 30 June 2021, so far as the Directors are aware based on their understanding and based on notifications made to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register (of interests in shares and short positions as stated on the disclosure of interests forms received) required to be kept under Section 336 of the SFO (unless specified otherwise):

## Interests and short positions in Shares

| Name of Shareholder | Capacity | Number of Shares held as at 30 June 2021 | Percentage of issued share capital as at 30 June 2021 |
|---|---|---|---|
| Oleg Deripaska | Beneficiary of a trust *(Note 1)* | 8,641,888,022 (L) | 56.88% |
| | Beneficial owner | 1,669,065 (L) | 0.01% |
| | Total | 8,643,557,087 (L) | 56.89% |
| Fidelitas Investments Ltd. ("Fidelitas Investments") *(Note 1)* | Interest of controlled corporation | 8,641,888,022 (L) | 56.88% |
| B-Finance Ltd. ("B-Finance") *(Note 1)* | Interest of controlled corporation | 8,641,888,022 (L) | 56.88% |
| En+ *(Note 1)* | Beneficial owner | 8,641,888,022 (L) | 56.88% |
| Access Aluminum Holdings Limited ("Access Aluminum") *(Note 2)* | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| Access Industries Holdings LLC ("Access Holdings") *(Note 2)* | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| Access Industries Holdings (BVI) L.P. ("Access BVI") | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| Access Industries LLC ("Access Industries") *(Note 2)* | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| GPTC LLC *(Note 2)* | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |

| Name of Shareholder | Capacity | Number of Shares held as at 30 June 2021 | Percentage of issued share capital as at 30 June 2021 |
|---|---|---|---|
| Zonoville Investments Limited ("Zonoville") *(Note 2)* | Beneficial owner | 1,625,652,591 (L) *(Note 2)* | 10.70% |
| | Other | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) | 6.70% |
| TCO Holdings Inc. ("TCO") *(Note 2)* | Interest of controlled corporation | 4,967,738,987 (L) | 32.70% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| SUAL Partners *(Note 2)* | Beneficial owner | 3,342,086,396 (L) | 22.00% |
| | | 1,017,931,998 (S) *(Note 2)* | 6.70% |
| | Other | 1,625,652,591 (L) *(Note 2)* | 10.70% |
| | Total | 4,967,738,987 (L) *(Note 2)* | 32.70% |
| Victor Vekselberg ("Mr. Vekselberg") *(Note 3)* | Beneficiary of a trust *(Note 3)* | 5,044,554,678 (L) *(Note 3)* | 33.20% |

(L) Long position
(S) Short position
Notes – see note on page 89.

Other than the interests disclosed above and the notes set out below, so far as the Directors are aware, as at 30 June 2021, the Company has not been notified of any other notifiable interests or short positions in Shares or underlying Shares. The Company has no information on the interests in Shares in excess of five percent of the issued Shares, other than those disclosed above.

(Note 1) Based on the disclosure of interests forms filed on the Hong Kong Stock Exchange, Mr. Oleg Deripaska was the founder and a beneficiary of a private discretionary trust which held 86.33% of the share capital of Fidelitas International Investments Corp. (formerly Fidelitas Investments Ltd.), which in turn held 99.99% of the share capital of B-Finance, which in turn held 44.95% of the share capital of En+. Each of B-Finance, Fidelitas International Investments Corp., and Mr. Oleg Deripaska was deemed to be interested in the Shares and underlying Shares held by En+ by virtue of the SFO.

(Note 2) According to the disclosure of interests forms filed on the Hong Kong Stock Exchange as required by the SFO, as of 18 January 2021, SUAL Partners was interested in 4,967,738,987 Shares, representing 32.70% of the issued share capital of the Company. SUAL Partners in the capacity as a beneficial owner has a long position of 3,342,086,396 Shares and as a person making a loan providing security to buy shares described in s317(1)(b) of the SFO has a long position of 1,625,652,591 Shares. SUAL Partners in the capacity as a beneficial owner also has a short position of 1,017,931,998 Shares, representing 6.70% of the issued share capital of the Company.

Based on the disclosure of interests forms filed on the Hong Kong Stock Exchange, SUAL Partners was owned as to 36.39% by Renova Metals & Mining Ltd ("Renova Metals"), which in turn was wholly-owned by Renova Holding Ltd. ("Renova Holding"). Renova Holding was controlled by TZ Columbus Services Limited ("TZC") as to 100% and TZC was in turn wholly-owned by TCO.

Based on the disclosure of interests forms filed on the Hong Kong Stock Exchange, Zonoville was owned as to 40.32% by Access Aluminum, which in turn was owned as to 98.48% by Access Holdings. Access Holdings was wholly-owned by Access BVI. According to the disclosure of interests form filed by Access Industries LLC on 23 January 2021, Access BVI was owned as to 67.16% by Access Industries, which in turn was controlled as to 69.70% by GPTC LLC.

Each of Renova Metals, Renova Holding, TZC, TCO, Access Aluminum, Access Holdings, Access BVI, Access Industries and GPTC LLC were deemed to be interested in the Shares held by SUAL Partners and/or Zonoville by virtue of the SFO.

The Company was informed that as of 19 July 2021, SUAL Partners holds 21.6136% (long position) of the issued share capital of the Company, while Zonoville holds a 4% interest in the Company.

(Note 3) The Company has been informed by a representative of SUAL Partners that, according to SUAL Partners' knowledge, Mr. Vekselberg is a beneficiary under certain irrevocable and fully discretionary trust arrangement pursuant to which the trustee under such trust arrangement owned and controlled an indirect interest in approximately 36.39% of the issued shares in SUAL Partners and, Mr. Vekselberg neither owned nor controlled (whether directly or indirectly) any interest in any Shares as at 31 December 2020 and therefore, based on that information, it might be assumed Mr. Vekselberg is not presently required to make any disclosure of interests filings under the SFO.

**Agreements subject to change of control provisions**

The following agreements with the Company contain change of control provisions allowing the other parties under such agreements to cancel their commitments in full and declare (or which action would result in) all outstanding loans immediately due and payable in the relevant event:

(a) The PXF Facility 2019 – as at 30 June 2021, the outstanding nominal value of debt was USD1,085 million and the final maturity date of the debt was 7 November 2024.

(b) A term facility agreement dated 29 January 2018 between the Company as borrower and Nordea Bank Abp as lender with a limit up to USD200 million. The facility was fully repaid on 29 January 2021.

(c) Standard loan agreement dated 28 April 2020 entered into between the Company as guarantor, UC RUSAL Anode Plant LLC as borrower and UniCredit Bank AG as lender – as at 30 June 2021, the outstanding nominal value of debt was equal to EUR7.9 million and the final maturity of the debt is 1 December 2029.

(d) Up to USD200,000,000 aluminium pre-export finance term facility agreement dated 28 January 2021, between the Company as borrower and SOCIÉTÉ GÉNÉRALE as facility agent and security agent – the current outstanding nominal value of debt as at 30 June 2021 is USD200 million and the final maturity of the debt is 29 January 2024.

**Corporate Governance Practices**

The Company adopts internationally recognized standards of corporate governance. The Company and its Board of Directors believe that high quality corporate governance leads to successful business development and increases the investment potential of the Company, providing more security for Shareholders, partners and customers as well as reinforcing the Company's internal control systems.

The Company developed and adhered its corporate governance standards, based on the principles of transparent and responsible business operations. The Company adopted a corporate code of ethics that sets out the Company's values and principles for many of its areas of operations.

The Company and its Board of Directors believe that the Company has complied with the code provisions of the HKSE CG Code throughout the Review Period, other than as described below.

The Company and the Board of Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders. The Company aims to comply with the applicable Russian Laws, MoEx Listing Rules, as well as the recommendations of the corporate governance code approved by the board of directors of the Bank of Russian on 21 March 2014. In its corporate governance practices, in addition to HKSE CG Code and the HKSE Listing Rules, the Company is also guided by the MoEx Listing Rules.

*Board meetings at which Directors have material interests*

In relation to compliance with Code Provision A.1.7 of the HKSE CG Code, the Board endeavoured throughout the Review Period to ensure that it did not deal with business by the way of written resolution where a Substantial Shareholder of the Company or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material. As a result, there was only 1 occurrence (out of the 12 written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of two Directors were stated to have been disclosed. In that instance, the material interests of the Directors were a potential conflict of interest by virtue of the fact that the Directors also held positions in one of the parties to the subject transaction.

On that occurrence, the written resolutions were passed by the requisite majority excluding the materially interested Directors.

Of the 4 Board meetings held in person during the Review Period, there were 3 occasions where non-executive Directors might have a material interest in the transaction. On such occurrences, those non-executive Directors abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding those non-executive Directors who might have a material interest. Of the 3 Board meetings held in person in the Review Period where one or more Directors had disclosed a material interest, all the independent non-executive Directors were present at all 3 of the Board meetings held.

*Attendance of Directors at the General Shareholders Meetings*

Article A.6.7 of the HKSE CG Code provides that independent non-executive directors and other non-executive directors should attend General Shareholders Meetings. Certain non-executive Directors and independent non-executive Directors were unable to attend the Annual General Meeting 2021 due to conflicting business schedules. An Extraordinary General Shareholders Meeting of the Company was held on 7 April 2021 (the "Extraordinary General Meeting"). Certain executive directors, non-executive directors and independent non-executive directors were unable to attend the Extraordinary General Meeting due to conflicting business schedules.

**Directors' securities transactions**

The Company has adopted a Code for Securities Transactions in respect of the Directors of the Company. The Code for Securities Transactions was based on the Model Code as set out in Appendix 10 to the HKSE Listing Rules but it was made more exacting than the required standard set out in Appendix 10. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard set out in the Model Code and the Code for Securities Transactions throughout the Review Period.

The Company has not been notified of any transaction by the Directors in respect of the Company's Shares throughout the Review Period.

The Directors do not directly or indirectly own the Company's Shares.

*Related party transactions*

For further information on Related party transactions, please refer to Note 17 "Related party transactions" of the consolidated interim condensed financial information.

## STATEMENT OF RESPONSIBILITY

**I, Evgenii Nikitin,** declare, to the best of my knowledge, that the consolidated interim condensed financial information contained in this Interim Report has been prepared in accordance with applicable accounting principles and gives a true and fair view of the assets, financial condition and results of operations of RUSAL and the other entities included in the consolidation perimeter, and that the "Management Discussion and Analysis" and "Information Provided in Accordance with the HKSE Listing Rules" sections of this Interim Report include a fair review of the material events that occurred in the first six months of this financial year, their impact on the consolidated interim condensed financial information, and the principal related party transactions, as well as a description of the principal risks and uncertainties for the remaining six months of this year.

**Evgenii Nikitin**
*General Director*
13 August 2021

## FORWARD-LOOKING STATEMENTS

This Interim Report contains statements about future events, projections, forecasts, and expectations that are forward-looking statements. Any statement in this Interim Report that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties, and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include those discussed or identified herein and in the Annual Report. In addition, past performance of RUSAL cannot be relied on as a guide to future performance. RUSAL makes no representation on the accuracy and completeness of any of the forward-looking statements, and, except as may be required by applicable law, assumes no obligations to supplement, amend, update, or revise any such statements or any opinion expressed to reflect actual results, changes in assumptions or in RUSAL's expectations, or changes in factors affecting these statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

"**Adjusted EBITDA**" for any period means the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant, and equipment.

"**Adjusted Net Profit**" for any period is defined as the net profit adjusted for the net effect from share in the results of Norilsk Nickel, the net effect of embedded derivative financial instruments and net effect of non-current assets impairment.

"**Alumina price per tonne**" represents the average alumina price per tonne which is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

"**Aluminium price per tonne quoted on the LME**" or "**LME aluminium price**" represents the average daily closing official LME spot prices for each period.

"**Aluminium Rheinfelden**" means Aluminium Rheinfelden Alloys GmbH which became an indirect wholly-owned subsidiary of the Company on 29 January 2021.

"**Aluminium segment cost per tonne**" means aluminium segment revenue, less aluminium segment results, less amortisation and depreciation, divided by sales volume of aluminium segment.

"**Annual Report**" means the report dated 9 April 2021 for the year ended 31 December 2020 published by the Company.

"**Annual General Meeting 2021**" means annual general shareholders meeting that the Company held on 24 June 2021.

"**Armenal**" means Closed Joint Stock Company "RUSAL ARMENAL", an indirect wholly-owned subsidiary of the Company.

"**Audit Committee**" means the audit committee of the Board.

"**BEMO**" means the companies comprising the Boguchanskoye Energy and Metals Complex.

"**BEMO HPP**" means the Boguchanskaya hydro power plant.

“**Board**” means the board of Directors of the Company.

“**Chairman**” or “**Chairman of the Board**” means the chairman of the Board.

“**Charter**” means the corporate charter of the Company.

“**Chief Financial Officer**” means the chief financial officer of the Company.

“**CIS**” means Commonwealth of Independent States.

**“Code for Securities Transactions”** means the Code for Securities Transactions by Directors of the Company adopted by the Board on 9 April 2010 and based on Appendix 10 to the HKSE Listing Rules.

“**Company**” or “**RUSAL**” or “**UC RUSAL, IPJSC**” means United Company RUSAL, international public joint-stock company, 俄鋁, a company incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company. The full Company name in Russian is Международная компания публичное акционерное общество “Объединённая Компания “РУСАЛ””, and the abbreviated company name in Russian is МКПАО “ОК РУСАЛ”.

“**Corporate Governance and Nomination Committee**” means the corporate governance and nomination committee established by the Board.

“**Director(s)**” means the director(s) of the Company.

“**En+**” means EN+ GROUP International public joint-stock company, a company registered in accordance with the procedure established by the laws of the Russian Federation, in accordance with the Federal Law of the Russian Federation “On International Companies”, and which is a Shareholder of the Company.

"**General Director**" means the General Director of the Company.

"**Group**" or "**RUSAL Group**" means the Company and its subsidiaries from time to time, including a number of production, trading and other entities controlled by the Company directly or through its wholly-owned subsidiaries.

"**HKSE CG Code**" means the corporate governance code setting out, among others, the principles of good corporate governance practices as set out in Appendix 14 to the HKSE Listing Rules (as amended from time to time).

"**HKSE Listing Rules**" means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC.

"**Hong Kong Stock Exchange**" or "**HKSE**" means The Stock Exchange of Hong Kong Limited.

"**Interim Report**" means this interim report dated 13 August 2021.

"**JSC "RUSAL SAYANAL"**" or "**SAYANAL**" or "**Sayanal**" means Joint-Stock Company RUSAL SAYANAL, a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"**Khakas Aluminium Smelter**" or "**KhAZ**" means Closed Joint Stock Company "Khakas Aluminium Smelter, being merged with Sayanogorsk Aluminum Smelter since 30 July 2015.

"**LIBOR**" means in relation to any loan:

(a) the applicable screen rate (being the British Bankers' Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen); or

(b) (if no screen rate is available for dollars for the interest period of a particular loan), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the agent at its request quoted by the reference banks to leading banks in the London interbank market, as of the specified time (11:00 a.m. in most cases) on the quotation day (generally two business days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the quotation day will be determined by the agent in accordance with market practice in the Relevant Interbank Market) for the offering of deposits in dollars and for a period comparable to the interest period for that loan.

"**Listing**" means the listing of the Shares on the Hong Kong Stock Exchange.

"**LLC RUSAL Medical Center**" means RUSAL Medical Center Limited an indirect wholly-owned subsidiary of the Company.

"**LLP Bogatyr Komir**" or "**Bogatyr Coal**" **Limited Liability Partnership** means the joint venture between the Company and Samruk-Energo producing coal described at page 28 of the Annual Report.

"**LME**" means the London Metal Exchange.

"**Model Code**" means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the HKSE Listing Rules.

"**Moscow Exchange**" or "**MOEX**" means Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (short name "Moscow Exchange").

"**MoEx Listing Rules**" means the Rules Governing the Listing of Securities on the Moscow Exchange (as amended from time to time).

"**Net Debt**" is calculated as Total Debt less cash and cash equivalents as at the end of the period.

"**Norilsk Nickel**" means PJSC "MMC 'NORILSK NICKEL'", a company incorporated under the laws of the Russian Federation.

"**OFAC**" means the Office of Foreign Assets Control of the Department of the U.S. Treasury.

"**OFAC Sanctions**" means the designation by OFAC of certain persons and certain companies into the SDN List.

"**PRC**" means The People's Republic of China.

"**PXF Facility 2019**" means up to USD1,085,000,000 Aluminium Pre-Export Finance Term Facility Agreement dated 25 October 2019, among inter alias, RUSAL as Borrower and ING Bank N.V. as Facility Agent and Security Agent and Natixis as Offtake Agent.

"**Recurring Net Profit**" for any period means Adjusted Net Profit plus the Company's effective share of Norilsk Nickel's profits, net of tax.

"**Related party**" of an entity means a party who is:

(a) directly, or indirectly through one or more intermediates, a party which:

  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

  (ii) has an interest in the entity that gives it significant influence over the entity; or

  (iii) has joint control over the entity;

(b) an associate of the entity;

(c) a joint venture in which the entity is a venturer;

(d) a member of the key management personnel of the entity or its parent;

(e) a close member of the family of any individual referred to in (a) or (b) above;

(f) an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above;

(g) a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

"**Related party transaction**" means a transfer of resources, services or obligations between Related parties, regardless of whether the price is charged.

"**Review Period**" means the period commencing from 1 January 2021 and ending on 30 June 2021.

"**RUB**" or "**Ruble**" means Rubles, the lawful currency of the Russian Federation.

"**"RUSAL Taishet" LLC**" or "**TaAZ**" or "**Taishet aluminium smelter**" means Limited Liability Company "RUSAL Taishet Aluminium Smelter", a company incorporated in Russia, which is an indirect wholly-owned subsidiary of the Company.

"**Samruk-Energo**" means Samruk-Energo, a company incorporated in Kazakhstan, which is an independent third party.

"**Sayana Foil**" means Limited Liability Company "RUSAL-Sayana Foil", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"**Sayanogorsk Aluminum Smelter**" means Joint Stock Company "RUSAL Sayanogorsk", a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

"**Sberbank**" means Sberbank of Russia.

"**SDN List**" means the Specially Designated Nationals List published by OFAC. U.S. persons are generally prohibited from dealing with assets of persons designated in the SDN List which are subject to the U.S. jurisdiction, subject to certain exemptions and exclusions set out in licenses issued by OFAC.

"**SFO**" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time).

"**Share(s)**" means ordinary share(s) with nominal value of RUB 0.656517 each in the share capital of the Company.

"**Shareholder(s)**" means holder(s) of Shares.

"**SUAL Partners**" means SUAL Partners Limited, a company incorporated under the laws of the Bahamas, which is a Substantial shareholder of the Company.

"**Substantial Shareholder(s)**" has the meaning ascribed to such expression under the HKSE Listing Rules.

"**Total Debt**" means the Company's loans and borrowing at the end of the period.

"**Ural Foil**" means Joint Stock Company "Ural Foil", an indirect wholly-owned subsidiary of the Company.

"**US**" means the United States of America.

"**USD**", "**US$**" or "**US dollar**" means United States dollars, the lawful currency of the US.

"**VAT**" means value added tax.

"**Working Capital**" means trade and other receivables and inventories less trade and other payables.

**"%"** means per cent.

* * * *

Certain amounts and percentage figures included in this Interim Report have been subject to rounding adjustments or have been rounded to one decimal place. Accordingly, figures shown as totals in certain tables in this Interim Report may not be an arithmetic aggregation of the figures that preceded them.

## UNITED COMPANY RUSAL, INTERNATIONAL PUBLIC JOINT STOCK COMPANY

俄鋁 (Incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company) (stock code: 486)

## BOARD OF DIRECTORS

**Executive Directors**

Mr. Evgeny Kuryanov
Mr. Evgenii Nikitin (*General Director*)
Mr. Evgenii Vavilov

**Non-executive Directors**

Mr. Vladimir Kolmogorov
Mr. Marco Musetti
Mr. Vyacheslav Solomin

**Independent non-executive Directors**

Mr. Christopher Burnham
Mr. Nicholas Jordan
Mr. Kevin Parker
Mr. Randolph N. Reynolds
Dr. Evgeny Shvarts
Ms. Anna Vasilenko
Mr. Dmitry Vasiliev
Mr. Bernard Zonneveld (*Chairman)*

## REGISTERED OFFICE IN RUSSIA

Office 410, 8, Oktyabrskaya street,
Kaliningrad region,
Kaliningrad 236006,
Russian Federation

## PLACE OF BUSINESS IN HONG KONG

3806 Central Plaza
18 Harbour Road
Wanchai Hong Kong

## HONG KONG COMPANY SECRETARY

Ms. Aby Wong Po Ying
3806 Central Plaza
18 Harbour Road
Wanchai Hong Kong

## AUDITOR

Ernst & Young LLC
Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance
Sadovnicheskaya Nab., 77, bld. 1, Moscow, 115035,
Russian Federation

## AUTHORISED REPRESENTATIVES

Mr. Evgenii Nikitin
Ms. Aby Wong Po Ying
Mr. Eugene Choi

## PRINCIPAL SHARE REGISTRAR

Joint Stock Company "Interregional Registration Center"
Podsosensky pereulok, 26, str.2, Moscow, 105062, Russian Federation

## HONG KONG BRANCH SHARE REGISTRAR

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F.
Central Tower 28 Queen's Road Central
Hong Kong

## AUDIT COMMITTEE MEMBERS

Mr. Kevin Parker *(chairman)*
Ms. Anna Vasilenko
Mr. Dmitry Vasiliev
Mr. Bernard Zonneveld

## CORPORATE GOVERNANCE AND NOMINATION COMMITTEE MEMBERS

Mr. Dmitry Vasiliev *(chairman)*
Mr. Christopher Burnham
Mr. Randolph N. Reynolds
Mr. Bernard Zonneveld

## REMUNERATION COMMITTEE MEMBERS

Mr. Nicholas Jordan *(chairman)*
Mr. Randolph N. Reynolds
Ms. Anna Vasilenko
Mr. Dmitry Vasiliev

## PRINCIPAL BANKERS

Sberbank
ING N.V.

## INVESTOR RELATIONS CONTACT

**Moscow**
Oleg Mukhamedshin
1 Vasilisy Kozhinoy str.
Moscow 121096
Russian Federation
InvestorRelations@rusal.com

**Hong Kong**
Karen Li Wai-Yin
Suite 3301, 33rd Floor,
Jardine House
1 Connaught Place
Central
Hong Kong
Karen.Li@rusal.com

## COMPANY WEBSITE

www. rusal.com