



Interim Report 2023

CONTENTS

Financial and Operating Highlights.....	3
Chairman’s Letter.....	4
General Director’s Letter.....	6
Management Discussion and Analysis.....	8
Independent Auditors’ Report.....	38
Consolidated Interim Condensed Financial Statement.....	41
Information Provided in Accordance with the HKSE Listing Rules.....	87
Statement of Responsibility.....	94
Forward-looking Statements.....	95
Glossary.....	96
Corporate Information.....	104

FINANCIAL AND OPERATING HIGHLIGHTS

<i>USD million (unless otherwise specified)</i>	For the six months ended 30 June	
	2023	2022
Revenue	5,945	7,153
Adjusted EBITDA	290	1,807
Adjusted EBITDA Margin	4.9%	25.3%
Share of Profits of Associates and Joint Ventures	303	1,366
Profit before taxation	269	2,364
Net Profit	420	1,680
Net Profit Margin	7.1%	23.5%
Adjusted Net Profit	315	689
Adjusted Net Profit margin	5.3%	9.6%
Recurring Net Profit	527	2,006
Recurring Net Profit Margin	8.9%	28.0%
Earnings per Share (USD)	0.0276	0.1106
	As at 30 June 2023	As at 31 December 2022
Total Assets	21,425	24,631
Total Equity	11,277	12,307
Net Debt	6,289	6,261

CHAIRMAN'S LETTER

Dear Shareholders,

I am delighted to present to you the 2023 Interim Report of RUSAL.

As we continue to navigate through times of unparalleled uncertainty, RUSAL, as a corporation, is persistently encountering an increasing number of challenges, not only to our growth but also to retaining our market standing.

The first half of 2023 has brought new pitfalls. The United States imposed 200% tariffs on aluminium and aluminium goods imported from the Russian Federation, the High Anti-Corruption Court of Ukraine ruled to seize the Nikolaev Alumina Refinery from our Company, and, finally yet importantly, we still stand to the looming threat of EU sanctions. Nonetheless, thanks to effective leadership and the team's professionalism, RUSAL is successfully tackling all obstacles, maintaining profitability on par with global industry leaders and preserving the trust of the financial sector.

Today, we are focusing on ensuring our raw material security and business resilience. From the inception of our Company, we have aspired for self-sufficiency in raw materials. However, recent developments have largely undermined our efforts, compelling us to explore new alternatives. We maintain our future-oriented approach and place special emphasis on strategic planning, which is complicated by the unpredictability of the external environment.

In May 2023, we ratified a sustainable business development strategy for the period until 2035. This important document sets an ambitious goal of making sustainable development feasible across the entire aluminium supply chain. RUSAL will strive towards this goal by executing 12 key environmental, social and governance (ESG) transformation projects, which will foster long-term competitive advantages for our Company.

Environmental protection and minimising environmental impact, along with our social policy in our regions of responsibility continue to be the cornerstones of our growth. Holding fast to our principles, we will vigorously advance ESG initiatives, reducing our carbon footprint and implementing responsible business conduct.

CHAIRMAN'S LETTER

Aluminium has already become the second most widely used metal in contemporary society, following steel. According to the International Aluminium Institute (IAI), by 2030, the global demand for aluminium will surge by nearly 40%, reaching 119.5 million metric tonnes. RUSAL plays a crucial role in providing a reliable supply of low-carbon-footprint metal globally. We fully embrace our responsibility as a stabilising supplier in the international aluminium market, with a firm intention to uphold this status.

Regardless of the circumstances, even during the most challenging times, we are strongly committed to securing the welfare of our employees and their families, along with enhancing the quality of life and fostering development in the regions where our Company operates. This commitment has always been guiding our activities in the past, and will continue to do so in the future. It forms the foundation of our new social investment strategy for the period until 2035, which was endorsed by RUSAL's Board of Directors in late June.

I would like to express my gratitude to our team, our partners, investors and all those who stand by RUSAL amidst strong external pressure. Eventually, we will weather this crisis, and we will do it together. The more cohesive our efforts are, the quicker and more efficiently we will navigate through any obstacles that come in our way.

Bernard Zonneveld

Chairman of the Board

11 August 2023

GENERAL DIRECTOR'S LETTER

Dear Shareholders,

I am glad to present to you RUSAL's 2023 Interim Report.

It is important to note that the overall situation remains challenging – both for the global economy and for our business.

This year the issues of dwindling raw material resources, global inflation and the international sanctions standoff persist. All of these negatively affects production costs. At the same time, slowing growth in several economic sectors affects the overall dynamics of metal consumption.

Despite all these challenges, in 2023 we continued to consistently implement our strategy, quickly responding to new challenges and successfully adapting our business processes.

Our investment strategy currently aims at completing the construction of the Taishet Aluminium Smelter and anode factory, as well as the ecological modernization of Siberian aluminium plants. A significant role in the implementation of our strategic plans to ensure raw material security is given to the development of a new alumina refinery project in the Leningrad region, which could become one of the largest investment projects in Russia.

We continue to search for opportunities to develop well-known and relatively new markets, while adhering to the fundamental principles of sustainable development and social responsibility of RUSAL.

In addition to successfully redirecting export commodity flows to countries in Asia, we are strongly committed to the development of the domestic market of Russia and the Commonwealth of Independent States (CIS) countries.

The Russian market demonstrates impressive dynamics in 2023. Our Downstream business, focused on the end consumer, is showing sustainable growth, reflecting the stability of domestic demand and the quality of our products.

GENERAL DIRECTOR'S LETTER

The market positively assesses the financial state of the Company. In May 2023, RUSAL confirmed its A+(RU) credit rating with a stable forecast according to the analytical credit rating agency (ACRA). This high rating is due to sufficient working capital and levels of unused limits on credit lines provided by banks. Thanks to the successful placement Chinese yuan-denominated bonds in the second half of 2022, RUSAL has strong liquidity position, sufficient to cover its planned debt repayments.

RUSAL actively continues its research and development projects to reduce costs, increase business efficiency and achieve environmental and climate goals. This year, we launched the production of casting alloys using aluminium scrap for the automotive industry, which allowed RUSAL to reduce the carbon footprint of new products by almost 20%. We released in the market two product lines of original aluminium pigment pastes (previously not produced in Russia), and developed a high-strength thin foil for battery cells with a thickness of 8 microns.

At the beginning of 2023, an independent international auditor verified the carbon footprint of aluminium produced at the Krasnoyarsk aluminium smelter using inert anode technology under the Allow Inerta brand. Verification of CO₂ and other greenhouse gas emissions confirmed its low, close to zero level, and once again proved RUSAL's commitment to the priorities of global sustainable development and a low-carbon economy.

So, despite all the challenges of 2023, our Company continues to consistently implement our strategy, developing all key areas and demonstrating high adaptability of its business model and management efficiency amidst the heightened uncertainty.

Evgenii Nikitin
General Director
11 August 2023

Overview of Trends in the Aluminium Industry and Business Environment

Market overview¹

- Base metals prices extended downward trend in the first half of 2023. In January 2023, the prices mostly rose on optimism over increased demand from China's post COVID-19 reopening, falling U.S. inflation, which raised expectations of smaller interest rate further hikes by the Federal Reserve System (FED), and a weaker dollar. Afterwards, the prices trended mostly lower as falling global manufacturing activity, China's fading economic recovery and worries of recession in the US and Eurozone weighed heavily on demand outlook. The strongest and most synchronized monetary policy tightening in years by central banks also pressured investors' sentiment, while falling commodity prices led to decrease of smelting costs and thus deprived price support.
- In the first half of 2023, the LME aluminium price dropped by USD264 per tonne to USD2,096.5 per tonne, its lowest point since September 2022, after reaching USD2,636 per tonne in mid-January 2023.
- In the first half of 2023, global primary aluminium demand declined by 1.5% year-on-year to 33.7 million tonnes. In the rest of the world (RoW), the world excluding China, demand declined by 5.5% to 13.7 million tonnes, while demand in China grew by 1.5% to 20.0 million tonnes. Demand in China boosted after softening its Zero Covid policy in December 2022, but at the same time demand in the RoW was falling consecutively for 12 months, being impacted by high inflation, energy prices and bottlenecks in the supply chains.
- The worldwide supply of primary aluminium slightly increased by 2.4% year-on-year in the first half of 2023 to 34.4 million tonnes. The RoW production decreased by 2.1% comparing to first half of 2022 and comprised 14.3 million tonnes. After losses of 1 million tonnes of operating primary aluminium capacity in Europe in 2021-2022 due to high gas prices, other parts of RoW have not yet been able to close the gap with restarting and releasing newly built capacity. Price environment does not support any restarts and continue to challenge the smelters' profitability.

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

MANAGEMENT DISCUSSION AND ANALYSIS

- Aluminium production in China grew by approximately 0.5 million tonnes in the first half of 2023 (+2.5%). China has added approximately 1.1 million tonnes of a new capacity and this offsets the negative effect from capacity cut in Yuanan amid power shortage. Going forward, China's operating aluminium capacity is likely to increase further, with smelters in Yunnan resuming production once the dry season is over and power supply restrictions are eased.
- As a result of the above, the global aluminium market recorded 0.7 million tonnes of surplus during the first half of 2023 with 0.6 million tonnes of surplus in the RoW and 0.1 million tonnes surplus in China (which means that Chinese market is almost balanced). The largest global surplus was recorded in the first quarter of 2023, while in the second quarter of 2023 it has turned into a deficit.
- Chinese export of downstream aluminium products, has amounted 2.62 million tonnes during the first half of 2023 and has reduced by 18.5% year-on-year. The largest decline in export orders was attributable to Flat Rolled Products (FRP) (which recorded a 23.1% or 619 thousand tonnes year-on-year decline) due to recession in the construction segment and weak demand in the packaging segment in the RoW. The deterioration of demand in the RoW is limiting the potential of unwrought aluminium demand growth in China, driven by export orders.
- During the first half of 2023, aluminium inventories at LME were trending up and reached 542 thousand tonnes. Metal held outside of LME warehouses (off-warrant reported stocks) recorded 207 thousand tonnes by the end of May 2023, being a reduction from 386 thousand tonnes in January 2023.
- The regional aluminium premiums have started rebounding in February 2023 amid an expectation of demand recovery. However, high stock of semis and final goods in the supply chain, the deterioration of demand and recession fears in the EU and the US among easing supply chain constrains and logistics costs, have turned the premiums to downward correction in June 2023. By end of June 2023 European Duty Unpaid premium has reduced to USD230 per tonne, European Duty Paid has fell to USD305 per tonne, US MidWest premium has declined to 24.05 US cents per lb. Taking into account costs of metal replacement and demand weakness it is likely that premiums might not have reached the bottom yet.

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 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and operating performance

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

	Six months ended 30 June	
	2023	2022
Key operating data²		
<i>(thousand tonnes)</i>		
Primary aluminium	1,913	1,891
Alumina	2,518	3,300
Bauxite (wet)	6,754	6,740
Sales of primary aluminium and alloys	1,935	1,763
 <i>(USD per tonne)</i>		
Aluminium segment cost per tonne ³	2,297	2,028
Aluminium price per tonne quoted on the LME ⁴	2,331	3,075
Average premiums over LME price ⁵	200	342
Alumina price per tonne ⁶	352	396

² Figures based on total respective attributable output.

³ 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).

⁴ Aluminium price per tonne quoted on the LME represents the average of the daily closing official LME prices for each period.

⁵ Average premiums over LME realized by the Company based on management accounts.

⁶ The 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Key selected data from the consolidated interim condensed statement of income

<i>(USD million)</i>	Six months ended 30 June	
	2023	2022
Revenue	5,945	7,153
Cost of sales	(5,217)	(4,762)
Gross profit	728	2,391
Adjusted EBITDA	290	1,807
<i>Margin (% of revenue)</i>	4.9%	25.3%
Profit for the period	420	1,680
<i>Margin (% of revenue)</i>	7.1%	23.5%
Adjusted Net Profit for the period	315	689
<i>Margin (% of revenue)</i>	5.3%	9.6%
Recurring Net Profit	527	2,006
<i>Margin (% of revenue)</i>	8.9%	28.0%

Aluminium production

RUSAL produced 1.913 million tonnes of aluminium in the six months ended 30 June 2023, compared to 1.891 million tonnes for the same period of 2022. The increase in production is mainly caused by the increase in production at the Taishet aluminium smelter, which was commissioned in December 2021.

The value-added production volumes for the six months ended 30 June 2023 decreased to 796 thousand tonnes from 883 thousand tonnes for the same period of 2022 due to deterioration of market conditions and decrease in buying interest.

MANAGEMENT DISCUSSION AND ANALYSIS

Alumina production

In the first half of 2023, alumina production decreased by 23.7% compared to the same period of the previous year, with the volumes of production reduced to 2.518 million tonnes compared to 3.300 million tonnes produced in the first half of 2022. Production decreased primarily as a result of:

- the termination of production at the Nikolaev Alumina Refinery in Ukraine;
- the introduction of sanctions by the Australian government, resulting in the inability to supply alumina from QAL to the Company's facilities.

The needs of aluminium production in alumina are fully provided with alternative supplies.

Bauxite and nepheline production

Bauxite production increased by 0.2% in the first half of 2023 compared to the same period of the previous year (with the amount of bauxite produced by RUSAL increased to 6.754 million tonnes compared to 6.740 million tonnes produced in the first half of 2022).

Nepheline production increased by 5.9% in the first half of 2023 compared to the same period previous year (with the amount of nepheline produced by RUSAL increased to 2.285 million tonnes compared to 2.158 million tonnes produced in the first half of 2022). The increase in nepheline production was caused by higher demand for nepheline from Achinsk Alumina Refinery.

MANAGEMENT DISCUSSION AND ANALYSIS

Foil and packaging productions

Aluminium foil and packaging material production by the Group's plants totaled 54.1 thousand tonnes for the six months ended 30 June 2023. This represented a decrease of 1.1% from 54.7 thousand tonnes produced for the six months ended 30 June 2022.

Foil mills	Six months ended 30 June		Change, % (year-on- year)
<i>(thousand tonnes)</i>	2023	2022	
Russia			
Sayanal	20.4	19.9	2.5%
Ural foil	13.8	14.9	(7.4%)
Sayana foil	6.2	3.8	63.2%
Armenia			
Armenal	13.7	16.1	(14.7%)
Total production	54.1	54.7	(1.1%)

Other business

RUSAL's output from its non-core business recorded the following results for the six months ended 30 June 2023 compared to the respective period of the previous year.

	Six months ended 30 June		Change, % (year-on- year)
<i>(thousand tonnes)</i>	2023	2022	
Secondary alloys	3.5	7.7	(54.5%)
Silicon	24.3	23.5	3.4%
Powder	14.2	15.8	(10.1%)
Wheels <i>(thousand units)</i>	1,094	1,180	(7.3%)

MANAGEMENT DISCUSSION AND ANALYSIS

Production of secondary alloys

The decrease in the volume of secondary alloys production in the first half of 2023 by 54.5% comparing to the first half of 2022 is caused by some changes in the process of scrap processing implemented by the Group.

Production of aluminium powders

The volume of powder production in the first half of 2023 decreased by 10.1% compared to the first half of 2022 due to a decrease in demand in mass market segments, while an increase in the share of sales of high-margin products allowed for more than 50% increase in the financial efficiency of the business.

Production of aluminium wheels

The decrease in the volume of production of aluminium wheels in the first half of 2023 by 7.3% compared to the first half of 2022 is caused by a drop in supplies to the domestic market as a result of the suspension of production at automobile plants in the Russian Federation.

Coal production results

Coal production, which is represented by the Group's 50% share in LLP Bogatyr Komir, decreased by 2.3% to 10.668 million tonnes in the first half of 2023 compared to 10.916 million tonnes in the first half of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue	Six months ended 30 June 2023			Six months ended 30 June 2022		
	USD million	thousand tonnes	Average sales price (USD per tonne)	USD million	thousand tonnes	Average sales price (USD per tonne)
Sales of primary aluminium and alloys	4,839	1,935	2,501	5,932	1,763	3,365
Sales of alumina	181	393	461	299	624	479
Sales of foil and other aluminium products	279			286		
Other revenue ⁷	646			636		
Total revenue	5,945			7,153		

Total revenue decreased by USD1,208 million, or 16.9% to USD5,945 million in the first six months of 2023 from USD7,153 million in the corresponding period of 2022.

Revenue from sales of primary aluminium and alloys for the first six months of 2023 decreased by USD1,093 million, or by 18.4%, to USD4,839 million, as compared to USD5,932 million for the first half of 2022, primarily due to 25.7% decrease in the weighted-average realized aluminium price per tonne (to an average of USD2,501 per tonne in the first six months of 2023 from USD3,365 per tonne in the first six months of 2022) driven by a decrease in the LME aluminium price (to an average of USD2,331 per tonne in the first six months of 2023 from USD3,075 per tonne in the first six months of 2022), which was partially offset by a 9.8% increase in primary aluminium and alloys sales volume.

Revenue from sales of alumina decreased by 39.5% to USD181 million in the first six months of 2023 from USD299 million in the corresponding period of 2022 primarily due to a significant decrease in sales volumes by 37.0% and a slight decrease in the average sales price by 3.8%.

⁷ Including energy and bauxite.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from sales of foil and other aluminium product, as well as revenue from other sales, including sales of other products, bauxite and energy services, remained at the same level in the compared periods.

The table below shows the breakdown of the Group's revenues by geographic segment for the six months ended 30 June 2023 and 2022, showing the percentage of revenue attributable to each region:

	Six months ended 30 June			
	2023		2022	
	USD million	% of revenue	USD million	% of revenue
Europe	1,870	31%	2,866	40%
CIS	1,968	33%	2,103	29%
America	95	2%	501	7%
Asia	1,978	33%	1,616	23%
Other	34	1%	67	1%
Total	5,945	100%	7,153	100%

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

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The following table demonstrates the breakdown of RUSAL's cost of sales for the six months ended 30 June 2023 and 2022:

<i>(USD million)</i>	Six months ended 30 June 2023	Six months ended 30 June 2022	Change, % (year-on- year)	Share of costs, % (Six months ended 30 June 2023)
Cost of alumina	1,045	675	54.8%	20.0%
Cost of bauxite	123	186	(33.9%)	2.4%
Cost of other raw materials and other costs	1,733	2,040	(15.1%)	33.2%
Purchases of primary aluminium from joint ventures	277	519	(46.6%)	5.3%
Energy costs	1,298	1,183	9.7%	24.9%
Depreciation and amortization	237	234	1.3%	4.6%
Personnel expenses	329	362	(9.1%)	6.3%
Repairs and maintenance	225	227	(0.9%)	4.3%
Net change in provisions for inventories	(9)	155	NA	(0.2%)
Change in finished goods	(41)	(819)	(95.0%)	(0.8%)
Total cost of sales	5,217	4,762	9.6%	100.0%

Total cost of sales increased by USD455 million, or 9.6%, to USD5,217 million for the first six months of 2023, as compared to USD4,762 million for the corresponding period of 2022.

The dynamic was predominantly driven by the increase in alumina purchase volume between the periods as well as increase in average electricity and transportation tariffs.

The finished goods mainly consist of primary aluminium and alloys (approximately 96%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 4.1% increase for the first six months of 2023 and 33.2% increase for the corresponding period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

As a result of the foregoing factors, RUSAL reported a gross profit of USD728 million for the six months ended 30 June 2023 compared to USD2,391 million for the same period of 2022, representing a decrease in gross profit margin to 12.2% from 33.4% between the periods.

Results from operations and Adjusted EBITDA

<i>(USD million)</i>	Six months ended 30 June		Change, % (year-on- year)
	2023	2022	
Reconciliation of Adjusted EBITDA			
Results from operating activities	(33)	1,532	NA
Add:			
Amortization and depreciation	251	247	1.6%
Impairment of non-current assets	67	23	191.3%
Loss on disposal of property, plant and equipment	5	5	0.0%
Adjusted EBITDA	290	1,807	(84.0%)

Adjusted EBITDA, defined as results from operating activities adjusted for amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment, decreased to USD290 million during the first six months of 2023, as compared to USD1,807 million for the corresponding period of 2022. The factors that contributed to the decrease in Adjusted EBITDA were the same that influenced the operating results of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance income and expenses

<i>(USD million)</i>	Six months ended 30 June		Change, % (year-on- year)
	2023	2022	
Finance income			
Interest income on third party loans and deposits	30	42	(28.6%)
Dividends from other investments	25	–	100.0%
Net foreign exchange gain	214	–	100.0%
Revaluation of investments measured at fair value through profit or loss, including forex income	–	164	(100.0%)
	269	206	30.6%
Finance expenses			
Interest expense on bank and company loans, bonds and other bank charges, including:	(210)	(170)	23.5%
<i>Interest expense</i>	<i>(182)</i>	<i>(158)</i>	<i>15.2%</i>
<i>Bank charges</i>	<i>(28)</i>	<i>(12)</i>	<i>133.3%</i>
Change in fair value of derivative financial instruments, including:	(40)	(348)	(88.5%)
<i>Change in fair value of embedded derivatives</i>	<i>–</i>	<i>(8)</i>	<i>(100.0%)</i>
<i>Change in other derivatives instruments</i>	<i>(40)</i>	<i>(340)</i>	<i>(88.2%)</i>
Net foreign exchange loss	–	(216)	(100.0%)
Revaluation of investments measured at fair value through profit and loss	(12)	–	100.0%
Interest expense on provisions	(7)	(4)	75.0%
Lease interest cost	(1)	(2)	(50.0%)
	(270)	(740)	(63.5%)

Finance income increased by USD63 million, or 30.6%, to USD269 million for the first six months of 2023 compared to USD206 million for the same period of 2022 primarily due to an increase in the net foreign exchange gain for the first six months of 2023 compared to a decrease in the revaluation of investments measured at fair value through profit and loss for the same period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance expenses decreased by USD470 million, or by 63.5%, to USD270 million for the first six months of 2023 as compared to USD740 million for the corresponding period of 2022, primarily due to a decrease in the net loss from change in fair value of derivative financial instruments as well as a decrease in net foreign exchange loss between the comparable periods.

Share of profits of associates and joint ventures

<i>(USD million)</i>	Six months ended 30 June (year-on-year)		Change, %
	2023	2022	
Share of profits of Norilsk Nickel	212	1,317	(83.9%)
Effective shareholding of	26.39%	26.39%	
Share of profits of associates	212	1,317	(83.9%)
Share of profits of joint ventures	91	49	85.7%

Share of profits of associates was USD212 million in the first six months of 2023 compared to share of profits of associates USD1,317 million in the corresponding period of 2022. Share of profits 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 USD6,836 million as at 30 June 2023, as compared to USD8,775 million as at 31 December 2022.

The share of profits of joint ventures was USD91 million in the first six months of 2023 as compared to USD49 million for the same period of 2022. The Company's joint ventures include investments in BEMO (the companies comprising the Boguchanskoye Energy and Metals Complex), LLP Bogatyr Komir and Mega Business and Alliance (coal and transportation business in Kazakhstan).

Profit before taxation

As a result of the foregoing factors, the Company's profit before taxation was USD269 million for the first six months of 2023 compared to the profit before taxation of USD2,364 million for the same period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax

The Company recognized income tax benefit in amount of USD151 million for the six months ended 30 June 2023 as compared to USD684 million income tax expense for the first half of 2022.

Profit for the period

As a result of the above, profit for the period comprised of USD420 million for the first half of 2023 as compared USD1,680 million for the same period of 2022.

Adjusted and Recurring Net Profit

<i>(USD million)</i>	Six months ended 2023	30 June 2022	Change, % (year-on-year)
Reconciliation of Adjusted Net Profit			
Profit for the period	420	1,680	(75.0%)
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	(212)	(1,317)	(83.9%)
Change in the fair value of derivative financial liabilities, net of tax	40	303	(86.8%)
Impairment of non-current assets	67	23	191.3%
Adjusted Net Profit	315	689	(54.3%)
Add back:			
Share of Profit of Norilsk Nickel, net of tax	212	1,317	(83.9%)
Recurring Net Profit	527	2,006	(73.7%)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 General Director on a regular basis.

The core segments are Aluminium and Alumina.

<i>(USD million)</i>	Six months ended 30 June			
		2023	2022	
	Aluminium	Alumina	Aluminium	Alumina
Segment revenue				
<i>thousand tonnes</i>	1,873	2,175	1,678	3,139
<i>USD million</i>	4,676	1,036	5,622	1,453
Segment result	205	22	2,053	(43)
Segment result margin	4.4%	2.1%	36.5%	(3.0%)
Segment EBITDA ⁸	373	48	2,218	(2)
Segment EBITDA margin	8.0%	4.6%	39.5%	(0.1%)
Capital expenditure	(267)	(95)	(299)	(116)

The Company presents two metrics for Aluminium segment: (1) total segment information and (2) information on own aluminium production. The difference between the two metrics relates to the intersegment margins, sales of third parties' metal and related costs and other non-production costs and expenses. Segment information for the first six months of 2023 presented above relates to own aluminium production that is different from the relevant segment information presented in the Company's consolidated financial statements for the six-month period ended 30 June 2023.

⁸ Segment EBITDA for any period is defined as segment result adjusted for amortization and depreciation for the segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Key drivers for the decrease in margin in the aluminium segment are disclosed in “Revenue”, “Cost of sales” and “Adjusted EBITDA and results from operating activities” sections above. Detailed segment reporting can be found in the consolidated interim condensed financial information included in this Interim Report.

Working capital

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

<i>(USD million)</i>	As at 30 June 2023	As at 31 December 2022
Current assets		
Inventories	4,370	4,489
Trade and other receivables	1,116	1,286
Prepayments and input VAT	753	763
Current income tax receivables	13	214
Dividends receivable	21	–
Short-term investments	94	89
Derivative financial assets	36	78
Cash and cash equivalents	1,487	3,196
Total current assets	7,890	10,115
Current liabilities		
Loans and borrowings	1,277	2,547
Trade and other payables	1,088	1,439
Advances received	135	237
Other tax payable	253	243
Dividends payable	5	–
Provisions	117	125
Total current liabilities	2,875	4,591
Net current assets	5,015	5,524
Working Capital	4,776	4,833

MANAGEMENT DISCUSSION AND ANALYSIS

The Group had working capital of USD4,776 million as at 30 June 2023 and USD4,833 million as at 31 December 2022. Inventories decreased by USD119 million, or 2.7%, to USD4,370 million as at 30 June 2023 from USD4,489 million as at 31 December 2022.

Trade and other receivables decreased by USD170 million, or 13.2%, to USD1,116 million as at 30 June 2023 from USD1,286 million as at 31 December 2022, due to the decrease in trade receivables from third parties.

Trade and other payables decreased by USD351 million, or 24.4%, to USD1,088 million at 30 June 2023 from USD1,439 million at 31 December 2022. The drop was primarily attributable to a decrease in accounts payable to third parties.

Capital expenditure

RUSAL recorded capital expenditures (which constitute payments for the acquisition of property, plant and equipment and intangible assets) of USD417 million in the first half of 2023. RUSAL's capital expenditure for the six months ended 30 June 2023 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 2023 and 2022:

<i>(USD million)</i>	Six months ended 30 June	
	2023	2022
Development capital expenditure	142	176
Maintenance, including:		
Pot rebuilds costs	74	97
Re-equipment	201	192
Total capital expenditure	417	465

MANAGEMENT DISCUSSION AND ANALYSIS

Loans and borrowings

The nominal value of the Group's loans and borrowings was USD4,538 million as at 30 June 2023, not including bonds, which amounted to an additional USD3,260 million.

Below is an overview of certain key terms of the selected facilities in the Group's loan portfolio as at 30 June 2023:

Facility/Lender	Principal amount outstanding as at 30 June 2023	Tenor/Repayment schedule	Pricing
<i>Credit facilities</i>			
Pre-export credit facilities	USD587 million	Until November 2024, equal quarterly repayments starting from January 2022	3 month LIBOR plus 1.7% – 2.1% p.a.
Russian Bank Loans	CNY10.7 billion	bullet repayment at final maturity dates, the last repayment – January 2026	3.75% – 4.2% p.a.
	CNY15.8 billion	December 2027, quarterly repayments starting from March 2024	4.75% p.a.
	RUB15.8 billion	quarterly repayments, the last repayment – December 2035	Key rate of the Bank of Russia plus 3.15% p.a.
<i>Bonds</i>			
CNY bonds	CNY22.9 billion	9 tranches, the last repayment is July 2027, repayments at final redemption dates	3.75% – 3.9% p.a./ LPR1Y+0.2% p.a.

The average maturity of the Group's debt as at 30 June 2023 was 2.0 years.

Security

As of 30 June 2023, 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 and interest of a number of the Group's subsidiaries, designated accounts, shares in Norilsk Nickel (representing 25% +1 share of Norilsk Nickel's total nominal issued share capital).

MANAGEMENT DISCUSSION AND ANALYSIS

Key events

In February 2023, RUSAL entered into a new credit facility with a Russian bank in the total principal amount of up to USD4.4 billion and maturity on 24 December 2027. On 3 February 2023, funds in the amount of 15.8 billion Chinese yuan were partially drawdown with an interest rate of 4.75% and were used to refinance the principal outstanding under another existing debt with a Russian bank.

On 8 February 2023, pursuant to the extraordinary resolution of noteholders, RUSAL redeemed Eurobonds with a coupon rate of 4.85% in the principal amount of USD418 million from noteholders who hold the Eurobonds through the Non-Bank Credit Organisation Joint-Stock Company National Settlement Depository (“NSD”) and other Russian custodians being the NSD direct participants.

On 16 May 2023 pursuant to the extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 5.3% to noteholders who hold Eurobond through NSD and other Russian custodians being the NSD direct participants in the principal amount of USD419 million.

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

The Annual General Meeting 2023 resolved not to distribute profit of the Company based on the results of 2022 and not to pay dividends based on the results of 2022.

During the first six months of 2023, the Company has no dividend payout arrears.

Dividends

No dividends were recommended or approved by the Board during the first six months of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash flows

The following table summarizes the Company's cash flows for the six months ended 30 June 2023 and 2022:

<i>(USD million)</i>	Six months ended 30 June	
	2023	2022
Net cash generated from/(used in) operating activities	236	(958)
Net cash (used in)/generated from investing activities	(398)	1,244
Net cash used in financing activities	(1,443)	(975)
Net change in cash and cash equivalents	(1,605)	(689)
Cash and cash equivalents at the beginning of the period	3,193	1,982
Cash and cash equivalents at the end of the period	1,485	1,429

Net cash generated from operating activities amounted to USD236 million in the first six months of 2023 compared to net cash used in operating activities USD958 million for the corresponding period in 2022.

The Company used USD398 million net cash in investing activities for the first six months of 2023 as compared to USD1,244 million generated from operating activities for the first six months of 2022 primarily due to dividends received from associates in the amount of USD1,640 million for the first six months of 2022. Net cash by acquisition of property, plant and equipment and intangible assets was USD417 million and USD465 million for the first six months of 2023 and for the first six months of 2022, respectively.

Net cash used in the financing activities increased by USD468 million to USD1,443 million in the first half of 2023 from USD975 million in the corresponding period in 2022 due to an increase in the net debt repayments.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and cash equivalents

As at 30 June 2023 and 31 December 2022, cash and cash equivalents excluding restricted cash were USD1,485 million and USD3,193 million, respectively. Restricted cash amounted to USD2 million and USD3 million as at 30 June 2023 and 31 December 2022, 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 the total assets was 36.3% and 38.4% as at 30 June 2023 and 31 December 2022, respectively.

Return on Equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, was 3.7% and 11.3% as at 30 June 2023 and 2022, respectively.

Interest Coverage Ratio

The Group's interest coverage ratio, which is the ratio of earnings before interest and taxes to net interest (excluding bank costs and interest expense on provision), was 2.8 and 21.0 for the six months ended 30 June 2023 and 2022, respectively.

Interest Rate and Foreign Currency Risk

A description of the Group's interest rate and foreign exchange risks is set out on page 237, 240 of the 2022 Annual Report. The information on interest rate and foreign currency rate risk disclosed in the consolidated financial statements for the year ended 31 December 2022 remains relevant as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 and the first half of 2023 respectively.

Division	Six months period ended 30 June 2023	Six months period ended 30 June 2022
Aluminium	20,855	21,014
Alumina	23,941	25,308
Engineering and Construction	259	1,470
Energy	18	21
Downstream	4,500	4,827
Management	913	768
Technology and Process Directorate	1,913	2,013
Others	4,429	4,170
Total	56,828	59,591

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 employees' skills, complexity, quantity, quality, and conditions of the work performed, as well as regional and industrial specifics. It comprises compensation and incentive components.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- encouraging employees to achieve the Company's goals;
- raising labour productivity, improving the quality of produced products;
- continuous improvement of the production and business processes and systems, promoting innovation;
- 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 decisions made;
- clarity and transparency of applied tools and systems;
- dependence of the remuneration on individual and collective performance;
- competitiveness of the remuneration structure and amounts in the regions where the Company operates; and
- focus on 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);

MANAGEMENT DISCUSSION AND ANALYSIS

- loyalty to internal corporate suppliers of services and products;
- competitiveness of the benefits in the regions where the Company operates; and
- focus on 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 applicable 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 provided by 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:

A system employed by the Company to set and assess employee performance indicators is a key tool used to manage performance of managers, specialists, and clerks.

MANAGEMENT DISCUSSION AND ANALYSIS

Key target setting principles of the Group (SMART):

- **Specific:** the text of the KPI should give understanding of what needs to be done and should reflect a result that needs to be achieved; the KPI should avoid any vague or ambiguous wording; the KPI should answer questions like ‘what needs to be done’, ‘what to needs to be accomplished’, ‘what needs to be achieved’.
- **Measurable:** the KPI should include an algorithm to assess its performance, outperformance or underperformance, and should be phrased in such a way that when its performance is assessed one could clearly judge whether it has been achieved or not, and to what extent; the KPI should contain a meaningful numerical or other objectively measurable metric that should be achieved, or a definite fact of something existing or non-existing (for instance, an approved order that either exists, signed and approved, or does not exist).
- **Achievable:** KPIs set for an employee should be ambitious and require additional efforts, but achievable at the same time.
- **Relevant:** an employee should be given KPIs that he/she can reasonably have control of within his/her powers and functional area;
- **Time-bound:** every KPI should have clear time limits that should not go beyond a reporting period.

3.2. For employees of the Workers category:

Bonuses are paid to workers for fulfilment 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;
- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the following three independent non-executive Directors: Mr. Kevin Parker (Chairman), Mr. Bernard Zonneveld and Ms. Anna Vasilenko.

The Audit Committee held four meetings in the first half of 2023. At the meeting on 15 March 2023, the Audit Committee reviewed the consolidated and separate financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (“IFRS”) (the “**Financial Statements**”), and the results announcement for the year ended 31 December 2022 and recommended the Financial Statements for consideration of the Board. At the meeting on 15 May 2023, the Audit Committee reviewed the annual financial reporting of the Company for 2022, prepared in accordance with the Russian Accounting Standards (RAS).

On 9 August 2023, the Audit Committee held its fifth meeting in 2023. The Audit Committee considered matters regarding auditing and financial reporting, including the Consolidated Interim Condensed Financial Statements for the six-month period ended 30 June 2023. The Audit Committee is of the opinion that the Consolidated Interim Condensed Financial Statements for the six-month period ended 30 June 2023 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 Statements. For detailed information about contingent liabilities, please refer to note 16 of the Consolidated Interim Condensed Financial Statements. Details of the amounts of provisions are also disclosed in note 14 to the Consolidated Interim Condensed Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business risks

In the Annual Report, the Company identified a number of business risks that affect its business. For the first half of 2023, the Company has identified the following risks affecting its business:

- possibility of a significant difficult-to-predict change in demand for primary metals and alloys, including a significant decrease in demand under the current highly volatile global commodities' and money markets and risks of the recession of leading world economies;
- reduction in the turnout of production and other personnel involved in the Group's operating activities and in the production volume, non-fulfilment of obligations under the metal supply contracts due to a volatile market during the COVID-19 or other infection (virus) pandemic;
- 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, as well as on their availability and timeliness which could be difficult under world supply chains disruption lasting since 2021;
- 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 and raw materials, including risks of alumina and bauxites availability and purchasing cost related to uncertainty whether the Group's plants situated in the Ukraine can continue operations in the Group's production structure as well as to temporary lack of control over the Group's share in QAL during the court litigation on the Group's claim in regard to the criteria of control over that share;

MANAGEMENT DISCUSSION AND ANALYSIS

- equipment failures or other difficulties may result in production curtailments or shutdowns, including due to delay of the supply because of lasting world supply chain crisis or because of imposed restrictions to import of certain goods to Russian Federation;
- 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 material acquisitions and disposals of subsidiaries by the Group for the six months ended 30 June 2023.

Details of the principal subsidiaries of the Company are set out in the financial statements for the year ended 31 December 2022 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 2023.

Interests in associates and joint ventures

The market value of RUSAL's stake in Norilsk Nickel was USD6,836 million as at 30 June 2023, compared to USD13,720 million as at 30 June 2022 and USD8,775 million as at 31 December 2022. Details of RUSAL's investment in Norilsk Nickel was disclosed in the Annual Report and save for the foregoing, there was no significant changes in the course of the half year ended 30 June 2023.

For further information on interests in associates and joint ventures, please refer to note 10 to the Consolidated Interim Condensed Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Material events in the first half of 2023 and since the end of that period

1 February 2023	RUSAL started its own production of master alloys which are used to make alloys. The new project will cover half of the Company's need for master alloys, and is also intended for supply to external customers.
7 February 2023	RUSAL started using end of life aluminium scrap in production of foundry alloys for automotive industry. This production enabled RUSAL to reduce full scope carbon footprint of the new product by nearly 20%.
27 February 2023	RUSAL released two product lines of aluminum pigment pastes. Previously, these products had not been manufactured in Russia.
1 March 2023	RUSAL developed and launched the production of raw materials for catalysts at the Achinsk Alumina Refinery (RUSAL Achinsk) in addition to the production of VOGA fire retardants.
16 March 2023	RUSAL announced its results for the year ended 31 December 2022.
21 April 2023	RUSAL confirmed its high positions in EcoVadis, the world's largest and most trustworthy rating of supplier sustainability.
30 April 2023	RUSAL published its Sustainability Report for 2022.
15 May 2023	The Board of RUSAL approved the 2035 Sustainable Development Strategy.
16 May 2023	RUSAL has developed a high-strength thin foil for batteries. The thickness of the new products is 8 microns.
17 May 2023	RUSAL has confirmed its credit rating at A+(RU) with a stable outlook according to the analytical credit rating Agency (ACRA).

MANAGEMENT DISCUSSION AND ANALYSIS

- 15 June 2023 RUSAL and the Government of the Leningrad Region signed an agreement at the XXVI St. Petersburg International Economic Forum on the joint implementation of a project for the construction and development of infrastructure for a modern alumina production facility.
- 04 July 2023 The Board of RUSAL adopted the corporate Social Impact Strategy until 2035. The strategy focuses on the well-being of employees and their families, as well as bringing the quality of living up and ensuring the development of the areas where the Company operates.
- 13 July 2023 RUSAL has passed the international verification of the carbon footprint of its aluminium brand ALLOW INERTA.

INDEPENDENT AUDITORS' REPORT



ООО «ЦАТР – аудиторские услуги»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 495 705 9700
 +7 495 755 9700
Факс: +7 495 755 9701
ОГРН: 1027739707203
ИНН: 7709383532
ОКПО: 59002827
КПП: 770501001

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

Report on Review of Consolidated Interim Condensed Financial Statements

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

Introduction

We have reviewed the accompanying consolidated interim condensed financial statements 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 2023 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 statements (the consolidated interim condensed financial statements). The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report of consolidated interim condensed financial statements 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 statements in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

INDEPENDENT AUDITORS' REPORT



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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphasis of matter

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

M.S. Khachaturian

Partner

TSATR – Audit Services Limited Liability Company

10 August 2023

INDEPENDENT AUDITORS' REPORT



Details of the auditor

Name: TSATR – Audit Services Limited Liability Company

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association “Sodruzhestvo”. TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the entity

Name: International public joint-stock company United Company RUSAL

Record made in the State Register of Legal Entities on 25 September 2020, State Registration Number 1203900011974.

Address: Russia 236006, Kalinigrad, Oktyabrskaya street, 8, Office 410

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Income

	Note	Six months ended 30 June	
		2023	2022
		(unaudited)	(unaudited)
		USD million	USD million
Revenue	5	5,945	7,153
Cost of sales	6(a)	<u>(5,217)</u>	<u>(4,762)</u>
Gross profit		728	2,391
Distribution expenses	6(b)	(351)	(309)
Administrative expenses	6(b)	(290)	(322)
Impairment of non-current assets	6(b)	(67)	(23)
Provision for expected credit losses	6(b), 11(a)	5	(102)
Net other operating expenses	6(b)	<u>(58)</u>	<u>(103)</u>
Results from operating activities		(33)	1,532
Finance income	7	269	206
Finance expenses	7	(270)	(740)
Share of profits of associates and joint ventures	10	<u>303</u>	<u>1,366</u>
Profit before taxation		269	2,364
Current income tax expense	8	(134)	(427)
Deferred income tax credit/(charge)	8	285	(257)
Income tax credit/(charge)		<u>151</u>	<u>(684)</u>
Profit for the period		<u>420</u>	<u>1,680</u>
Attributable to Shareholders of the Company		<u>420</u>	<u>1,680</u>
Profit for the period		<u>420</u>	<u>1,680</u>
Earnings per share			
Basic and diluted earnings per share (USD)	9	<u>0.0276</u>	<u>0.1106</u>
Adjusted EBITDA	4, 6(c)	<u>290</u>	<u>1,807</u>

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Comprehensive Income

		Six months ended 30 June	
		2023	2022
		(unaudited)	(unaudited)
Note		USD million	USD million
	Profit for the period	<u>420</u>	<u>1,680</u>
	Other comprehensive income or loss		
	<i>Items that will never be reclassified subsequently to profit or loss</i>		
	Actuarial loss on post retirement benefit plans	14 <u>(5)</u>	<u>–</u>
		<u>(5)</u>	<u>–</u>
	<i>Items that are or may be reclassified subsequently to profit or loss</i>		
	Change in fair value of cash flow hedges	15 –	(214)
	Foreign currency translation differences on foreign subsidiaries	(537)	874
	Foreign currency translation differences for equity-accounted investees	10 <u>(910)</u>	<u>1,990</u>
		<u>(1,447)</u>	<u>2,650</u>
	Other comprehensive income or loss for the period, net of tax	<u>(1,452)</u>	<u>2,650</u>
	Total comprehensive income or loss for the period	<u><u>(1,032)</u></u>	<u><u>4,330</u></u>
	<i>Attributable to:</i>		
	Shareholders of the Company	<u><u>(1,032)</u></u>	<u><u>4,330</u></u>

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Financial Position

		30 June 2023 (unaudited)	31 December 2022
	Note	USD million	USD million
Assets			
Non-current assets			
Property, plant and equipment and investment properties		5,672	5,829
Intangible assets		2,390	2,605
Interests in associates and joint ventures	10	4,567	5,174
Deferred tax assets		182	58
Derivative financial assets	15	56	90
Investments in equity securities measured at fair value through profit or loss	11(f)	425	458
Other non-current assets	11(e)	243	302
Total non-current assets		13,535	14,516
Current assets			
Inventories		4,370	4,489
Short-term investments	11(g)	94	89
Trade and other receivables	11(a)	1,116	1,286
Prepayments and input VAT	11(b)	753	763
Current income tax receivables		13	214
Derivative financial assets	15	36	78
Dividends receivables		21	–
Cash and cash equivalents		1,487	3,196
Total current assets		7,890	10,115
Total assets		21,425	24,631
Equity and liabilities			
Equity			
	12		
Share capital		152	152
Share premium		15,786	15,786
Other reserves		2,679	2,682
Currency translation reserve		(10,480)	(9,033)
Retained earnings		3,140	2,720
Total equity		11,277	12,307

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Financial Position

		30 June 2023	31 December 2022
		(unaudited)	
	Note	USD million	USD million
Non-current liabilities			
Loans and borrowings	13	6,499	6,910
Provisions	14	261	278
Deferred tax liabilities		396	427
Other non-current liabilities		117	118
Total non-current liabilities		<u>7,273</u>	<u>7,733</u>
Current liabilities			
Loans and borrowings	13	1,277	2,547
Trade and other payables	11(c)	1,088	1,439
Advances received	11(d)	135	237
Other tax payable		253	243
Dividends payable		5	–
Provisions	14	117	125
Total current liabilities		<u>2,875</u>	<u>4,591</u>
Total liabilities		<u>10,148</u>	<u>12,324</u>
Total equity and liabilities		<u>21,425</u>	<u>24,631</u>
Net current assets		<u>5,015</u>	<u>5,524</u>
Total assets less current liabilities		<u>18,550</u>	<u>20,040</u>

Preliminary reviewed, approved and authorised for issue by the board of directors on 10 August 2023.

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

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	Retained earnings USD million	Total equity USD million
Balance at 1 January 2023	<u>152</u>	<u>15,786</u>	<u>2,682</u>	<u>(9,033)</u>	<u>2,720</u>	<u>12,307</u>
Profit for the period (unaudited)	–	–	–	–	420	420
Other comprehensive income for the period (unaudited)	–	–	(5)	(1,447)	–	(1,452)
Total comprehensive income for the period (unaudited)	<u>–</u>	<u>–</u>	<u>(5)</u>	<u>(1,447)</u>	<u>420</u>	<u>(1,032)</u>
Contribution from a shareholder	–	–	2	–	–	2
Balance at 30 June 2023 (unaudited)	<u>152</u>	<u>15,786</u>	<u>2,679</u>	<u>(10,480)</u>	<u>3,140</u>	<u>11,277</u>
Balance at 1 January 2022	<u>152</u>	<u>15,786</u>	<u>2,805</u>	<u>(9,450)</u>	<u>1,231</u>	<u>10,524</u>
Profit for the period (unaudited)	–	–	–	–	1,680	1,680
Other comprehensive income for the period (unaudited)	–	–	(214)	2,864	–	2,650
Total comprehensive income for the period (unaudited)	<u>–</u>	<u>–</u>	<u>(214)</u>	<u>2,864</u>	<u>1,680</u>	<u>4,330</u>
Balance at 30 June 2022 (unaudited)	<u>152</u>	<u>15,786</u>	<u>2,591</u>	<u>(6,586)</u>	<u>2,911</u>	<u>14,854</u>

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Cash Flows

	Note	Six months ended 30 June	
		2023	2022
		(unaudited)	(unaudited)
		USD million	USD million
Operating activities			
Profit for the period		420	1,680
<i>Adjustments for:</i>			
Depreciation	6	242	235
Amortisation	6	9	12
Impairment of non-current assets	6(b)	67	23
(Reversal)/accrual of provision for expected credit losses of trade and other receivables	6(b),14	(5)	102
(Partial reversal of provision)/write-down of inventories to net realisable value		(9)	155
Pension provision		2	1
Provision for legal claims		2	–
Change in fair value of derivative financial instruments	7	40	348
Net foreign exchange (gain)/loss	7	(214)	219
Loss on disposal of property, plant and equipment	6(b)	5	5
Interest expense	7	218	176
Interest income	7	(30)	(42)
Income tax (credit)/expense	8	(151)	684
Dividends from investments measured at fair value through profit or loss	7	(25)	–
Revaluation of investments measured at fair value through profit or loss, incl. forex income	7	12	(164)
Share of profits of associates and joint ventures	10	(303)	(1,366)
Cash from operating activities before changes in working capital and provisions		280	2,068
Decrease/(increase) in inventories		156	(1,288)
Decrease/(increase) in trade and other receivables		356	(667)
Increase in prepayments and input VAT		(3)	(2)
Decrease in trade and other payables and advances received		(527)	(674)
Decrease in provisions		(8)	(4)
Cash generated/(used) from/(in) operations before income tax paid		254	(567)
Income taxes paid		(18)	(391)
Net cash generated/(used) from/(in) operating activities		236	(958)

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 Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENT

Consolidated Interim Condensed Statement of Cash Flows

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Note	USD million	USD million
Investing activities		
Proceeds from disposal of property, plant and equipment	5	2
Interest received	29	36
Acquisition of property, plant and equipment	(410)	(456)
Acquisition of intangible assets	(7)	(9)
Cash paid for investments in equity securities measured at fair value through profit or loss	11(f) (5)	(88)
Cash (paid to)/received from other investments	(11)	135
Acquisition/sale of a subsidiary (net)	–	(16)
Dividends from associates and joint ventures	–	1,640
Change in restricted cash	1	–
Net cash from investing activities	(398)	1,244
Financing activities		
Proceeds from borrowings	2,828	1,255
Repayment of borrowings	(4,106)	(1,666)
Interest paid	(242)	(179)
Payment of restructuring and other expenses	(21)	(6)
Received from shareholder	2	–
Settlement of derivative financial instruments	96	(379)
Net cash used in financing activities	(1,443)	(975)
Net decrease in cash and cash equivalents	(1,605)	(689)
Cash and cash equivalents at the beginning of the period	3,193	1,982
Effect of exchange rate changes on cash and cash equivalents	(103)	136
Cash and cash equivalents at the end of the period	1,485	1,429

Restricted cash amounted to USD2 million and USD3 million at 30 June 2023 and 31 December 2022, respectively.

The Consolidated Interim Condensed Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Consolidated Interim Condensed Financial Statements set out on pages 48 to 86.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 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 is Oktyabrskaya st. 8, office 410, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

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”.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

The shareholding structure of the Company as at 30 June 2023 and 31 December 2022 was as follows:

	30 June 2023	31 December 2022
EN+ GROUP IPJSC (“EN+”, former En+ Group Plc)	56.88%	56.88%
SUAL PARTNERS ILLC (“SUAL PARTNERS”, formerly SUAL Partners Limited)	25.52%	25.52%
Mr. Oleg V. Deripaska	0.01%	0.01%
Publicly held	17.59%	17.59%
Total	<u>100.00%</u>	<u>100.00%</u>

At 30 June 2023 and 31 December 2022, 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 2023 and 31 December 2022, 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.

In 2022 SUAL Partners Limited re-domiciled to Russian Federation and changed its’ name to SUAL PARTNERS International Limited Liability Company. 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 2022 are available at the Company’s website www.rusal.com.

(b) Seasonality

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(c) Operations

The Group operates in the aluminium industry primarily in the Russian Federation, Guinea, Jamaica, Ireland, Italy and Sweden and is principally engaged in the mining and refining of bauxite and nepheline ore into alumina, the smelting of primary aluminium from alumina and the fabrication of aluminium and aluminium alloys into semi-fabricated and finished products. The Group sells its products primarily in Europe, Russia, other countries of the Commonwealth of Independent States (“CIS”), Asia and North America.

(d) Business environment in emerging economies

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

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

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

(e) OFAC Sanctions

On 6 April 2018, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) designated, amongst others, the 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+”, former En+ Group Plc “En+”), and with their respective debt and equity.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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.

(f) Going concern

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

Ban of Australian government for the export of alumina and bauxite to Russia introduced in March 2022 and stoppage of production at Nikolaev Alumina Refinery Company Ltd due to developments in Ukraine starting from 1 March 2022 influenced the availability of alumina and bauxite or increase the purchase prices for the Group. Difficulties with logistics caused the Group to rebuild the supply and sales chains and lead to additional logistics costs. If the situation in Ukraine and overall geopolitical tension persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Group's business, financial condition, prospects and results of operations.

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

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

2. Basis of preparation

(a) Statement of compliance

These consolidated interim condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and the disclosure requirements of the Hong Kong Companies Ordinance.

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

3. Significant accounting policies

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

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(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 profit 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 investment property and intangible assets other than goodwill.

The Group acquired property, plant and equipment in the total amount of USD437 million for the six months ended 30 June 2023 (USD674 million for the six months ended 30 June 2022). The carrying amount of property, plant and equipment disposed during the six months ended 30 June 2023 comprised USD332 million (USD77 million for the six months ended 30 June 2022).

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(i) Reportable segments

Six months ended 30 June 2023

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	4,958	546	–	–	5,504
Inter-segment revenue	161	1,837	–	–	1,998
Total segment revenue	5,119	2,383	–	–	7,502
Segment EBITDA	322	36	–	–	358
Depreciation/amortisation	(181)	(56)	–	–	(237)
Share of profits of associates and joint ventures	–	–	91	212	303
Segment profit	141	(20)	91	212	424
(Impairment)/reversal of impairment of non-current assets	5	(57)	–	–	(52)
Non-cash income/(expense)	1	13	–	–	14
Capital expenditure	(267)	(95)	–	–	(362)
Non-cash adjustments to non-current segment assets related to site restoration	(2)	(3)	–	–	(5)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

Six months ended 30 June 2022

	Aluminium	Alumina	Energy	Mining and Metals	Total
	USD million	USD million	USD million	USD million	USD million
Revenue from external customers	5,993	604	–	–	6,597
Inter-segment revenue	207	1,803	–	–	2,010
Total segment revenue	6,200	2,407	–	–	8,607
Segment EBITDA	2,096	(201)	–	–	1,895
Depreciation/amortisation	(180)	(54)	–	–	(234)
Share of profits of associates and joint ventures	–	–	49	1,317	1,366
Segment profit	1,916	(255)	49	1,317	3,027
(Impairment)/reversal of impairment of non-current assets	(13)	3	–	–	(10)
Non-cash income/(expense)	1	(212)	–	–	(211)
Capital expenditure	(299)	(116)	–	–	(415)
Non-cash adjustments to non-current segment assets related to site restoration	(4)	51	–	–	47

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

At 30 June 2023

	Aluminium	Alumina	Energy	Mining and Metals	Total reportable segments
	USD million	USD million	USD million	USD million	USD million
Segment assets	10,509	1,987	–	–	12,496
Interests in associates and joint ventures	–	–	833	3,734	<u>4,567</u>
Total segment assets					<u>17,063</u>
Segment liabilities	(772)	(564)	(16)	–	<u>(1,352)</u>
Total segment liabilities					<u>(1,352)</u>

31 December 2022

	Aluminium	Alumina	Energy	Mining and Metals	Total reportable segments
	USD million	USD million	USD million	USD million	USD million
Segment assets	11,110	2,230	–	–	13,340
Interests in associates and joint ventures	–	–	889	4,285	<u>5,174</u>
Total segment assets					<u>18,514</u>
Segment liabilities	(1,030)	(619)	(15)	–	<u>(1,664)</u>
Total segment liabilities					<u>(1,664)</u>

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Revenue		
Reportable segments' revenue	7,502	8,607
Elimination of inter-segment revenue	(1,998)	(2,010)
Unallocated revenue	441	556
	<hr/>	<hr/>
Consolidated revenue	<u>5,945</u>	<u>7,153</u>

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Profit		
Reportable segments' profit	424	3,027
Impairment of non-current assets	(67)	(23)
Loss on disposal of property, plant and equipment	(5)	(5)
Finance income	269	206
Finance expenses	(270)	(740)
Unallocated expense	(82)	(101)
	<hr/>	<hr/>
Consolidated profit before taxation	<u>269</u>	<u>2,364</u>

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Adjusted EBITDA		
Reportable segments EBITDA	358	1,895
Unallocated depreciation	14	13
Unallocated expenses	(82)	(101)
	290	1,807
Consolidated adjusted EBITDA	290	1,807
	30 June	31 December
	2023	2022
	USD million	USD million
Assets		
Reportable segment assets	17,063	18,514
Unallocated assets	4,362	6,117
	21,425	24,631
Consolidated total assets	21,425	24,631
	30 June	31 December
	2023	2022
	USD million	USD million
Liabilities		
Reportable segment liabilities	(1,352)	(1,664)
Unallocated liabilities	(8,796)	(10,660)
	(10,148)	(12,324)
Consolidated total liabilities	(10,148)	(12,324)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

5. Revenue

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Revenue from contracts with customers	5,945	7,153
Sales of products	5,798	6,971
Sales of primary aluminium and alloys	4,839	5,932
Sales of alumina and bauxite	286	305
Sales of foil and other aluminium products	279	286
Sales of other products	394	448
Provision of services	147	182
Supply of energy	110	147
Provision of transportation services	11	4
Provision of other services	26	31
Total revenue by types of customers	5,945	7,153
Third parties	5,489	6,632
Related parties – companies capable of exerting significant influence	146	97
Related parties – companies related through parent company	106	131
Related parties – associates and joint ventures	204	293
Total revenue by primary regions	5,945	7,153
Europe	1,870	2,866
CIS	1,968	2,103
America	95	501
Asia	1,978	1,616
Other	34	67

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.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

6. Cost of sales and operating expenses

(a) Cost of sales

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Cost of alumina, bauxite and other materials	(2,648)	(2,644)
Third parties	(2,625)	(2,620)
Related parties – companies capable of exerting significant influence	(17)	(12)
Related parties – companies related through parent company	(6)	(5)
Related parties – associates and joint ventures	–	(7)
Purchases of primary aluminium	(388)	(568)
Third parties	(111)	(47)
Related parties – companies related through parent company	–	(2)
Related parties – associates and joint ventures	(277)	(519)
Energy costs	(1,298)	(1,183)
Third parties	(726)	(684)
Related parties – companies capable of exerting significant influence	(25)	(21)
Related parties – companies related through parent company	(525)	(456)
Related parties – associates and joint ventures	(22)	(22)
Personnel costs	(329)	(362)
Depreciation and amortisation	(237)	(234)
Change in finished goods	41	819
Other costs	(358)	(590)
Third parties	(349)	(551)
Related parties – companies related through parent company	(9)	(13)
Related parties – associates and joint ventures	–	(26)
	(5,217)	(4,762)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(b) Distribution, administrative and other operating expenses, provisions for expected credit losses and impairment of non-current assets

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Transportation expenses	(282)	(227)
Personnel costs	(135)	(162)
Impairment of non-current assets	(67)	(23)
Consulting and legal expenses	(33)	(38)
Packaging materials	(27)	(23)
Security	(25)	(23)
Taxes other than on income	(24)	(25)
Charitable donations	(23)	(20)
Customs duties	(15)	(36)
Depreciation and amortisation	(14)	(13)
Repair and other services	(13)	(16)
Loss on disposal of property, plant and equipment	(5)	(5)
Short-term lease and variable lease payments	(3)	(4)
Auditors' remuneration	(2)	(3)
Provision for legal claims	(2)	–
Expected credit losses	5	(102)
Other expenses	(96)	(139)
	<u>(761)</u>	<u>(859)</u>

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(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	
	2023	2022
	USD million	USD million
Results from operating activities	(33)	1,532
<i>Add:</i>		
Amortisation and depreciation	251	247
Impairment of non-current assets	67	23
Loss on disposal of property, plant and equipment	5	5
Adjusted EBITDA	290	1,807

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

7. Finance income and expenses

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Finance income		
Interest income on third party loans and deposits	30	42
Dividends from other investments	25	–
Net foreign exchange gain	214	–
Revaluation of investments measured at fair value through profit and loss, incl. forex income	–	164
	<u>269</u>	<u>206</u>
Finance expenses		
Interest expense on bank loans and bonds wholly repayable within 5 years	(210)	(150)
Interest expense on bank loans and bonds wholly repayable after 5 years	–	(20)
Net foreign exchange loss	–	(216)
Change in fair value of derivative financial instruments (refer to Note 15)	(40)	(348)
Interest expense on provisions	(7)	(4)
Revaluation of investments measured at fair value through profit and loss, incl. forex income	(12)	–
Leases interest costs	(1)	(2)
	<u>(270)</u>	<u>(740)</u>

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

8. Income tax

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Current tax		
Current tax for the period	134	427
Deferred tax		
Origination and reversal of temporary differences	(285)	257
Income tax expense/(credit)	(151)	684

The Company is a tax resident of Russia with an applicable corporate tax rate of 20%, for dividend income of the Company tax rate is 0%. 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%; Guinea of 0% to 35%; China of 25%; Kazakhstan of 20%; Australia of 30%; Jamaica of 25%; Ireland of 12.5%; Sweden of 20.6% and Italy of 26.9%. For the Group's subsidiaries domiciled in Switzerland the applicable tax rate for the period is the corporate income tax rate in the Canton of Zug, Switzerland, which may vary depending on the subsidiary's tax status. The rate consists of a federal income tax and cantonal/communal income and capital taxes. The latter includes a base rate and a multiplier, which may change from year to year. Applicable income tax rates are 9.07% and 11.82% for Swiss subsidiaries. For the Group's significant trading companies, the applicable tax rate is 0%. The applicable tax rates for the period ended 30 June 2022 were the same as for the period ended 30 June 2023 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.08% and 11.85% accordingly, and for subsidiaries domiciled in Guinea of 0% to 30%. The applicable tax rates for the year ended 31 December 2022 were the same as for the period ended 30 June 2023 except for tax rates for subsidiaries domiciled in Switzerland which amounted to 9.06% and 11.8% accordingly, and for Italy which amounted to 27.9%.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

9. Earnings per share

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

Weighted average number of shares:

	Six months ended 30 June	
	2023	2022
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	<u>15,193,014,862</u>	<u>15,193,014,862</u>
Profit for the period, USD million	<u>420</u>	<u>1,680</u>
Basic and diluted earnings per share, USD	<u>0.0276</u>	<u>0.1106</u>

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

No dividends were declared and paid during the periods presented.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

10. Interests in associates and joint ventures

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Balance at the beginning of the period	5,174	4,014
Group's share of profits	303	1,366
Dividends	–	(764)
Foreign currency translation	(910)	1,990
Balance at the end of the period	4,567	6,606
Goodwill included in interests in associates	2,029	2,691

Investment in Norilsk Nickel

The Group's share of profit of Norilsk Nickel was USD212 million, the foreign currency translation loss of USD763, million for the six months ended 30 June 2023. The carrying value of the Group's investment in the investee comprises USD3,734 million as at 30 June 2023.

The market value of the investment in Norilsk Nickel as at 30 June 2023 was USD6,836 million (31 December 2022: USD8,775 million). The market value was determined by multiplying the quoted bid price per share on the Moscow Exchange on reporting date by the number of shares held by the Group.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

11. Non-derivative financial and non-financial instruments

(a) Trade and other receivables

	30 June 2023 USD million	31 December 2022 USD million
Trade receivables from third parties	952	1,067
Impairment loss on trade receivables	(78)	(75)
Net trade receivables from third parties	874	992
Trade receivables from related parties, including:	87	94
Related parties – companies capable of exerting significant influence	57	45
Related parties – companies related through parent company	20	48
Related parties – associates and joint ventures	10	1
Other receivables from third parties	159	211
Impairment loss on other receivables	(9)	(16)
Net other receivables from third parties	150	195
Other receivables from related parties, including:	5	5
<i>Related parties – companies related through parent company</i>	<i>27</i>	<i>28</i>
<i>Impairment loss on other receivables from related parties – companies related through parent company</i>	<i>(22)</i>	<i>(23)</i>
Net other receivables to related parties – companies related through parent company	5	5
	1,116	1,286

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(i) 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 2023 USD million	31 December 2022 USD million
Current (not past due)	774	890
1-30 days past due	69	122
31-60 days past due	34	42
61-90 days past due	24	1
More than 90 days past due	60	31
Amounts past due	187	196
	961	1,086

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.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(ii) 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	
	2023	2022
	USD million	USD million
Balance at the beginning of the period	(75)	(18)
Impairment loss recognized	(3)	(55)
Balance at the end of the period	<u>(78)</u>	<u>(73)</u>

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(b) Prepayments and input VAT

	30 June 2023 USD million	31 December 2022 USD million
VAT recoverable	446	509
Impairment loss on VAT recoverable	(31)	(60)
Net VAT recoverable	415	449
Advances paid to third parties	199	297
Impairment loss on advances paid	(8)	(9)
Net advances paid to third parties	191	288
Advances paid to related parties, including:	19	2
Related parties – companies capable of exerting significant influence	1	–
Related parties – companies related through parent company	2	2
Related parties – associates and joint ventures	103	87
Impairment loss on advances paid from related parties – associates and joint ventures	(87)	(87)
Net advances paid to related parties – associates and joint ventures	16	–
Prepaid expenses	7	7
Prepaid other taxes	121	17
	753	763

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(c) Trade and other payables

	30 June	31 December
	2023	2022
	USD million	USD million
Accounts payable to third parties	700	865
Accounts payable to related parties, including:	117	175
Related parties – companies capable of exerting significant influence	5	6
Related parties – companies related through parent company	37	61
Related parties – associates and joint ventures	75	108
Other payables and accrued liabilities to third parties	197	224
Other payables and accrued liabilities to related parties, including:	2	3
Related parties – companies related through parent company	2	3
Current income tax liabilities	72	172
	1,088	1,439
	1,088	1,439

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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 2023 USD million	31 December 2022 USD million
Current	707	906
Past due 0-90 days	75	99
Past due 91-120 days	2	2
Past due over 120 days	33	33
Amounts past due	110	134
	817	1,040

Lease liabilities that are expected to be settled within one year for the amount of USD16 million are included in other payables and accrued liabilities as at 30 June 2023 (31 December 2022: USD21 million).

(d) Advances received

	30 June 2023 USD million	31 December 2022 USD million
Advances received	115	223
Advances received from related parties, including:	20	14
Related parties – companies related through parent company	1	1
Related parties – associates and joint ventures	19	13
	135	237

Advances received represent contract liabilities to perform obligations under contracts with customers. Advances received are short-term and revenue in respect of the contract liabilities recognized as at the reporting date is fully recognized during next twelve months.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(e) Other non-current assets

	30 June 2023 USD million	31 December 2022 USD million
Long-term deposits	121	121
Other non-current assets	122	181
	<u>243</u>	<u>302</u>

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

During the six months ended 30 June 2023 the Group continued to acquire equity securities of RusHydro, 434,666,000 shares were bought for a total consideration USD5 million, at the 30 June 2023 the Group's investment amounted to 42,754,785,466 shares or effective 9.7% (nominal 9.6%) of RusHydro. Investment is treated as equity securities measured at fair value through profit or loss.

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

(g) Short-term investments

Primarily consist of short-term bank deposits and promissory notes of the company under common control.

(h) Fair value measurement

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

12. Equity

(a) Share capital

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	USD	Number of shares	USD	Number of shares
Ordinary shares at the end of the period, authorised	<u>200 million</u>	<u>20 billion</u>	<u>200 million</u>	<u>20 billion</u>
Ordinary shares at 1 January	<u>151,930,148</u>	<u>15,193,014,862</u>	<u>151,930,148</u>	<u>15,193,014,862</u>
Ordinary shares at the end of the period of USD0.01 each, issued and paid	<u><u>151,930,148</u></u>	<u><u>15,193,014,862</u></u>	<u><u>151,930,148</u></u>	<u><u>15,193,014,862</u></u>

(b) Other reserves

Other reserves include the amounts related to: effect of transaction of reorganization under common control, 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 subsidiaries and equity accounted investees.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

13. Loans and borrowings

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

	30 June 2023	31 December 2022
	USD million	USD million
Non-current liabilities		
Secured bank loans	2,203	2,876
Unsecured bank loans	1,144	815
Bonds	3,152	3,219
	6,499	6,910
	6,499	6,910
Current liabilities		
Secured bank loans	689	745
Unsecured bank loans	445	385
Bonds	108	1,348
Accrued interest	35	69
	1,277	2,547
	1,277	2,547

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(a) Loans and borrowings

As at 30 June 2023 and 31 December 2022, the secured bank loans are secured by certain pledges of shares of a number of Group subsidiaries, 25% + 1 share of Norilsk Nickel (Group's associate) and property, plant and equipment with a carrying amount of USD4 million.

As at 30 June 2023 and 31 December 2022, rights, including all monies and claims, arising out of certain sales contracts between the Group's trading subsidiaries and its ultimate customers, were assigned to secure the syndicated Pre-Export Finance Term Facility Agreements (PXF's) dated 25 October 2019 and dated 28 January 2021.

The nominal value of the Group's loans and borrowings was USD4,538 million as at 30 June 2023 (31 December 2022: USD4,883 million).

In February 2023, RUSAL entered into a new credit facility with a Russian bank in the total amount up to USD4.4 billion and maturity – 24 December 2027. On 3 February 2023 the funds in the amount of 15.8 billion Chinese yuan were partially drawdown with an interest rate 4.75% and were used to refinance the principal outstanding under the existing debt with a Russian bank.

As at 30 June 2023, the amount of accrued interest on unsecured bank loans and secured bank loans was USD4 million and USD9 million, respectively (31 December 2022: USD4 million and USD17 million, respectively).

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(b) Bonds

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

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

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

On 8 February 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 4.85% to noteholders who hold Eurobond through National Settlement Depository (“NSD”) and other Russian custodians being the NSD direct participants in the amount of USD418 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

On 16 May 2023 pursuant to the Extraordinary resolution of the noteholders Rusal redeemed the Eurobond with a coupon 5.3% to noteholders who hold Eurobond through NSD and other Russian custodians being the NSD direct participants in the amount of USD419 million. The redemption to noteholders who hold Eurobond through foreign clearing and settlement systems will be made in accordance with terms of the Extraordinary resolution of the noteholders.

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

As at 30 June 2023, the amount of accrued interest on bonds was 22 million (31 December 2022: USD48 million).

Total foreign exchange loss on bonds for the six months ended 30 June 2023 accounted in other comprehensive income as part of cash flow hedge result amounted to USDnil (loss USD255 million for the six months ended 30 June 2022).

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

14. Provisions

USD million	Provisions			Total
	Pension liabilities	Site restoration	for legal claims	
Balance at 1 January 2022	66	444	13	523
Provisions made during the period	4	–	–	4
Provisions reversed during the period	–	–	–	–
Provisions utilised during the period	(2)	–	–	(2)
Foreign currency translation	18	47	–	65
The effect of the passage of time	–	–	–	–
Change in inflation rate	–	4	–	4
Discount rate change	–	(69)	–	(69)
Balance at 30 June 2022	86	426	13	525
Non-current	82	299	–	381
Current	4	127	13	144
Balance at 1 January 2023	60	331	12	403
Provisions made during the period	5	–	2	7
Provisions reversed during the period	(5)	–	–	(5)
Actuarial loss	5	–	–	5
Provisions utilised during the period	(2)	–	(2)	(4)
Foreign currency translation	(9)	(32)	–	(41)
The effect of the passage of time	–	5	–	5
Change in inflation rate	–	7	–	7
Discount rate change	–	1	–	1
Balance at 30 June 2023	54	312	12	378
Non-current	49	212	–	261
Current	5	100	12	117

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

15. Derivative financial assets/liabilities

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

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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

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

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

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

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 2023 and 31 December 2022 were approximately USD365 million and USD376 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 that 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.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(c) Environmental contingencies

The Group and its predecessor entities have operated in the Russian Federation, Jamaica, Guyana, the Republic of Guinea and the European Union for many years and certain environmental problems have developed. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no possible liabilities, which will have a material adverse effect on the financial position or the operating results of the Group. However, the Group anticipates undertaking 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 statements (refer to Note 14). As at 30 June 2023 the amount of claims, where management assesses outflow as possible approximates USD33 million (31 December 2022: USD33 million).

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

17. Related party transactions

(a) Transactions with management

Management remuneration

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

	Six months ended 30 June	
	2023	2022
	USD million	USD million
Salaries and bonuses	29	52
	<u>29</u>	<u>52</u>

(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 shareholders jointly controlling the entity.

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.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

*Notes to the Consolidated Interim Condensed Financial Statements,
All financial statements as at and for the six-month period
ended 30 June 2023 and 30 June 2022 is unaudited*

(d) Related parties balances

As at 30 June 2023 and 31 December 2022, there are no non-current assets represented by balances of related parties. As at 30 June 2023, non-current liabilities include balances of related parties – associates and joint ventures of USD16 million (31 December 2022: USD16 million).

As at 30 June 2023, current assets include balances of related parties – companies related through parent company of USD50 million (31 December 2022: 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

There were no significant events subsequent to the reporting date.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

Repurchase, sale and redemption by the Group of its securities during the Review Period

Save for the redemption of bonds as disclosed in note 13(b) to the Consolidated Interim Condensed Financial Statements, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of their securities during the Review Period.

Directors' Particulars

Re-appointment and Appointment of Directors

In accordance with Article 24.1 of the Charter, each of the Directors Mr. Evgeny Kuryanov, Mr. Evgenii Nikitin and Mr. Evgenii Vavilov (being executive Directors), Mr. Mikhail Khardikov, Mr. Vladimir Kolmogorov and Mr. Semen Mironov (being non-executive Directors), Mr. Christopher Burnham, Ms. Liudmila Galenskaia, Mr. Kevin Parker, Mr. Randolph N. Reynolds, Dr. Evgeny Shvarts, Ms. Anna Vasilenko and Mr. Bernard Zonneveld (being independent non-executive Directors), were elected as members of the Board of Directors by the general meeting of Shareholders at the Annual General Meeting 2023 for the term from 28 June 2023 until the next annual general meeting of Shareholders.

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

Mr. Marco Musetti, a non-executive Director, retired as a Director with effect from 28 June 2023 at the Annual General Meeting 2023.

Mr. Semen Mironov was appointed as a non-executive Director with effect from 28 June 2023.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

Change of particulars of Directors

Mr. Randolph N. Reynolds has joined the Board of a charity organization Companions for Heroes. Companions for Heroes provides companion animals obtained from shelters and/or rescues free of charge to active duty United States military personnel, military veterans and first-responders recovering from the psychological challenges they suffered during service to the United States.

Save as disclosed above, there was no change of particulars of the Directors which are required to be disclosed under Rule 13.51 B (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 2023, 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 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 HKSE 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 2023, 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 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, the following persons had interests or short positions in the Share or underlying Shares (unless specified otherwise):

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

Interests and short positions in Shares

Name of Shareholder	Capacity	Number of Shares held as at 30 June 2023	Percentage of issued share capital as at 30 June 2023
Oleg Deripaska	Beneficiary of a trust <i>(Note 1)</i>	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") <i>(Note 1)</i>	Interest of controlled corporation	8,641,888,022 (L)	56.88%
En+ <i>(Note 1)</i>	Beneficial owner	8,641,888,022 (L)	56.88%
B-Finance Ltd. ("B-Finance") <i>(Note 1)</i>	Interest of controlled corporation	8,641,888,022 (L)	56.88%
Access Aluminum Holdings Limited ("Access Aluminum") <i>(Note 2)</i>	Interest of controlled corporation	4,967,738,987 (L)	32.70%
		1,017,931,998 (S) <i>(Note 2)</i>	6.70%
TCO Holdings Inc. ("TCO") <i>(Note 2)</i>	Interest of controlled corporation	3,907,527,611 (L)	25.72%
SUAL Partners <i>(Note 2)</i>	Beneficial owner	3,907,527,611 (L) <i>(Note 2)</i>	25.72%
Victor Vekselberg ("Mr. Vekselberg")	Beneficiary of a trust	3,907,527,611 (L)	25.72%

(L) Long position

(S) Short position

Notes – see note on page 90.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

Other than the interests disclosed above and subject to the notes set out below, so far as the Directors are aware based on their understanding, as at 30 June 2023, 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. The following notes are based on the Directors' knowledge and understanding as described and specified below:

(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) Based on the latest disclosure of interests forms filed on the Hong Kong Stock Exchange, as of 28 March 2022, SUAL Partners as a beneficial owner was interested in 3,907,527,611 Shares (long position), representing 25.72% of the issued share capital of the Company. Based on the filed disclosure of interests forms, 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. Each of Renova Metals, Renova Holding, TZC and TCO were deemed to be interested in the Shares held by SUAL Partners by virtue of the SFO, except that wholly-owned entities are not required under Part XV of the SFO to make disclosure filings if the relevant interests have been disclosed by their ultimate direct or indirect 100% parent.

Based on the disclosure of interests forms filed, SUAL Partners agreed to terminate the securities borrowing and lending agreements with Zonoville Investments Limited ("**Zonoville**") in respect of 1,147,016,472 Shares (which were kept by SUAL Partners to set off the debts owed by Zonoville to SUAL Partners). Separately, Zonoville agreed to sell 478,636,119 Shares to SUAL Partners. As a result and due to cessation of interests held through a concert party agreement under section 317 of the SFO with SUAL Partners, Zonoville ceased to hold an interest in any Shares following the above relevant events on 28 February 2022. However, Access Aluminum (which was deemed to hold a notifiable interest in the Shares through its 40.32% shareholding in Zonoville, its controlled corporation) did not make any disclosure filing on its cessation of interest in Shares held by it concerning the said relevant events disclosed by Zonoville on 28 February 2022.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

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 2023, the outstanding nominal value of debt was USD512 million and the final maturity date of the debt is 7 November 2024.
- (b) the PXF Facility 2021 dated 28 January 2021 – the outstanding nominal value of debt as at 30 June 2023 is USD75 million and the final maturity of the debt is 29 January 2024.
- (c) standard loan agreements #1,2,3 dated 28 April 2020 entered into between the Company as guarantor, UC RUSAL Anode Plant LLC as borrower and the lender – as at 30 June 2023, the outstanding nominal value of debt was equal to EUR 6.0 million and the final maturity of the debt is 1 December 2029.
- (d) standard loan agreement #4 dated 4/5 August 2021 entered into between the Company as guarantor, JSC “RUSAL Sayanogorsk Aluminium Smelter” as borrower and the lender – as at 30 June 2023, the outstanding nominal value of debt was equal to EUR 1.1 million and the final maturity of the debt is 9 February 2027.
- (e) standard loan agreement #5 dated 8 September 2021 entered into between the Company as guarantor, JSC “RUSAL Sayanogorsk Aluminium Smelter” as borrower and the lender – as at 30 June 2023, the current outstanding nominal value of debt was equal to EUR 4.5 million and the final maturity of the debt is 15 February 2032.

Corporate Governance Practices

The Company adopts internationally recognised 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.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

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 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 Russian and other applicable Laws, the MoEx Listing Rules, as well as the recommendations of the Russian CG Code, approved by the Board of Directors of the Bank of Russia on 21 March 2014. In its corporate governance practices the Company is guided by the MoEx Listing Rules, the HKSE CG Code and the HKSE Listing Rules.

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

Board meetings at which Directors have material interests

In relation to compliance with Code Provision C.5.7 of the HKSE CG Code, the Board endeavoured throughout Review Period to ensure that it did not deal with business by the way of written resolution (absentee voting) 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 were no occurrence (out of the thirteen instances of absentee voting of the Board during the Review Period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed.

Of the 21 Board meetings held during the Review Period, there were four occasions where an executive Director/non-executive Directors might have a material interest in the transaction. On such occurrences, those executive Director/non-executive Directors abstained from voting and the resolutions approving entry into such transactions were passed by the requisite majority excluding those executive Director/non-executive Directors who might have a material interest.

Of the four Board meetings held during the Review Period where one or more Directors had disclosed a material interest, all the independent non-executive Directors were present at all four of the Board meetings held.

INFORMATION PROVIDED IN ACCORDANCE WITH THE HKSE LISTING RULES

Attendance of Directors at General Meetings of Shareholders

C.1.6 of the HKSE CG Code provides that generally independent non-executive directors and other non-executive directors should attend general meetings of shareholders. An extraordinary general meeting of the Company was held on 27 March 2023 (the “EGM”). Certain non-executive Director and independent non-executive Directors were unable to attend the EGM due to conflicting business schedules. The Annual General Meeting 2023 was held on 28 June 2023. Certain non-executive Director and independent non-executive Directors were unable to attend the Annual General Meeting 2023 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 Statements.

STATEMENT OF RESPONSIBILITY

I, Evgenii Nikitin, declare, to the best of my knowledge, that the Consolidated Interim Condensed Financial Statements 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 Statements, 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

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.

GLOSSARY

“**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, the difference between effective and nominal interest rate charge on restructured debt 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.

“**Alumina refinery Aughinish**” means Aughinish Alumina Limited, incorporated in Ireland, which is a 100% indirect subsidiary of the Company.

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

“**AGM**” means annual general shareholders meeting that the Company shall hold once a year between two and six months after the end of a reporting year.

“**Annual General Meeting 2023**” means the AGM that the Company held on 28 June 2023.

“**Annual Report**” means the annual report for the year ended 31 December 2022 approved by the Board on 12 April 2023 and published by the Company.

“**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.

GLOSSARY

“**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 which became effective on the Registration Date.

“**CNY**” means Chinese Yuan, the lawful currency of the PRC.

“**Company**” or “**UC RUSAL**” or “**UC RUSAL, IPJSC**” means United Company RUSAL, international public joint-stock company (UC RUSAL, IPJSC) 俄鋁, a company incorporated under the laws of Jersey with limited liability and continued in the Russian Federation as an international company 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 International Funds”. 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”.

“**Controlling Shareholder**” has the meaning ascribed to such expression in the HKSE Listing Rules.

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

“**COVID-19**” means the coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus.

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

“**EBITDA**” means earnings before interest, taxes, depreciation, and amortisation.

“**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 International Funds”, and which is a Controlling Shareholder of the Company.

“**EU**” means the European Union.

“**EUR**” means Euros, the lawful currency of the relevant member states of the European Union that have adopted the Euro as their currency.

GLOSSARY

“**European Duty Paid**” – price upcharge to the LME price for metal kept at Rotterdam’s warehouses with paid EU import tariff applied on unwrought unalloyed aluminium.

“**European Duty Unpaid premium**” – price upcharge to the LME price for metal kept at Rotterdam’s warehouses with unpaid EU import tariff applied on unwrought unalloyed aluminium.

“**FED**” means the Federal Reserve System.

“**Flat rolled products**” or “**FRP**” refer to aluminum plate, sheet or foil products made by passing ingot through pairs of rolls.

“**General Director**” means the General Director of the Company.

“**Group**” or “**RUSAL Group**” or “**RUSAL**” 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 Companies Ordinance**” means the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (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 11 August 2023.

“**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.

GLOSSARY

“**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.

“**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 27 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.

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

“**Moscow Exchange**” means Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (short name “Moscow Exchange”).

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

GLOSSARY

“**Nikolaev Alumina Refinery**” or “**Mykolaiv Alumina Refinery**” or “**NGZ**” means Mykolaiv Alumina Refinery Company Limited, a company incorporated under the laws of the Ukraine.

“**Norilsk Nickel**” means PJSC “MMC ‘NORILSK NICKEL’”, a company incorporated under the laws of the Russian Federation.

“**PRC**” or “**China**” means the People’s Republic of China and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, Macau and Taiwan.

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

“**PXF Facility 2021**” means up to USD200 million syndicated aluminium pre-export finance term facility – until January 2024 equal quarterly repayments starting from April 2022.

“**QAL**” means Queensland Alumina Refinery, a company incorporated in Queensland, Australia, 20% indirectly owned by the Company.

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

“**Registration Date**” means 25 September 2020, the date when the Company was registered as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, changed its jurisdiction of incorporation from Jersey to the Russian Federation, changed its corporate name from UC RUSAL Plc to UC RUSAL, IPJSC and when its Memorandum of association and Articles of Association governed by Jersey laws were superseded by the Charter.

GLOSSARY

“**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 2023 and ending on 30 June 2023.

“**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.

“**Russian CG Code**” means the corporate governance code approved by the Board of Directors of the Bank of Russia on 21 March 2014.

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

GLOSSARY

“**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**”, “**JSC “RUSAL Sayanogorsk”**”, “**JSC “RUSAL Sayanogorsk Aluminium Smelter”**” or “**SAZ**” means Joint Stock Company “RUSAL Sayanogorsk Aluminium Smelter”, a company incorporated under the laws of the Russian Federation, which is an indirect wholly-owned subsidiary of the Company.

“**SFO**” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as may be amended and supplemented 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” INTERNATIONAL LIMITED LIABILITY COMPANY, a company incorporated under the laws of the Bahamas as SUAL Partners Limited and continued in the Russian Federation as an international company 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 International Funds”, 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**” or “**United States**” means the United States of America.

“**US Midwest premium**” – price upcharge to the LME price for metal supplied under Midwest market contracts to the Midwest region of the United States.

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

GLOSSARY

“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.

CORPORATE INFORMATION

UNITED COMPANY RUSAL, INTERNATIONAL PUBLIC JOINT STOCK COMPANY

(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. Mikhail Khardikov
Mr. Vladimir Kolmogorov
Mr. Semen Mironov

Independent non-executive Directors

Mr. Christopher Burnham
Ms. Liudmila Galenskaia
Mr. Kevin Parker
Mr. Randolph N. Reynolds
Dr. Evgeny Shvarts
Ms. Anna Vasilenko
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

17/F., Leighton Centre,
77 Leighton Road, Causeway Bay,
Hong Kong

HONG KONG COMPANY SECRETARY

Ms. Lam Yuen Ling Eva
17/F., Leighton Centre,
77 Leighton Road, Causeway Bay,
Hong Kong

AUDITORS

TSATR – Audit Services LLC
Public Interest Entity Auditor recognised in
accordance with the Accounting and Financial
Reporting Council Ordinance
Russian Federation, 115035, Moscow,
Sadovnicheskaya
naberezhnaya, 77, building 1

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Evgenii Nikitin
Ms. Lam Yuen Ling Eva
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

Hongkong Managers and Secretaries Limited,
Units 1607-8, 16/F, Citicorp Centre,
18 Whitfield Road, Causeway Bay,
Hong Kong

AUDIT COMMITTEE MEMBERS

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

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

Mr. Christopher Burnham
Mr. Randolph N. Reynolds
Ms. Anna Vasilenko (*chairman*)

INVESTOR RELATIONS CONTACT

Moscow

IR team
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