Mining and Metallurgical Company Norilsk Nickel

Consolidated financial statements
for the years ended 31 December 2023, 2022 and 2021

MINING AND METALLURGICAL COMPANY NORILSK NICKEL

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

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MINING AND METALLURGICAL COMPANY NORILSK NICKEL

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

The following statement, which should be read in conjunction with the auditors' responsibility stated in the independent auditors' report, is made with a view to distinguishing the respective responsibilities of management and those of the auditors in relation to the consolidated financial statements of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" and its subsidiaries (the "Group").

Management of the Group is responsible for the preparation of the consolidated financial statements that present fairly in all material respects the consolidated financial position of the Group at 31 December 2023, 2022 and 2021 and its consolidated financial performance, comprehensive income, consolidated cash flows and changes in equity for the years ended 31 December 2023, 2022 and 2021, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

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

Management, within its competencies, is also responsible for:

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

The consolidated financial statements for the years ended 31 December 2023, 2022 and 2021 were approved by:

President	______________________	**V.O. Potanin**
Senior Vice President – Chief Financial Officer	______________________	**S.G. Malyshev**

Moscow, Russia
9 February 2024

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Independent Auditors' Report

To the Shareholders and Board of Directors of PJSC "Mining and Metallurgical Company "Norilsk Nickel"

Opinion

We have audited the consolidated financial statements of PJSC "Mining and Metallurgical Company "Norilsk Nickel" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, 2022 and 2021, the consolidated income statements, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023, 2022 and 2021, and notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended 31 December 2023, 2022 and 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Disclosures on the impact of the economic situation on the Group's operations	
Please refer to the Notes 34, 35 in the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
During 2023 new restrictive measures were introduced in addition to previously introduced restrictive measures by the United States of	Our audit procedures included the following: — We obtained and critically reviewed the management's assessment of the impact of the economic and geopolitical situation on the Group's operations; We reviewed the

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America, the European Union and some other countries against the Russian government, major financial institutions, certain other legal entities and individuals in Russia, resulting in significant capital markets volatility, supply and distribution interruptions, and limited availability of debt financing. The Group made a comprehensive disclosure on the impact of economic and geopolitical environment on the Group's current and future operations which we consider to be a key audit matter.	assessment of revenue, production and capital expenditures amounts budgeted for the next financial year; — We assessed the Group's analysis of sensitivity to the major market, financial and regulatory risks, such as currency risks, interest rate risks and risks associated with the availability of external financing; — We analysed the disclosure of credit risk, including the Group's assessment of dependency from major customers and credit risk concentration. We compared the information on credit ratings of the banks to external sources; — We analysed the disclosure of liquidity risk including maturity profile and respective cash flows and reconciled information on credit line commitments at the reporting date. We considered the overall adequacy and appropriateness of the disclosures related to the analysis of the impact of the economic situation on the Group's current and future operations in the consolidated financial statements.

Impairment of non-current assets

Please refer to the Note 14 in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Due to the current economic situation and changes in market and macroeconomic conditions, the Group performed the analysis of impairment indicators for non-currents assets as at 31 December 2023. Given the materiality of the carrying amount of non-current assets, complexity of the impairment analysis in current economic environment and high degree of judgement in preparation of a discounted cash flow model, we consider impairment of non-current assets to be a key audit matter.	Our audit procedures included the analysis of methodology used by the Group to identify individual assets and determine cash-generating units (CGUs) for the purpose of assessing indications of impairment. We also analysed the process and control procedures developed by the Group to ensure the completeness of analysed external and internal indicators of impairment and further estimation of the recoverable amount if impairment test is to be performed. We analysed the existence of internal and external indicators of impairment by separate CGU and individual assets. For CGUs with impairment indicators at the reporting date, we involved Kept valuation specialists to assist us in evaluating the methodology used by the Group when preparing discounted cash flow models and analysis of key assumptions in terms of their relevance and reasonableness, taking into consideration current macroeconomic conditions, historic performance results and future plans. We compared: — forecast metal prices, inflation and exchange rates with publicly available market information; — discount rates calculation to our own assessment of key components of discount rate calculation — production volumes with estimates of mineral reserves and historical operating performance for certain CGUs. We also assessed appropriateness and completeness of the disclosure in the consolidated financial statements in relation to significant assumptions used in determination of recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the Financial Overview (MD&A) but does not include the consolidated financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the information included in other sections of Annual Report for 2023, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit Committee of Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee of Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee of Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

АКЦИОНЕРНОЕ ОБЩЕСТВО ОГРН 1027700125628 Кэпт Kept МОСКВА

Velichko Natalia Nikolaevna

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 21906109427, acts on behalf of the audit organization based on the power of attorney No. 375/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

9 February 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021
US Dollars million

		For the year ended 31 December		
	Notes	**2023**	**2022**	**2021**
Revenue				
Metal sales	7	13,702	16,073	17,103
Other sales		707	803	749
Total revenue		**14,409**	**16,876**	**17,852**
Cost of metal sales	8	(6,322)	(6,090)	(5,057)
Cost of other sales		(721)	(829)	(746)
Gross profit		**7,366**	**9,957**	**12,049**
General and administrative expenses	9	(1,093)	(1,353)	(989)
Selling and distribution expenses	10	(285)	(255)	(191)
Impairment of non-financial assets, net	14	(179)	(90)	(48)
Other operating expenses, net	11	(269)	(678)	(1,285)
Operating profit		**5,540**	**7,581**	**9,536**
Foreign exchange (loss)/gain, net		(1,512)	251	(53)
Finance costs, net	12	(567)	(493)	(279)
Gain/(loss) from disposal of subsidiaries and foreign joint operations	21	32	(110)	29
Income from investments		41	150	52
Profit before tax		**3,534**	**7,379**	**9,285**
Income tax expense	13	(664)	(1,525)	(2,311)
Profit for the year		**2,870**	**5,854**	**6,974**
Attributable to:				
Shareholders of the parent company		2,384	5,458	6,512
Non-controlling interests		486	396	462
		2,870	**5,854**	**6,974**
EARNINGS PER SHARE				
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	22	15.6	35.7	41.9

The accompanying notes on pages 12 - 71 form an integral part of the consolidated financial statements

MINING AND METALLURGICAL COMPANY NORILSK NICKEL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

US Dollars million

	For the year ended 31 December		
	2023	**2022**	**2021**
Profit for the year	**2,870**	**5,854**	**6,974**
Other comprehensive (loss)/income			
Items that are or may be reclassified to profit or loss in subsequent periods:			
Reclassification of translation reserve for disposed foreign operations to profit or loss (Note 21)	–	–	20
Effect of translation of foreign operations and other reserves	(31)	29	(2)
Other comprehensive (loss)/income that are or may be reclassified to profit or loss in subsequent periods, net	**(31)**	**29**	**18**
Items not to be reclassified to profit or loss in subsequent periods:			
Effect of translation to presentation currency	(1,825)	891	80
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net	**(1,825)**	**891**	**80**
Other comprehensive (loss)/income for the year, net of tax	**(1,856)**	**920**	**98**
Total comprehensive income for the year, net of tax	**1,014**	**6,774**	**7,072**
Attributable to:			
Shareholders of the parent company	779	6,332	6,618
Non-controlling interests	235	442	454
	1,014	**6,774**	**7,072**

MINING AND METALLURGICAL COMPANY NORILSK NICKEL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023, 2022 AND 2021
US Dollars million

	Notes	At 31 December 2023	2022	2021
ASSETS				
Non-current assets				
Property, plant and equipment	14	15,181	16,264	12,699
Intangible assets		238	302	265
Investments in associates and joint ventures	16	76	8	17
Other financial assets		58	113	72
Deferred tax assets	13	335	340	167
Other non-current assets	18	350	365	345
		16,238	**17,392**	**13,565**
Current assets				
Inventories	18	3,817	4,945	3,026
Trade and other receivables	19	764	846	468
Advances paid and prepaid expenses		173	192	111
Other financial assets		3	40	43
Income tax receivable		101	17	203
Other taxes receivable	17	344	477	412
Cash and cash equivalents	20	2,139	1,882	5,547
Other current assets		1	4	60
		7,342	**8,403**	**9,870**
TOTAL ASSETS		**23,580**	**25,795**	**23,435**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	22	6	6	6
Share premium		1,212	1,212	1,218
Treasury shares	22	–	–	(305)
Translation and other reserves		(6,146)	(4,541)	(5,415)
Retained earnings		11,324	10,448	8,184
Equity attributable to shareholders of the parent company		**6,396**	**7,125**	**3,688**
Non-controlling interests	23	1,199	1,442	1,100
		7,595	**8,567**	**4,788**
Non-current liabilities				
Loans and borrowings	24	5,377	7,189	8,616
Lease liabilities	25	466	190	178
Provisions	26	689	916	894
Social liabilities	27	399	613	633
Trade and other long-term payables		51	56	55
Derivative financial instruments		–	67	72
Deferred tax liabilities	13	142	415	73
Other non-current liabilities	29	30	93	43
		7,154	**9,539**	**10,564**
Current liabilities				
Loans and borrowings	24	4,335	4,295	1,610
Lease liabilities	25	54	43	57
Trade and other payables	28	1,273	1,381	2,224
Dividends payable	30	1,924	496	3,146
Employee benefit obligations	29	555	585	417
Provisions	26	90	180	146
Social liabilities	27	207	201	158
Derivative financial instruments		114	–	15
Income tax payable		7	169	41
Other taxes payable	17	272	339	269
		8,831	**7,689**	**8,083**
TOTAL LIABILITIES		**15,985**	**17,228**	**18,647**
TOTAL EQUITY AND LIABILITIES		**23,580**	**25,795**	**23,435**

The accompanying notes on pages 12 - 71 form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021
US Dollars million

	For the year ended 31 December		
	2023	**2022**	**2021**
OPERATING ACTIVITIES			
Profit before tax	**3,534**	**7,379**	**9,285**
Adjustments for:			
Depreciation and amortisation	1,165	1,026	928
Impairment of non-financial assets, net (Note 14)	179	90	48
Loss on disposal of property, plant and equipment (Note 14)	36	70	35
(Gain)/loss from disposal of subsidiaries and foreign joint operations (Note 21)	(32)	110	(29)
Change in provisions and allowances (Notes 26, 27)	77	236	896
Finance costs, net (Note 12)	567	493	279
Income from investments	(41)	(150)	(52)
Foreign exchange loss/(gain), net	1,512	(251)	53
Other	124	(106)	36
	7,121	**8,897**	**11,479**
Movements in working capital:			
Inventories	(185)	(1,693)	(796)
Trade and other receivables	(4)	(347)	38
Advances paid and prepaid expenses	(62)	(60)	(30)
Other taxes receivable	12	(121)	31
Employee benefit obligations	39	129	34
Trade and other payables	51	(1,096)	669
Provisions	(179)	(160)	(2,145)
Other taxes payable	99	164	(27)
Cash generated from operations	**6,892**	**5,713**	**9,253**
Income tax paid	(1,164)	(1,127)	(2,211)
Net cash generated from operating activities	**5,728**	**4,586**	**7,042**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(2,988)	(4,227)	(2,683)
Investments in associates and joint ventures	(71)	(29)	(21)
Purchase of intangible assets	(50)	(71)	(81)
Loans issued	(31)	–	(6)
Proceeds from repayment of loans issued	38	22	43
Net change in deposits placed	–	34	(35)
Proceeds from disposal of property, plant and equipment	1	11	12
Net cash inflow/(outflow) from disposal of subsidiaries and foreign joint operations (Note 21)	11	(46)	49
Interest and other investment income received	48	157	84
Net cash used in investing activities	**(3,042)**	**(4,149)**	**(2,638)**

The accompanying notes on pages 12 - 71 form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021 (CONTINUED)
US Dollars million

	For the year ended 31 December		
	2023	**2022**	**2021**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings (Note 34)	5,569	9,104	1,000
Repayments of loans and borrowings (Note 34)	(6,642)	(7,775)	(415)
Payments of lease liabilities (Note 34)	(45)	(50)	(55)
Dividends paid to shareholders of the parent company (Note 30)	–	(6,196)	(2,198)
Dividends paid to non-controlling interests	(503)	(73)	–
Receipt of dividends not remitted to shareholders and ADR holders (Note 30)	–	544	–
Proceeds/(payments) on exchange of flows under cross-currency interest rate swaps, net	8	(19)	4
Interest paid	(791)	(599)	(315)
Acquisition of own shares from shareholders (Note 22)	–	–	(2,068)
Net cash used in financing activities	**(2,404)**	**(5,064)**	**(4,047)**
Net change in cash and cash equivalents	**282**	**(4,627)**	**357**
Cash and cash equivalents at the beginning of the year (Note 20)	**1,882**	**5,547**	**5,191**
Effects of foreign exchange differences on balances of cash and cash equivalents	(25)	962	(1)
Cash and cash equivalents at the end of the year (Note 20)	**2,139**	**1,882**	**5,547**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

US Dollars million

		Equity attributable to shareholders of the parent company							
	Notes	**Share capital**	**Share premium**	**Treasury shares**	**Translation and other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 1 January 2021		**6**	**1,254**	**–**	**(5,521)**	**8,290**	**4,029**	**646**	**4,675**
Profit for the year		–	–	–	–	6,512	**6,512**	462	**6,974**
Other comprehensive income/(loss)		–	–	–	106	–	**106**	(8)	**98**
Total comprehensive income for the year		**–**	**–**	**–**	**106**	**6,512**	**6,618**	**454**	**7,072**
Dividends	30	–	–	–	–	(5,374)	**(5,374)**	–	**(5,374)**
Other effects related to transactions with non-controlling interest owners	23	–	–	–	–	490	**490**	–	**490**
Acquisition of own shares from shareholders	22	–	–	(2,075)	–	–	**(2,075)**	–	**(2,075)**
Cancellation of ordinary shares from treasury stock		–	(36)	1,770	–	(1,734)	–	–	–
Balance at 31 December 2021		**6**	**1,218**	**(305)**	**(5,415)**	**8,184**	**3,688**	**1,100**	**4,788**
Profit for the year		–	–	–	–	5,458	**5,458**	396	**5,854**
Other comprehensive income		–	–	–	874	–	**874**	46	**920**
Total comprehensive income for the year		**–**	**–**	**–**	**874**	**5,458**	**6,332**	**442**	**6,774**
Dividends	30	–	–	–	–	(2,895)	**(2,895)**	(100)	**(2,995)**
Cancellation of ordinary shares from treasury stock	22	–	(6)	305	–	(299)	**–**	–	**–**
Balance at 31 December 2022		**6**	**1,212**	**–**	**(4,541)**	**10,448**	**7,125**	**1,442**	**8,567**
Profit for the year		–	–	–	–	2,384	**2,384**	486	**2,870**
Other comprehensive loss		–	–	–	(1,605)	–	**(1,605)**	(251)	**(1,856)**
Total comprehensive income for the year		**–**	**–**	**–**	**(1,605)**	**2,384**	**779**	**235**	**1,014**
Dividends	30	–	–	–	–	(1,508)	**(1,508)**	(478)	**(1,986)**
Balance at 31 December 2023		**6**	**1,212**	**–**	**(6,146)**	**11,324**	**6,396**	**1,199**	**7,595**

The accompanying notes on pages 12 - 71 form an integral part of the consolidated financial statements

1. GENERAL INFORMATION

Organisation and principal business activities

Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" (the "Company" or PJSC "MMC "Norilsk Nickel") was incorporated in the Russian Federation on 4 July 1997. The principal activities of the Company and its subsidiaries (the "Group") are exploration, extraction, refining of ore and nonmetallic minerals and sale of base and precious metals produced from ore.

Major production facilities of the Group are located on Russia's Taimyr and Kola Peninsulas and in the Zabaikalsky Territory.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The entities of the Group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered. Accounting principles in certain jurisdictions may differ significantly from those generally accepted under IFRS. Financial statements of such entities have been adjusted to ensure that the consolidated financial statements are presented in accordance with IFRS.

The Group issues a separate set of IFRS consolidated financial statements to comply with the requirements of the Russian Federal Law No 208-FZ *On consolidated financial statements* ("208-FZ") which was adopted on 27 July 2010.

Basis of measurement

The consolidated financial statements of the Group are prepared on the historical cost basis, except for mark-to-market valuation of certain classes of financial instruments, in accordance with IFRS 9 *Financial Instruments*.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements for the year ended 31 December 2023 are generally consistent with those applied in the preparation of the Group's consolidated financial statements as at and for the years ended 31 December 2022 and 2021.

Adoption of new and revised standards and interpretations during for the year ended 31 December 2023

Adoption of the new Standard and amendments to the following Standards did not have material impact on the accounting policies, financial position or financial results of the Group:

- IFRS 17 *Insurance Contracts (new Standard);*
- IAS 1 *Presentation of financial statements (amended);*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors (amended);*
- IAS 12 *Income Taxes (amended);*

US Dollars million

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards and interpretations during the year ended 31 December 2022

Adoption of amendments to the following Standards did not have material impact on the accounting policies, financial position or financial results of the Group:

- IFRS 9 *Financial Instruments (amended);*
- IFRS 1 *First-time Adoption of International Financial Reporting Standards (amended);*
- IFRS 3 *Business combinations (amended);*
- IFRS 16 *Leases (amended);*
- IAS 16 *Property, plant and equipment (amended);*
- IAS 37 *Provisions, contingent liabilities and contingent assets (amended).*

Adoption of new and revised standards and interpretations during the year ended 31 December 2021

Adoption of amendments to the following Standards did not have material impact on the accounting policies, financial position or financial results of the Group:

Amendments related to interest rate benchmark reform:

- IFRS 4 *Insurance Contracts (amended);*
- IFRS 7 *Financial Instruments: Disclosures (amended);*
- IFRS 9 *Financial Instruments (amended);*
- IFRS 16 *Leases (amended);*
- IAS 39 *Financial Instruments: Recognition and Measurement (amended).*

Other amendments:

- IFRS 16 *Leases (amended).*

Standards and interpretations issued but not yet effective

The Group did not early adopt any standard, interpretation or amendment that had been issued but was not yet effective.

Standards and Interpretations	Summary of amendments	Effective for annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Additional disclosures of supplier financing agreements	1 January 2024
IFRS 16 Leases	Lease obligations on sale and leaseback	1 January 2024
IAS 1 Presentation of financial statements	Classification of liabilities as current or non-current, non-current liabilities with covenants	1 January 2024
IAS 7 Statement of Cash Flows	Additional disclosures of supplier financing agreements	1 January 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	1 January 2025

Management of the Group plans to adopt all of the above standards and interpretations in the Group's consolidated financial statements for the respective periods. These standards are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions, except for additional disclosures of supplier financing arrangements in the consolidated financial statements.

Reclassification

Management reassessed classification of certain items of cost of metal sales and selling and distribution expenses for the year ended 31 December 2023. Information for the years ended 31 December 2022 and 2021 was reclassified to conform with the current period presentation and the effect of the reclassification was immaterial.

US Dollars million

4. MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity over which the Group exercises significant influence, but not control or joint control, through participation in financing and operating policy decisions, in which it normally owns between 20% and 50% of the voting equity. A joint venture is an entity in which the Group and other investors have joint control, i.e. decisions about the relevant activities of the investee require unanimous consent of the parties sharing control and the Group has rights to its share of the investee’s net assets. The existence of significant influence or joint control is determined based on the respective rights of investors established by investee’s charter, corporate agreement, shareholders' agreement or similar arrangements.

Investments in associates and joint ventures are accounted for using the equity method from the date significant influence or joint control commenced until the date that significant influence or joint control effectively ceased.

Under the equity method of accounting, investments in associates and joint ventures are initially recognised at cost and are adjusted thereafter to recognise the Group’s share of the post-acquisition profit or loss and other movements in investee’s equity and reserves.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in the investees. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Functional and presentation currency

Russian rouble (“RUB”) is the functional currency of the Company and all of its subsidiaries except for the Group's foreign subsidiary operating in metal processing whose functional currency is US Dollar (“USD”).

The presentation currency of the Group’s consolidated financial statements is US Dollar (“USD”). Using USD as a presentation currency is a common practice among global mining companies. The Group also issues consolidated financial statements which use RUB as the presentation currency to comply with Federal Law 208-FZ.

Components of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are translated into presentation currency using the following applicable exchange rates:

Component of consolidated statements	Applicable exchange rates
Assets and liabilities	Period-end rate
Income, expenses, and cash flows	Date of underlying transaction or average approximating exchange rates prevailing at the dates of the transactions
Equity	Historical rates

All exchange differences resulting from translation of the consolidated income statement and consolidated statement of financial position components are recognised as a separate component in other comprehensive income/loss.

The exchange rates of certain currencies to the Russian Rouble used in the preparation of the consolidated financial statements are as follows:

	At 31 December 2023	At 31 December 2022	At 31 December 2021
US Dollar/RUB	89.69	70.34	74.29
Euro/RUB	99.19	75.65	84.07
Chinese Yuan/RUB	12.58	9.89	11.65

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Metal sales revenue

Revenue from metal sales is recognised at a point of time when control over the asset is transferred to the customer and represents the invoiced value, net of value added tax (if any).

Revenue from contracts that are entered into and continue to meet the Group's expected sale requirements designated for that purpose at their inception and are expected to be settled by physical delivery of the goods, is recognised in the consolidated financial statements as and when the goods are delivered. A gain or loss on forward contracts expected to be settled by physical delivery or on a net basis is recognised in revenue and disclosed separately from revenue from contracts with customers.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, if the expected period between when the Group transfers promised goods or a service to a customer and the customer pays for those goods or services is one year or less.

Certain contracts are provisionally priced so that price is not settled until a predetermined future date, as of which the delivery price is settled based on the market price (contracts with quotation period). Revenue from such transactions is initially recognised at the market price at the date of sale. Price adjustments under provisionally priced contracts are recognised in revenue.

Leases

At the inception of a contract, the Group assesses whether such contract or its components constitute a lease. The Group recognises a right-of-use asset and a corresponding lease liability, if a lease contract transfers to the lessee the right to control the use of the identified asset for a period of time in exchange for a consideration, except for current leases with the term of 12 months or less. The Group recognises lease payments associated with current leases as an expense on a straight-line basis over the lease term. Land plot lease payments are treated as variable lease payments, if they are linked to the cadastral value and changes in the latter do not depend on market rental rates. The Group recognises such variable lease payments as an expense in the period when the event that triggers those payments occurs.

Right-of-use assets are initially recognised at cost that comprises when applicable:

- the initial amount of the lease liability;
- any lease payments made at or before the lease commencement date;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee for retirement of the underlying asset and restoration of the site where it is located.

Right-of-use assets are subsequently measured at initial cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated on a straight-line basis over their estimated economic useful life or over the term of the lease, whichever is shorter. Right-of-use assets are presented in property, plant and equipment in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Lease liabilities (refer to Note 25) are initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently remeasured to reflect changes in lease payments. The lease payments are discounted using the interest rate implicit in the lease (if that rate can be readily determined) or using Group incremental borrowing rate at the commencement date determined based on the lease term and currency of the lease payments.

Employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that period. Deferred costs under subsidised housing programs for employees are presented in Other non-current assets in the consolidated statement of financial position and amortised over a certain period of employee participation in the programme (two to ten years). Long-term employee benefit obligations are discounted to present value.

Defined contribution plans

The Group contributes to the following major defined contribution plans:
- Social Fund of the Russian Federation;
- Mutual accumulated pension plan.

The only obligation of the Group with respect to these and other defined contribution plans is to make specified contributions during the period in which they arise. Such contributions are recognised in the consolidated income statement when employees have rendered respective services.

Income tax expense

Income tax expense represents the sum of the current and deferred tax.

Income tax is recognised as an expense or income in the consolidated income statement unless it relates to other items recognised directly in other comprehensive income, in which case the tax is also recognised in the consolidated statement of comprehensive income. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are not taxable or deductible.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not recognised in the consolidated financial statements, if temporary differences arise from the initial recognition of goodwill or from the initial recognition of assets and liabilities other than in a business combination, which, at the time of the transaction, affects neither taxable profit nor accounting profit and do not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same tax authority.

Property, plant and equipment

Mining assets

Mine development costs are capitalised and comprise expenditures directly related to:

- acquiring mining and exploration licences;
- developing new mines;
- estimating revised content of minerals in the existing ore bodies currently developed;
- expanding mine capacity.

Mine development costs include directly attributable finance costs capitalised during mine development.

Mine development costs are recognised as mining assets and start to be depreciated when a mine reaches commercial production quantities.

Mining assets are recognised at cost less accumulated depreciation and impairment losses. Mining assets include cost of acquiring and developing mining properties, pre-production expenditure, mine infrastructure, property, plant and equipment that process extracted ore, subsoil use rights, mining and exploration licenses, finance costs eligible for capitalisation and discounted value of future decommissioning costs.

Carrying value of mining assets is depreciated over the lesser of their individual economic useful life on a straight-line basis, or the remaining life of mine. Life of mine is estimated based on the Group production plans. Average useful lives vary from 2 to 47 years.

Exploration expenditure

Exploration expenditure, including geophysical, topographical, geological and similar types of expenditure is capitalised and amortised over the life of mine from the moment the commercial viability of the project is established. Otherwise, it is expensed in the period in which it is incurred.

Exploration expenditure written-off before the start of mine development is not subsequently capitalised, even if commercial production subsequently commences.

Non-mining assets

Non-mining assets include metallurgical processing plants, buildings, infrastructure, machinery and equipment, and other non-mining assets. Such assets are measured at cost less accumulated depreciation and impairment losses. Non-mining assets include property, plant and equipment used both in operations directly and to provide social services in the regions where the Group operates.

Non-mining assets are depreciated on a straight-line basis over their economic useful life.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation charge is calculated over the following economic useful life:

• buildings, facilities and infrastructure	5 to 50 years
• machinery, equipment and transport	2 to 33 years
• other non-mining assets	2 to 20 years

Capital construction-in-progress

Capital construction-in-progress comprises costs directly related to the construction of mining and non-mining assets, including:

- prepayments for the purchase of property, plant and equipment and materials acquired for the construction of buildings, processing plants, infrastructure, machinery and equipment;
- irrevocable letters of credit opened for future fixed assets deliveries and secured by deposits placed with banks;
- directly attributable finance costs capitalised during construction.

Depreciation of these assets begins when they become available for use and are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Capitalisation of finance cost

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Impairment of non-current assets, excluding goodwill

At each reporting date, the Group analyses the indicators of impairment of its non-current assets to determine whether there is any indication that an impairment loss has been incurred. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. Where the fair value less costs of disposal of an individual asset is higher than their carrying amount the Group does not estimate its value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement immediately.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated income statement immediately.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories

Refined metals

The Group's main jointly produced metals include nickel, copper, palladium, platinum; by-products include cobalt, gold, rhodium, silver, and other metals. Main products are measured at the lower of cost of production or net realisable value. The cost of production of main products is determined as total production cost allocated to each joint product by reference to their relative sales value. Export customs duties (if applicable), transportation costs and other costs incurred by the Group before the produced finished goods are designated for sale under a particular contract with a customer are included in the cost of production, all costs incurred after that point are included in selling and distribution expenses. By-products are initially measured at net realisable value, based on current market prices. Net realisable value estimates take into consideration fluctuations of price or cost directly relating to events after the reporting date, to the extent that such events confirm conditions existing at the end of the reporting period.

Work-in-process

Work-in-process includes all costs incurred in the ordinary course of business for producing each product including direct material and labour costs, allocation of production overheads, depreciation, amortisation and other costs, given its stage of completion, less allowance for adjustment to net realisable value. Changes in the amount of allowance are recognised in Cost of metal sales in the consolidated income statement.

Materials and supplies

Materials and supplies are measured at cost less allowance for obsolete and slow-moving items.

Financial assets

Financial assets are recognised when the Group becomes party to contractual provisions of the instrument and are initially measured at fair value, plus directly attributable transaction costs, except for those financial assets measured at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- financial assets measured at fair value through profit or loss.

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and is determined at the time of initial recognition.

Effective interest method

The effective interest method is used for calculating the amortised cost of a financial asset and for allocating interest income over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including directly attributable transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets measured at fair value through profit or loss or fair value through other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets measured at amortised cost

The Group generally classifies cash and cash equivalents, trade and other receivables (excluding trade receivables measured at fair value through profit and loss under provisionally priced contracts), loans issued and bank deposits as financial assets measured at amortised cost.

Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Trade receivables under provisionally priced contracts and derivative financial assets are measured at fair value through profit or loss. Trade receivables under provisionally priced contracts are remeasured at each reporting date using the forward market price for the period till the price settlement date outlined in the contract.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on a financial asset measured at amortised cost using either of the following methods:

Lifetime expected credit losses	Trade and other receivables
	Financial assets other than trade and other receivables for which credit risk has increased significantly since initial recognition
12-months expected credit losses since the reporting date	Financial assets other than trade and other receivables at initial recognition
	Financial assets other than trade and other receivables for which credit risk has not increased significantly since initial recognition

When determining whether the credit risk of the financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reliable and supportable information, including both quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information.

The Group applies the simplified approach to measuring expected credit losses under *IFRS 9 Financial Instruments*, which uses a lifetime expected loss allowance for trade receivables. The Group assumes that expected credit loss for all trade and other receivables which are overdue for more than 365 days is equal to their carrying amount. To measure the expected credit losses trade and other receivables that are overdue for less than 365 days are grouped based on the length of the overdue period to which respective expected loss rates are applied. The expected loss rates are based on the historical credit loss experience, adjusted to reflect current and forward-looking information on the ability of the customers to settle the receivables.

When trade and other receivables are considered uncollectable, they are written off against the respective loss allowance. Changes in the amount of allowance are recognised in the consolidated income statement.

Financial liabilities

The Group classifies financial liabilities into loans and borrowings, trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest method. Derivative financial liabilities are measured at fair value through profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Effective interest method

The effective interest method is used for calculating the amortised cost of a financial liability and for allocating interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash outflows through the expected life of the financial liability, or where appropriate, a shorter period.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits in banks, brokers and other financial institutions and highly liquid investments with original maturities of three months or less and on demand deposits, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If, in the course of discharging an obligation, the Group recognises property, plant and equipment, then this settlement does not result in an outflow of the Group’s resources and, therefore, no provision is recognised.

Provisions may be recognised in respect of the Group social, environmental, asset decommissioning or other obligations, and are presented in these consolidated financial statements accordingly. In particular, the Group's social provisions are presented together with other liabilities related to its social expenditure as a separate item Social Liabilities in the consolidated statement of financial position.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the future cash flows, its carrying amount is the present value of those cash flows.

Decommissioning obligations and environmental provisions

Decommissioning obligations include direct asset decommissioning costs as well as related land restoration costs.

Future decommissioning costs and related obligations, discounted to present value, are recognised when the legal or constructive obligation in relation to such costs arises and the future costs can be reliably estimated. These costs are capitalised as part of the initial cost of the related asset and are depreciated over the useful life of the asset. The unwinding of discount on decommissioning obligations is recognised in Finance cost, net in the consolidated income statement. Decommissioning obligations are periodically remeasured for changes in applicable laws, regulations, expected closure dates, inflation and discount rates.

Environmental provisions may include expenditure for remediation of the damage to the environment, including land and water bodies clean-up and rehabilitation costs, restoration of biological resources, settlement of legal claims and environmental damages, fines and penalties imposed by government authorities in respect of the environmental incidents.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When preparing the consolidated financial statements, the Group's management necessarily makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the reporting date, and the amounts of income and expenses for the reporting period. Estimates and assumptions require management judgement based on historical experience, current and expected economic conditions, and any other available information. Actual results may differ from such estimates. Key estimates and assumptions made by the Group's management are disclosed below or elsewhere in the notes to the consolidated financial statements if applicable.

The most significant areas requiring the use of management estimates and assumptions are as follows:

- useful economic life of property, plant and equipment;
- impairment of non-financial assets;
- decommissioning obligations and environmental provisions;
- income taxes.

Useful economic life of property, plant and equipment

The factors that may affect estimates of the useful economic life of mining assets include the following:

- changes in proved and probable ore reserves;
- the grade of ore reserves changing significantly over time;
- differences between actual commodity prices and commodity price assumptions used in the estimation and classification of ore reserves;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and decommissioning costs, discount rates and foreign exchange rates that could possibly adversely affect the economic viability of ore reserves.

The useful economic life of non-mining property, plant and equipment is reviewed by the management periodically, based on the current condition of the assets and the estimated period during which they will continue to bring economic benefits to the Group.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible non-financial assets for an indication that these assets may be impaired or that a previously recognised impairment loss may have decreased in full or in part. For the purpose of the impairment test, the assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management applies judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units, and in estimating the timing and amounts of the underlying cash flows. Subsequent changes to the assets allocation to cash generating units or the timing and amounts of cash flows may affect the recoverable amount of the respective assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Decommissioning obligations and environmental provisions

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group estimates decommissioning obligations and environmental provisions based on the management's understanding of the current legal requirements in the various jurisdictions in which it operates, terms of licence agreements and internally generated engineering estimates. Decommissioning obligations and environmental provisions are measured at present value using inflation and discount rates at the date of respective cash outflows.

Environmental provisions are recognised based on the best estimate of the consideration required to settle the environmental obligation at the reporting date, taking into account risks and uncertainties surrounding the present obligation, including probable compensations under civil lawsuits and costs to be incurred under corresponding environmental programmes. Where it is possible to determine a reliable timing of the environmental obligations, estimates are based on the discounted value of cash flows required to settle those obligations, otherwise the management uses the best estimate of the future cash outflows related to the environmental obligations.

Actual costs incurred in future periods may differ materially from the amounts of the provisions. Additionally, future changes to environmental laws and regulations, life of mine estimates, discount rates, court decisions and government actions may affect the carrying amount of these provisions.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining provisions for income taxes paid in various jurisdictions due to the complexity of legal frameworks. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for taxes arising from tax audits based on estimates of whether additional taxes will be due. Where, following the tax disputes, the final tax amount differs from the amounts that were initially recognised, such differences are recognised in the consolidated financial statements for the period when such determination is made.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is probable that sufficient taxable income will be available to enable full or partial utilisation of the deferred tax asset.

Various factors are considered when assessing the probability of the future utilisation of deferred tax assets, including past operating results, the Group's operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates are to be adjusted in future periods, the financial position and financial results of the Group may be affected.

6. SEGMENTS

Reportable segments are based on internal reports on components of the Group that are regularly reviewed by the Management Board.

Management has determined the following reportable segments:

- GMK Group segment includes main mining, processing and metallurgy operations as well as transport services, energy, repair and maintenance services located on Taimyr Peninsula. GMK Group metal sales to external customers include metal volumes produced from semi-products purchased from South cluster, Kola Division and GRK Bystrinskoye segments. Intersegment revenue from metal sales includes primarily sale of semi-products to Kola division for further processing. Metal sales to external customers include an approximately equal portion of base and precious metals sales in 2023 and 2022, while in 2021 the share of base metals sales did not exceed 45%. GMK Group's intersegment other sales include revenue from metal processing services provided to other segments. GMK Group's other sales to external customers primarily include revenue from energy and utilities services provided on Taimyr Peninsula;
- South cluster segment includes certain ore mining and processing operations located on Taimyr Peninsula. Intersegment revenue from metal sales includes sale of semi-products to the GMK Group for further processing. The South cluster segment revenue from other sales includes intersegment ore processing services under tolling arrangements provided to the GMK Group segment;
- During 2023 the Group revised the composition of the reporting segments based on the management's approach to segments' supervision; information for 2022 and 2021 was recalculated accordingly. The Group has identified the following activities as part of the new segment "Kola Division": mining and processing operations, metallurgy and subsequent processing of metal semi-products, as well as energy and utilities services and mineral exploration activities on the territory of Kola Peninsula. Kola Division segment sells metals to external customers, including metals produced from semi-products purchased from the GMK Group segment. These metal sales include in approximately equal portions base and precious metals sales. Metal sales to other segments include sales of semi-products to the GMK Group segment for further processing. Other sales of Kola Division segment include metal processing services provided to other segments of the Group, as well as energy and utilities services provided to external customers on Kola Peninsula;
- GRK Bystrinskoye segment includes ore mining and processing operations located in the Zabaikalsky Territory of the Russian Federation. Approximately 50% of the metal sales to external customers in 2021-2023 were base metal sales, the rest of the metal sales included an approximately equal portion of precious and other metals sales in 2022-2023 and mainly precious metal sales in 2021;
- Other mining segment includes certain other mining and exploration activities located in Russia and abroad;
- Other non-metallurgical segment includes other trading operations, transport services, supply chain management, energy and utility, research and other activities located in Russia and abroad and resale of third-party refined metal products. Metal sales to external customers include mainly base metals sales in 2023 and 2022 and approximately equal portion of base and precious metals sales in 2021. In 2021 the Other non-metallurgical segment also included resale of 50% of metal semi-products produced by Nkomati. Other sales of the Other non-metallurgical segment primarily included revenue from fuel sales, freight sea transportation services and airport services for 2023 (revenue from passenger and freight air transportation services and fuel sales for 2022 and 2021).

Corporate activities of the Group do not represent an operating segment, include primarily the headquarters' general and administrative expenses and treasury operations of the Group and are presented as Unallocated.

The amounts in respect of reportable segments in the disclosure below are stated before intersegment eliminations, excluding:

- balances of intercompany loans and borrowings and interest accruals;
- balances of intercompany investments;
- accrual of intercompany dividends.

Amounts are measured on the same basis as those in the consolidated financial statements.

US Dollars million

6. SEGMENTS (CONTINUED)

The following tables present revenue, measure of segment profit or loss (EBITDA) and other segment information from continuing operations regarding the Group's reportable segments for the years ended 31 December 2023, 2022 and 2021, respectively.

For the year ended 31 December 2023	GMK Group	South cluster	Kola division	GRK Bystrinskoye	Other mining	Other non-metal-lurgical	Elimi-nations	Total
Revenue from external customers								
Metal sales	5,171	–	7,354	1,160	–	17	–	**13,702**
Other sales	250	4	31	2	–	420	–	**707**
Intersegment revenue								
Metal sales	4,742	916	1,009	128	–	47	(6,842)	**–**
Other sales	325	146	2	50	–	580	(1,103)	**–**
Total revenue	**10,488**	**1,066**	**8,396**	**1,340**	**–**	**1,064**	**(7,945)**	**14,409**
Segment EBITDA	3,641	484	2,254	963	(12)	(13)	343	**7,660**
Unallocated								(776)
Consolidated EBITDA								**6,884**
Depreciation and amortisation								(1,165)
Impairment of non-financial assets, net								(179)
Finance costs, net								(567)
Foreign exchange loss, net								(1,512)
Income from investments and gain from disposal of subsidiaries								73
Profit before tax								**3,534**

	GMK Group	South cluster	Kola division	GRK Bystrinskoye	Other mining	Other non-metal-lurgical	Unalloca-ted	Total
Other material cash and non-cash items								
Purchase of property, plant and equipment and intangible assets	2,303	248	248	65	9	165	–	**3,038**
Depreciation and amortisation	739	56	162	118	–	90	–	**1,165**
Impairment of non-financial assets/ (reversal of impairment)	67	9	28	1	(1)	75	–	**179**
Change in provisions and allowances	11	(1)	10	–	5	1	51	**77**

US Dollars million

6. SEGMENTS (CONTINUED)

For the year ended 31 December 2022	**GMK Group**	**South cluster**	**Kola division**	**GRK Bystrinskoye**	**Other mining**	**Other non-metal-lurgical**	**Elimi-nations**	**Total**
Revenue from external customers								
Metal sales	5,213	–	9,297	1,160	–	403	–	**16,073**
Other sales	246	5	52	1	–	499	–	**803**
Intersegment revenue								
Metal sales	6,405	728	1,538	135	–	3	(8,809)	**–**
Other sales	378	239	2	29	1	651	(1,300)	**–**
Total revenue	**12,242**	**972**	**10,889**	**1,325**	**1**	**1,556**	**(10,109)**	**16,876**
Segment EBITDA	4,316	450	4,071	934	(11)	8	(7)	**9,761**
Unallocated								(1,064)
Consolidated EBITDA								**8,697**
Depreciation and amortisation								(1,026)
Impairment of non-financial assets, net								(90)
Finance costs, net								(493)
Foreign exchange gain, net								251
Income from investments and loss from disposal of subsidiaries								40
Profit before tax								**7,379**

	GMK Group	**South cluster**	**Kola division**	**GRK Bystrinskoye**	**Other mining**	**Other non-metal-lurgical**	**Unalloca-ted**	**Total**
Other material cash and non-cash items								
Purchase of property, plant and equipment and intangible assets	3,307	298	379	72	10	232	–	**4,298**
Depreciation and amortisation	741	57	48	148	–	32	–	**1,026**
Impairment of non-financial assets/ (reversal of impairment)	72	4	2	(1)	4	9	–	**90**
Change in provisions and allowances	198	–	13	2	3	1	19	**236**

US Dollars million

6. SEGMENTS (CONTINUED)

For the year ended 31 December 2021	**GMK Group**	**South cluster**	**Kola division**	**GRK Bystrinskoye**	**Other mining**	**Other non-metal-lurgical**	**Elimi-nations**	**Total**
Revenue to external customers								
Metal sales	6,480	–	8,793	1,200	28	602	–	**17,103**
Other sales	188	1	34	3	–	523	–	**749**
Intersegment revenue								
Metal sales	4,852	618	1,188	109	–	–	(6,767)	**–**
Other sales	316	148	1	34	–	407	(906)	**–**
Total revenue	**11,836**	**767**	**10,016**	**1,346**	**28**	**1,532**	**(7,673)**	**17,852**
Segment EBITDA	5,456	397	3,761	1,076	(16)	11	772	**11,457**
Unallocated								(945)
Consolidated EBITDA								**10,512**
Depreciation and amortisation								(928)
Impairment of non-financial assets, net								(48)
Finance costs, net								(279)
Foreign exchange loss, net								(53)
Income from investments and gain from disposal of subsidiaries								81
Profit before tax								**9,285**

	GMK Group	**South cluster**	**Kola division**	**GRK Bystrinskoye**	**Other mining**	**Other non-metal-lurgical**	**Unalloca-ted**	**Total**
Other material cash and non-cash items								
Purchase of property, plant and equipment and intangible assets	2,002	304	232	62	12	152	–	**2,764**
Depreciation and amortisation	622	30	97	122	1	56	–	**928**
(Reversal of impairment)/ impairment of non-financial assets	(101)	–	137	2	–	10	–	**48**
Change in provisions and allowances	760	6	19	1	–	–	110	**896**

US Dollars million

6. SEGMENTS (CONTINUED)

The following tables present assets and liabilities of the Group's reportable segments at 31 December 2023, 2022 and 2021, respectively.

At 31 December 2023	GMK Group	South cluster	Kola division	GRK Bystrinskoye	Other mining	Other non-metal-lurgical	Elimi-nations	Total
Intersegment assets	1,618	196	1,308	173	–	171	(3,466)	–
Segment assets	14,326	965	3,728	1,252	51	1,610	(731)	**21,201**
Total segment assets	**15,944**	**1,161**	**5,036**	**1,425**	**51**	**1,781**	**(4,197)**	**21,201**
Unallocated								2,379
Total assets								**23,580**
Intersegment liabilities	552	30	851	32	1	2,000	(3,466)	–
Segment liabilities	2,909	243	415	125	64	364	–	**4,120**
Total segment liabilities	**3,461**	**273**	**1,266**	**157**	**65**	**2,364**	**(3,466)**	**4,120**
Unallocated								11,865
Total liabilities								**15,985**

At 31 December 2022	GMK Group	South cluster	Kola division	GRK Bystrinskoye	Other mining	Other non-metal-lurgical	Elimi-nations	Total
Intersegment assets	1,345	143	2,085	133	–	103	(3,809)	–
Segment assets	15,446	1,117	4,869	1,546	55	1,786	(1,092)	**23,727**
Total segment assets	**16,791**	**1,260**	**6,954**	**1,679**	**55**	**1,889**	**(4,901)**	**23,727**
Unallocated								2,068
Total assets								**25,795**
Intersegment liabilities	503	25	715	4	1	2,561	(3,809)	–
Segment liabilities	3,606	352	568	161	65	320	–	**5,072**
Total segment liabilities	**4,109**	**377**	**1,283**	**165**	**66**	**2,881**	**(3,809)**	**5,072**
Unallocated								12,156
Total liabilities								**17,228**

US Dollars million

6. SEGMENTS (CONTINUED)

At 31 December 2021	GMK Group	South cluster	Kola division	GRK Bystrinskoye	Other mining	Other non-metal-lurgical	Elimi-nations	Total
Intersegment assets	804	60	316	39	–	60	(1,279)	–
Segment assets	11,605	827	3,700	1,508	98	1,262	(1,299)	**17,701**
Total segment assets	**12,409**	**887**	**4,016**	**1,547**	**98**	**1,322**	**(2,578)**	**17,701**
Unallocated								5,734
Total assets								**23,435**
Intersegment liabilities	205	32	740	7	1	294	(1,279)	–
Segment liabilities	2,676	250	643	135	72	1,318	–	**5,094**
Total segment liabilities	**2,881**	**282**	**1,383**	**142**	**73**	**1,612**	**(1,279)**	**5,094**
Unallocated								13,553
Total liabilities								**18,647**

US Dollars million

7. METAL SALES

The Group's metal sales to external customers are detailed below (based on external customers' locations):

	For the year ended 31 December		
	2023	2022	2021
Asia	7,318	4,966	4,688
Europe	3,312	7,522	9,036
Russian Federation and CIS	1,680	1,250	732
North and South America	1,392	2,335	2,647
	13,702	**16,073**	**17,103**

Revenue from metal sales for the year ended 31 December 2023 included net gain of USD 0.2 million in respect of forward contracts measured at fair value that are expected to be settled by physical delivery or on a net basis (for the year ended 31 December 2022: net loss in the amount of USD (64) million and for the year ended 31 December 2021: net loss in the amount of USD (41) million).

For the year ended 31 December 2023 metal revenue included net loss of USD (47) million from price adjustments in respect of certain provisionally priced contracts, primarily for sale of nickel and palladium (for the year ended 31 December 2022 primarily for sale of nickel: net gain in the amount of USD 35 million and for the year ended 31 December 2021 primarily for sale of rhodium and other metals: net gain in the amount of USD 25 million).

8. COST OF METAL SALES

	For the year ended 31 December		
	2023	2022	2021
Cash operating costs			
Labour	1,857	2,123	1,406
Materials and supplies	971	1,069	715
Mineral extraction tax and other levies	873	1,192	627
Third party services	659	784	410
Transportation expenses	216	257	130
Fuel	157	166	122
Export customs duties	121	–	442
Electricity and heat energy	115	136	118
Purchases of raw materials and semi-products	33	33	95
Purchases of refined metals for resale	5	437	581
Other costs	282	326	228
Total cash operating costs	**5,289**	**6,523**	**4,874**
Depreciation and amortisation	939	1,015	843
Decrease/(increase) in metal inventories	94	(1,448)	(660)
Total	**6,322**	**6,090**	**5,057**

US Dollars million

9. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December		
	2023	**2022**	**2021**
Staff costs	684	833	577
Third party services	147	230	191
Depreciation and amortisation	110	107	83
Property tax and other miscellaneous taxes	75	94	76
Transportation expenses	6	9	18
Other	71	80	44
Total	**1,093**	**1,353**	**989**

10. SELLING AND DISTRIBUTION EXPENSES

	For the year ended 31 December		
	2023	**2022**	**2021**
Transportation expenses	132	118	81
Export customs duties	43	–	–
Marketing expenses	29	52	48
Staff costs	27	29	23
Other	54	56	39
Total	**285**	**255**	**191**

11. OTHER OPERATING EXPENSES, NET

	For the year ended 31 December		
	2023	**2022**	**2021**
Social expenses (Note 27)	205	407	1,048
Change in decommissioning obligations (Note 26)	53	12	(5)
Change in other allowances	40	43	(3)
Loss on disposal of property, plant and equipment	36	70	35
Expenses on industrial incidents response	10	35	69
Change in provision on production and mining facilities shut down (Note 26)	(1)	14	(3)
Change in environmental provisions (Note 26)	(32)	93	176
Other, net	(42)	4	(32)
Total	**269**	**678**	**1,285**

12. FINANCE COSTS, NET

	For the year ended 31 December		
	2023	**2022**	**2021**
Interest expense, net of amounts capitalised	337	330	225
Unwinding of discount on provisions	147	185	59
Fair value loss/ (gain) on the cross-currency interest rate swap contracts	60	18	(68)
Interest expense on lease liabilities	35	16	15
Changes in fair value of other current liabilities	–	–	66
Income received as a result of early debt repayment	–	(172)	–
(Gain)/loss from currency conversion operations	(5)	111	(24)
Other, net	(7)	5	6
Total	**567**	**493**	**279**

US Dollars million

13. INCOME TAX EXPENSE

	For the year ended 31 December		
	2023	**2022**	**2021**
Current income tax expense	966	1,306	1,695
Deferred tax (benefit)/expense	(302)	219	616
Total income tax expense	**664**	**1,525**	**2,311**

Current income tax expense for the year ended 31 December 2023 includes USD (8) million related to previous tax periods (31 December 2022: USD (15) million and 31 December 2021: USD (2) million).

In August 2023 Federal Law No. 414-FZ introduced a windfall tax on excess profits. The base windfall tax rate is 10% of the difference between average taxable profits for 2021-2022 and taxable profits for 2018-2019. The amount of tax expense can be reduced to an effective rate of 5% subject to the conditions provided by the Federal Law No. 414-FZ (if the payment is made during the period from 1 October 2023 to 30 November 2023 and it is not subsequently claimed back by a taxpayer). In October 2023 the Group paid using an early payment option and recognised in Current income tax expense a windfall tax on excess profits in the amount of RUB 8 198 million (USD 84 million at the exchange rate on the date of payment).

A reconciliation of theoretic income tax, calculated at the statutory rate in the Russian Federation, the location of major production assets of the Group, to the amount of actual income tax expense recognised in the consolidated income statement is as follows:

	For the year ended 31 December		
	2023	**2022**	**2021**
Profit before tax	**3,534**	**7,379**	**9,285**
Income tax at statutory rate of 20%	707	1,476	1,857
Non-deductible social expenses	48	67	177
Changes in unrecognised deferred tax assets	28	36	15
Effect of different tax rates of subsidiaries	(1)	(13)	(45)
Income tax provision related to the compensation of environmental damages	–	–	460
Tax effect of other provisions and liabilities	–	40	–
Tax effect of other permanent differences	(202)	(81)	(153)
Windfall tax	84	–	–
Total income tax expense	**664**	**1,525**	**2,311**

US Dollars million

13. INCOME TAX EXPENSE (CONTINUED)

In 2023 tax effect of other permanent differences was mailnly represented by an income tax rate credit applicable to Group's subsidiaries (in 2022: was mainly represented by an income tax rate credit applicable to a Group's subsidiary and was partially offset, in approximately equal parts, by non-deductible expenses of Group`s foreign subsidiaries and non-deductible loss on disposal of investments in subsidiaries in the total amount of USD 100 million and in 2021: was represented mainly by the income tax rate credit applicable to a Group's subsidiary).

The corporate income tax rates in other countries where the Group has a taxable presence vary from 0% to 30%.

Deferred tax balances

	At 31 December 2022	Recognised in income statement	Recognised in other compre-hensive income	Disposed on disposal of subsidiaries	Effect of translation to presentation currency	At 31 December 2023
Property, plant and equipment, right-of use assets	**593**	170	–	(3)	(147)	**613**
Inventories	**(203)**	94	–	9	(9)	**(109)**
Trade and other receivables	**(4)**	(91)	–	–	62	**(33)**
Decommissioning obligations	**(101)**	(5)	–	–	23	**(83)**
Environmental provisions	**(3)**	2	–	–	1	**–**
Other provisions	**(58)**	–	–	–	12	**(46)**
Loans and borrowings, trade and other payables, lease liabilities	**(117)**	(491)	–	–	82	**(526)**
Other assets	**24**	6	–	3	3	**36**
Other liabilities	**59**	7	(8)	–	(10)	**48**
Tax loss carry-forwards	**(115)**	6	–	–	16	**(93)**
Net deferred tax liabilities/(assets)	**75**	**(302)**	**(8)**	**9**	**33**	**(193)**

	At 31 December 2021	Recognised in income statement	Recognised in other compre-hensive income	Disposed on disposal of subsidiaries	Effect of translation to presentation currency	At 31 December 2022
Property, plant and equipment, right-of use assets	**490**	110	–	(15)	8	**593**
Inventories	**(174)**	15	–	–	(44)	**(203)**
Trade and other receivables	**3**	(28)	–	–	21	**(4)**
Decommissioning obligations	**(115)**	16	–	–	(2)	**(101)**
Environmental provisions	**(6)**	5	–	–	(2)	**(3)**
Other provisions	**(89)**	30	–	–	1	**(58)**
Loans and borrowings, trade and other payables, lease liabilities	**(145)**	58	–	21	(51)	**(117)**
Other assets	**15**	8	–	–	1	**24**
Other liabilities	**33**	24	7	(5)	–	**59**
Tax loss carry-forwards	**(106)**	(19)	–	(1)	11	**(115)**
Net deferred tax (assets)/liabilities	**(94)**	**219**	**7**	**–**	**(57)**	**75**

US Dollars million

13. INCOME TAX EXPENSE (CONTINUED)

	At 1 January 2021	Recognised in income statement	Recognised in other compre-hensive income	Effect of translation to presentation currency	At 31 December 2021
Property, plant and equipment, right-of use assets	**389**	104	–	(3)	**490**
Inventories	**(448)**	285	–	(11)	**(174)**
Trade and other receivables	**6**	(3)	–	–	**3**
Decommissioning obligations	**(94)**	(22)	–	1	**(115)**
Environmental provisions	**(416)**	407	–	3	**(6)**
Other provisions	**(51)**	(38)	–	–	**(89)**
Loans and borrowings, trade and other payables, lease liabilities	**(117)**	(37)	–	9	**–** **(145)**
Other assets	**21**	6	–	(12)	**15**
Other liabilities	**21**	11	2	(1)	**33**
Tax loss carry-forwards	**(23)**	(97)	–	14	**(106)**
Net deferred tax (assets)/liabilities	**(712)**	**616**	**2**	**–**	**(94)**

Accounting for foreign exchange differences for tax purposes due to changes in legislation is disclosed in Note 33.

Certain deferred tax assets and liabilities were offset as at 31 December 2021 to the extent they related to Group entities which were part of the consolidated taxpayers group in 2021. At 31 December 2022 and 2023 deferred tax assets and liabilities are offset only to the extent they relate to the same legal entity within the Group following the expiry of the agreement on the consolidated taxpayers group on 1 January 2023.

Deferred tax balances presented in the consolidated statement of financial position were as follows:

	At 31 December		
	2023	**2022**	**2021**
Deferred tax liabilities	142	415	73
Deferred tax assets	(335)	(340)	(167)
Net deferred tax (assets)/liabilities	**(193)**	**75**	**(94)**

Unrecognised deferred tax assets

Deferred tax assets that have not been recognised were as follows:

	At 31 December		
	2023	**2022**	**2021**
Deductible temporary differences	144	150	194
Tax loss carry-forwards	93	124	201
Total	**237**	**274**	**395**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

At 31 December 2021 a deferred tax asset of USD 135 million related to the previous years tax losses on disposal of shares of OJSC "Third Generation Company of the Wholesale Electricity Market" was not recognised as it had occurred before the Company joined the consolidated taxpayers group. As the agreement that established the consolidated taxpayers group expired on 1 January 2023 and taking into account the amount of available tax losses potentially recoverable by 1 January 2025, the Group estimated this unrecognised deferred tax asset in the amount of USD 38 million at 31 December 2022.

13. INCOME TAX EXPENSE (CONTINUED)

As of 31 December 2023, the Group has reassessed the probability for recovery of the above deferred tax asset taking into account the conditions stipulated by Federal Law No. 420-FZ dated 28 December 2013 and recognised it in full.

At 31 December 2023 unrecognised deferred tax assets in the amount of USD 93 million related to other tax loss carry-forwards may be carried forward indefintely without expiry due to specific rules stated by art. 283 “Carry-Forward Of Losses” of the Tax code of the Russian Federation (31 December 2022: USD 86 million and31 December 2021: USD 66 million).

At 31 December 2023, the Group did not recognise a deferred tax liability in respect of taxable temporary differences of USD 3,382 million (31 December 2022: USD 6,611 million and 31 December 2021: USD 3,499 million) associated with investments in subsidiaries, because management believes that it is able to control the timing of reversal of such differences and does not expect their reversal in foreseeable future.

On 20 December 2021, OECD has published Model rules for implementation of global minimum top-up tax for multinational enterprises (GloBE\Pillar Two), aimed to resolve challenges with global tax base erosion, arising from digitalization and globalization of the economy. Under these rules, multinational enterprises will have to pay additional income tax arising in the jurisdictions in which they operate, if income in those jurisdictions is taxed at an effective tax rate below 15%. To this end, Pillar Two rules need to be adopted at the level of national tax legislation.

In 2023, the International Accounting Standards Board (IASB) published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 *Income Taxes*). The Group applies a temporary exeption from recognising and disclosing deferred tax relating to Pillar Two under the Amendments to IAS 12 *Income Taxes*.

The Group operates in a number of jurisdictions where the new tax legislation pertaining to the global minimum tax (Pillar Two) was enacted in 2023 and applies for tax periods beginning on 1 January 2024. As the global minimum tax (Pillar Two) rules are not applicable to transactions in 2023, there is no impact on the Group's consolidated financial statements for the year ended 31 December 2023.

The Group is currently assessing the potential impact of the new Pillar Two tax legislation on its operations.

US Dollars million

14. PROPERTY, PLANT AND EQUIPMENT

		Non-mining assets and right-of-use assets				
	Mining assets and mine development cost	**Buildings, facilities and infrastructure**	**Machinery, equipment and transport**	**Other**	**Capital construction -in-progress**	**Total**
Cost						
Balance at 1 January 2021	**9,273**	**3,188**	**3,883**	**272**	**1,663**	**18,279**
Additions	1,237	–	–	–	1,750	**2,987**
Transfers	–	302	465	26	(793)	**–**
Change in decommissioning provision	134	21	–	–	–	**155**
Additions of right-of-use assets and remeasurement of the lease liability	–	7	18	8	–	**33**
Disposals	(68)	(55)	(107)	(51)	(17)	**(298)**
Other	(3)	(6)	(2)	(1)	–	**(12)**
Effect of translation to presentation currency	(82)	(21)	(22)	(2)	(21)	**(148)**
Balance at 31 December 2021	**10,491**	**3,436**	**4,235**	**252**	**2,582**	**20,996**
Additions	1,703	–	–	–	2,756	**4,459**
Transfers	–	437	787	160	(1,384)	**–**
Change in decommissioning provision	(34)	(27)	–	–	–	**(61)**
Additions of right-of-use assets and remeasurement of the lease liability	–	125	27	15	–	**167**
Disposals	(87)	(79)	(179)	(11)	(22)	**(378)**
Other	21	4	16	(28)	(13)	**–**
Effect of translation to presentation currency	410	140	135	6	129	**820**
Balance at 31 December 2022	**12,504**	**4,036**	**5,021**	**394**	**4,048**	**26,003**
Additions	1,556	–	–	–	2,102	**3,658**
Transfers	–	376	484	98	(958)	**–**
Change in decommissioning provision	(140)	17	–	–	–	**(123)**
Additions of right-of-use assets and remeasurement of the lease liability	–	368	27	10	–	**405**
Disposals	(99)	(22)	(142)	(8)	(23)	**(294)**
Other	(1)	14	14	(42)	12	**(3)**
Effect of translation to presentation currency	(2,796)	(894)	(1,025)	(91)	(913)	**(5,719)**
Balance at 31 December 2023	**11,024**	**3,895**	**4,379**	**361**	**4,268**	**23,927**

US Dollars million

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		Non-mining assets and right-of-use assets				
	Mining assets and mine development cost	**Buildings, facilities and infrastructure**	**Machinery, equipment and transport**	**Other**	**Capital construction -in-progress**	**Total**
Accumulated depreciation and impairment						
Balance at 1 January 2021	**(3,304)**	**(1,678)**	**(2,268)**	**(139)**	**(128)**	**(7,517)**
Charge for the year	(479)	(179)	(357)	(24)	–	**(1,039)**
Disposals	57	51	89	32	5	**234**
Impairment loss, net	(123)	75	13	(2)	(11)	**(48)**
Other	3	4	1	2	–	**10**
Effect of translation to presentation currency	40	8	12	1	2	**63**
Balance at 31 December 2021	**(3,806)**	**(1,719)**	**(2,510)**	**(130)**	**(132)**	**(8,297)**
Charge for the year	(582)	(183)	(424)	(48)	–	**(1,237)**
Disposals	77	65	91	7	9	**249**
Impairment loss, net	(50)	(17)	(12)	2	(13)	**(90)**
Other	(2)	(2)	(5)	7	–	**(2)**
Effect of translation to presentation currency	(172)	(93)	(91)	(4)	(2)	**(362)**
Balance at 31 December 2022	**(4,535)**	**(1,949)**	**(2,951)**	**(166)**	**(138)**	**(9,739)**
Charge for the year	(498)	(214)	(390)	(65)	–	**(1,167)**
Disposals	90	19	107	8	19	**243**
Impairment loss, net	(48)	(22)	(46)	(1)	(60)	**(177)**
Other	1	–	(3)	3	–	**1**
Effect of translation to presentation currency	1,002	418	604	38	31	**2,093**
Balance at 31 December 2023	**(3,988)**	**(1,748)**	**(2,679)**	**(183)**	**(148)**	**(8,746)**
Carrying value						
At 31 December 2021	**6,685**	**1,717**	**1,725**	**122**	**2,450**	**12,699**
At 31 December 2022	**7,969**	**2,087**	**2,070**	**228**	**3,910**	**16,264**
At 31 December 2023	**7,036**	**2,147**	**1,700**	**178**	**4,120**	**15,181**

Capitalised borrowing costs for the year ended 31 December 2023 amounted to USD 439 million (for the year ended 31 December 2022: USD 277 million and for the year ended 31 December 2021: USD 95 million). The capitalisation rate used to determine the amount of borrowing costs was 7.26% per annum for the year ended 31 December 2023 (for the year ended 31 December 2022: 5.05% and for the year ended 31 December 2021: 3.12%).

At 31 December 2023 mining assets and mine development cost included USD 3,097 million of mining assets under development (31 December 2022: USD 3,738 million and 31 December 2021: USD 2,560 million).

At 31 December 2023 non-mining assets included USD 29 million of investment property (31 December 2022: USD 39 million and 31 December 2021: USD 38 million).

Impairment

As at 31 December 2023, the Group performed impairment analysis of its assets and did not identify any indicators of economic impairment of assets, except for the assets described below.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2020 a federal law set a 3.5 times increase of mineral extraction tax on the types of ores mined by the Group. The Group assessed this change in the tax legislation as an indicator for impairment of KGMK ore mining and processing operation. The recoverable amount of this cash-generating unit (CGU) was determined based on the value-in-use calculations. As a result, KGMK ore mining and processing assets in the amount of USD 264 million were fully impaired at 31 December 2020.

Since 2021 the Group developed and continues to implement optimization plans in order to increase KGMK ore mining and processing operations' cash flows and mitigate the negative impact of higher mineral extraction tax.

In April 2023, the Group announced reconfiguration of its mining operations in Kola peninsula in order to increase efficiency and accelerate the development of mining capacities, as well as termination of a certain outdated mining facility till 2024. As a result, the Group revised the amount of the decommissioning obligations and recognised an increase in the provisions for the reconfiguration of mining facilities (included in Other provisions – See Note 26).

At 31 December 2023, 2022 and 2021, the Group did not identify indicators of an increase of the recoverable amount of this CGU. For the year ended 31 December 2023 the Group recognised further impairment of additions to non-current assets in the amount of USD 28 million within Impairment of non-financial assets in the consolidated income statement (for the year ended 31 December 2022: USD 2 million and for the year ended 31 December 2021: USD 137 million).

The most significant estimates and assumptions used in determination of value in use at 31 December 2023, 2022 and 2021 were as follows:

- Future cash flows were projected based on budgeted amounts, taking into account actual results for the previous years. Forecasts were assessed up to 2048. Measurements were performed based on discounted cash flows expected to be generated by a separate cash-generating unit;
- Management used adjusted commodities prices for copper-nickel concentrate price forecast. Prices adjustments were made based on current contract terms;
- Production information was primarily based on internal production reports available at the date of impairment test and management's assumptions regarding future production levels;
- Inflation indices and foreign currency trends are in general consistent with external sources of information. As of December 2023, forecast inflation rate was within 2.1-5.1% (31 December 2022: 2.5-6.9% and 31 December 2021: 3.0-4.6%), USD/RUB exchange rates were within the range of 92.00-114.76 (31 December 2022: 76.68-89.79 and 31 December 2021: 72.23-84.76);
- A pre-tax nominal discount rate of 22.3% (31 December 2022: 19.1% and 31 December 2021: 12.2%) was calculated based on weighted average cost of capital and reflects management's estimates of the risks specific to the cash-generating unit.

In 2015 the Group recognised the gas extraction assets as a separate cash-generating unit, with its value in use determined using a discounted cash flow model at each subsequent reporting date. During the year ended 31 December 2021 due to change in circumstances and changes in the operating environment the Group reviewed the aggregation of gas extraction assets into a separate cash-generating unit. As a result, these assets were included in a cash-generating unit, which includes operations of the core production assets in Norilsk. The Group did not identify indicators of impairment in respect of the above cash-generating unit and reversed the previously recognised impairment losses from the gas extraction assets, net of respective accumulated depreciation that would have been accrued had no impairment been recognised, included in reversal of impairment of non-financial assets, in the consolidated income statement in the amount of USD 115 million for the year ended 31 December 2021.

US Dollars million

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2023, the Group identified indicators of impairment and performed the impairment analysis of assets related to tourism and sports development projects in the regions where the Group operates. As a result, the recoverable amount of these assets was revised and the impairment loss in the amount of USD 53 million was recognised in Impairment of non-financial assets in the consolidated income statement for the year ended 31 December 2023.

For the year ended 31 December 2023, the Group recognised impairment loss in respect of certain individual assets in the amount of USD 98 million (for the year ended 31 December 2022: impairment loss USD 88 million and for the year ended 31 December 2021: impairment loss USD 26 million).

Right-of-use assets

	Buildings, facilities and infrastructure	Machinery, equipment and transport	Other	Total
Balance at 1 January 2021	**115**	**111**	**8**	**234**
Additions of right-of-use assets and remeasurement of the lease liability	7	18	8	**33**
Depreciation	(30)	(21)	(2)	**(53)**
Balance at 31 December 2021	**92**	**108**	**14**	**214**
Additions of right-of-use assets and remeasurement of the lease liability	125	27	15	**167**
Disposals (Note 21)	(4)	(69)	(3)	**(76)**
Depreciation	(34)	(8)	(4)	**(46)**
Effect of translation to presentation currency	(9)	(22)	(2)	**(33)**
Balance at 31 December 2022	**170**	**36**	**20**	**226**
Additions of right-of-use assets and remeasurement of the lease liability	368	27	10	**405**
Disposals	(1)	–	–	**(1)**
Impairment loss, net	(2)	–	–	**(2)**
Depreciation	(36)	(6)	(6)	**(48)**
Effect of translation to presentation currency	(74)	(8)	(5)	**(87)**
Balance at 31 December 2023	**425**	**49**	**19**	**493**

US Dollars million

15. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

Subsidiaries by operating segments	Country	Nature of business	Effective % held 31 December 2023	31 December 2022	31 December 2021
GMK Group					
JSC "Norilsky Kombinat"	Russian Federation	Rental of property	100	100	100
JSC "Norilskgazprom"	Russian Federation	Gas extraction	100	100	100
JSC "Norilsktransgaz"	Russian Federation	Gas transportation	100	100	100
JSC "NTEK"	Russian Federation	Electricity production and distribution	100	100	100
LLC "ZSC"	Russian Federation	Construction	100	100	100
LLC "Norilsknickelremont"	Russian Federation	Repairs	100	100	100
LLC "Norilskyi obespechivaushyi complex"	Russian Federation	Production of spare parts	100	100	100
South Cluster					
LLC "Medvezhyi ruchey"	Russian Federation	Ore mining and processing	100	100	100
Kola division					
JSC "Kolskaya GMK"	Russian Federation	Mining and metallurgy	100	100	100
LLC "Pechengastroy"	Russian Federation	Repairs	100	100	100
Norilsk Nickel Harjavalta OY	Finland	Metallurgy	100	100	100
GRK Bystrinskoye					
LLC "GRK "Bystrinskoye"	Russian Federation	Ore mining and processing	50.01	50.01	50.01
LLC "Vostokgeologiya"	Russian Federation	Geological works and construction	100	100	100
Other non-metallurgical					
Metal Trade Overseas A.G.	Switzerland	Distribution	100	100	100
Norilsk Nickel (Asia) Limited	Hong Kong	Distribution	100	100	100
Norilsk Nickel Metal Trade (Shanghai)	China	Distribution	100	100	100
Norilsk Nickel USA, Inc.	USA	Distribution	-	100	100
LLC "Institut Gypronickel"	Russian Federation	Research	100	100	100
JSC "TTK"	Russian Federation	Supplier of fuel	100	100	100
JSC "ERP"	Russian Federation	River shipping operations	100	100	100
LLC "Aeroport Norilsk"	Russian Federation	Airport	100	100	100
JSC "AK "NordStar"	Russian Federation	Air company	-	-	100

Joint operations by operating segments	Country	Nature of business	Effective % held 31 December 2023	31 December 2022	31 December 2021
Other mining					
Nkomati Nickel Mine	Republic of South Africa	Ore mining and processing	50	50	50

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

On 18 December 2023, the Group acquired 50% in Russian Stainless Company ("RSC") which is implementing a project for the production of flat rolled products from stainless steel in the Russian Federation.

On 28 September 2023, the Group cofounded joint venture Vareyneftegaz LLC with a 50% interest. The company engages in geological survey, exploration and production of hydrocarbons in the Russian Federation.

On 11 July 2022, the Group cofounded joint venture Polar Lithium LLC with a 50% interest. The company develops the Kolmozerskoye lithium deposit in the Russian Federation.

US Dollars million

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The carrying amount of investments in associates and joint ventures is presented in the table below:

	Investments in joint ventures				
	RSC (50%)	**Polar Lithium LLC (50%)**	**Vareynefte-gaz LLC (50%)**	**Investments in associates**	**Total**
At 1 January 2021	**–**	**–**	**–**	**14**	**14**
Investments in associates and joint ventures	–	–	–	21	**21**
Share of profits/(losses) of associates and joint ventures	–	–	–	(18)	**(18)**
At 31 December 2021	**–**	**–**	**–**	**17**	**17**
Investments in associates and joint ventures	–	–	–	12	**12**
Share of profits/(losses) of associates and joint ventures	–	–	–	(17)	**(17)**
Disposals	–	–	–	(8)	**(8)**
Effect of translation to presentation currency	–	–	–	4	**4**
At 31 December 2022	**–**	**–**	**–**	**8**	**8**
Investments in associates and joint ventures	55	15	1	–	**71**
Share of profits/(losses) of associates and joint ventures	–	–	–	(1)	**(1)**
Effect of translation to presentation currency	–	–	–	(2)	**(2)**
At 31 December 2023	**55**	**15**	**1**	**5**	**76**

US Dollars million

17. OTHER TAXES

	At 31 December		
	2023	**2022**	**2021**
Taxes receivable			
Value added tax recoverable	392	584	410
Advance payments of other taxes	17	10	9
	409	**594**	**419**
Less: impairment of value added tax recoverable	(5)	(8)	(7)
Other taxes receivable and other taxes payable subject to offset on a unified taxpayer account	(60)	(109)	–
Other taxes receivable	**344**	**477**	**412**
Taxes payable			
Social security contributions	96	135	51
Value added tax	82	112	75
Mineral extraction tax	67	78	50
Property tax	20	18	19
Other	67	105	74
Other taxes receivable and other taxes payable subject to offset on a unified taxpayer account	(60)	(109)	–
Other taxes payable	**272**	**339**	**269**

Each subsidiary of the Group in the Russian Federation calculates the amount of a single tax payment payable to the budget taking into account the offset of taxes receivable and taxes payable. Other taxes receivable and other taxes payable are presented on a net basis for each Russian subsidiary of the Group in the consolidated statement of financial position. Income tax payable or income tax receivable of each subsidiary of the Group are presented separately in the consolidated statement of financial position in accordance with IFRS.

Taxes receivable and taxes payable including income tax after offset on a unified taxpayer account of each subsidiary of the Group registered in the Russian Federation, are presented below.

	At 31 December		
	2023	**2022**	**2021**
Other taxes receivable	**344**	**477**	**412**
Income tax receivable	**100**	**17**	**203**
Income tax and taxes other than income tax receivable/payable subject to offset on a unified taxpayer account	(42)	(9)	–
Taxes receivable (including income tax) after offset of taxes payable on a unified taxpayer account	**402**	**485**	**615**
Other taxes payable	**272**	**339**	**269**
Income tax payable	**6**	**169**	**41**
Income tax and taxes other than income tax receivable/payable subject to offset on a unified taxpayer account	(42)	(9)	–
Taxes payable (including income tax) after offset of taxes receivable on a unified taxpayer account	**236**	**499**	**310**

US Dollars million

18. INVENTORIES

	At 31 December		
	2023	**2022**	**2021**
Work-in-process and semi-products	1,640	1,870	1,572
Refined metals and other metal products	1,194	1,967	767
Less: allowance to net realisable value for finished goods and work-in-process	(79)	(81)	(78)
Total metal inventories	**2,755**	**3,756**	**2,261**
Materials and supplies	1,123	1,257	823
Less: allowance for obsolete and slow-moving items	(61)	(68)	(58)
Materials and supplies, net	**1,062**	**1,189**	**765**
Inventories	**3,817**	**4,945**	**3,026**

At 31 December 2023 a part of the metal semi-product stock in the amount of USD 183 million net of impairment in the amount of USD 101 million was presented in other non-current assets in line with the Group's production plans (31 December 2022: USD 163 million net of impairment of USD 92 million and 31 December 2021: USD 121 million net of impairment of USD 69 million).

At 31 December 2023 the Group recognised an allowance to net realisable value in respect of metal by-products in stock in the amount of USD 17 million (31 December 2022 and 31 December 2021: none).

19. TRADE AND OTHER RECEIVABLES

	At 31 December		
	2023	**2022**	**2021**
Trade receivables	666	675	345
Other receivables	207	250	171
	873	**925**	**516**
Less: allowance for expected credit losses	(109)	(79)	(48)
Trade and other receivables, net	**764**	**846**	**468**

In 2023, 2022 and 2021, the average credit period on metal sales varied from 0 to 30 days. Trade receivables are generally non-interest bearing.

At 31 December 2023 trade and other receivables include USD 500 million of accounts receivable measured at fair value through profit or loss, Level 2 of fair value hierarchy (31 December 2022: USD 563 million and 31 December 2021: USD 248 million). The fair value is measured using the forward market price at the reporting date corresponding to the quotation period specified in the contract.

At 31 December 2023, 2021 and 2021 there were no material trade accounts receivable which were overdue or individually determined to be impaired.

The average credit period on sales of other products and services for the year ended 31 December 2023 was 37 days (for the year ended 31 December 2022: 39 days and for the year ended 31 December 2021: 42 days). No interest was charged on these receivables.

At 31 December 2023 debtors with a carrying value of USD 31 million (31 December 2022: USD 65 million and 31 December 2021: USD 109 million), were included in the Group's other receivables that were past due but not impaired. Management of the Group believes that these amounts are recoverable in full.

The Group did not hold any collateral for accounts receivable balances.

Ageing of other receivables past due but not impaired was as follows:

	At 31 December		
	2023	**2022**	**2021**
Less than 180 days	26	54	97
180-365 days	5	11	12
	31	**65**	**109**

US Dollars million

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for expected credit losses was as follows:

	At 31 December		
	2023	**2022**	**2021**
Balance at the beginning of the year	**79**	**48**	**56**
Change in allowance	54	22	2
Accounts receivable written-off	(1)	(2)	(10)
Effect of translation to presentation currency	(23)	11	–
Balance at the end of the year	**109**	**79**	**48**

During the year ended 31 December 2023, the Group recognised allowance for expected credit losses under certain contracts with foreign equipment suppliers for the total amount of USD 37 million due to low probability of recovery caused by the failure of both suppliers and guarantor banks to meet their obligations (during the year ended 31 December 2022: USD 35 million).

20. CASH AND CASH EQUIVALENTS

		At 31 December		
		2023	**2022**	**2021**
Current accounts				
	- RUB	71	266	249
	- USD	659	591	1,691
	- CNY	653	209	14
	- other	178	70	41
Bank deposits				
	- RUB	134	74	2,402
	- USD	283	584	1,132
	- CNY	102	57	5
	- other	48	–	–
Other cash and cash equivalents				
	- RUB	2	3	6
	- USD	5	28	7
	- CNY	4	–	–
Total		**2,139**	**1,882**	**5,547**

21. DISPOSAL OF SUBSIDIARIES AND FOREIGN JOINT OPERATIONS

On 6 July 2023, the Group sold its interest in the trading subsidiary Norilsk Nickel USA, Inc. for a consideration in the amount of USD 8 million. The net assets of the disposed subsidiary in the amount of USD 44 million at the date of disposal primarily included refined metals stock recognised at production cost in the amount of USD 29 million, as well as other assets in the amount of USD 15 million. Income from disposal in the amount of USD 30 million was recognised in Gain/(loss) from disposal of subsidiaries in the consolidated income statement, including the recognition of receivables for the supply of refined metals from Norilsk Nickel USA, Inc. in the amount of USD 66 million. Net cash inflow from disposal of the subsidiary was recognised in the consolidated statement of cash flows.

On 25 March 2022, the Group sold its interest in the subsidiary JSC “AK “Nordstar” engaged in transportation services for a consideration of RUB 1 million (USD 0.02 million) resulting in a net cash outflow from disposal of the subsidiary recognised in the consolidated statement of cash flows in the line Net cash (outflow)/inflow from disposal of subsidiaries. Loss on disposal in the amount of USD 110 million was recognised in the consolidated income statement for the year ended 31 December 2022.

Discontinued suspended production of the joint operations of Nkomati, the Group reclassified the foreign currency translation reserve of foreign operations to the profit or loss for the year ended 31 December 2021 in the amount of USD 20 million. In October 2021, the Group received cash consideration in the amount of USD 51 million and incurred associated costs in the amount of USD 2 million under the settlement agreement in relation to the cancelled sale of Nkomati. The amount was presented in Disposal of foreign joint operations in the consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2021.

US Dollars million

22. SHARE CAPITAL

Authorised and issued ordinary shares

At 31 December 2023 and 2022 the number of the Group's authorized and issued shares taking into account cancellation occurred in October 2022 amounts to 152,863,397. At 31 December 2021 the number of the Group's authorised and issued ordinary shares taking into account cancellation occurred in October 2021 was 153,654,624.

In December 2023, an extraordinary General meeting of shareholders of the Company decided to implement a 100-for-1 split of the Company's ordinary shares in order to increase their attractiveness to investors and their liquidity on the Moscow Stock Exchange.

The stock split is expected to be completed within 6 months from the date of the decision of the extraordinary General meeting of shareholders. An application for the state registration of changes to the resolution on the issue of the Company's shares will be filed with the Bank of Russia after these consolidated financial statements are issued.

On 11 August 2022, the extraordinary General meeting of shareholders of the Company decided to reduce the Company's share capital by cancelling 791,227 ordinary shares. The state registration of the amendments to the Company's Charter related to the reduction of the Company's share capital was carried out on 17 October 2022. The cancellation of treasury shares was recognised in the consolidated statement of changes in equity for the year ended 31 December 2022.

On 19 August 2021, the extraordinary General meeting of shareholders of the Company decided to reduce the Company's share capital by cancelling 4,590,852 ordinary shares. The state registration of the amendments to the Company's Charter related to the reduction of the Company's share capital was carried out on 14 October 2021. The cancellation of treasury shares was recognised in the consolidated statement of changes in equity for the year ended 31 December 2021.

On 27 April 2021, the Board of Directors of the Company decided to acquire the Company's own outstanding shares. The Company completed acquisition of 5,382,079 ordinary shares on 29 June 2021 and presented the purchase of treasury shares in the consolidated statement of changes in equity in the amount of USD 2,075 million (RUB 149,630 million). Cash consideration was fully paid and recognised in the consolidated statement of cash flows in the amount of USD 2,068 million (RUB 149,630 million) at the USD/RUB exchange rates effective on payment dates.

Earnings per share

	For the year ended 31 December		
	2023	**2022**	**2021**
Basic and diluted earnings per share (US Dollars per share):	15.6	35.7	41.9

The earnings and weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share are as follows:

	For the year ended 31 December		
	2023	**2022**	**2021**
Profit for the period attributable to shareholders of the parent company	2,384	5,458	6,512

Weighted average number of shares outstanding

	For the year ended 31 December		
	2023	**2022**	**2021**
Shares outstanding at 1 January	152,863,397	152,863,397	158,245,476
June 2021: acquisition of own shares from shareholders	–	–	(5,382,079)
Shares outstanding at 31 December	152,863,397	152,863,397	152,863,397
Weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share	**152,863,397**	**152,863,397**	**155,502,830**

US Dollars million

23. NON-CONTROLLING INTEREST

At 31 December 2023, 31 December 2022 and 2021 aggregated financial information relating to the subsidiary, LLC “GRK “Bystrinskoye”, that has material non-controlling interest, before any intra-group eliminations, is presented below:

	At 31 December		
	2023	**2022**	**2021**
Non-current assets	981	1,268	1,254
Current assets	1,537	1,774	1,061
Non-current liabilities	(72)	(88)	(66)
Current liabilities	(68)	(86)	(65)
Net assets	**2,378**	**2,868**	**2,184**
Net assets attributable to non-controlling interest	1,189	1,434	1,093

	For the year ended 31 December		
	2023	**2022**	**2021**
Net profit for the year	971	793	924
Other comprehensive (loss)/income for the year	(494)	90	(15)
Total comprehensive income for the year	**477**	**883**	**909**
Profit attributable to non-controlling interest	486	396	462
Other comprehensive (loss)/income attributable to non-controlling interest	(247)	45	(7)

	For the year ended 31 December		
	2023	**2022**	**2021**
Cash flows from operating activities	737	783	1,083
Cash flows from/(used in) investing activities	310	(650)	(407)
Cash flows used in financing activities	(977)	(177)	(675)
Net increase/(decrease) in cash and cash equivalents	**70**	**(44)**	**1**

US Dollars million

24. LOANS AND BORROWINGS

	Currency	Fixed or floating interest rate	Average nominal % rate During the year ended 31 December 2023	2022	2021	Maturity	At 31 December 2023	2022	2021
Unsecured loans									
Loan agreements with contractual maturity of less than 12 months									
	RUB	floating	11.14%	12.67%	–	2024	1,226	995	–
	RUB	fixed	12.00%	–	–	2024	3	–	–
Loan agreements with contractual maturity of more than 12 months									
	USD	floating	6.44%	3.17%	1.53%	2024-2028	2,679	5,055	5,624
	RUB	floating	11.92%	13.31%	–	2026-2028	1,558	697	–
	EUR	floating	4.14%	0.99%	0.85%	2024-2028	17	19	24
Secured loans									
	RUB	fixed	–	–	9.75%	2022	–	–	4
Total loans							**5,483**	**6,766**	**5,652**
Bonds	USD	fixed	2.98%	3.38%	4.20%	2024-2026	1,746	2,743	4,238
	CNY	floating	3.69%	3.75%	–	2025	700	703	–
	CNY	fixed	3.95%	3.95%	–	2025	560	562	–
	RUB	fixed	8.48%	8.48%	7.20%	2024-2025	556	710	336
	RUB	floating	12.41%	–	–	2028	667	–	–
Total bonds							**4,229**	**4,718**	**4,574**
Total loans and borrowings							**9,712**	**11,484**	**10,226**
Less: current portion due within twelve months							(4,335)	(4,295)	(1,610)
Non-current loans and borrowings							**5,377**	**7,189**	**8,616**

The Group is obliged to comply with a number of restrictive financial and other covenants, including maintaining certain financial ratios and restrictions on pledging and disposal of certain assets. At 31 December 2023, 2022 and 2021 the Group fulfills its obligations on loans and borrowings in accordance with loans and bonds transactional documentation and the requirements of current legislation.

At 31 December 2023 and 31 December 2022 loans and borrowings were not secured by any collateral (31 December 2021: USD 8 million).

In 2021 - 2023 all loans were raised on market terms existing at the drawdown dates reflecting such factors as the currency of the debt, expected maturities, changes in the key rate and credit risks inherent to the Group. The Group did not use collateral and did not assume any financial obligations to lenders other than servicing the debt.

In 2023 the Group received floating rate rouble loans from unrelated parties in the amounts of USD 1 699 million and USD 1 092 million (at the USD/RUB exchange rates effective as of drawdown dates) with maturity in 2028 and 2024, respectively. The lenders can use various instruments to fund their own activities, including issuing bonds to an unlimited range of qualified investors.

In May 2023 the Group issued rouble-denominated exchange-traded bonds on the Moscow Exchange (MOEX) in the amount of USD 748 million at the USD/RUB exchange rates effective as of the issuance date.

US Dollars million

24. LOANS AND BORROWINGS (CONTINUED)

In accordance with the requirements of Presidential Decree No. 430 dated 5 July 2022 (as amended on 22 May 2023) «On repatriation of foreign and Russian currency by the residents who participate in international economic activity», on 20 and 22 December 2023 the Company placed two issues of replacement bonds, which were paid for on issue by transfer of Eurobonds or in cash with proceeds intended for the purchase of Eurobonds. Replacement bonds were placed in the amount of USD 316 million and USD 338 million in respect of Eurobond issues maturing in 2025 and 2026, respectively. The coupon rate, payment schedule, currency and maturity of the replacement bonds are identical to the Eurobond issues in respect of which they were placed. The amount of the Group's debt as a result of the placement of replacement bonds has not changed.

25. LEASE LIABILITIES

		Average borrowing rate during the year ended 31 December, %				At 31 December		
	Currency	**2023**	**2022**	**2021**	**Maturity**	**2023**	**2022**	**2021**
Lease liabilities	RUB	10.07%	9.52%	7.23%	2024-2072	496	210	113
	USD	3.37%	2.81%	4.10%	2024-2033	13	12	107
	EUR	6.80%	6.88%	6.31%	2024-2050	11	11	15
Total lease liabilities						**520**	**233**	**235**
Less: current portion of lease liabilities						(54)	(43)	(57)
Non-current lease liabilities						**466**	**190**	**178**

At 31 December 2023 lease liabilities with original term of lease payments in excess of 15 years amounted to USD 85 million (31 December 2022: USD 67 million and 31 December 2021: USD 13 million).

In May 2023, the Group received the railway infrastructure in Norilsk region for free use for a period of 49 years under the agreement with the Federal Property Management Agency with a corresponding obligation to incur expenditure in order to comply with the regulatory requirements for non-public railways in the Russian Federation. The Group recognised this agreement in accordance with IFRS 16 Leases, therefore, the Group recognised a liability at the discounted value of cash outflows in the amount of USD 322 million and a corresponding right-of-use asset.

US Dollars million

26. PROVISIONS

	Decommissioning	Environmental	Tax	Other	Total
Balance at 1 January 2021	**615**	**2,081**	**5**	**21**	**2,722**
Accruals	146	–	2	11	**159**
Utilization	(24)	(1,984)	(1)	(20)	**(2,029)**
Change in estimates	1	176	(1)	(3)	**173**
Unwinding of discount	39	–	–	–	**39**
Effect of translation to presentation currency	(9)	(14)	(1)	–	**(24)**
Balance at 31 December 2021	**768**	**259**	**4**	**9**	**1,040**
Accruals	–	–	7	8	**15**
Utilisation	(32)	(18)	(4)	(4)	**(58)**
Change in estimates	(36)	93	(4)	(7)	**46**
Unwinding of discount	73	29	–	–	**102**
Effect of translation to presentation currency	(37)	(13)	1	–	**(49)**
Balance at 31 December 2022	**736**	**350**	**4**	**6**	**1,096**
Accruals	–	–	2	14	**16**
Utilisation	(50)	(8)	(1)	(6)	**(65)**
Change in estimate	(75)	(32)	(1)	(3)	**(111)**
Unwinding of discount	49	29	–	–	**78**
Effect of translation to presentation currency	(154)	(79)	–	(2)	**(235)**
Balance at 31 December 2023	**506**	**260**	**4**	**9**	**779**
including the current portion:					
At 31 December 2021	86	48	4	8	**146**
At 31 December 2022	146	24	4	6	**180**
At 31 December 2023	61	16	4	9	**90**

Significant event – fuel spill in Norilsk

On 29 May 2020 an incident occurred at the site of heat and power plant №3 (HPP-3) in the Kayerkan neighbourhood of Norilsk: diesel fuel storage reservoir was damaged through sudden failure of support posts, which resulted in approximately 21.2 kt of diesel fuel leakage. According to the Group’s assessment, the incident was caused by defects in design and construction as well as by unusually hot weather, which led to thawing of permafrost resulting in sinking of support posts.

The incident resulted in contamination of nearby water bodies and land in the area of leakage as well as damage to biological resources. The main stage of clean-up works following the incident was completed in 2020.

On 10 September 2020 Yenisei interregional administration of the Federal Environment Supervision Agency (Rosprirodnadzor) filed a lawsuit to the Arbitration Court of the Krasnoyarsk Territory against Joint Stock Company Norilsk-Taimyr Energy Company (JSC “NTEK”) claiming compensation of damages to water bodies and soil caused by diesel fuel spill at HPP-3 in Norilsk in the amount of RUB 147.78 billion (USD 1,943 million at RUB/USD exchange rate at the date of filing).

26. PROVISIONS (CONTINUED)

On 10 March 2021, in accordance with the court decision on the lawsuit filed by Rosprirodnadzor, the Group paid RUB 146.177 billion (USD 1,968 million) in compensation of damages to water bodies and soil.

In 2021, expenditure for the compensation of damages due to fuel leakage was deducted against taxable profits. On 3 December 2021, the Group received a decision of the off-site tax audit for the consolidated taxpayers group for the first half of 2021 that invalidated income tax deduction of the damages compensation. Taking into consideration all the facts and circumstances and based on an assessment of the probability of economic benefits outflows, the Group recognised an income tax provision in the amount of USD 402 million offset against income tax prepayments at 31 December 2021. The Group's appeal filed in the first quarter of 2022 was not satisfied. The provision was utilised during the first quarter of 2022.

In April 2021, the Company's subsidiary, JSC“NTEK”, signed a three-party agreement with the Ministry of Environment Protection and Natural Resources of the Krasnoyarsk Territory and the Siberian Federal University in order to develop, approve and implement a set of measures to remediate the damage caused by the oil spill to the wildlife and broader environment of the Krasnoyarsk Territory.

On 29 July 2021, Yenisei territorial administration of the Federal Agency for Fishery (Rosrybolovstvo) filed a lawsuit for compensation of damages to aquatic bioresources for the total amount of RUB 58.65 billion (USD 810 million).

On 3 September 2021 during the court hearing, the parties agreed to proceed with the dispute settlement by negotiating an amicable agreement, which would include compensation in kind of the damage caused to aquatic life by artificially reproducing the affected fish species and releasing the fry to the water bodies.

Subsequently on 15 April 2022 the amount of claims was increased by the Federal Agency for Fishery to RUB 58.96 billion (USD 725 million).

On 22 July 2022, the court confirmed the amicable agreement between the parties. In accordance with the terms of the agreement JSC “NTEK” will fully compensate damage to aquatic bioresources in kind by releasing the fry of different fish species (sturgeon, muksun, broad whitefish, vendace and nelma) to the water bodies of the Norilo-Pyasinskoe lake and river system damaged by the incident in years 2033-2050. Before 2033, JSC “NTEK” plans annual early release of the fry of the Siberian sturgeon to the Yenisei river starting 2023.

In addition, in order to ensure scientific support of recovery measures JSC “NTEK” will provide financing of scientific research from 2023 to 2051 by Russian Federal Research Institute of Fisheries and Oceanography (VNIRO) with respect to assessment of the water bioresources conditions and their environment.

The key assumptions for determining the estimation of liabilities under the amicable agreement inherently contain a high degree of uncertainty, primarily due to the following: fishery research results, the cost of construction and operation of fish-breeding infrastructure, the costs of operation at the water bodies of the Norilo-Pyasinskoe lake and river system, the future fry purchase prices for aquatic bioresources, the possibility of achieving stable recovery of the population of the reproduced water bioresources, macroeconomic assumptions (including applicable inflation rates and risk-free rates), and the material effect of the discount factor for longer terms.

US Dollars million

26. PROVISIONS (CONTINUED)

On 2 December 2022, the Russian Supreme Court received a cassation appeal from the Prosecutor General's Office against judgements of lower instance courts that upheld and confirmed the legitimacy of an amicable agreement between the Federal Agency for Fishery (Rosrybolovstvo), JSC “NTEK” and Russian Federal Research Institute of Fisheries and Oceanography (VNIRO) in a lawsuit initiated by Rosrybolovstvo seeking to recover RUB 58.96 billion (USD 838 million) in compensation for the damage to aquatic biological resources as a result of the HPP-3 incident in Norilsk. On 30 January 2023, a judge of the Supreme Court ruled to reject the submission of the cassation appeal of the Prosecutor General’s Office for a court hearing by the Judicial Chamber for Economic Disputes of the Supreme Court. On 13 March 2023, the Deputy Chairman of the Supreme Court of the Russian Federation considered a complaint filed by the Prosecutor General’s Office of the Russian Federation on 6 February 2023 and upheld the earlier ruling of the Supreme Court of the Russian Federation.

For the year ended 31 December 2023, the Group incurred clean-up and remediation expenditures amounting to USD 3 million (for the year ended 31 December 2022: USD 16 million and for the year ended 31 December 2021: USD 16 million). The Group finished main rehabilitation measures.

At 31 December 2023, 2022 and 2021 the total discounted amount of the provision in relation to the diesel fuel spill at HPP-3 in Norilsk was recognised in the environmental provision in the consolidated statement of financial position.

The amount of the provision is subject to a high degree of uncertainty and will be adjusted in the future reporting periods as new facts and circumstances arise, including the reassessment of forecast cost for environment remediation, changes in macroeconomic and other factors. However, to the best of its knowledge and in accordance with the requirements of law the Group does not expect new significant claims to be filed with respect to the HPP-3 fuel spill in the future periods.

Key assumptions used in estimation of decommissioning obligations and environmental provisions were as follows:

	At 31 December		
	2023	**2022**	**2021**
Discount rates Russian entities	12.0% - 12.7%	7.2% - 11.1%	8.2% - 8.7%
Expected closure date of mines	from 2024 to 2125	from 2023 to 2125	from 2023 to 2054
Expected inflation over the period from 2024 to 2043	2.3% - 6.1%	2.7% - 6.9%	2.8% - 4.9%
Expected inflation over the period from 2044 onwards	2.1% - 2.2%	2.4% - 2.7%	2.5% - 2.8%

Present value of expected cost to be incurred for settlement of long-term provisions was as follows:

	At 31 December		
	2023	**2022**	**2021**
Due in years 2 – 5	332	412	317
Due in years 6 – 10	169	230	231
Due in years 11 – 15	84	134	86
Due in years 16 – 20	36	23	66
Due thereafter	68	117	194
Total	**689**	**916**	**894**

US Dollars million

27. SOCIAL LIABILITIES AND CONTINGENT SOCIAL COMMITMENTS

Social liabilities of the Group include social provisions and payables relating to social commitments of the Group.

The table below represents changes in social liabilities of the Group for the years ended 31 December 2023, 2022 and 2021, separately detailing changes in the provision in respect of the Comprehensive Social and Economic Development Plan for Norilsk (see the description below).

	Social liabilities	Incl. Comprehensive plan provision
Balance at 1 January 2021	180	13
Accruals of provision and payables	1,079	517
Utilisation and payment	(448)	(12)
Change in estimates	(31)	(3)
Unwinding of discount	18	4
Effect of translation to presentation currency	(7)	(1)
Balance at 31 December 2021	**791**	**518**
Accruals of provision and payables	475	–
Utilisation and payment	(454)	(23)
Change in estimates	(68)	(14)
Unwinding of discount	78	50
Effect of translation to presentation currency	(8)	(2)
Balance at 31 December 2022	**814**	**529**
Accruals of provision and payables	267	–
Utilisation and payment	(304)	(34)
Change in estimate	(62)	(41)
Unwinding of discount	61	41
Effect of translation to presentation currency	(170)	(114)
Balance at 31 December 2023	**606**	**381**
including the current portion:		
At 31 December 2021	**158**	**48**
At 31 December 2022	**201**	**100**
At 31 December 2023	**207**	**93**

Present value of expected cost to be incurred for settlement of long-term social provisions was as follows:

	At 31 December		
	2023	**2022**	**2021**
Due in years 2 - 5	188	320	296
Due in years 6 - 10	119	213	216
Due in years 11 - 15	90	77	117
Due in years 16 - 20	1	2	2
Due thereafter	1	1	2
Total	**399**	**613**	**633**

Carrying value of social provisions is determined based on the discounted cash flows required to settle the present obligation. The discount rate was between 12.0% and 12.7% at 31 December 2023 (31 December 2022: 7.2% and 10.5%; 31 December 2021: 8.2% and 8.7%).

In 2017–2023, the Group entered into several agreements with the governments of the regions where it operates, namely the Zabaikalsky Territory, the Krasnoyarsk Territory and the Murmansk Region. These agreements imply the Group's financial commitments in respect of the social and economic development of the regions, including the construction of social infrastructure facilities.

At 31 December 2023 the provision recognised with respect to the above-mentioned agreements in Social liabilities in the consolidated statement of financial position amounted to USD 74 million (31 December 2022: USD 67 million and 31 December 2021: USD 115 million).

27. SOCIAL LIABILITIES AND CONTINGENT SOCIAL COMMITMENTS (CONTINUED)

Comprehensive Social and Economic Development Plan for Norilsk

In February 2021, the Group entered into a four-party agreement with the Ministry for the Development of the Russian Far East and Arctic, the Krasnoyarsk Territory Government, and the Norilsk Municipality to implement comprehensive social and economic development programmes in Norilsk. In December 2021, the Government of the Russian Federation approved the Comprehensive Social and Economic Development Plan for Norilsk (the "Comprehensive Plan"), which includes a schedule of mutual financial commitments of the Government of the Russian Federation, the Krasnoyarsk Territory Government, and the Group for the social and economic development of the city up to 2035. The Comprehensive Plan covers housing renovation, the overhaul and modernisation of the city's engineering and utilities infrastructure, construction, repair, reconstruction and development of social infrastructure facilities and resettlement of Norilsk and Dudinka citizens to areas with more favourable living conditions. In addition, the Comprehensive Plan provides for the preparation and subsequent update of the Norilsk development strategy setting the city as a core hub for Taimyr development, designing the concept of regional tourism development and implementation of support programmes for small and medium-sized businesses in Norilsk. The financial commitments of the Company for 2021–2035 amount to RUB 81.3 billion (USD 1,094 million at the USD exchange rate at 31 December 2021).

In line with the Group's accounting policy (Note 4), in respect of the part of its obligations under the four-party agreement and the Comprehensive Plan amounting to RUB 69.3 billion, the Group recognised a provision in its consolidated income statement for the year ended 31 December 2021 at the present value of cash outflows in the amount of RUB 37.9 billion (USD 514 million).

The remaining RUB 12 billion (USD 162 million at the USD exchange rate at 31 December 2021) of financial commitments under the Comprehensive plan will be recognised in the consolidated statement of financial position as part of property, plant and equipment once the expenditure is incurred.

At 31 December 2023, the Group recognised USD 2 million under the Comprehensive Plan within property, plant and equipment in its consolidated statement of financial position (at 31 December 2022: USD 2 million).

In case of any changes to the nature, timing or amount of financing of particular measures stipulated by the Comprehensive Plan during its implementation, the Group will update the amount of social provisions in its consolidated financial statements accordingly.

Apart from the financing committed under the four-party partnership agreement and the Comprehensive Plan, in 2021 the Company announced an additional financing programme for the social and economic development of Norilsk for RUB 150 billion (USD 2,019 million). As of the date the consolidated financial statements are authorised for issue, the schedule, amounts and terms of financing of the programme's individual activities, as well as the mechanism for their implementation, have not been approved. The implementation of the programme is subject to the Company's verification procedures and corporate approval, which have not been received as of the date these consolidated financial statements were authorised for issue.

During the year ended 31 December 2023, the Group also accrued USD 25 million (for the year ended 31 December 2022: USD 121 million; for the year ended 31 December 2021: USD 127 million) of social provisions under various social programmes and contributions other than those referred to above.

US Dollars million

28. TRADE AND OTHER PAYABLES

	At 31 December		
	2023	**2022**	**2021**
Financial liabilities			
Trade payables	422	614	416
Payables for acquisition of property, plant and equipment	561	546	417
Other creditors	206	171	397
Total financial liabilities	**1,189**	**1,331**	**1,230**
Non-financial liabilities			
Advances received on contracts with customers	84	50	994
Total non-financial liabilities	**84**	**50**	**994**
Total	**1,273**	**1,381**	**2,224**

The maturity profile of the Group's financial liabilities with their remaining contractual maturities was as follows:

	At 31 December		
Financial liabilities	**2023**	**2022**	**2021**
Due within 1 month	694	950	854
Due from 1 to 3 months	225	340	312
Due from 3 to 12 months	270	41	64
Total	**1,189**	**1,331**	**1,230**

29. EMPLOYEE BENEFIT OBLIGATIONS

	At 31 December		
	2023	**2022**	**2021**
Wages, salaries and bonuses	287	302	190
Provision for annual leave	276	341	238
Other	22	35	31
Total obligations	**585**	**678**	**459**
Less: non-current obligations	(30)	(93)	(42)
Current obligations	**555**	**585**	**417**

Amounts recognised in the consolidated income statement in respect of employee benefits were as follows:

	For the year ended 31 December		
	2023	**2022**	**2021**
Wages and salaries	2,120	2,586	1,718
Social security costs	456	488	368
Other employee benefits	207	188	151
Total	**2,783**	**3,262**	**2,237**

Wages and salaries in the table above include provisions for employee benefits with related social security costs.

29. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Defined contribution plans

Amounts recognised in the consolidated income statement in respect of defined contribution plans were as follows:

	For the year ended 31 December		
	2023	2022	2021
Social Fund of the Russian Federation	408	454	325
Corporate pension plans (non-state pension fund)	9	11	8
Other	3	–	3
Total	**420**	**465**	**336**

30. DIVIDENDS

Dividends declared and paid in Russian roubles were translated to US dollars using prevailing RUB/USD rates at the declaration date and payment date, respectively, as presented in the table below.

		Dividends declared				Dividends paid	Receipt of dividends not remitted to shareholders and ADR holders
Dividends for the period	**Declaration period**	**Per share RUB**	**Per share USD**	**Total USD million**	**Payment period**	**Total USD million**	**Total USD million**
9 months 2023	December	915.33	9.87	1,508	January 2024	1,475	–
Annual 2021	June 2022	1,166.22	18.94	2,895	June 2022	3,146	544
9 months 2021	December	1,523.17	20.81	3,181	January 2022	3,050	–
Annual 2020	May 2021	1,021.22	13.86	2,193	June 2021	2,198	–

At 31 December 2021 dividends payable in the amount of USD 3 146 million in the consolidated statement of financial position mainly included dividends for 9 months 2021 in the amount of USD 3 134 million.

At 31 December 2022 dividends payable in the amount of USD 496 million in the consolidated statement of financial position mainly included annual dividends for 2021 not remitted primarily to holders of American Depositary Receipts (ADRs) due to restrictions placed by the Decree the President of the Russian Federation No. 95 at 5 March 2022 and the decision of the Board of Directors of the Central Bank of the Russian Federation at 10 June 2022 in the amount of USD 460 million. The dividends not received by the ADR holders were transferred to JSC NSD, subsequently returned to the Group and continue to remain on demand by the recipients at 31 December 2023.

At 31 December 2023 dividends payable in the amount of USD 1 924 million in the consolidated statement of financial position mainly included annual dividends for 2021 not remitted primarily to holders of American Depositary Receipts (ADRs) as referred above in the amount of USD 359 million and dividends for 9 months 2023 in the amount of USD 1 560 million. As of the date these consolidated financial statements were authorised for issue, the Company had transferred USD 1 475 million to the Company's registrar and JSC NSD for further remittance to the shareholders.

US Dollars million

31. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Related parties include major shareholders and entities under their ownership and control; associates, joint ventures and joint operation; non-state pension fund, transactions with which are disclosed in Note 29; and key management personnel. The Group defines major shareholders as shareholders, which have significant influence over the Group activities. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions and outstanding balances are included in / excluded from the disclosure starting the date an entity has become / or ceased to be a related party, respectively.

Details of transactions between the Group and other related parties are disclosed below.

	Entities under ownership and control of the Group's major shareholders			Associates, joint ventures and joint operation		
	For the year ended 31 December 2023	**For the year ended 31 December 2022**	**For the year ended 31 December 2021**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**	**For the year ended 31 December 2021**
Transactions with related parties						
Repayments of loans and borrowings	225	800	–	–	–	–
Interest expense repaid	11	10	–	–	–	–
Interest expense accrued	11	10	–	–	–	–
Purchase of assets and services and other operating expenses	5	116	103	13	36	66
Interest received	1	4	–	–	–	–
Interest income accrued	1	4	–	–	–	–
Sales of goods and services and other income	–	1	–	12	12	–
Proceeds from loans and borrowings	–	1,025	–	3	–	–
Fair value gain on the cross-currency interest rate swap contracts	–	41	–	–	–	–
Loans issued	–	–	–	30	–	–
Repayments of loans issued	–	–	–	27	–	–

	Entities under ownership and control of the Group's major shareholders			Associates, joint ventures and joint operation		
	At 31 December 2023	**At 31 December 2022**	**At 31 December 2021**	**At 31 December 2023**	**At 31 December 2022**	**At 31 December 2021**
Outstanding balances with related parties						
Accounts payable and lease liabilities	12	26	13	1	–	5
Accounts receivable	–	–	1	2	1	10
Cash and cash equivalents	–	258	–	–	–	–
Loans and borrowings	–	225	–	3	–	–
Derivatives (liabilities)	–	21	–	–	–	–

31. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES (CONTINUED)

During the year ended 31 December 2023 the Group declared and paid dividends in the amount of USD 349 million to a related party, which is a non-controlling interest owner.

At 31 December 2023 the Group had no guarantees received in respect of advances to its suppliers from a related party (31 December 2022: 42 million USD and 31 December 2021: none).

During the year ended 31 December 2021, the Company acquired own shares from the entities under ownership and control of the Group's major shareholders for a consideration of USD 1,421 million (Note 22).

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Compensation of key management personnel

Key management personnel of the Group consists of members of the Management Board and the Board of Directors. For the year ended 31 December 2023 remuneration of key management personnel of the Group including salary and performance bonuses amounted to USD 90 million (for the year ended 31 December 2022: USD 80 million and for the year ended 31 December 2021: USD 91 million).

32. COMMITMENTS

Capital commitments

At 31 December 2023, contractual capital commitments amounted to USD 2,292 million (31 December 2022: USD 2,299 million and 31 December 2021: USD 3,338 million).

Leases

The Group is a party to a number of lease contracts with variable lease payments that do not depend on an index or market rental rates, and hence are not recognised as lease liabilities. At 31 December 2023 total future non-discounted variable lease payments under such contracts with the maturity up to 2072 amounted to USD 280 million (31 December 2022: USD 358 million and 31 December 2021: USD 322 million).

33. CONTINGENCIES

Legal contingent liabilities

The Group has a number of legal contingent liabilities with the probability of outflow of economic benefits being assessed by the management of the Group as possible, including matters arising from claims and disputes of a civil law and public law nature. At 31 December 2023 these liabilities amounted to USD 4 million (31 December 2022: USD 14 million and 31 December 2021: USD 3 million).

Taxation contingencies in the Russian Federation

The Russian Federation currently has a number of laws related to various taxes imposed by both federal and regional governmental authorities. Applicable taxes include value-added (VAT), income tax, mandatory social security contributions to non-budget funds, mineral extraction tax and other levies. Tax returns, together with other legal compliance areas (for example, customs and currency control matters), are subject to review and investigation by government authorities, which are authorised by law to impose severe fines, penalties and interest charges. Generally, tax returns remain open and subject to inspection for a period of three years following the fiscal year.

33 CONTINGENCIES (CONTINUED)

While the management of the Group believes that it has recognised adequate provisions for tax liabilities based on its interpretation of current and previous legislation, the risk remains that the tax authorities in the Russian Federation could take a different view with regard to interpretive issues. This uncertainty may expose the Group to additional taxation, fines and penalties.

In March 2022, amendments to the Russian tax legislation were adopted. According to them, foreign exchange gains are accounted for tax purposes in the reporting period, when the underlying asset or liability is settled. Starting from 1 January 2023, the same tax accounting rules apply to foreign exchange losses. In December 2022 amendments to the Russian tax legislation allowed an early adoption of the above tax treatment of foreign exchange losses for the year ended 31 December 2022 at a taxpayer’s option. The Group used this option.

In accordance with Article 3 of Federal Law No. 302-FZ dated 3 August 2018, the agreement, which had established the consolidated taxpayers group (CTG), expired on 1 January 2023. Therefore, all entities of the Group that were previously part of the CTG started to accrue and pay income tax on an individual basis from 1 January 2023.

On 1 January 2023, amendments to the Tax code of the Russian Federation were adopted. According to them, each company of the Group located in the Russian Federation pays taxes in a single tax payment (STP) to a unified taxpayer account.

Transfer pricing legislation enacted in the Russian Federation starting 1 January 2012 provides for major modifications making local transfer pricing rules closer to the OECD guidelines, but creating additional uncertainties as regards the actual application of tax legislation.

The impact of any additional taxation in relation to transfer pricing may be material to the financial statements of the Group. Yet, the probability of such additional taxation cannot be reliably assessed.

The transfer pricing rules provide for an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and stipulate the principles and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level.

Current Russian transfer pricing legislation requires businesses to conduct transfer pricing analysis for the majority of cross-border and major domestic inter-company transactions. Starting 2019, transfer pricing control, as a general rule, is applied to domestic transactions only if both criteria are met: the parties apply different income tax rates, and the annual turnover of transactions between them exceeds RUB 1 billion (USD 11 million at RUB/USD rate at 31 December 2023).

In addition to performing transfer pricing audits, Russian tax authorities may also review prices used in intra-group transactions. They may impose additional taxes if they conclude that taxpayers have received unjustified tax benefits as a result of those transactions.

33. CONTINGENCIES (CONTINUED)

According to Russia's Ministry of Finance, foreign states that take hostile actions against the Russian Federation, its legal entities and individuals have effectively stopped sharing information for tax purposes with the Russian Federation. It complicates tax control of pricing, including identification of the fact that parties to a transaction are related. The list of states and territories providing preferential tax treatment and/or not disclosing and sharing information on financial transactions (offshores) has been amended by including "unfriendly" states. Thereby transactions with counterparties from these countries may be recognised as controlled for tax purposes starting from 1 January 2024.

In August 2023 in accordance with the Presidential Decree No. 585 the core provisions of 38 double taxation agreements between Russia and "unfriendly" countries were suspended. The suspension effectively leads to application of standard withholding income tax rates as opposed to previously applied reduced rates in relation to the main types of passive and other income received by residents of these countries. The Group continues to analyse the impact of the above regulatory changes.

The Russian Government's Regulation No. 988 dated 25 June 2021 introduced temporary export duties on some of the base metals produced by the Group for the period from 1 August 2021 to 31 December 2021.

The Russian Government's Regulation No. 1538 dated 21 September 2023 introduced export customs duties on Group`s metal products for the period from 1 October 2023 to 31 December 2024.

In November 2023 amendments to the Tax Code of the Russian Federation introduced a mechanism for secondary adjustment of transfer pricing and providing for additional withholding tax with respect to the tax base transferred outside Russia as a result of non-compliance with established transfer pricing control rules. In addition, the amendments significantly increased tax penalties for transfer pricing offenses.

Environmental matters

The Group is subject to extensive federal, regional and local environmental controls and regulations in the countries where it operates. The Group's operations result in air and water pollutant emissions, as well as generation and disposal of production waste. The Group recognises expenditure on negative environmental impact levies as other levies in Costs of metal sales.

The Group periodically evaluates its environmental provisions pursuant to the environmental legislation in the countries where it operates. Such provisions are recognised in the consolidated financial statements as and when obligating events occur.

The management of the Group believes that there are no material obligations for environmental damage other than those recognised in these consolidated financial statements. However, potential liabilities, which may arise due to changes in environmental laws and regulations, cannot be reliably estimated but may be material. The Group is unable to predict the timing or extent to which environmental laws and regulations may change. Such change, if it takes place, may require that the Group modernise its technological processes to meet more stringent statutory requirements.

Russian Federation risk

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is influenced by the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, which poses a risk of their varying interpretations and frequent change. This, together with other legal and fiscal impediments, creates additional challenges for entities operating in the Russian Federation.

33. CONTINGENCIES (CONTINUED)

Starting 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded restrictive economic measures against a number of Russian individuals and legal entities. Starting February 2022, the above countries have been imposing additional stringent restricitve measures against the Russian Government, large financial institutions and other legal entities and individuals in Russia. In addition, restrictions were imposed on exports and imports of certain goods and business-relevant services, including accounting, auditing, tax and management consulting and certain legal, engineering, architectural and IT consulting services, as well as aviation and maritime transportation sectors. In light of the imposed restrictive measures, a number of large international companies from the USA, the European Union and some other countries ceased, materially reduced or suspended their activities in the Russian Federation and business relationships with Russian citizens and legal entities. Moreover, there is a risk that further restrictive measures and similar types of pressure will be imposed. In response, the Russian Government has implemented a set of economic measures in order to secure and stabilise the Russian economy, as well as retaliatory restrictive measures, currency control measures, a number of key interest rate changes and other special economic measures.

The imposition and further tightening of the restrictive measures has led to an increased economic uncertainty, including the lowering of liquidity and high volatility in the equity markets, volatility of the Russian rouble exchange rates and key interest rate, a reduction in both local and foreign direct investment inflows, procedural difficulties in currency payments for Russian issuers and significant limitations in the availability of debt financing. In addition, many Russian companies are practically devoid of access to international stock and debt capital markets, thus having to look for alternative ways to raise financing and growing more dependent on the state support. The Russian economy is in the process of adaptation, involving the substitution of export markets that become unavailable, replacement of procurement and technology import markets, as well as changes in the logistics and production chains.

On 28 February 2022, the stock market of the Moscow Exchange discontinued trading in shares and corporate bonds. Trading in shares and corporate bonds on the Moscow Exchange was resumed in late March 2022, while restrictions continue to apply to a number of securities transactions made by non-residents of Russia. On 3 March 2022, the London Stock Exchange suspended trading in depositary receipts (ADRs) issued for the Company's ordinary shares. In accordance with Federal Law No. 114-FZ On Amendments to the Federal Law On Joint-Stock Companies and Certain Legislative Acts of the Russian Federation an automatic and a forced conversion of ADRs into the Company's shares was implemented in 2022. ADRs the rights to which are recorded by Russian depositories were converted automatically. ADRs the rights to which are recorded by foreign depositaries could have been converted based on an application until 10 November 2022. Before the end of the 2022 as part of the forced conversion, the Company's shares were credited to the applicants that submitted the required documents.

On 28 April 2023, the permit for circulation of the Company ADRs outside Russia lapsed. In accordance with clause 5 of Article 6 of Federal Law No. 114-FZ On Amendments to the Federal Law On Joint-Stock Companies and Certain Legislative Acts of the Russian Federation dated 16 April 2022, starting that date the Company’s shares, which remain accounted for on depo accounts of depository programs are not vested with voting rights for holders, not considered for counting votes and no dividends are accrued on them. Under the terms and conditions of the deposit agreement ADR holders retain the right to surrender their ADRs in exchange for obtaining the Company’s shares. At the same time, a foreign issuing bank has closed the conversion of ADRs into Company’s shares with the date of opening currently being unknown. Unpaid dividends may be claimed by those who were ADR holders as of 28 April 2023 and who received the Company’s shares upon conversion of the ADRs belonging to them in accordance with the procedure established by the Federal Law “On Joint Stock Companies” for the unclaimed dividends.

On 23 May 2023, the ADRs were removed from the list of securities admitted to trading on the London Stock Exchange. According to the latest information available to the Group, the percentage of Company`s shares remaining on depo accounts of depository programs was 6.7% of the share capital of the Company at 13 November 2023 (the date of drawing up the list of shareholders entitled to participate in the extraordinary General meeting of shareholders of the Company dated 7 December 2023).

33. CONTINGENCIES (CONTINUED)

On 21 July 2022 and on 26 July 2022 the European Union and Great Britain respectively, introduced a ban against the import of gold of Russian origin on top of other restrictive measures.

On 16 December 2022, the European Union, among other restrictive measures, introduced a ban on investments in the mining industry in Russia and also banned the supply of various equipment, including industrial. At the same time in accordance with the European Union ruling these restrictive measures do not apply to mining and production of palladium, nickel, copper, cobalt, rhodium and iron ore.

On 24 February 2023 the US Department of the Treasury's Office of Foreign Assets Control (OFAC) identified the mining and metallurgical sector of the Russian economy as a sector against which further sanctions may be imposed.

On 29 June 2022, the United Kingdom imposed personal restrictions against Potanin V. O. These restrictions are mandatory within the UK and for all British citizens and legal entities registered in the UK. According to the advice of an external legal counsel and the management’s assessment, these restrictions do not expand to the Group and its subsidiaries. On 15 December 2022, OFAC updated Specially Designated Nationals and Blocked Persons List (SDN List) to include Potanin V. O. SDN list also included legal entities associated with one of the major shareholders.

OFAC also stated that the restrictive measures do not apply to the Company. In the current geopolitical circumstances, as each counterparty doing business with the Group independently decides on the application of its own internal restrictions on interaction with Russian legal entities, the management has to assume that some counterparties might reconsider their trade, financial or other operations with the Group.

On 14 December 2023, the United Kingdom adopted amendments to the sanction legislation, which, among other things, establish a ban on trade in a number of metals which originate or are located in Russia. These restrictions are applicable to, among some other metals to nickel, copper and cobalt that are produced by the Group. At the same time, the UK Government published a Trade License authorizing UK persons to purchase warrants for Russian metals on international metal exchanges, provided that such trade does not involve physical delivery of such metals to the territory of the United Kingdom or to UK persons.

The longer-term effects of potential additional restrictive measures are difficult to determine. Still, they may have a significant impact on the Group`s business.

Supply and distribution channels reconfiguration

In 2022, a number of suppliers fully withdrew from the Russian market, while others suspended deliveries of goods and services to Russian legal entities. As a result, procurement from these suppliers has become unavailable to the Group. Although the Group has started transition to alternative suppliers, full replacement of suppliers who left the Russian market may take a considerable time and involves additional costs and rescheduling of certain investment projects and capital commitments. Due to the need to replace some of the components, the Group is actively looking for alternative suppliers and substituting imports in order to fulfill the production program for 2024. The Group is also in the process of reconfiguring its distribution channels, which led to extended sales logistics chains and alongside with restrictive measures and time-consuming processes of reengineering the Company`s customer base and sales markets significantly increased finished goods inventories. At 31 December 2023 the Group reduced the stocks of finished goods accumulated in 2022 for most metals. The Group’s management also expects that the stocks of finished goods accumulated in 2022 will continue to decrease in 2024 in line with the Group's sales plans for 2024.

33. CONTINGENCIES (CONTINUED)

Impact of the COVID-19 outbreak on the Group's operations

On 11 March 2020, the World Health Organization declared COVID-19 outbreak a pandemic. The spread of COVID-19 led to lockdown and business disruption in many countries, which triggered increased volatility of financial markets, including commodity markets, and general economic uncertainty. The wave-like distributional pattern of the coronaviral infection continues to create uncertainty in business environment.

The Group operates primarily in exploration, extraction, refining of ore and nonmetallic minerals and sale of base and precious metals produced from ore, which have not been subject to significant adverse impact by the outbreak of coronavirus.

Based on the results of the analysis of possible outcomes and their consequences for the economic environment and operations of the Group, the Group's management has developed and implemented a number of measures to ensure normal operating activities.

In May 2023, the World Health Organization declared that COVID-19 was no longer a global health emergency.

Overall impact of risks and uncertainties on the Group's financial position and financial results

These consolidated financial statements provide the management's point of view on the level of impact of the current business environment in the Russian Federation on the Group's operations and financial position. Taking into account the measures taken by the Group in respect of the risks stemming from imposed economic restrictions and overall changes in business environment, Group management does not expect a significant adverse impact on the financial position and financial results of the Group for at least 12 months after 31 December 2023. The actual impact of the future business environment may differ from the management's assessment.

The management will continue to monitor the situation closely and will implement necessary measures to mitigate negative consequences of possible future events and circumstances, as they occur.

34. FINANCIAL RISK MANAGEMENT

Capital risk management

The Group manages its capital in order to safeguard the Group's ability to continue as a going concern and to maximise the return to shareholders through the optimisation of debt (long and short-term borrowings) and equity (share capital and retained earnings) structure.

Management of the Group regularly reviews its level of leverage calculated as the ratio of Net Debt to EBITDA to ensure that it is in line with the Group's financial policy aimed at preserving investment grade credit ratings.

At 31 December 2023, 2022 and 2021 the Company maintains credit ratings from Russian rating agency Expert RA at RUAAA investment grade level.

Financial risk factors and risk management structure

In the normal course of its operations, the Group is exposed to a variety of financial risks: market risk (including interest rate and currency risk), credit risk and liquidity risk. The Group has an explicit risk management structure aligned with internal control and analysis procedures that enable it to assess, evaluate and monitor the Group's exposure to financial risks, including their change due to the current economic situation and imposition of restrictive economic measures.

Interest rate risk

Interest rate risk relates to changes in interest rates that could adversely impact the financial results of the Group. The Group's interest rate risk arises from borrowings at floating rates.

In order to minimise and manage the risk, the Group maintains the structure of debt portfolio, which includes loans and borrowings with fixed and floating interest rates. The Group also considers impact of this risk factor together with changes in the macroeconomic environment, particularly stage of economic growth and increase in commodity prices, generally accompanying the increase of base rates.

During the year ended 31 December 2023 the key interest rate of the Bank of Russia was increased from 7,5% to 16% by the end of December. During the year ended 31 December 2022, the key interest rate was changed several times following restrictive measures imposed by the USA, the EU and other countries and changes in key macroeconomic parameters, such as inflation rate and rouble exchange rate. The key interest rate was increased to 20% in the end of February 2022, followed by a gradual decrease to 7.5% by the end of December 2022. The negative impact of the increase in the key interest rate in 2023 and 2022 on the amount of the Group's interest expenses was not significant. There were no significant fluctuations during 2021. At 31 December 2023, the amount of loans and borrowings of the Group with the rate linked to the key interest rate of the Central Bank of the Russian Federation was 29% of the total amount of loans and borrowings and at 31 December 2022: 15% (see Note 24).

Management believes that the Group's exposure to interest rate risk fluctuations is at an acceptable level.

In 2023 a fundamental reform of major interest rate benchmarks was implemented globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group monitors market developments and manages transition to alternative rates. The Group's unsecured US dollar-denominated floating rate loans used USD LIBOR1M rates, which ceased to be published after 30 June 2023. The Group signed amendments to certain loan agreements to replace LIBOR rate with the alternative rate – Term Secured Overnight Financing Rate (Term SOFR) not later than USD LIBOR publication stop date and switched the remaining loan agreements with floating interest rates to the alternative rates in 2023.

US Dollars million

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

Currency risk relates to changes in the fair value or future cash flows of a financial instrument denominated in foreign currency because of changes in exchange rates.

The major part of the Group's revenues and related trade accounts receivable are denominated and/or settled in US dollars and Chinese Yuans, while expenditure is primarily denominated in Russian roubles and therefore the Group is exposed to fluctuations of the USD and CNY exchange rate. Currency risk arising from other currencies is assessed by management of the Group as immaterial.

Restrictive measures imposed by the USA, the EU and some other countries with respect to the Central Bank of the Russian Federation and Russia's international reserves as well as the counter-measures of the Russian government and the Central Bank relating to capital flows controls and currency control led to an increased volatility of the rouble exchange rate. The RUB/USD exchange rate ranged from 67.57 roubles for 1 US Dollar to 101.36 roubles for 1 US Dollar during the year ended 31 December 2023 (during the year ended 31 December 2022: from 51.16 roubles for 1 US Dollar to 120.38 roubles for 1 US Dollar). There were no significant fluctuations in the exchange rate during 2021. Taking into account the exchange rates at 31 December 2023, 2022 and 2021, the Group preserves its financial stability.

The currency risk is managed by analysis of currency position, efficiency control of currency exchange operations and the best possible matching of cash inflows and cash outflows denominated in the same currency, although the restrictive measures and Russia's respective counter-measures limit the efficiency and availability of the above mentioned instruments of the Group currency risk management.

If necessary, the Group uses derivative financial instruments, primarily cross-currency interest rate swaps to reduce exposure to currency risk by balancing revenue cash flows denominated mostly in US dollars and liabilities denominated in Russian roubles.

At 31 December 2023, 2022 and 2021, the carrying amounts of monetary assets and liabilities, excluding cross-currency interest rate swaps, denominated in foreign currencies other than functional currencies of the individual Group entities were as follows:

	At 31 December 2023			At 31 December 2022			At 31 December 2021		
	USD	CNY	Other currencies	USD	CNY	Other currencies	USD	CNY	Other currencies
Cash and cash equivalents	879	759	228	1,169	266	70	2,811	18	41
Trade and other receivables	992	90	66	1,425	–	134	792	–	35
Other assets	2	–	15	22	–	53	55	–	20
Total assets	**1,873**	**849**	**309**	**2,616**	**266**	**257**	**3,658**	**18**	**96**
Trade and other payables	556	7	95	761	3	63	353	–	122
Loans and borrowings	4,425	1,260	15	7,798	1,265	20	9,862	–	24
Lease liabilities	13	–	11	12	–	11	107	–	15
Other liabilities	2	–	–	7	–	8	23	–	–
Total liabilities	**4,996**	**1,267**	**121**	**8,578**	**1,268**	**102**	**10,345**	**–**	**161**

US Dollars million

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Given that the Group exposure to the currency risk for the USD- and CNY-denominated monetary liabilities is offset by the revenue from metal sales denominated in respective currencies, as well as the high correlation of the CNY and the USD, management believes that the Group's exposure to the currency risk is at an acceptable level.

The sensitivity analysis of interest rate and currency risks

	Increase/(decrease) of profit before tax for the year ended 31 December		
	2023	**2022**	**2021**
Interest rate risk			
1 p.p. USD rate increase impact	(24)	(45)	(35)
1 p.p. RUB rate increase impact	(35)	(17)	(8)
1 p.p. CNY rate increase impact	(7)	(7)	–
Currency risk			
USD 20% strengthening against RUB	(695)	(1,261)	(1,421)
CNY 20% strengthening against RUB	(84)	(200)	4

The sensitivity analysis is prepared including cross-currency interest rate swap effects and assuming that the amount of loans and borrowings at floating rates outstanding at the reporting date was outstanding for the whole reporting period.

Credit risk

Credit risk means that a debtor will default on its contractual obligations as they fall due resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, bank deposits, uncollateralised trade and other receivables, as well as loans issued.

The Group mitigates the credit risk through its allocation to a large number of counterparties and respective credit limits approval based on counterparties' financial position analysis and uses, if possible, trade financing and insurance instruments, bank guarantees and documentary forms of settlement.

To analyse counterparty solvency, the Group uses information from credit rating agencies about the counterparty's assigned credit ratings and projections for its changes; should such information be lacking, financial stability and overall creditworthiness is assessed by calculating financial indicators and analysing the counterparty's financial statements for several reporting periods.

The outstanding balances of five financial institutions and five largest customers are presented below. In accordance with the conservative liquidity management policy the Group's cash and cash equivalents are placed at Russian and international credit and financial institutions, which mostly had credit rating for Russian banks according to the national scale Expert RA not lower than RUAA and for international banks on the international Fitch scale not lower than A at 31 December 2023 (at 31 December 2022: mostly not lower than RUAAA for Russian banks and on the international Fitch scale mostly not lower than A for international banks and at 31 December 2021: mostly not lower than BB+ on the Fitch scale).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Outstanding balance at 31 December		
Cash and cash equivalents	**2023**	**2022**	**2021**
Bank A	616	510	1,548
Bank B	476	366	902
Bank C	183	258	572
Bank D	137	204	541
Bank E	134	88	405
Other	593	456	1,579
Total	**2,139**	**1,882**	**5,547**
Trade and other receivables			
Customer A	93	163	149
Customer B	90	160	24
Customer C	86	47	19
Customer D	65	38	18
Customer E	46	34	13
Other	384	404	245
Total	**764**	**846**	**468**

Management of the Group believes that the credit risk associated with cash and cash equivalents and trade and other receivables is at an acceptable level due to the high credit rating of the banks where these cash and cash equivalents are placed, as well as the implementation of measures to manage the credit risk associated with counterparties the Group interacts with.

At 31 December 2023, the Group does not expect a significant increase in expected credit losses on trade and other receivables and other financial assets.

The Group is not economically dependent on a limited number of customers because the majority of its products are metals traded on the global commodity markets.

Information on sales to the Group’s customers is presented below:

	For the year ended 31 December 2023		For the year ended 31 December 2022		For the year ended 31 December 2021	
	Revenue USD million	**%**	**Revenue USD million**	**%**	**Revenue USD million**	**%**
Largest customer	1,292	9	1,950	12	3,431	19
Next 9 largest customers	4,904	34	5,861	35	6,169	35
Total 10 largest customers	**6,196**	**43**	**7,811**	**47**	**9,600**	**54**
Remaining customers	8,213	57	9,065	53	8,252	46
Total	**14,409**	**100**	**16,876**	**100**	**17,852**	**100**

US Dollars million

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides information about the exposure to credit risk for financial assets:

		At 31 December		
	Note	**2023**	**2022**	**2021**
Cash and cash equivalents	20	2,139	1,882	5,547
Loans and other long-term receivables		46	100	59
Trade and other receivables (excluding trade receivables measured at fair value through profit and loss)	19	264	283	220
Bank deposits not included in cash and cash equivalents		11	11	46

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due.

The Group's centralised treasury regularly monitors forecast and actual cash flows and analyses the repayment schedules to take timely and appropriate measures in order to minimise potential adverse effects, including through liquidity management and proactive loan portfolio management aimed at minimising the amount of short-term debt and maintaining the weighted average term of the loan portfolio at an acceptable level.

Current liquidity management involves detailed budgeting procedures, as well as analysis and structuring of a daily payment position for a 30-day period. The payment position is calculated separately for each currency and bank account. In addition to the continuous analysis of the payment position, at least three times a month the Group updates its rolling cash flow forecast model with a horizon of up to 12 months.

The Group manages liquidity risk by maintenance of liquid funds and a portfolio of committed credit facilities and overdrafts with a number of banks at a level, which is sufficient to cover possible revenue fluctuations taking into account market risks.

In particular, the Group had available committed debt facilities and overdrafts to finance its day-to-day liquidity requirements of USD 3,819 million at 31 December 2023 (31 December 2022: USD 2,788 million and 31 December 2021: USD 3,500 million).

The Group continues its activities on expansion of credit limits capacity of its portfolio of confirmed and treasury credit lines. In order to optimise the average duration of liabilities and minimise risk of excess concentration of debt payments the Group considers all available options for arranging financing on the Russian market and holds negotiations with international financial institutions pursuing proactive debt portfolio management.

In accordance with the permissions received on a regular basis from government agencies on foreign currency payments of debt and interest to foreign creditors, the Group continues to service its debt in compliance with the terms of respective loan or bond facilities, including timing and currency of payments.

In September 2022, the consent of the holders of all 5 Eurobond issues of the Group was obtained to amend the transaction documentation, according to which the Company received the right to make payments to holders of Eurobonds in Russian depositories, bypassing a foreign paying agent, which allowed to (a) ensure compliance with the requirements of Russian legislation and (b) continue payments to foreign depositories through a payment agent.

The following table shows the maturity profile of the Group's borrowings, lease liabilities and derivative instruments (maturity profiles for trade and other payables are presented in Note 28) based on contractual undiscounted payments, including interest, in accordance with management's plans and contractual terms regarding the maturity profile:

US Dollars million

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2023	Total	Due in the first year	Due in the second year	Due in the third year	Due in the fourth year	Due in the fifth year	Due thereafter
Fixed rate bank loans and borrowings							
Principal	**2,872**	1,032	1,340	500	–	–	–
Interest	**211**	121	76	14	–	–	–
	3,083	**1,153**	**1,416**	**514**	**–**	**–**	**–**
Floating rate bank loans and borrowings							
Principal	**6,859**	3,310	1,100	597	788	1,064	–
Interest	**1,476**	548	353	308	204	63	–
	8,335	**3,858**	**1,453**	**905**	**992**	**1,127**	**–**
Lease liabilities							
Lease liabilities	**868**	98	107	101	92	87	383
Cross-currency interest rate swap							
Payable	**364**	364	–	–	–	–	–
Receivable	**(271)**	(271)	–	–	–	–	–
	93	93	–	–	–	–	–
Total	**12,379**	**5,202**	**2,976**	**1,520**	**1,084**	**1,214**	**383**

At 31 December 2022	Total	Due in the first year	Due in the second year	Due in the third year	Due in the fourth year	Due in the fifth year	Due thereafter
Fixed rate bank loans and borrowings							
Principal	**4,022**	1,000	1,105	1,417	500	–	–
Interest	**387**	155	134	84	14	–	–
	4,409	**1,155**	**1,239**	**1,501**	**514**	**–**	**–**
Floating rate bank loans and borrowings							
Principal	**7,488**	3,303	2,084	1,675	414	7	5
Interest	**480**	240	147	80	13	–	–
	7,968	**3,543**	**2,231**	**1,755**	**427**	**7**	**5**
Lease liabilities							
Lease liabilities	**522**	63	54	34	23	21	327
Cross-currency interest rate swap							
Payable	**375**	11	364	–	–	–	–
Receivable	**(368)**	(23)	(345)	–	–	–	–
	7	(12)	19	–	–	–	–
Total	**12,906**	**4,749**	**3,543**	**3,290**	**964**	**28**	**332**

At 31 December 2021	Total	Due in the first year	Due in the second year	Due in the third year	Due in the fourth year	Due in the fifth year	Due thereafter
Fixed rate bank loans and borrowings							
Principal	**4,591**	1,504	1,000	1,087	500	500	–
Interest	**407**	193	97	76	27	14	–
	4,998	**1,697**	**1,097**	**1,163**	**527**	**514**	**–**
Floating rate bank loans and borrowings							
Principal	**5,676**	107	2,166	2,100	614	676	13
Interest	**221**	88	71	40	14	8	–
	5,897	**195**	**2,237**	**2,140**	**628**	**684**	**13**
Lease liabilities							
Lease liabilities	**279**	65	50	45	31	20	68
Cross-currency interest rate swap							
Payable	**426**	12	12	402	–	–	–
Receivable	**(409)**	(24)	(24)	(361)	–	–	–
	17	(12)	(12)	41	–	–	–
Total	**11,191**	**1,945**	**3,372**	**3,389**	**1,186**	**1,218**	**81**

US Dollars million

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation of changes in liabilities and cash flows from financing activities:

	Loans and borrowings	Lease liabilities	Derivatives financial instruments (liabilities)	Total
Balance at 1 January 2021	**9,634**	**262**	**136**	**10,032**
Proceeds from loans and borrowings	1,000	–	–	**1,000**
Repayments of loans and borrowings	(415)	–	–	**(415)**
Payments of lease liabilities	–	(55)	–	**(55)**
Proceeds on exchange of flows under cross-currency interest rate swaps	–	–	4	**4**
Changes from financing cash flows	**585**	**(55)**	**4**	**534**
Other non-cash changes:				
Recognition of lease liabilities	–	37	–	**37**
Changes in fair value of the cross-currency interest rate swap	–	–	(68)	**(68)**
Effect of changes in foreign exchange rates	(4)	(9)	–	**(13)**
Borrowing costs and amortisation of loans at effective interest rate	11	–	–	**11**
Balance at 31 December 2021	**10,226**	**235**	**72**	**10,533**
Proceeds from loans and borrowings	9,104	–	–	**9,104**
Repayments of loans and borrowings	(7,775)	–	–	**(7,775)**
Payments of lease liabilities	–	(50)	–	**(50)**
Payments on exchange of flows under cross-currency interest rate swaps	–	–	(19)	**(19)**
Changes from financing cash flows	**1,329**	**(50)**	**(19)**	**1,260**
Other non-cash changes:				
Recognition of lease liabilities	–	169	–	**169**
Changes in fair value of the cross-currency interest rate swap	–	–	18	**18**
Effect of changes in foreign exchange rates	153	(17)	(4)	**132**
Changes arising from disposal of subsidiaries	–	(96)	–	**(96)**
Borrowing costs and amortisation of loans at effective interest rate	(224)	–	–	**(224)**
Other	–	(8)	–	**(8)**
Balance at 31 December 2022	**11,484**	**233**	**67**	**11,784**
Proceeds from loans and borrowings	5,569	–	–	**5,569**
Repayments of loans and borrowings	(6,642)	–	–	**(6,642)**
Payments of lease liabilities	–	(45)	–	**(45)**
Proceeds on exchange of flows under cross-currency interest rate swaps	–	–	8	**8**
Changes from financing cash flows	**(1,073)**	**(45)**	**8**	**(1,110)**
Other non-cash changes:				
Recognition of lease liabilities	–	417	–	**417**
Changes in fair value of the cross-currency interest rate swap	–	–	60	**60**
Effect of changes in foreign exchange rates	(705)	(85)	(19)	**(809)**
Borrowing costs and amortisation of loans at effective interest rate	6	–	–	**6**
Balance at 31 December 2023	**9,712**	**520**	**116**	**10,348**

Interest payable on loans and borrowings and lease liabilities (Notes 24 and 25) arising from financing activities is short-term and is paid within 12 months from the date of accrual.

US Dollars million

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that are measured at fair value subsequent to initial recognition, are grouped into Levels 1 to 3 of fair value hierarchy based on the degree to which their fair value is observable as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

The fair value of financial liabilities is determined as follows:

- the fair value of fixed and floating rate corporate bonds (Level 1 of fair value hierarchy) was determined as their market price at the reporting dates;
- the fair value of loans and borrowings and fixed rate corporate bonds (Level 2 of fair value hierarchy) at 31 December 2023, 2022 and 2021 was determined as the present value of future cash flows (principal and interest), discounted at the market interest rates, which are determined as of the reporting date based on the currency of a loan or a bond, its expected maturity and credit risks attributable to the Group;
- the fair value of trade and other long-term payables (Level 3) at 31 December 2023, 2022 and 2021 was determined as the present value of future cash flows, discounted at the best management estimate of market interest rates.

The management believes that the carrying value of financial instruments such as cash and cash equivalents (Note 20), other financial assets, trade and other receivables except for trade and other receivables at fair value through profit or loss (Note 19) and current accounts payable (Note 28) either approximates to their fair value or may not significantly differ from it. The fair value of trade and other receivables at fair value through profit or loss, as well as the level of the fair value hierarchy and the method of measuring are disclosed in Note 19.

The information below presents financial instruments not measured at fair value, including loans and borrowings (Note 24), trade and other long-term payables (Note 28).

	At 31 December 2023		At 31 December 2022		At 31 December 2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Fixed and floating rate bonds (Level 1)	3,668	3,155	4,156	3,323	4,574	4,639
Floating rate loans and borrowings (Level 2)	5,480	5,183	6,766	6,535	5,648	5,439
Fixed rate bonds (Level 2)	561	557	562	562	–	–
Fixed rate loans (Level 2)	3	3	–	–	4	4
Trade and other long-term payables (Level 2)	51	50	56	56	55	55
Total	**9,763**	**8,948**	**11,540**	**10,476**	**10,281**	**10,137**

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2020 other current liabilities measured at fair value through profit or loss included a liability on the execution of a put option held by owners of 13.3% non-controlling interest in the share capital in LLC "GRK "Bystrinskoye" in the amount of USD 428 million. Since the non-controllling interest owners did not exercise their right under the put option before its expiry date of 31 December 2021, the Group derecognised the liability on the execution of the put option as at 31 December 2021. The Group presented derecognition of the liability directly in the consolidated statement of changes in equity as Other effects related to transactions with non-controlling interest owners in the amount of USD 490 million, which was its fair value at 31 December 2021 immediately before derecognition. The fair value of the liability at all applicable dates was determined based on the discounted cash flows of LLC "GRK "Bystrinskoye" less its net debt taking into account the amount of working capital at the reporting date and with the relevant discount reflecting the non-controlling ownership interest. The fair value estimate is within Level 3 of fair value hierarchy. The most significant estimates and assumptions used in determination of the fair value were as follows:

- Future cash flows were forecast up to 2044 based on budgeted amounts, taking into account actual results for the previous years as well as capital expenditure budgets;
- Prices for metal concentrates and iron ore were estimated by the Group's management using consensus forecasts for commodity prices;
- Metals concentrate (copper and iron ore concentrate) production and sales forecast was based on production reports available at the reporting date and the life of mine plan taking into account the current production capacity and current estimates of metal content in ore reserves;
- The inflation and exchange rate forecasts were based on Oxford Economics data consistent with a consensus forecast of investment banks. Forecast for exchange rate was made based on expected RUB and USD inflation indices;
- An after-tax nominal RUB discount rate of 13.9% at 31 December 2021 was estimated by reference to the weighted average cost of capital and the management's estimates of the risks specific to the asset.

Change in the fair value of the liability on the execution of the put option for 2021 till the date of derecognition amounted to USD 66 million included in the finance costs of the consolidated income statement.